

GLOBAL FORUM ON
**TRANSPARENCY AND EXCHANGE OF
INFORMATION FOR TAX PURPOSES**



Tax Transparency in Africa 2020

Africa Initiative Progress Report: 2019



BETTER POLICIES FOR BETTER LIVES

The Africa Initiative

Given the high levels of illicit financial flows from African countries and recognising the potential of tax transparency and exchange of information to raise resources for development, African members of the Global Forum on Transparency and Exchange of Information for Tax Purposes attending its plenary meeting on 28 October 2014 in Berlin decided to create an African focused programme: the Africa Initiative. The objective was to unlock the potential of tax transparency and exchange of information for Africa by ensuring that African countries are equipped to exploit the improvements in global transparency to better tackle tax evasion.

Focusing on Africa enables the identification of specific approaches and the provision of tailored support to address the specific needs and priorities of African countries to grow their capacity in exchange of information. The Africa Initiative work fits into broader agendas, as tax transparency is an opportunity to stem illicit financial flows and increase domestic resource mobilisation, which are central to the African Union Agenda 2063 and the Sustainable Development Goals.

The Africa Initiative was launched as a partnership between the Global Forum, its African members and a number of regional and international organisations and development partners: African Tax Administration Forum, *Cercle de Réflexion et d'Échange des Dirigeants des Administrations Fiscales*, World Bank Group, France (Ministry of Europe and Foreign Affairs) and the United Kingdom (Department for International Development).

Initially set up for a period of three years (2015-2017), the Africa Initiative was renewed for a second phase (2018-2020) in November 2017 at the Global Forum plenary meeting held in Yaoundé, Cameroon. With encouraging first results, additional development partners joined the Africa Initiative: the African Union Commission, the African Development Bank Group, the European Union, Norway (Norwegian Agency for Development Cooperation), Switzerland (State Secretariat for Economic Affairs) and the West African Tax Administration Forum.

The Africa Initiative is open to all African countries and currently has 32 African member jurisdictions. It is supported by 11 partners and donors. The Africa Initiative members meet every year to take stock of the progress made and reflect on the remaining challenges.

An ambitious work programme was agreed to develop and consolidate a culture of transparency and exchange of information on request in African countries, and to progress towards the implementation of automatic exchange of information.

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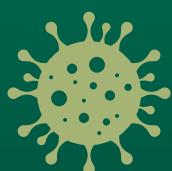
MEMBERS OF THE AFRICA INITIATIVE

Benin, Botswana, Burkina Faso, Cameroon, Cabo Verde, Chad, Côte d'Ivoire, Djibouti, Egypt, Eswatini, Gabon, Ghana, Guinea, Kenya, Lesotho, Liberia, Madagascar, Mali, Mauritania, Mauritius, Morocco, Namibia, Niger, Nigeria, Rwanda, Senegal, Seychelles, South Africa, Tanzania, Togo, Tunisia, Uganda

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PARTNERS AND DONORS OF THE AFRICA INITIATIVE

African Development Bank, African Forum on Tax Administration, African Union Commission, *Cercle de réflexion et d'échange des dirigeants des administrations fiscales*, European Union, France (Ministry of Europe and Foreign Affairs), Norway (Norwegian Agency for Cooperation and Development), Switzerland (State Secretariat for Economic Affairs), United Kingdom (Department for International Development), West African Tax Administration Forum, World Bank Group



THIS REPORT WAS FINALISED AT A TIME WHEN THE COVID-19 WAS NOT YET A PANDEMIC.

The Global Forum Secretariat and its partners realise how critical the situation is for many countries, including those in Africa, which are struggling to control the spread of the virus and protect their populations. The measures implemented have a major impact on the functioning of administrations and on the economic activity of the affected countries. In these difficult times, the authors remain committed to pursue the objectives of the Africa Initiative by addressing specific needs of the tax administrations and ministries of finance of African countries. Aware that tax transparency plays a critical role in the fight against illicit financial flows as demonstrated in this report, and it will undoubtedly be one of the levers for the restoration of public finances in the affected States, technical support under the Africa Initiative continues in virtual forms to best prepare for the return to a normal situation, which we hope to see in the very near future. Finally, the current context recalls the urgency of the fight against illicit financial flows and the need to improve domestic resource mobilisation in Africa.

Preface

At the heart of addressing development challenges in Africa, the African Union Agenda 2063, The Africa We Want – the long-term vision for Africa’s transformation for 50 years – recognises that strengthening domestic resource mobilisation and reversing all forms of illicit financial flows from the continent are indispensable for realising the aspirations of the African populations of achieving an integrated, prosperous and peaceful Africa.



Africa wishes to put an end to the policy of the outstretched hand and to take charge of its own destiny by changing the paradigm for the financing of its own development. Africa needs adequate, predictable, sustainable and integrated financing mechanism to support its development. The vision of H.E. Nana Akufo-Addo, President of Ghana – “Ghana Beyond Aid” – should inspire all Member States to reach a continental vision of an “Africa Beyond Aid”.

To achieve this, Africa needs innovative mechanisms for financing, including tax revenue (currently around 17.2% over its GDP in most countries, lower than that of Latin American countries (22.8%) and OECD countries (34.2%) (OECD/ATAF/AUC (2019), Revenue Statistics in Africa 2019). This is too low to finance the basic social services that are required to reduce poverty on the continent.

Also, African countries must endeavour to fight against corruption and illicit financial flows.

Illicit financial flows continue to drain large amounts of financial resources from the continent, with a severe and negative impact on the fulfilment of the African development agenda. The resultant effect is the non-recovery and non-repatriation of African assets consigned to foreign jurisdictions. In an effort to intensify the fight against corruption and stem illicit financial flows from Africa, the African Union adopted the recommendations of the Report of the High-Level Panel on Illicit Financial Flows and the Nouakchott Declaration on the African Anti-Corruption Year (Assembly/AU /Decl.1(XXXI)) in the context of the 2018 African Union theme “Winning the Fight Against Corruption



– A Sustainable Path to Africa’s Transformation”. The African Union has also published a reference book on “Mobilizing domestic resources: fight against corruption and illicit financial flows” in 2019, which assess the level of corruption and illicit financial flows in selected African countries and highlights successful experiences of selected regional and international organizations on illicit financial flows, and, most recently in February 2020, the Common African Position on Asset Recovery as a critical and important step towards combatting and reversing illicit financial flows.

This annual publication of the “Tax Transparency in Africa” is part of the various efforts of the continent to advance global tax transparency and exchange of information agenda in Africa in order to combat corruption, tax evasion, money laundering, fraud, base erosion and profit shifting and illicit enrichment.

The report enlightens policy makers and citizens by presenting concrete case studies showing how exchange of information has been useful in tax investigations carried out by several African tax administrations to improve tax transparency and tackle tax evasion. It shows significant progress has been made on two pillars of the Africa Initiative: (i) raising political awareness and commitment in Africa and (ii) developing capacities in African countries in tax transparency and exchange of information. Particularly, progress has been made through

the expansion of exchange of information networks of African countries of up to 3 262 bilateral relationships compared to 2 523 in 2018. The increase in exchange of information requests translated into additional tax revenue for countries. More African countries can now use cross-border exchange of information in their tax investigations. Another milestone achieved so far is the continued engagement of the African Union Commission and Global Forum at political level and their joint efforts in publishing the Africa Initiative Report.

As a step forward, the African Union is committed to playing a leadership role in the implementation of the Africa Initiative on tax transparency and keeping the discussions at the high political level to ensure that all Member States join the Initiative. The Union will also make sure that Member States prioritise domestic resource mobilisation by improving good governance and increasing tax transparency among jurisdictions.

The African Union will spare no effort to work with policy decision makers and tax administrations of its Member States, the Global Forum and development partners to ensure the sustainable financing of its development.

Prof. Victor Harison

Commissioner for Economic Affairs
African Union Commission





Acknowledgements

Tax Transparency in Africa 2020 is a joint publication by the Global Forum, the African Union Commission and the African Tax Administration Forum. It is the progress report for 2019 of the Africa Initiative in which all African members of the Global Forum participate. The Initiative is supported by donors and partners organisations. The first Tax Transparency in Africa report was published in 2019.

The authors¹ express their appreciation to the Department for Economic Affairs of the African Union Commission,² the African Tax Administration Forum,³ the Governance and Public Financial Management Coordination Office of the African Development Bank Group,⁴ and the World Bank Group,⁵ for adding their weight to this report and for promoting the tax transparency agenda in Africa. The Cercle de réflexion et d'échange des dirigeants des administrations fiscales⁶ and the West African Tax Administration Forum⁷ also contributed as Global Forum partners to this work.

The authors also thank donor governments who contribute to the funding of the Africa Initiative and the Global Forum's technical assistance to African countries on tax transparency and exchange of information. These include the European Union, France (Ministry of Europe and Foreign Affairs), Norway (Norwegian Agency for Cooperation and Development), Switzerland (State Secretariat for Economic Affairs) and the United Kingdom (Department for International Development).

Finally the authors are grateful to officials from the Ministries of Finance and tax administrations of all the 33 African countries which provided data for producing the report by responding to the Africa Initiative questionnaire, including non-members of the Global Forum. Their efforts in gathering the data and their patience in providing further clarifications have been critical to the quality of this report.⁸

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Abbreviations and acronyms

AEOI	Automatic Exchange of Financial Account Information
AfDB	African Development Bank
AMATM	Agreement on Mutual Assistance in Tax Matters
ATAF	African Tax Administration Forum
AU	African Union
BEPS	Base Erosion and Profit Shifting
CbC Reporting	Country-by-Country Reporting
CRS	Common Reporting Standard
CREDAF	Cercle de réflexion et d’échange des dirigeants des administrations fiscales
DGI	Directorate General of Taxes (Direction générale des impôts)
DGCPR	Directorate General of Public Accounting and Collection
DRM	Domestic Resource Mobilisation
ECOWAS	Economic Community of West African States
EOI	Exchange of Information
EOIR	Exchange of Information on Request
EU	European Union
FATF	Financial Action Task Force
GDP	Gross Domestic Product
GFI	Global Financial Integrity
Global Forum	Global Forum on Transparency and Exchange of Information or Tax Purposes
GRA	Ghana Revenue Authority
HLP	High Level Panel
IFCs	International Financial Centres
IFFs	Illicit Financial Flows
IMF	International Monetary Fund
ISM	Information Security Management
MNEs	Multinational Enterprises
Multilateral Convention	Convention on Mutual Administrative Assistance in Tax Matters
OECD	Organisation for Economic Co-operation and Development
OTR	Togolese Revenue Office
PAP	Pan-African Parliament
RECs	Regional Economic Communities
RNE	National Business Register
SARS	South African Revenue Service
SDGs	Sustainable Development Goals
UEMOA	West African Economic and Monetary Union
UNECA	United Nations Economic Commission for Africa
URA	Uganda Revenue Authority
WATAF	West African Tax Administration Forum
WBG	World Bank Group

Executive summary

The annual release of *Tax Transparency in Africa* is a key output of the Africa Initiative. It informs decision makers and citizens, by providing comparable statistics on tax transparency as one of African countries' response to the issue of illicit financial flows. The estimates of illicit financial flows in the continent range between USD 50 and 80 billion annually.

Thirty three African countries* responded to the Tax Transparency in Africa 2020 questionnaire: **Angola, Benin, Botswana, Burkina Faso, Cameroon, Cabo Verde, Chad, Côte d'Ivoire, Eswatini, Gabon, Ghana, Guinea, Guinea Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Namibia, Niger, Nigeria, Rwanda, Senegal, Seychelles, South Africa, Tanzania, Togo, Tunisia and Uganda.**

Tax Transparency in Africa 2020 shows significant progress made on the two pillars of the Africa Initiative: (i) raising political awareness and commitment in Africa and (ii) developing capacities in African countries in tax transparency and exchange of information.

* All the Africa Initiative members except Djibouti and Egypt; three non-members, Angola, Guinea Bissau and Malawi, also responded to the questionnaire.

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Executive summary

The *Tax Transparency in Africa 2020* shows significant progress made on the two pillars of the Africa Initiative: (i) raising political awareness and commitment in Africa and (ii) developing capacities in African countries in tax transparency and exchange of information.

Engagement at political level continued in 2019. The observership of the African Union Commission to the Global Forum, its participation in the Africa Initiative and the joint efforts in publishing this report are key milestones. Fighting illicit financial flows through increased transparency and administrative co-operation is also at the heart of the recent partnership with the African Development Bank. In addition, several high level awareness raising opportunities have been held in Africa, including during a recent engagement with the Committee on Finance of the Pan-African Parliament. The other partners of the Africa Initiative, including the African Tax Administration Forum and the World Bank Group, have also significantly contributed to increase the political attention to tax transparency.

The 5th Anniversary celebration of the Africa Initiative held in November 2019, with participants including Ministers of Finance, high-level officials, the African Union Commissioner for Economic Affairs, partners and donors, called for strengthening the international tax co-operation framework to help developing countries improve domestic revenue mobilisation. Donors reiterated their support at this occasion and additional contributions were announced by France and the European Union.

Three new African countries joined the Global Forum in 2019, hence participating in the Africa Initiative: Guinea, Namibia and Mali. More African countries also added their weight to the Yaoundé Declaration, which calls for strengthening African countries' participation in international efforts to stem tax evasion through transparency and exchange of information. The Ministers of Finance of Cabo Verde, Djibouti, Egypt, Kenya, Morocco and Tunisia signed the Declaration, bringing its supporters to 29 African countries.

The technical assistance provided in the context of the Africa Initiative intensified in 2019. Twelve African countries benefitted from technical support within the framework of the Induction Programme, a comprehensive programme offered to new members

since 2015. Such programme will be launched in 2020 for Guinea, Namibia and Mali. In addition, more than 20 countries benefitted from a tailored assistance to respond to their specific needs.

The lessons learned since the 2018 Report are encouraging although important challenges remain. Progress in African countries in the use of tax transparency and exchange of information are uneven. Older members of the Global Forum in general are at an advanced stage of implementation of the standards whereas new members look to put in place the basics.

The setting up of the key elements of a functional infrastructure for exchange of information, such as the establishment of an exchange of information unit, continues to improve in the continent. The exchange of information networks of African countries has further expanded to reach now 3 262 bilateral relationships compared to 2 523 in 2018. This is mainly due to the growing number of African countries joining the Convention on Mutual Administrative Assistance in Tax Matters (from 15 to 18 since the 2018 Report). More African countries can therefore use cross-border exchanged information in their tax investigations. For instance, the number of exchange of information requests sent increased by 48% between 2018 and 2019. However, 4 countries have sent 74% of the 318 outgoing requests. One challenge to be addressed is the expansion of the knowledge on exchange of information beyond the exchange of information unit so that it really becomes a tool to support other tax administration functions.

The increase in the number of exchange of information requests made by African countries has translated into additional tax revenue. In 2019, 5 African countries identified nearly USD 12 million additional tax as a direct consequence of the requests sent. In total, between 2014 and 2019, a group of 8 African countries identified USD 189 million of additional taxes.

The relevance of the international tax co-operation relies on the effectiveness of the implementation of the international standards. Regarding exchange of information on request, the level of compliance of the three African countries already reviewed is contrasted: two overall "Partially Compliant" ratings and one "Compliant". This confirms that African countries also face the challenge posed by the new requirements of the


standard, in particular ensuring beneficial ownership transparency, as the rest of the world. The outcome of the on-going review of four other African countries will give a better sense of where Africa stands. Part of the technical support of the Global Forum and its partners aims at helping African countries overcome the new challenges by addressing the identified gaps and deficiencies.

The implementation of automatic exchange of information is also progressing. Ghana started to exchange in 2019 with 56 other countries and therefore joined Mauritius, Seychelles and South Africa, which started in 2017/2018. Nigeria is expected to start in 2020 and Morocco has taken steps to start its first exchanges in 2021. The interest in automatic exchange of information continues to grow in Africa. Technical assistance has therefore been provided by the Global Forum and its partners to five African countries (Cameroon, Kenya, Senegal, Tunisia and Uganda) to help them determine a practical timeline for the implementation of this standard. This interest is further increased by the unprecedented outcomes of the voluntary disclosure programmes launched prior to the first automatic exchanges, which allowed countries to recover EUR 102 billion globally, including USD 82 million in Nigeria and USD 296 million in South Africa.

Three non-member African countries (Angola, Guinea-Bissau and Malawi) have contributed to this 2020 Report. The use of exchange of information in revenue mobilisation is very limited in these countries. There is a missed opportunity to join the global effort and make use of the exchange of information infrastructure and network as a tool to tackle cross-border tax evasion. Awareness building at the appropriate level remains crucial in Africa.

This Report also provides concrete case studies showing how exchange of information was useful in tax investigations carried out by several African tax administrations, as well as an African safari of country's initiatives to improve tax transparency and tackle tax evasion.

Looking forward, maintaining a high-level political dialogue on the agenda of tax transparency in Africa, assisting the African countries as needed and working on emerging challenges in tax co-operation, such as facilitating the wider use of exchange of tax information data or effective cross-border assistance in tax collection, will continue to guide the tax transparency work in Africa.



The setting up of the key elements of a functional infrastructure for exchange of information, such as the establishment of an exchange of information unit, continues to improve in the continent.

The past decade has shown that tax transparency and information exchange are powerful weapons in the fight against illicit financial flows. Through the Africa Initiative, these weapons are being used more and more every day on the African continent to mobilize domestic revenues.

Maria José Garde
Chair of the Global Forum

Introduction:

The role of tax transparency in fighting illicit financial flows in Africa



Illicit financial flows (IFFs) are commonly known as having negative effects on development. There is no one single definition to IFFs. However, it is broadly accepted that it concerns money with illegal origin or destination and cross-border connections. The Global Financial Integrity (GFI) defines IFFs as **“money that is illegally earned, used or moved and which crosses an international border”**.¹ According to the Organisation for Economic Co-operation and Development (OECD), the IFFs are essentially **“generated by methods, practices and crimes aiming to transfer financial capital out of a country in contravention of national or international laws”**.²

IFFs have several sources and channels which generally fall within three major categories: business-related activities (e.g. trade misinvoicing); criminal activities (e.g. drug trade, human trafficking, illegal arms dealing, smuggling of contraband and tax evasion); and corruption and money laundering. As such, IFFs are closely associated with tax evasion, money laundering, fraud, terrorism financing and corruption. The most immediate impact of IFFs is a reduction in domestic expenditure and investment, both public and private. This means fewer hospitals and schools, fewer police officers on the street, fewer roads and bridges. It also means fewer jobs.³ In short, IFFs deprive governments from the much-needed resources for their basic services and development.

It has always been difficult to measure the size of IFFs as they are by nature intended to be hidden. According to GFI, between 2015 and 2016, trade-related IFFs have amounted to magnitudes within 20% to 30%, on average, of total developing countries trade with advanced economies. The scale of the trade-related IFFs illustrates the fact that although this is a global concern impacting all countries, developing countries are highly impacted.

GFI estimates⁴ that the yearly overall volume of IFFs from developing countries grew from around USD 465 billion to around USD 1.09 trillion from 2004 to

2013. Total illicit outflows estimated at USD 482 billion for Asia in 2013 exceeded net inflows of foreign direct investment. The corresponding figure is USD 212 billion for the Western Hemisphere (Latin America and the Caribbean), USD 250 billion for the Developing Europe, USD 70 billion for the Middle East and North African countries, Afghanistan and Pakistan, and USD 74 billion for Sub-Saharan Africa.

As regards the absolute scale of IFFs from developing countries, Asian countries showed the highest illicit financial outflows. However, as average of Gross Domestic Product (GDP), Sub-Saharan Africa suffered the biggest loss of IFFs with an average of 6.1% of GDP annually as compared to a global average of 4.0% of GDP.

According to the Report of the High Level Panel (HLP) on IFFs from Africa commissioned by the African Union (AU) and the United Nations Economic Commission for Africa (UNECA) Conference of Ministers of Finance, Planning and Economic Development (2015),⁵ over the last 50 years, Africa has lost in excess of USD 1 trillion in IFFs. This is roughly equivalent to all of the official development assistance received by Africa during the same timeframe. The report concludes that Africa loses more than USD 50 billion annually in IFFs. A recent report by the AU Commission⁶ indicates that *“estimates of these amounts hover between USD 50 and 80 billion annually and seem to be on an upward trajectory. Shockingly, this amount is higher than the annual Official Development Assistance [...] that the continent receives”*.

ILLICIT FINANCIAL FLOWS, TAX TRANSPARENCY AND DEVELOPMENT

The issue of IFFs is at the forefront of the policy discussions on the development agenda as reflected in the international commitment to counter IFFs in the post-2015 Sustainable Development Goals⁷ (SDGs) Target 16.4: “By 2030, significantly reduce IFFs and arms flow, strengthen the recovery and return of stolen assets and combat all forms of organised

1. GFI (2019), *Illicit Financial Flows to and from 148 Developing Countries: 2006-2015*.

2. OECD (2014), *Illicit Financial Flows from Developing Countries: Measuring OECD Responses*.

3. OECD, *op. cit.*

4. GFI (2015), *Illicit Financial Flows from Developing Countries: 2004-2013*, Dev Kar and Joseph Spanjers, Global Financial Integrity, Washington, DC.

5. https://www.uneca.org/sites/default/files/PublicationFiles/iff_main_report_26feb_en.pdf

6. African Union Commission (2019), *Domestic Resource Mobilization: Fighting against Corruption and Illicit Financial Flows*. AUC Publishing, Addis Ababa.

7. The post-2015 Sustainable Development Goals were adopted by all United Nations Member States at the Addis Ababa International Conference on Financing for Development in 2015.

Introduction

crime". The AU Agenda 2063, which is the plan for Africa's transformation for 50 years recognises that strengthening domestic resource mobilisation (DRM) and reversing all forms of IFFs from the continent are essential to build effective, transparent and harmonised tax and revenue collection systems and public expenditure. Furthermore, the post-2015 SDGs 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" (Target 17.1). These messages recognise that a modernised and effective tax system and administration which effectively engages in the global cooperation efforts is critical for raising revenues for sustainable development.

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It is estimated that Africa loses around USD 40 to 80 billion every year in tax evasion.
.....

The trade-related flow is one of the most important source of IFFs. According to the GFI's estimates, fraudulent misinvoicing of trade transactions is the largest component of IFFs from developing countries, accounting for 83.4 % of all illicit flows (GFI, 2015). IFFs based on commercial activities aim at hiding assets or wealth from the source country. By hiding certain income flows from the sight of tax authorities and other law enforcement agencies, IFFs impede effective DRM. It is estimated that Africa loses around USD 40 to 80 billion every year in tax evasion.⁸

The AU designated 2018 as the African Anti-Corruption Year, under the theme: "Winning the Fight against Corruption: A Sustainable Path to Africa's Transformation". Launching this annual programme, H.E Mr. Muhammadu Buhari, the President of the Federal Republic of Nigeria, pointed to "the corrosive role that secrecy jurisdictions play in concealing ill-gotten assets",⁹ a concern also addressed by the HPL Report on IFFs from Africa. The AU leaders also highlighted the importance of beneficial ownership registers, automatic exchange of information (AEOI) and the abolishment

of bank secrecy at their 31st Summit in Nouakchott, Mauritania in 2018.

Informational asymmetry between taxpayers and tax authorities creates opportunities for abuse of the tax system. It allows hiding wealth abroad with a limited risk of being caught. Examples of such behaviour getting exposed without appropriate punishment, may result in a diminishing public morale and lower level of voluntary compliance with tax laws.¹⁰ A series of recent tax leaks and scandals clearly undermined public trust in the fairness of tax systems and generated strong demand for effective counter-measures.

The international standards on tax transparency require every jurisdiction to unveil the ownership structure of legal entities and arrangements, including beneficial ownership, and ensure that tax administrations are able to obtain the information needed to assess their taxpayers' assets and activities, no matter where these are carried out. The implementation of the international standards on transparency and EOI for tax purposes addresses a number of policy recommendations on the fight against IFFs, not only on the field of tax evasion, but also for other IFFs enablers such as corruption and money laundering.

Intergovernmental co-operation aiming at addressing cross-border tax evasion – a major source of IFFs – has grown rapidly over the last 10 years. Two of its key standardised components are the Exchange of Information on Request Standard (EOIR) and the Automatic Exchange of Financial Account Information Standard (AEOI).

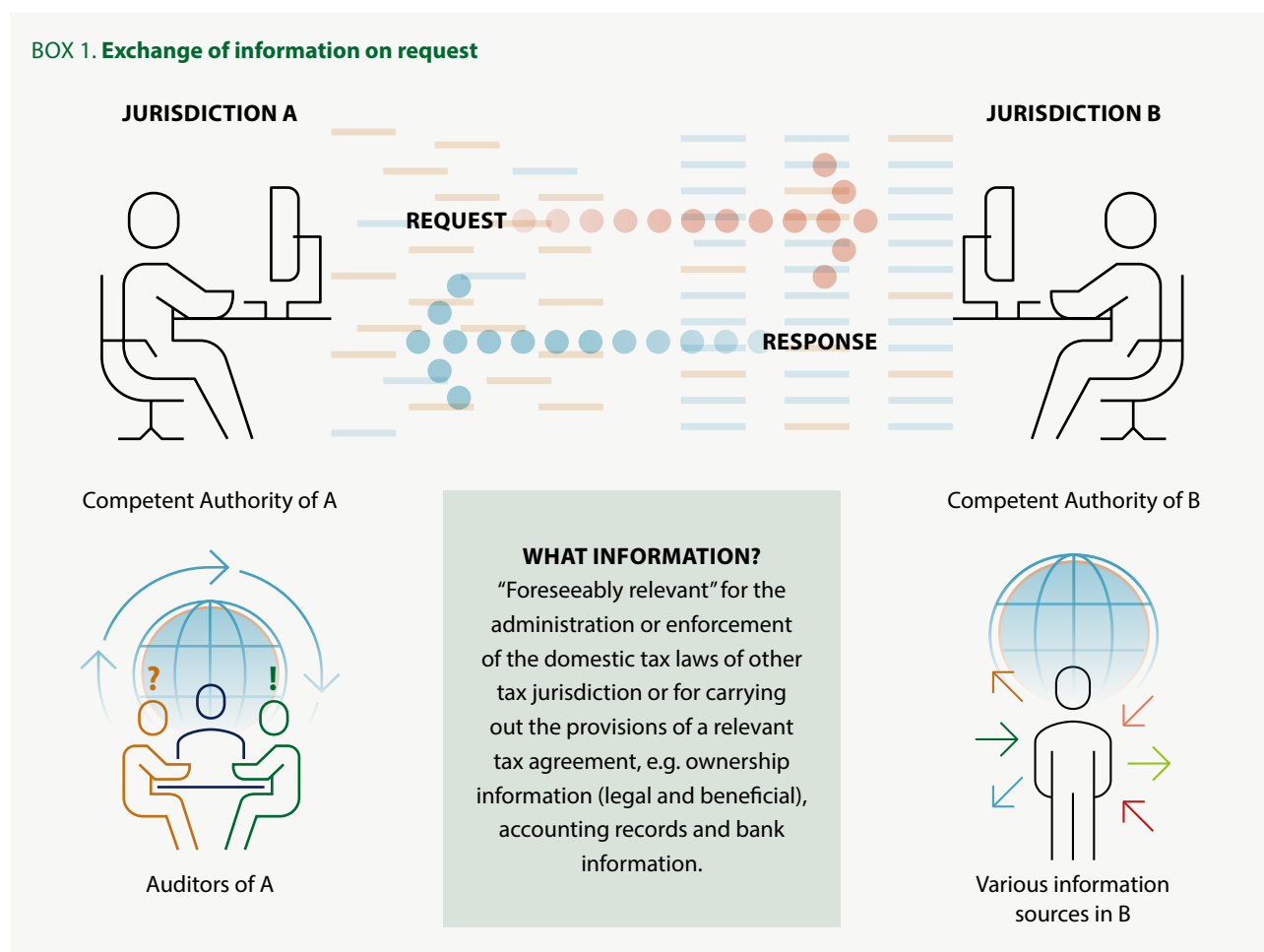
The EOIR standard requires a tax authority to provide, on request, information to another tax authority that is relevant for that administration to investigate and enforce its tax laws. Three types of information are at the heart of these exchanges: i) ownership information of all relevant legal entities and arrangements (legal and beneficial ownership), ii) accounting records and iii) bank information. All 161 members of the Global Forum have committed to the implementation of the EOIR standard and the peer review process assesses the

8. Marion Douet, "Évasion fiscale : plus de 40 milliards de dollars de taxes échappent chaque année à l'Afrique", *Le Monde*, 16 October 2017.

9. Speech at the opening ceremony of the 30th Assembly of Heads of State and Government of the AU, Addis Ababa, Ethiopia, 28 January 2018.

10. For further information, see OECD (2019), *Tax Morale: What Drives People and Businesses to Pay Tax?*, OECD Publishing, Paris, <https://doi.org/10.1787/f3d8ea10-en>.

BOX 1. Exchange of information on request



implementation of the standard¹¹. Between 2009 and 2019, over 250 000 requests for information have been received by Global Forum members and annual figures are almost universally on the rise. In ten years, EOIR alone has enabled the recovery of nearly EUR 7.5 billion of additional tax revenue globally.¹²

The AEOI standard requires financial institutions to report financial account information of non-residents to their tax authorities, who in turn automatically exchange this information with the tax authorities of the account holders’ country of residence under the globally-agreed Common Reporting Standard (CRS). This substantially improves the ability of tax authorities

to detect tax evasion, including in cases where there was no initial indication of non-compliance. Nearly 100 jurisdictions are already exchanging information automatically. In 2017, information on more than 11 million financial accounts was exchanged, and this figure grew to 47 million financial accounts in 2018. This represents a massive amount of offshore investments with the total value of financial accounts reflected in the information exchanged in 2018 being around EUR 4.9 trillion.¹³

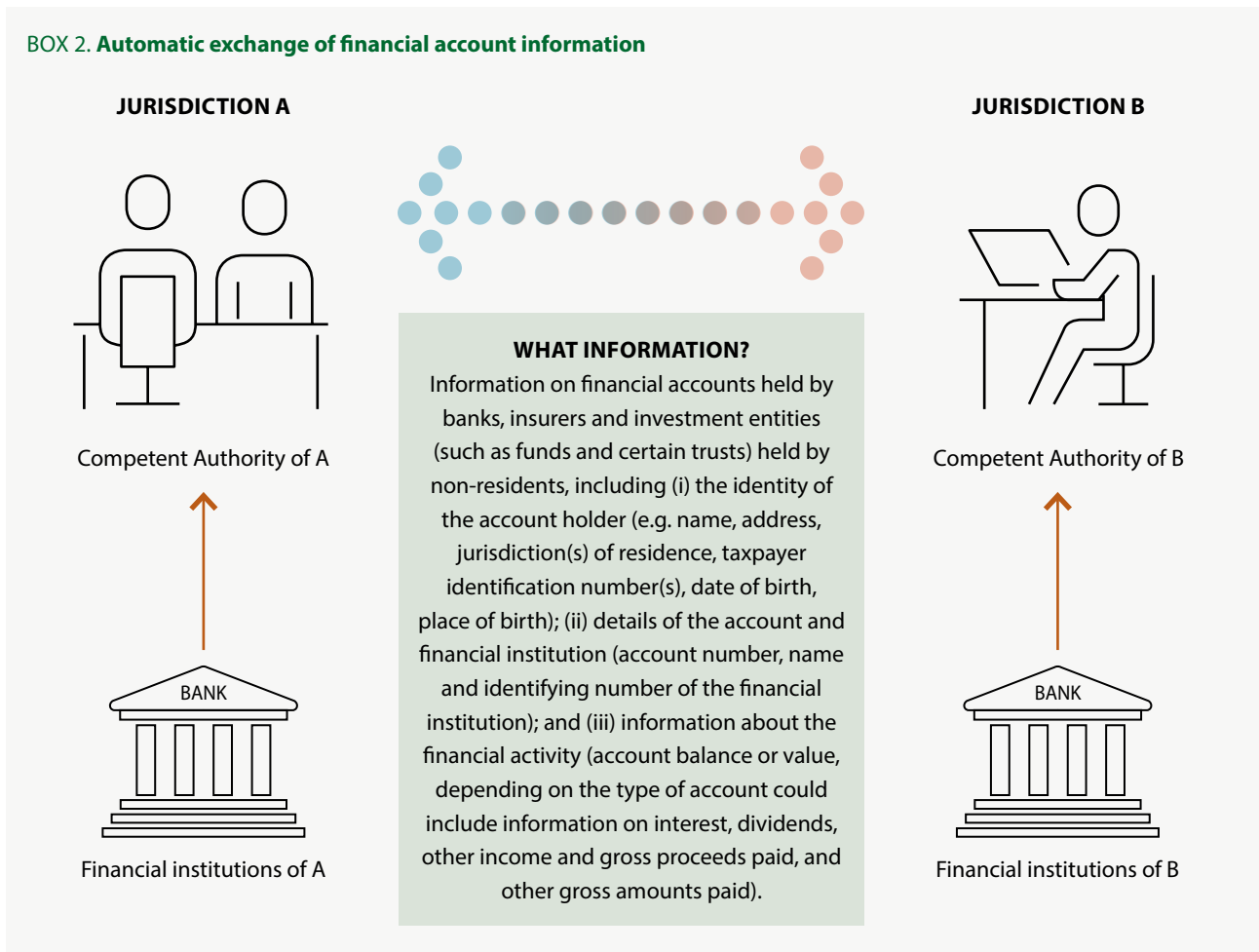
AEOI and EOIR are complementary international tax standards. While AEOI provides bulk financial information to a tax authority about its taxpayers’ assets abroad, without a preliminary need to make a request, EOIR enables follow-up requests on any suspicious information reported. Further EOIR covers a very wide scope of information and can be useful in any ongoing

11. The peer review results in an overall rating assigned to each jurisdiction, which can be “Compliant”, “Largely Compliant”, “Partially Compliant”, or “Non-Compliant”.

12. OECD (2019), *Transparency and Exchange of Information for Tax Purposes Multilateral Co-operation Changing the World*, 10th anniversary report, www.oecd.org/tax/transparency/global-forum-10-years-report.pdf.

13. OECD, *op. cit.*

BOX 2. Automatic exchange of financial account information



investigation. The implementation of these standards has had a very concrete impact. Taxpayers are coming forward to disclose formerly concealed wealth and offshore investigations are becoming more effective. Voluntary disclosure programmes and offshore tax investigations have already helped to identify about EUR 102 billion in additional revenue (tax, interest, penalties). Over 1 million of taxpayers have come forward to voluntarily disclose their assets (OECD, 2019).

MAKING LINKS WITH THE INTERNATIONAL TAX AGENDA

Developing countries tax systems face some challenges, including weak tax administrations, low taxpayer morale and “hard-to-tax” sectors.¹⁴ This affects their DRM capabilities which are currently below their tax potential. For example, average tax-to-GDP ratio

of African countries was 17.2% in 2017.¹⁵ This is the second lowest tax-to-GDP ratio compared to other regions. Nearly half of the countries in Africa fall below the minimum level of 15% considered necessary to finance the basic services, such as road infrastructure, healthcare, and public safety.¹⁶

At the Third International Financing for Development conference in Addis Ababa in July 2015, over 30 countries and international organisations launched the Addis Tax Initiative. This is a multi-stakeholder partnership to catalyse significant increases in efforts to improve domestic revenue mobilisation so that partner countries can more effectively raise their own funds to invest in public services and other development needs. The

14. IMF, OECD, UN and World Bank (2011), *Supporting the Development of More Effective Tax Systems, A Report to the G20 Development Working Group*, OECD, Paris, www.oecd.org/ctp/48993634.pdf.

15. OECD/ATAF/AUC (2019), *Revenue Statistics in Africa 2019*, <http://oe.cd/revenue-statistics-in-africa>.

16. African Union Commission (2019). Op. cit. p.37; OECD (2020), official website, www.oecd.org/tax/countries-must-strengthen-tax-systems-to-meet-sustainable-development-goals.htm

initiative aims to address the billions of dollars lost every year due to narrow tax bases, weak administrative capacity, and poor tax compliance. Addis Tax Initiative partners committed to work together to tackle complex cross-border tax issues by enabling developing countries take advantage of the progress made on the international tax agenda, improve collection and management of revenue from natural resources, and integrate developing countries into the global tax debate.

In fact, over the past few years, the international tax landscape has dramatically changed. In 2013, following a call from the G20, the OECD launched the Base Erosion and Profit Shifting (BEPS) project, aimed at proposing appropriate solutions to close the gaps in the international tax system that allow multinationals to artificially move their taxable income to the low or non-tax jurisdictions where little or no economic activity takes place. The BEPS project identified 15 sets of measures (actions) to align the international tax rules with substance and value creation and ensure that they are used for their intended purposes. The 15 actions are based on three pillars: (1) introducing coherence in the domestic rules that affect cross-border activities; (2) reinforcing substance requirements in the existing international standards so that taxation occurs where economic activities take place and where value is created; and (3) improving transparency as well as certainty for businesses that do not take aggressive positions. Four minimum standards have been agreed upon by over 135 jurisdictions currently participating in the BEPS Inclusive Framework. These are:

- improving tax transparency with country-by-country (CbC) reporting;
- preventing tax treaty abuse, to put an end to the use of conduit companies to channel investments;
- curbing harmful tax practices, which includes improving transparency through exchange of tax rulings; and
- making dispute resolution between jurisdictions more timely, effective and efficient.

The CbC Reporting and the mandatory exchange of tax rulings are two BEPS minimum standards of EOI. They complement the EOIR and AEOI standards which are monitored by the Global Forum.

Country-by-country reporting

The BEPS Action 13 provides for Multinational Enterprises (MNEs) with consolidated group revenue of at least EUR 750 million to report annually certain critical information to each tax jurisdiction in which they do business. This report is called the CbC Report. Information contained in an MNE group's CbC Report includes the amount of unrelated party and related party revenue reported, profit before income tax, and income tax paid and accrued, as well as stated capital, accumulated earnings, number of employees and tangible assets, broken down by jurisdiction.

The CbC Report gives tax administrations a global picture of the operations of MNEs and provide them with relevant information to enforce their transfer pricing laws. CbC Reporting offers a huge opportunity to developing countries as most of them face significant challenges in obtaining the information they need to apply their rules, including relevant information from taxpayers about the foreign members and operations of MNE groups (OECD Questionnaire, March 2014).

CbC Reporting is another form of AEOI which requires at least (i) an international agreement with a subsequent competent authority agreement, (ii) a domestic legal framework and confidentiality and data safeguard rules in line with the international EOI standards. The implementation of CbC Reporting minimum standard is peer reviewed as any of the four minimum standards and all members of the BEPS Inclusive Framework commit to participating in the peer review. According to the OECD, 58 jurisdictions required or permitted the filing of CbC Reports for 2016, currently 90 jurisdictions have laws in place introducing a CbC Reporting obligation and over 2 400 relationships are in place for the exchange of CbC Reports between jurisdictions.

Mandatory exchange of tax rulings

The 2015 Action 5 Report, *Countering Harmful Tax Practices More Effectively, Taking Into Account Transparency and Substance* (OECD, 2015), is one of the four BEPS minimum standards. There are two aspects to the Action 5 minimum standard: a process for reviewing preferential tax regimes to ensure they are not harmful, and a transparency framework that applies to tax rulings. The Action 5 Report sets out the agreed framework for

Introduction

transparency. This includes six categories of taxpayer-specific rulings which in the absence of compulsory spontaneous exchange of information could give rise to BEPS concerns. These six categories are:

- rulings relating to preferential regimes;
- unilateral advance pricing agreements or other cross-border unilateral rulings in respect of transfer pricing;
- cross-border rulings providing for a downward adjustment of taxable profits;
- permanent establishment rulings;
- related party conduit rulings; and
- any other type of ruling agreed by the Forum on Harmful Tax Practices that in the absence of spontaneous information exchange gives rise to BEPS concerns.

The mandatory spontaneous exchange of tax rulings addresses the concern that a lack of transparency can lead to BEPS, when jurisdictions have no knowledge or information on the tax treatment of a relevant taxpayer in a specific country. The availability of timely and targeted information is essential to enable tax administrations to quickly identify risk areas. The standard specifies the jurisdictions with which information should be exchanged and the timeframe within which the information exchanges should occur.

BUILDING AN AFRICAN AGENDA ON TAX TRANSPARENCY

Improvements in tax transparency over the past ten years have dramatically changed the algebra of tax evasion. Nearly 70 jurisdictions have made changes to eliminate bank secrecy for tax purposes since 2009. An impressive international EOI network, equivalent to nearly 8 000 bilateral agreements, is fast growing through the Convention on Mutual Administrative Assistance in Tax Matters (Multilateral Convention) which allows EOI for tax purposes among already 136 jurisdictions, including all G20 and OECD countries and practically all international financial centres (IFCs). An OECD preliminary analysis of the impact of tax transparency and EOI shows that since 2008, the deposits held by companies or by individuals in the 40 largest IFCs have significantly fallen by 34% or USD 551 billion by the first quarter of 2018, as countries adhered to stricter tax transparency standards. Much

of this decline seems to be associated with the AEOI initiatives: 20% to 25% decline in bank deposits in IFCs may be related to this tax transparency initiative.¹⁷

These significant changes have resulted in additional resources identified by countries. Nevertheless, developing countries, including African countries, have not benefitted that much from this progress.

Recognising the special circumstances of African countries which suffer the greatest inequality from a lack of capturing economic activity within their borders, the Global Forum, together with several other countries and international organisations launched a specific programme aimed at helping unlock the potential for transparency and EOI in Africa (the Africa Initiative). The main objective of the Africa Initiative is to build up a sustainable culture of tax transparency in African countries' tax administrations by addressing the two identified barriers to an effective EOI in Africa: the lack of political awareness and support to the administrations and the limited capacity and other resource-related constraints.

.....
"Investing in tax transparency is profitable; it is an investment for the future."

H.E. Mohamed Ridha Chalhoun, Minister of Finance, Tunisia
.....

In 2017, the 10th plenary meeting of the Global Forum was held in Yaoundé, Cameroon. African members of the Global Forum took advantage of this second Global Forum plenary in Africa (the first was held in South Africa in 2012) to reflect on ways of ensuring that African countries can benefit from the enhanced tax transparency landscape. To this end, the Minister of Finance of Cameroon hosted a high-level meeting of African Finance Ministers and Heads of Tax Administrations. Participants recognised that while the global landscape for fighting tax evasion and avoidance has changed, African countries were not fully exploiting the advances in international co-operation in the mobilisation of their much-needed domestic revenues.

17. OECD (2019), *Using bank deposit data to assess the impact of exchange of information*, www.oecd.org/tax/exchange-of-tax-information/using-bank-deposit-data-to-assess-the-impact-of-exchange-of-information.pdf.

A call for action was made through a landmark document, the “Yaoundé Declaration”, which urges the AU to begin a high level discussion on tax co-operation and IFFs and their link to DRM. The Yaoundé Declaration has so far generated a lot of interest. Ministers of Finance of 29 African countries have endorsed the Declaration (See Annex C below), reinforcing its message that EOI is not only the most efficient way of improving co-operation between tax authorities around the world but also that the promotion of tax transparency in Africa is an effective policy response to the issue of IFFs.

On the occasion of 5th Anniversary of the Africa Initiative, 7 African Ministers of Finance and 13 Heads of delegation, the AU Commissioner for Economic Affairs, along with partners and donors, met on 25 November 2019 to review the progress of the Africa Initiative and consider broader tax challenges facing African countries. Recognising the important role of tax transparency and EOI in the fight against IFFs, they called for strengthening the international tax co-operation framework by ensuring effective cross-border assistance in tax collection, and for building awareness and tools to facilitate the wider use of tax EOI data for tackling other IFFs, such as corruption and money laundering.



Based on the findings and recommendations of the HLP on IFFs from Africa, the AU is championing the policy response to the problem of IFFs from Africa, linking it with DRM as emphasised by its recent report “Domestic Resource Mobilization: Fighting Against Corruption and illicit financial flows” (AU, 2019). The report explains that although low-income countries will need to increase their annual public expenditure by 30% of GDP in order to achieve the SDGs, and it is questionable whether African countries in particular are able to meet this target, given the current context marked by scarcity of public resources and the increasing decline in development aid.¹⁸ African leaders have clearly indicated that African countries should count on their internal sources of financing to achieve the objectives of the AU Agenda 2063, and those of the post-2015 SDGs in order to transform the continent. It is therefore crucial

to strengthen the capacities of tax administrations and broaden the tax bases. Tax transparency and EOI offers a unique opportunity for broadening the tax base through the fight against tax evasion. Conscious of this, the AU Commission has engaged in a new partnership with the Global Forum under the framework of the Africa Initiative. The objective is to promote tax transparency in African countries to serve the purposes of DRM in Africa.



AFRICAN DEVELOPMENT BANK GROUP

An important collaboration framework has recently been enhanced with the African Development Bank Group (AfDB), to support the implementation of the tax transparency standards by African countries. The AfDB's work on tax transparency is guided by its policy and the strategic framework and action plan against IFFs in effect since 2017. The vision is to have an “African continent capable to effectively combat IFFs” by 2030. The core objective is to significantly contribute to the continent's response to the threat of IFFs by (i) enhancing the capacity of the Bank to combat IFFs; (ii) increasing its support to mandated institutions and non-state actors, in regional member countries, in combating IFFs; and (iii) strengthening international co-operation in the fight against IFFs. Amongst others activities, the AfDB supports African countries and Regional Economic Communities (RECs) to:

- develop their capacities to tackle tax evasion, reduce opportunities for tax avoidance and facilitate recovery of stolen assets;
- support to tax authorities in improving transparency in financial transactions between governments and companies;
- establish well-equipped transfer pricing units;
- support to tax administrations for effective controls and audits of both local and multinational companies;
- foster cross-border co-operation between tax authorities and encourage automatic exchange of tax information among African countries and globally;

18. African Union (2019), Op. cit., p. 19.

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- support to disclosure of beneficiary ownership through provision and regular update of information; and
- collaborate with and support other entities to support countries commitment to influence emerging global governance frameworks for international tax transparency (Global Forum, Financial Action Task Force (FATF) and FATF Style regional bodies in Africa, African Tax Administration Forum (ATAF), Tax Justice Network Africa (TJNA)).

These frameworks provide a formal mandate and financing opportunities for the AfDB to effectively engage with its member countries and partners, in order to implement activities that contribute to tax transparency, combat IFFs and increase DRM. In addition, key AfDB commitments through the latest 15th African Development Fund and 7th General Capital Increase concluded in 2019 sought to strengthen the Bank's operational focus on issues of tax transparency and DRM. The AfDB is an observer to the Global Forum.

These new partnerships supplement the existing ones with other organisations such as the World Bank Group (WBG) and ATAF.



ATAF is an observer to the Global Forum and its key technical partner in Africa. Since the launch of the Africa Initiative, ATAF has increased its role in the promotion of EOI in Africa by putting in place an extensive programme to support its members across the continent in building up the infrastructure needed to use EOI. It has also set up a Technical Committee on EOI with the aim of opening avenues for African countries to support each other through a group of EOI experts on the continent. ATAF has created a regional EOI agreement (the “Agreement on Mutual Assistance in Tax Matters”) opened to signature by African countries. The co-operation between the Global Forum and ATAF has intensified within the framework of the Africa Initiative. The Global Forum provides its technical expertise to support ATAF's EOI programme.



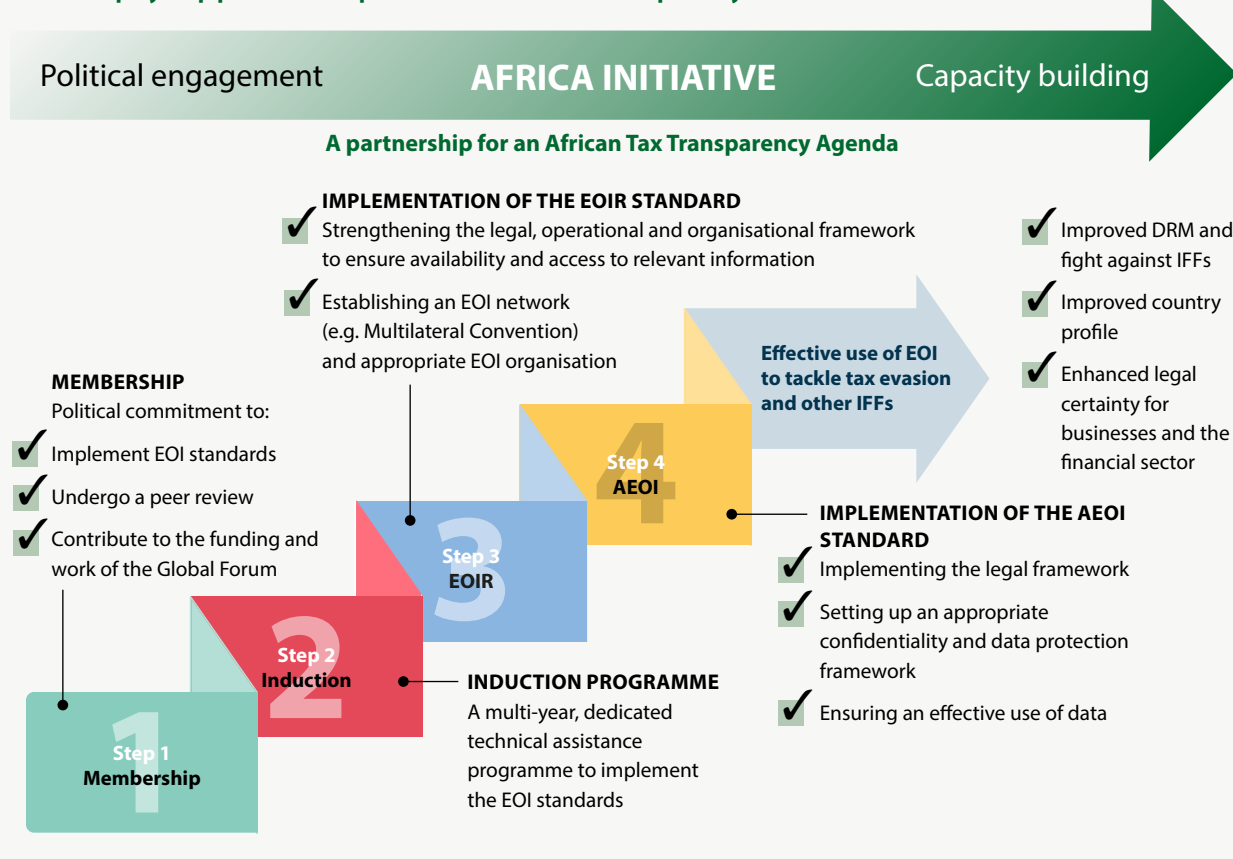
WORLD BANK GROUP

As another observer to the Global Forum, the WBG supports the tax transparency agenda worldwide. The WBG has been dedicating significant resources in partnership with the Global Forum to help countries build their capacities in EOI. Its development policy lending is increasingly including support for work on tax transparency, which plays a critical role in driving commitment from decision makers. The WBG's successful experience in working with other regions on tax transparency is now extending to Africa, within the framework of the Africa Initiative which was created in partnership with the WBG and others.

In view of the above, tax transparency and EOI is now high on the African agenda. Through the Africa Initiative, African countries discuss their priorities and specific needs in the global tax transparency agenda, under the leadership of key continental institutions. In fact, Africa is gradually setting up its own agenda to better utilise the global tax transparency landscape to tackle IFFs and enhance DRM.



BOX 3. Step by step process to unpack the benefit of tax transparency



1. Developments in tax transparency in Africa since 2018

This chapter of the report highlights the major achievements in respect to each of the two pillars – **building strong political buy-in** and **building EOI capacity** – in 2019.



BUILDING STRONG POLITICAL BUY-IN TO UNPACK THE BENEFIT OF TAX TRANSPARENCY FOR ALL AFRICAN COUNTRIES

Political outreach and engagement for Africa is a major focus and continues to be a top priority. Involvement of decision makers in addressing the tax transparency challenges of African countries is strategically important, because it positively impacts their ability to support and influence the work of this agenda. Activities developed in 2019 helped advance the tax transparency agenda in Africa through a series of high level engagements.

FEBRUARY 2019: Launch of the first Africa Initiative progress report “Tax Transparency in Africa”

2019 commenced with the launch of the 2018 Africa Initiative progress report on “Tax Transparency in Africa” at the 6th Africa Initiative meeting held in Kigali, Rwanda on 28 February to 1 March 2019. The report detailed the progress achieved by the African members of the Initiative since 2015 and documented statistics that are a baseline for future Africa Initiative progress reports. Its results revealed the strengths and areas of improvement for African member jurisdictions. First of its kind, this report is a tool to help countries support and learn from one another in the EOI and tax transparency sphere. The launch of the first ever “Tax Transparency in Africa” report

was a key milestone on the Africa Initiative agenda, as this report now published annually, is intended to inform decision makers by providing comparable statistics on the African countries’ response to the issue of tax evasion.

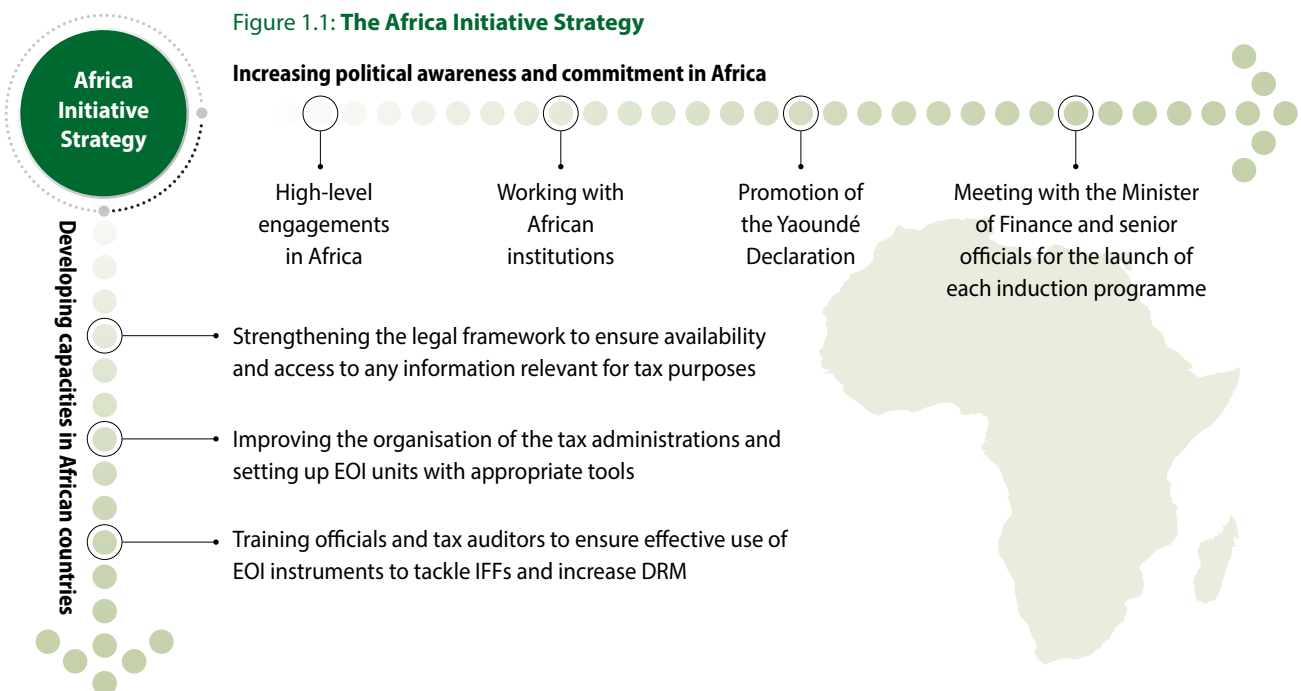
OCTOBER 2019: Meeting with the Committee on Monetary and Financial Affairs of the Pan-African Parliament

The Pan-African Parliament (PAP) is one of the organs of the AU. It is composed of 229 Members of Parliament representing 52 African countries. Its purpose is to ensure the full participation of African people in the development and economic integration of the continent.

The Global Forum participated in a special session of the Committee on Monetary and Financial Affairs of the PAP to raise awareness on the importance of tax transparency for African countries and engage the PAP and Members of Parliament in the promotion of this agenda. The meeting was fruitful and appreciated by the parliamentarians from both members and non-members of the Global Forum.

Members of the Committee resolved to further discuss tax transparency and EOI at their statutory meeting in March 2020 and consider putting a resolution before the plenary session of the PAP to meet in 2020.

Figure 1.1: The Africa Initiative Strategy





NOVEMBER 2019: Africa Initiative ministerial dinner

The climax of 2019 on the global tax transparency agenda was the Global Forum's 10th anniversary celebration which took place in Paris, in November. It gathered over 500 delegates from more than 140 jurisdictions, international organisations and regional groups, including over 40 delegations represented at ministerial level. In order to celebrate the 5th anniversary of the Africa Initiative, an African ministerial dinner meeting was successfully held around the Global Forum event.

The African ministerial dinner was held on 25 November 2019 and was hosted by the Secretary General of the OECD. It gathered 7 African Ministers, 13 Heads of delegation, high-level representatives, partners and donors of the Africa Initiative, including the AU Commissioner for Economic Affairs.

Participating countries included Benin, Botswana, Cameroon, Cabo Verde, Côte d'Ivoire, Egypt, Gabon, Ghana, Guinea, Kenya, Lesotho, Madagascar, Mauritius,

Nigeria, Senegal, Seychelles, South Africa, Togo, Tunisia and Uganda. Partners and donors included the AfDB, ATAF, the AU Commission, the *Cercle de réflexion et d'échange des dirigeants des administrations fiscales* (CREDAF), the European Union (EU) Commission, France, Switzerland and the WBG.

In addition to celebrating its 5th anniversary and successes, the ministerial dinner was a key opportunity for members and partners to discuss strategy, and further advance the African tax agenda in view of the broader tax challenges facing Africa. The discussions from the participants centered around two main topics: (i) the role of tax transparency and EOI in the fight against IFFs and (ii) the future challenges in tax, particularly in the context of the digital economy. The agreed outcomes (see Annex B below) will be a major area of focus for 2020 and going forward.

Participants to the Africa Initiative ministerial dinner on 25 November 2019 at the OECD headquarters, Paris, France.

NOVEMBER 2019: AU Commission as an observer at the Global Forum

The partnership between the Global Forum and the AU Commission was a journey borne out of deliberate efforts aimed at enjoying productive and sustainable relations in improving tax co-operation through tax transparency and EOI for Africa. Hence, what started in late 2018 with informal discussions, rapidly moved to a bilateral meeting and an awareness-raising session in tax transparency and EOI for the AU Commission staff and resulted in 2019 in a framework of collaboration between the AU Commission and the Global Forum, to advance the tax transparency agenda on the fight against tax evasion and other IFFs in Africa. This collaboration was sealed by the AU Commission's decision to join the Global Forum as an observer, welcomed by the participants of the African ministerial dinner in November 2019 in Paris. This is a major step in the promotion of the work around tax transparency in Africa. The AU Commission also decided to join the "Tax Transparency in Africa" report.

NOVEMBER 2019: Meeting with the African Development Bank

The AfDB is another strategic stakeholder identified as impactful to support and influence the work of the Africa Initiative. The AfDB joined the Global Forum as an observer in 2015. However, it has taken time to align the priorities of both organisations on the tax transparency agenda. Since 2018, several discussions have been initiated within the framework of the Africa Initiative, including at the 6th Africa Initiative meeting attended by a delegation from the AfDB. On 27 November 2019, the Head of the Global Forum Secretariat and the AfDB Director, Governance and Public Financial Management Coordination Office met on the sidelines of the 10th anniversary plenary meeting of the Global Forum to further agree on a framework of collaboration on tax transparency and EOI. The Global Forum and the AfDB will work together to:

- Strengthen the capacity of AfDB teams through EOI awareness sessions, which will enable AfDB teams to promote the dialogue with member countries on tax transparency and EOI in Africa from an informed perspective;

- Promote tax transparency in Africa through joint missions and projects in African countries where there are engagement opportunities for both the AfDB and the Global Forum;
- Hold joint workshops/engagements intended to build capacity on transparency and EOI for African jurisdictions; and
- Measure the progress made by African countries in tax transparency through the publication of the Africa Initiative progress report on Tax Transparency in Africa.

Overall, efforts in building political awareness on tax transparency in Africa translated into some concrete outcomes since the publication of the 2018 Report. Three African countries have joined the Global Forum and the Africa Initiative. These are Guinea, Namibia and Mali. In addition, Cabo Verde, Djibouti, Egypt, Kenya, Morocco and Tunisia signed the Yaoundé Declaration, adding their voices to 23 other African countries to call for strengthening the fights against IFFs through international tax co-operation.

The increased number of African countries participating in the work of the Global Forum confirms that tax transparency and EOI is now at the top of the African agenda.

The collaboration with partners such as ATAF, the AfDB, the AU Commission, the WBG, the West African Tax Administration Forum (WATAF) and CREDAF will greatly support in reaching out to other African countries. It is especially important to reach out to those members that are most impacted by IFFs and are not making use of EOI. The potential benefits for some of these countries to participate in transparency and EOI is significant, hence the need to target them.

CONSOLIDATING THE BASICS OF TAX TRANSPARENCY BY BUILDING CAPACITY

On the technical assistance and capacity building front, the Global Forum Secretariat has marshalled substantial technical expertise which is of huge potential value to African countries. During the year 2019, efforts continued to focus on broadening EOI technical capacities of tax administrations across the continent and delivering training to enhance tax

Developments in tax transparency in Africa since 2018

officials understanding of EOI and how to use it in their day-to-day work. In practical terms, the technical support provided takes a variety of forms including (i) comprehensive induction programmes intended to facilitate the on-boarding of new Global Forum members and (ii) tailored technical assistance on demand, for older Global Forum members.

1 345

The number of officials trained on EOI in Africa since the launch of the Africa Initiative (2015-2019). These officials from 44 African countries attended 30 training events held on the continent.

Ongoing induction programmes in 12 African countries

The induction programme is aimed at (i) creating awareness of the new members rights and obligations, (ii) familiarising new members with the tax transparency and EOI standards, (iii) assisting new members in preparing for the peer review process by conducting a gap analysis assessment and (iv) helping new members put in place the infrastructure needed to fully benefit from effective EOI, including broadening the network of EOI partners and establishing functional EOI units. The induction programme covers both the EOIR and the AEOI standards. It starts with the launch of high-level engagements with ministers, parliamentarians or other key government senior officials. This is particularly valuable as significant legislative reforms are often needed to implement the EOI standards. High-level engagements also serve to encourage prioritising the country's participation in the tax transparency work within the Global Forum's framework. After the high-level visit, a roadmap is developed and agreed upon between the Global Forum and the new member for a medium-term period, generally three years. The roadmap sets out the country's key EOI priorities, how the country's commitment should translate into responses, and the various activities to be carried out with timelines and the Global Forum's support. Some of the activities are the following: preliminary assessment of the legal framework on EOIR, assistance to sign the

Multilateral Convention, mock on-site visit to assess the tax transparency in practice, assistance in drafting or reviewing amendments to the legal framework, and training for tax auditors.

The induction programmes launched or ongoing in 2019 encompassed the following countries: Benin, Cabo Verde, Côte d'Ivoire, Chad, Djibouti, Egypt, Eswatini, Madagascar, Niger, Rwanda, Tanzania and Togo. Three new induction programmes will be launched in 2020: Guinea, Mali and Namibia.

Support continues to be provided to members for their upcoming EOIR reviews through legislative drafting assistance, increasingly in relation to beneficial ownership, and mock onsite peer review examinations.



TUNISIA

Leveraging the technical assistance to improve the fight against tax evasion

Tunisia joined the Global Forum in 2012 but could not benefit from the EOIR standard in the fight against tax evasion as it had gaps in its legal framework and no appropriate organisation in place to deal with EOI requests. The Global Forum Secretariat has delivered intensive technical assistance to Tunisia since 2014 to help Tunisia address the obstacles to an effective EOI on both the legal framework and its operationalisation. This assistance has resulted into major reforms in Tunisia in the areas of tax transparency, such as the creation of a beneficial ownership register and the establishment of a national database of bank accounts maintained by the tax administration (See the section below "Tunisia - Establishment of a central database on bank accounts"). Tunisia has also benefited from trainings and other capacity building activities from the Global Forum Secretariat in the past four years (e.g. 246 officials were trained on EOI). All these efforts are already having an unprecedented impact in Tunisia. Tunisia is now one of the most prolific African countries in terms of number of EOI requests sent (218 requests sent only in 2019).

TABLE 1.1. Technical assistance and training activities in the context of the Africa Initiative in 2019

Launch of induction programmes	Cabo Verde, Eswatini
On-site peer-review preparations (legal framework and practice)	Burkina Faso, Cabo Verde, Cameroon, Kenya, Lesotho, Morocco, Rwanda, Tanzania, Togo
Beneficial ownership (workshops and assistance on legislation)	Burkina Faso, Cameroon, Côte d'Ivoire, Morocco, Senegal, Tunisia
Assistance on joining the Multilateral Convention	Angola, Benin, Cabo Verde, Egypt, Eswatini, Lesotho, Madagascar, Rwanda, Togo
Information Security Management assistance	Kenya, Senegal, Cameroon, Ghana*, Liberia, Nigeria*, Tunisia,
AEOI industry consultation and/or legislation drafting	Morocco*, Egypt*
Training sessions for tax auditors	Kenya, South Africa, Nigeria (WATAF)

Note: (*) with partner country.

Tailored assistance to older members of the Global Forum in Africa

In addition to the support provided to new members under the induction programmes, older members of the Global Forum receive project support and technical implementation of confidentiality and Information Security Management (ISM) for AEOI, AEOI industry consultation and legislation drafting.

Some of the mock onsite reviews held in 2019 took place in Burkina Faso, Cameroon, Kenya, Morocco, Rwanda, Tanzania and Togo. Some non-member countries of the Global Forum also received support as requested. All this technical support is well personalised to address the individual needs and priorities of the Africa Initiative participating country.

TRANSLATING TAX TRANSPARENCY INTO REVENUE GAINS

In order for African jurisdictions to benefit from the EOI standards, it is vital that revenue gains are realised. This takes deliberate effort and well thought out strategies to harness the benefits of EOI at implementation. The Africa Initiative progress report among others is meant to assist countries take stock of performance and learn from peers about the various ways transparency and EOI strategies may be translated into revenue. Some success stories are shared in this report to that end.

Several countries in Africa have gone ahead to position EOI as a tool to increase tax compliance and thus revenue collection. Some of the initiatives undertaken on the continent and supported by EOI are the Voluntary Disclosure Programmes on financial accounts and assets held offshore and the High Net worth Individual (HNWI) Programmes.

Prior to its first AEOI exchanges in September 2017, South Africa launched a Special Voluntary Disclosure Programme which ran from 1 October 2016 to 31 August 2017. USD 1.8 billion worth of foreign assets were disclosed and the revenues gained amounted to USD 296 million. These are assets that were previously hidden off-shore by non-compliant taxpayers that will continue to contribute to tax revenue generation in the future. South Africa has also introduced a permanent Voluntary Disclosure Programme in its tax law, offering taxpayers to come forward on a voluntary basis to regularise their tax affairs. An amount of approximately USD 213 million was collected for the period from 1 April 2018 to 31 March 2019 under this programme. According to the South African Revenue Service (SARS), a large intake on Voluntary Disclosure Programme applications is in relation to foreign assets previously not disclosed.

The Voluntary Assets and Income Declaration Scheme launched in Nigeria from 1 July 2017 to 31 September 2018, yielded about USD 82 million and grew the taxpayer database from 14 million in 2016 to 19 million in 2018.



WORLD BANK GROUP

BOX 1.1. The collaboration framework between the World Bank Group and the Global Forum to advance the tax transparency agenda

Since 2011, the Global Forum and WBG have joined forces to support developing countries' efforts to increase tax transparency. For the WBG, this support is part of the work on DRM, and, particularly, on IFFs which focuses on addressing the causes of cross-border movement of capital associated with illegal activities and devises strategies to stem these flows and increase the return of stolen assets.

At the country level, the Global Forum/WBG collaboration includes technical assistance and capacity building to meet global standards for tax transparency and exchange of information. This collaboration also facilitates the building of risk assessment systems to better identify sources of risky transactions, which could be vehicles for tax avoidance, tax evasion, and illicit flows.

This co-operation between the WBG and the Global Forum has contributed to the great progress on the implementation of EOI standards in Latin America and the Caribbean and is gradually extending to other regions. Countries that have benefited from joint Global Forum/WBG technical assistance include Cabo Verde, Costa Rica, Georgia, Madagascar, Peru, Ukraine and Viet Nam.

Complementing this collaboration, WBG development policy lending is increasingly including support for work on tax transparency. For example, WB support to Cabo Verde through technical assistance (funded by the Global Tax Program) and a lending operation contributed to the country's decision to join the GF. Since their membership, Cabo Verde has benefited from joint Global Forum/WBG technical assistance.

Global Forum/WBG collaboration also includes support for global and regional initiatives through joint EOI and beneficial ownership regional workshops. The WBG has also developed a technical assistance module on Information Security Management for AEOI in co-operation with the Global Forum.



This supports countries in identifying and addressing gaps well in advance of the exchanges taking place.

Currently, Global Forum/WBG collaboration has a special focus on Africa. Both institutions are strongly committed to supporting African countries in their efforts to move their tax transparency agenda at both the political and technical levels forward. Specific areas of technical assistance include support for: 1) raising awareness of the EOI standards and the role of the Global Forum (including support during the process of becoming a Global Forum member); 2) identifying gaps in legislation, institutional barriers and practical measures for effective EOIR implementation (including use of information); 3) introducing EOIR legislation; 4) implementing stricter standards on disclosing beneficial ownership (in line with the FATF standards); 5) reaching the information confidentiality standards as a key requirement for exchange of information; and 6) rolling out AEOI, starting with a pre-assessment of gaps to help the country make an informed decision on the commitment date for starting the exchange.

Source: World Bank

2. Five years of Africa Initiative: What has changed?

After five years of engagement with African countries on the field of EOI, the Africa Initiative appears to be a catalyst of progress. This second edition of the Africa Initiative progress report offers a broader picture of Africa's current position on tax transparency as it covers more countries, including non-member countries of the Global Forum and new members which have joined the Global Forum since the 2018 Report.



Five years of Africa Initiative: What has changed?

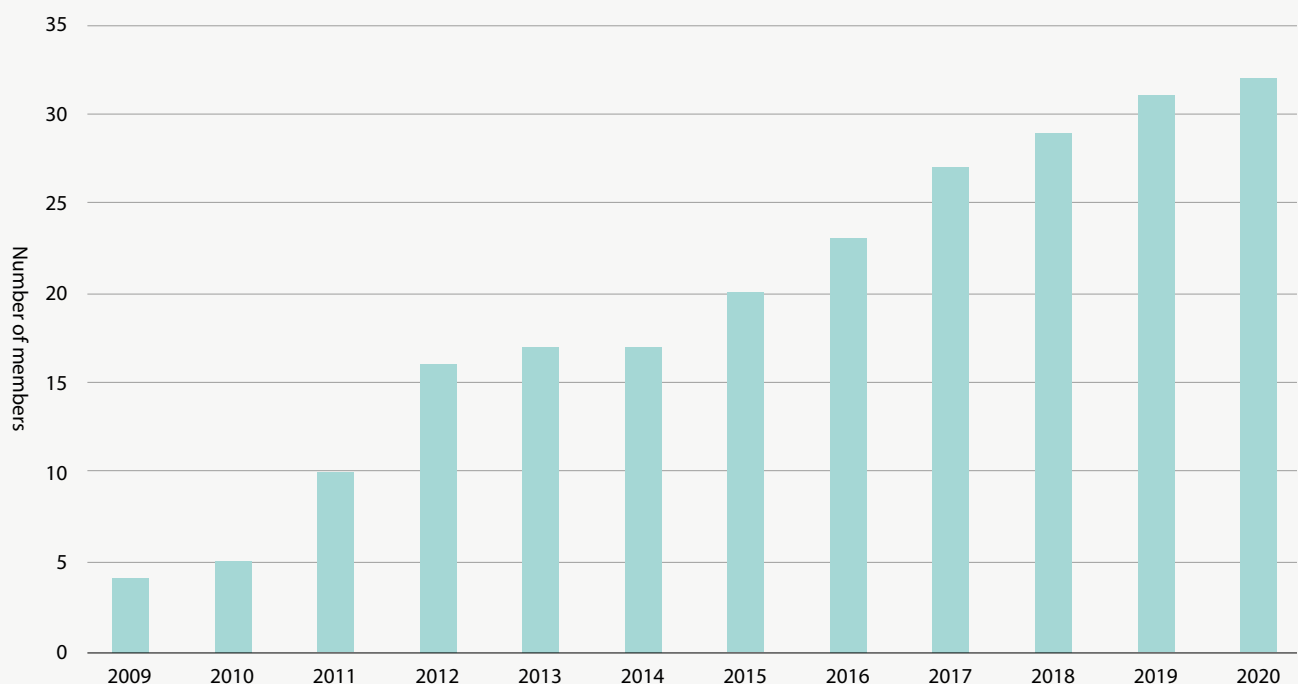
The progress measured in this section of the report is based on the Global Forum's work – peer review and technical assistance – and the responses provided by African countries to a survey conducted by the Global Forum Secretariat for the Africa Initiative. Thirty three African countries provided their responses to the questionnaire.

Overall, the progress highlighted in the 2018 Report has continued. Older African members of the Global Forum are moving to a more mature EOI system with concrete results on DRM. They are also improving Africa's participation in the global debate on tax transparency, including at the 10th anniversary of the Global Forum held in November 2019. At the same time, the number of African countries joining the international efforts to tackle tax evasion through the implementation of the tax transparency standard is ever increasing. Although there are still areas of improvement, such as the implementation of AEOI where there is still a gap between advanced economies and developing countries, the political support has increased and development partners are dedicating more resources to support African countries in building up the infrastructure they need to fully unlock the potential of tax transparency in Africa.

MORE AFRICAN COUNTRIES LOOK TO IMPROVE TAX TRANSPARENCY

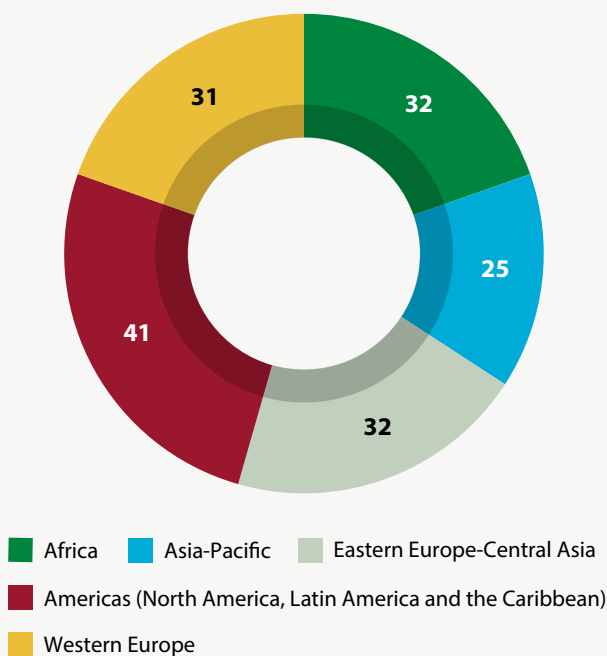
Although in the past, jurisdictions used to have international agreements such as double tax conventions that provided for EOI, the international co-operation among tax administrations has dramatically improved since the adoption of the internationally agreed standards and the creation of the Global Forum. In fact, jurisdictions struggled to obtain most of the relevant information because of multiple barriers including bank secrecy, lack of awareness, weak administration and lack of political will. The first achievement of the international community through the promotion of the standards has been to ensure the transparency of tax-relevant information. The Global Forum has therefore taken the lead in promoting best practices by ensuring that all of its members equally maintain tax information and have access to it when needed. Becoming a member of the Global Forum is a commitment to create the conditions for an effective co-operation with other jurisdictions in tax matters. Joining the Global Forum is also a major step to benefit from the support that is now available internationally in the field of transparency and EOI.

FIGURE 2.1: Evolution of Global Forum membership in Africa



Note: African countries members of the Global Forum as of 29 February 2020.

FIGURE 2.2: Global Forum membership by region



Note: African countries members of the Global Forum as of 29 February 2020.

Discussions are underway with other African countries that have shown a great interest in becoming members of the Africa Initiative. The African membership has almost doubled in five years and Africa is no longer the underrepresented continent at the Global Forum, as shown in Figure 2.2 on the distribution of Global Forum membership by region.

The increased participation of African countries in the Global Forum work demonstrates the efforts that countries from across the continent are putting together to leverage the improvements in the tax transparency landscape to serve their DRM purposes. It is also a testimony of an increasing political attention to the tax transparency agenda on the continent.

In addition to being members, African countries are actively participating in the work of the Global Forum. This includes the steering of the Global Forum and the review of standards implementation. The Steering Group prepares and guides the future work of the Global Forum. It is composed of 18 members of the Global Forum which rotate, with one to two new members every year. The Steering Group currently includes two African countries: Ghana (since 2017) and Kenya (since 2012). South Africa was also a member of the Steering Group between 2012 and 2016.

One core mission of the Global Forum in ensuring the implementation of the international standards is to peer review member and non-member jurisdictions identified as relevant. Central to the peer review mechanism are the roles of the expert assessors and the Peer Review Group. Participating as assessor in peer reviews gives a unique opportunity to learn from other jurisdictions about best practices in implementing the standards and to contribute to the global surveillance of the standards. The more a jurisdiction provides expert assessors to the review of other jurisdictions, the more its officials build their skills in tax transparency. In turn, this serves for the preparation of the country's peer review and enhances the understanding of the tax transparency challenges and benefits. Albeit the resource constraint associated with the participation in the peer review mechanism, more African countries are nominating their officials in this process. Following a recent call from the Global Forum, four African countries have come forward to nominate 16 assessors for the EOIR peer reviews to be launched in 2020. This is an impressive turnaround which in itself demonstrates African countries' commitment to the implementation of the international standards and their willingness to build their skills, prepare their own reviews and advance the tax transparency agenda.

.....
“Uganda’s strategic partnership with the OECD Global Forum has inspired policy and administrative reforms, which have informed the design of the National Domestic Revenue Mobilisation Strategy, specifically in areas of cross border transactions and tax transparency.”

Dr Ajedra Gabriel Aridru, Minister of State for Finance, Uganda

.....

In addition to providing assessors, two African countries (Seychelles and Uganda) are currently members of the EOIR Peer Review Group while three others participate in the newly established AEOI Peer Review Group (Ghana, Mauritius and South Africa). Uganda is not yet implementing the AEOI Standard but also participates in AEOI Peer Review Group discussions with respect to confidentiality and data safeguards. The Peer Review Groups are the Global Forum’s technical groups in

Five years of Africa Initiative: What has changed?

charge of discussing and approving the review reports prepared by the assessment teams. They ensure the coherence and the integrity of the evaluation system while levelling the global playing field.

Four African countries have come forward to nominate 16 expert assessors for the peer reviews from 2020 onwards.

EXCHANGE OF INFORMATION CONTINUES TO BE A PRIORITY FOR AFRICAN COUNTRIES

The 2018 Report explained that the advocacy of the Africa Initiative has resulted in a substantial change in the priority accorded to tax transparency in African tax administrations from 2014 to 2018. The level of priority remains high on the continent.

According to the responses to the questionnaire, 81% of tax administrations considered EOI in 2018 as a high or very high priority. In 2019, 63% of tax administrations shared this view. The level of priority is generally stable. In fact, not only did 6 more countries participate in the 2019 questionnaire (33 countries in total) as compared to 2018, but the number of countries considering EOI as a “high” or “very high” priority remained almost the same (22 countries in 2018 and 21 in 2019). Seventeen

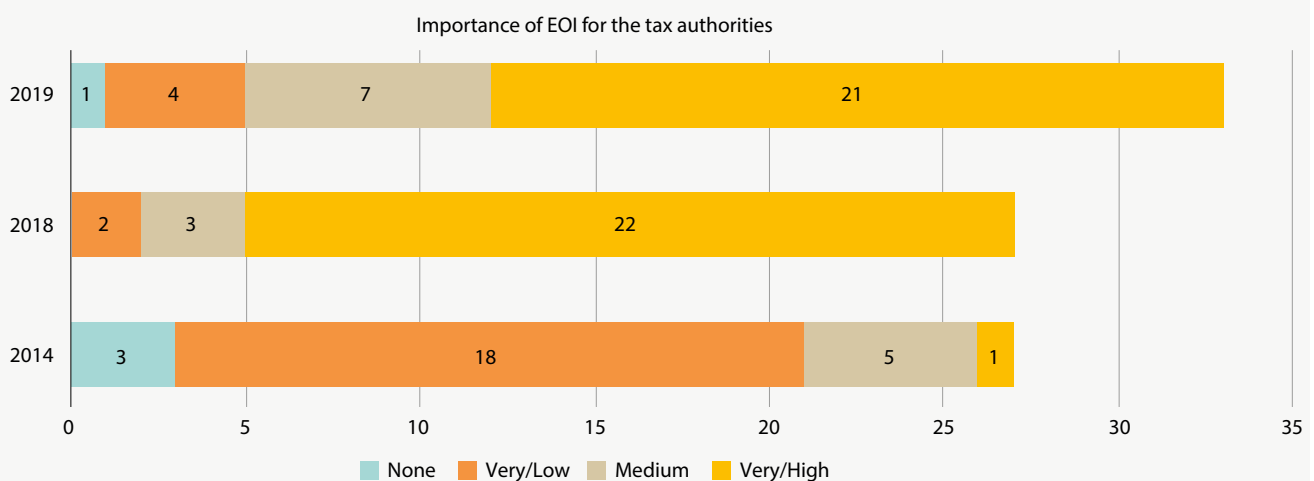
countries still have the same level of priority, including 11 countries with EOI as a “high” or “very high” priority. Seven countries believe that the level of priority increased between 2018 and 2019; either from “low” to “medium” (one country), from “low” to “high” (one country), or from “high” to “very high” (five countries).

Two countries are of the opinion that the level of attention paid to the EOI decreased between 2018 and 2019. This shift in priority appears to have occurred in the context of changes in governments. Unlike in 2018, one country believed that EOI was not a priority in 2019. This can be understood as the country is not a member of the Global Forum and therefore does not seem to be aware of the importance of EOI.

THE EXCHANGE OF INFORMATION INFRASTRUCTURE ON THE CONTINENT CONTINUES TO IMPROVE

The operationalisation of EOI needs a basic infrastructure in place within tax administrations. This includes a well-resourced EOI unit. This unit should have trained personnel, an office which guarantees a minimum of confidentiality as well as well-established procedures described in a dedicated manual. It is also a best practice to have a system in place to track the handling of EOI requests and ensure that the competent authority power is delegated from the Minister in charge of Finance – as generally mentioned in EOI agreements – to the tax administration.

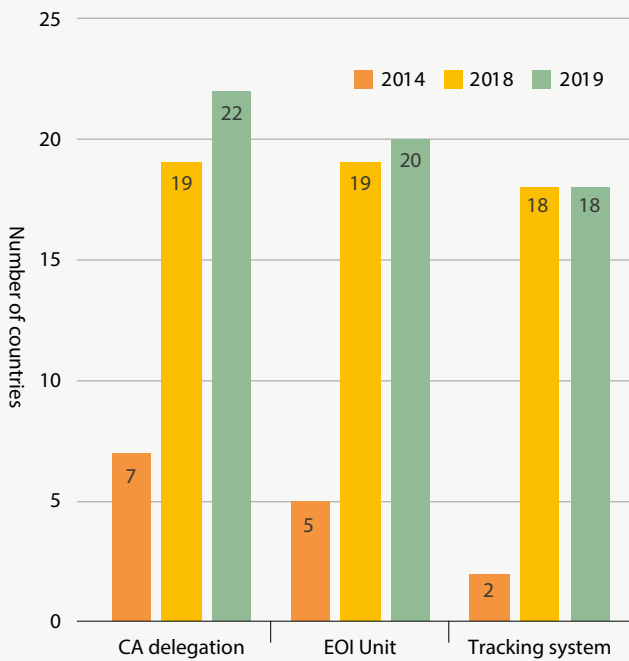
FIGURE 2.3: Level of priority of EOI for tax authorities



Note: The graph reflects the situation for the 33 African countries which have provided data.

Source: Responses provided to questionnaire by African countries.

FIGURE 2.4: Evolution of the EOI infrastructure



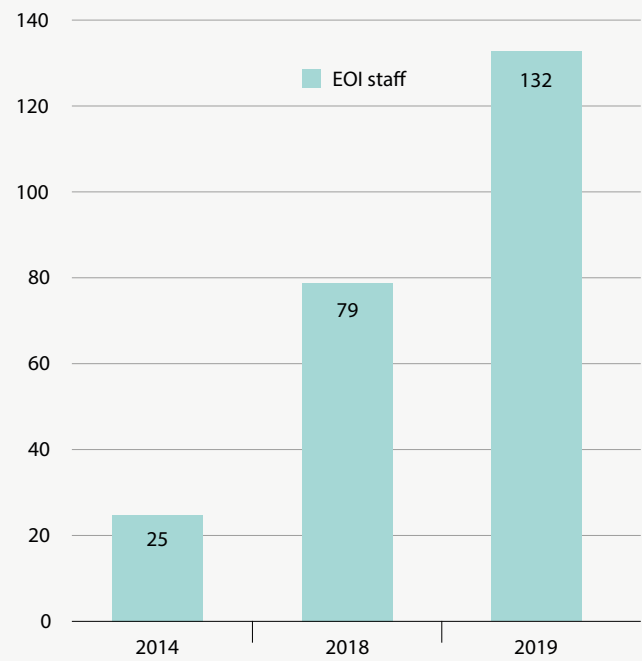
Note: The graph reflects the situation for the 33 African countries which have provided data.

Source: Responses provided to questionnaire by African countries.

The EOI infrastructure is improving in African tax administrations. There is an increase in the number of countries that have ensured the delegation of the competent authority power to the tax administration (22), the number of countries with an EOI unit (20) and the number of countries with a system to track EOI requests (18). The major progress remains on the number of tax administration staff working on EOI which has risen from 79 in 2018 to 132 in 2019, including 60 staff dedicated to EOI in full time. On average, the number of staff working in the EOI units has increased from less than one person in 2014 to four persons in 2019. This is a sign that African countries are putting more resources on the operationalisation of EOI within their tax administrations.

It is not enough to increase the number of staff dedicated to EOI. It is important to ensure that the staff is well equipped to deal with EOI requests, by providing them with adequate trainings to build their skills. Over years, one of the focus of the Africa Initiative has been to deliver appropriate trainings on EOI to tax administrations. According to the responses to the questionnaire, most of

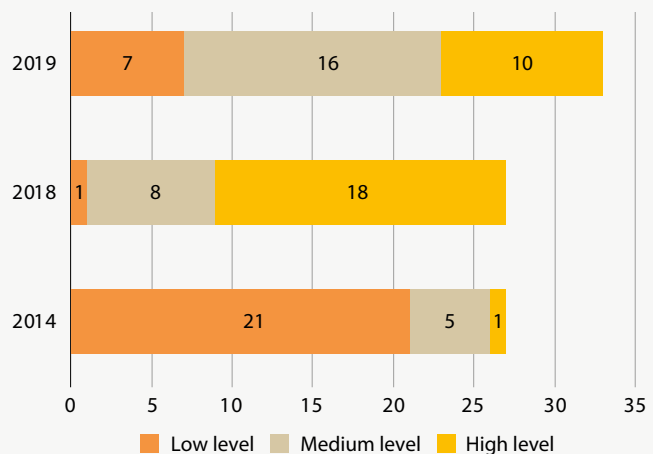
FIGURE 2.5: Evolution of the number of the EOI staff within tax administrations



Note: The graph reflects the situation for the 33 African countries which have provided data.

Source: Responses provided to questionnaire by African countries.

FIGURE 2.6: Evolution of the knowledge on EOI within tax administrations



Note: The graph reflects the situation for the 33 African countries which have provided data.

Source: Responses provided to questionnaire by African countries.

Five years of Africa Initiative: What has changed?

the tax administrations in Africa are now confident that their staff's level of knowledge in EOI is either "medium" or "high". The percentage of tax administrations which attribute a high level of knowledge to their officials decreased between 2018 (66 %) and 2019 (30%). However, apart from new members which have had a limited exposure to EOI in the past, tax administrations explained that the decrease is attributable to the huge difference between the EOI Unit staff who are generally well trained in EOI and the rest of the tax administration's staff. The message here is that tax administrations on the continent need the EOI knowledge to be expanded beyond the EOI unit so that EOI really becomes a tool to support other tax administrations operations.

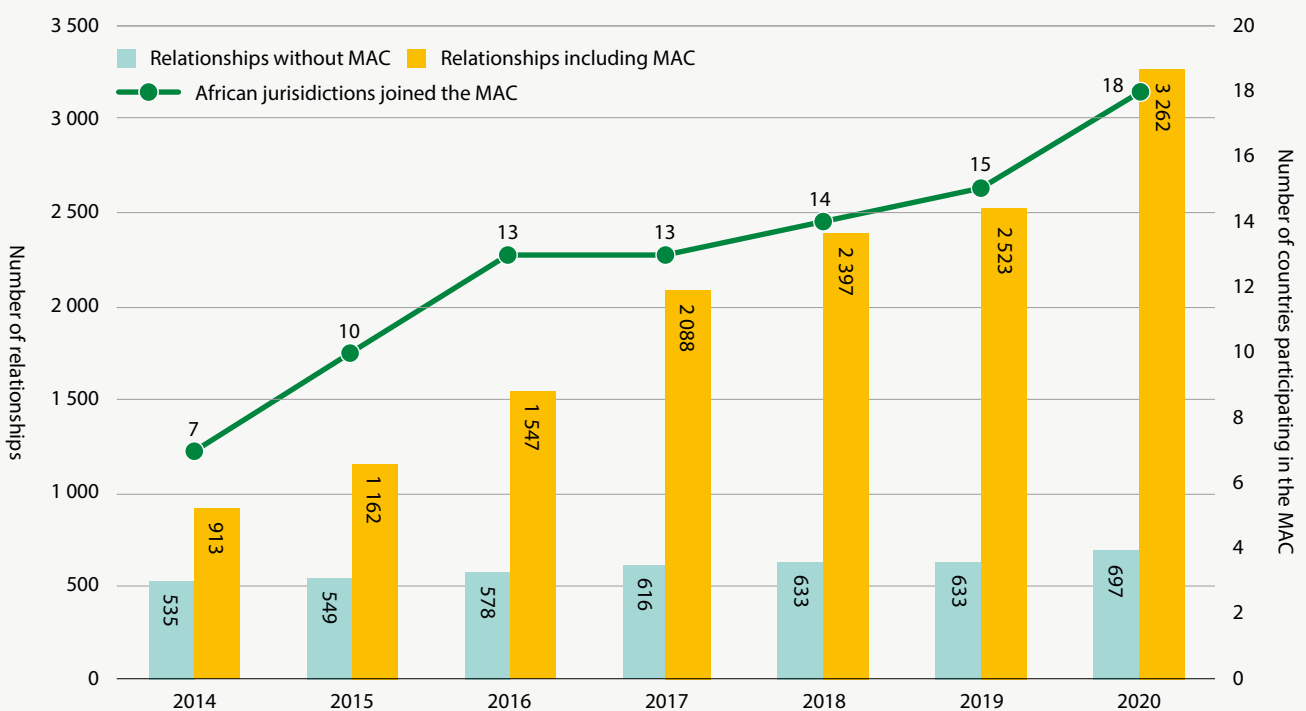
AFRICAN COUNTRIES CONTINUE TO BROADEN THEIR EXCHANGE OF INFORMATION NETWORKS

There is no EOI without an agreement between jurisdictions that are interested in exchanging information. Five years ago when the Africa Initiative was launched, one of the obstacles to an effective EOI in African countries was the narrow network of EOI partners.

The immediate consequence was that tax auditors and compliance officers could not properly conduct their investigations by sending requests for information to foreign countries had they faced cross-border transactions or felt potential fraud or tax evasion involving transactions that took place in a foreign country.

Since 2014, African countries have substantially broadened their networks of EOI partners by signing up to more EOI agreements. The progress stressed in the 2018 Report continued in 2019 with 680 new EOI relationships created between January 2019 and January 2020. 98 % of these new relationships were created through the signing of the Multilateral Convention which is the most powerful instrument for cooperation among tax administrations with already 136 participating jurisdictions (as of 29 February 2020). Four more African countries have joined the Multilateral Convention since the 2018 Report and seven others are undergoing the approval process to be invited to sign it. Figure 2.7 shows the evolution of EOI relationships and the weight of the Multilateral Convention in establishing those relationships.

FIGURE 2.7: Number of EOI Relationships created by African countries since 2014

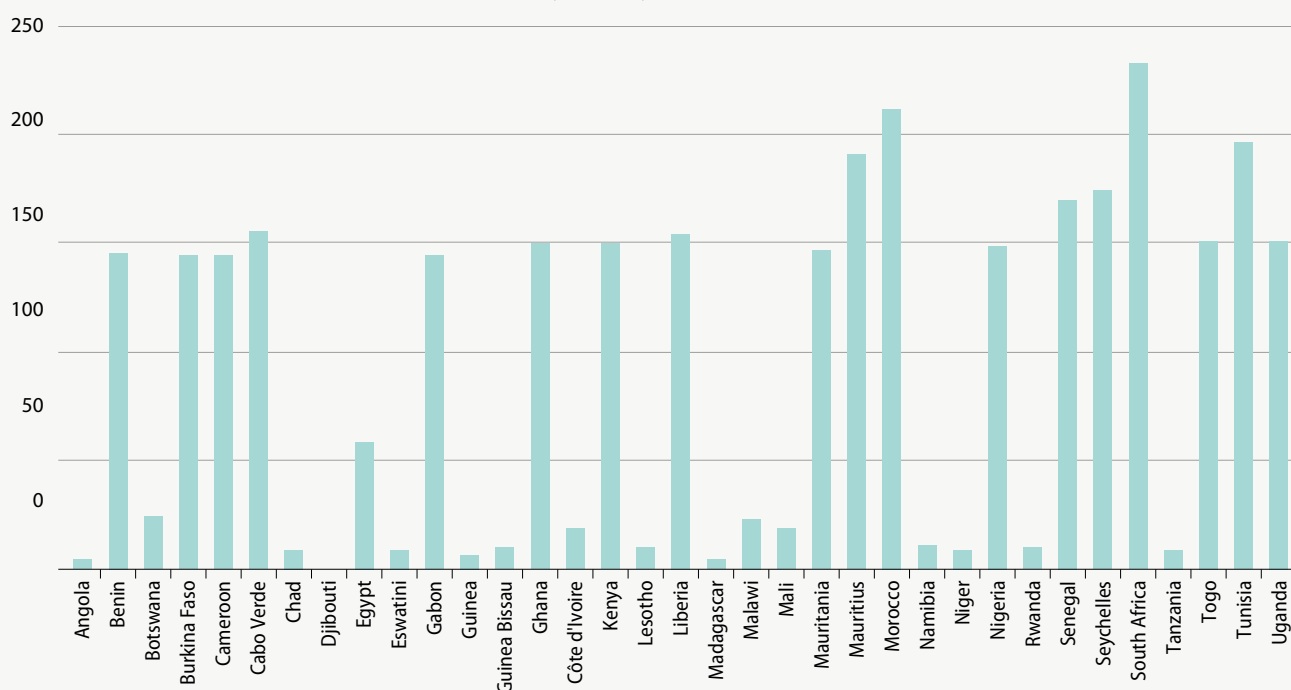


Note: The graph reflects the situation for the 33 African countries which provided data as well as Egypt and Djibouti.

Source: Responses provided to questionnaire by African countries and Chart of jurisdictions participating in the Multilateral Convention.*

* https://www.oecd.org/tax/exchange-of-tax-information/Status_of_convention.pdf

FIGURE 2.8: EOI relationships of African countries (by country)



Note: The graph reflects the situation for the 33 African countries which provided data as well as Egypt and Djibouti.
 Source: Responses provided to questionnaire by African countries and Chart of jurisdictions participating in the Multilateral Convention

The breakdown of the number of EOI relationships by countries shows a huge gap between countries which have signed the Multilateral Convention and those which have not. Except Egypt, which has a network of over 50 EOI partners through bilateral agreements, non-signatories to the Multilateral Convention have a limited number of EOI partners, generally below 10. The group of non-signatories to the Multilateral Convention is not homogeneous. It comprises all non-members of the Global Forum, new members and some other members

which joined the Global Forum over the past five years. In fact, the decision to join this Convention is a political decision that needs to be taken by the government. This has not been the case for some older members. For some others, the decision to join the Convention has been taken, however, some gaps have been identified in the legal framework of the country which needs to be addressed before the approval process is completed. This reinforces the correlation between the political and the technical spheres in the implementation of EOI.

TABLE 2.1 : More African countries joining the Multilateral Convention and the AMATM

	Multilateral Convention		AMATM	
	Number	Countries	Number	Countries
Convention signed	18	Benin; Burkina Faso; Cabo Verde; Cameroon; Gabon; Ghana; Liberia; Kenya; Mauritius; Mauritania; Morocco; Nigeria; Senegal; Seychelles; South Africa; Togo; Tunisia; Uganda;	9	Botswana, Eswatini, Ghana, Lesotho, Malawi, Mozambique, South Africa, Uganda, Zambia
Convention ratified	10	Cameroon, Ghana, Mauritius, Nigeria, Senegal, Seychelles, South Africa, Tunisia, Uganda, Morocco	7	Gambia, Lesotho, Liberia, Mozambique, Nigeria, South Africa, Uganda
Process of signing	7	Angola, Chad, Eswatini, Madagascar; Lesotho, Namibia, Rwanda		

Source: Chart of jurisdictions participating in the Multilateral Convention* and responses to the questionnaire.
 * https://www.oecd.org/tax/exchange-of-tax-information/Status_of_convention.pdf

Five years of Africa Initiative: What has changed?

In addition to the Multilateral Convention, ATAF has developed an EOI agreement open to signature by its members: the Agreement on Mutual Assistance in Tax Matters (AMATM). The AMATM has already been signed by nine African countries and recently entered into force after ratification by four Parties as required by the Agreement. Table 2.1 shows the growing interest of African countries in expanding their networks of EOI partners through the signing of multilateral instruments.

AFRICAN COUNTRIES CONTINUE TO IMPLEMENT THE EXCHANGE OF INFORMATION ON REQUEST STANDARD

Unless a jurisdiction provides significant signs that it is fully committed to the implementation of the EOIR standard, it would be hard for it to properly benefit from EOI. The role of the Global Forum is to provide this assurance by peer reviewing all of its members against the internationally agreed standard. All members of the Global Forum commit themselves to implement the EOIR standard, including the current 32 African countries which are members of the Global Forum. The review process assesses the availability of information, access to information and the effective EOI with relevant partners.

In 2016, the Global Forum completed its first round of peer reviews during which 15 African countries had been fully reviewed with overall ratings of “Compliant” for one of them and “Largely Compliant” for the remaining.¹

Since 2016, a second round of peer reviews is being conducted by the Global Forum on the basis of the enhanced standard which, among others, requires jurisdictions to ensure the transparency of beneficial ownership information and to ensure a good quality of requests sent to their EOI partners. Only three African countries have been reviewed: Botswana (“Partially Compliant”), Ghana (“Partially Compliant”) and Mauritius (“Compliant”). Four other African countries (Liberia, Seychelles, South Africa and Tunisia) are being reviewed and the results are expected to be published in 2020. Although two of the three African countries already reviewed have been rated “Partially Compliant”, it is still too early to conclude that the level

1. Compliant: South Africa; Largely Compliant: Botswana, Burkina Faso, Cameroon, Gabon, Ghana, Kenya, Lesotho, Morocco, Mauritania, Mauritius, Nigeria, Senegal, Seychelles, Uganda.

of implementation of the EOIR standard has declined in Africa. However, this confirms that the challenge posed by the enhanced EOIR standard as observed in many other jurisdictions around the world is also faced by African countries. Part of the technical support of the Global Forum to its members is to help them implement the standards and therefore prepare for their peer reviews.

As shown in Table 2.2 which presents the schedule of EOIR review for African countries, most of them (25 out of 32) are yet to be reviewed. The rationale behind this is to allow sufficient time for them to prepare for their reviews. The Global Forum Secretariat is available to provide technical assistance to African countries in the preparation of their reviews as most of them have a limited experience in the implementation of the EOIR standard.

TABLE 2.2: African countries' schedule of EOIR reviews (2020 onwards)

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2020	Tanzania	Côte d'Ivoire, Kenya, Nigeria	Gabon, Morocco	
2021	Chad, Mauritania	Egypt	Burkina Faso, Lesotho, Togo	
2022	Djibouti, Senegal	Benin, Cameroon	Niger, Madagascar, Rwanda, Uganda	Cabo Verde, Eswatini
2023	Guinea, Namibia			

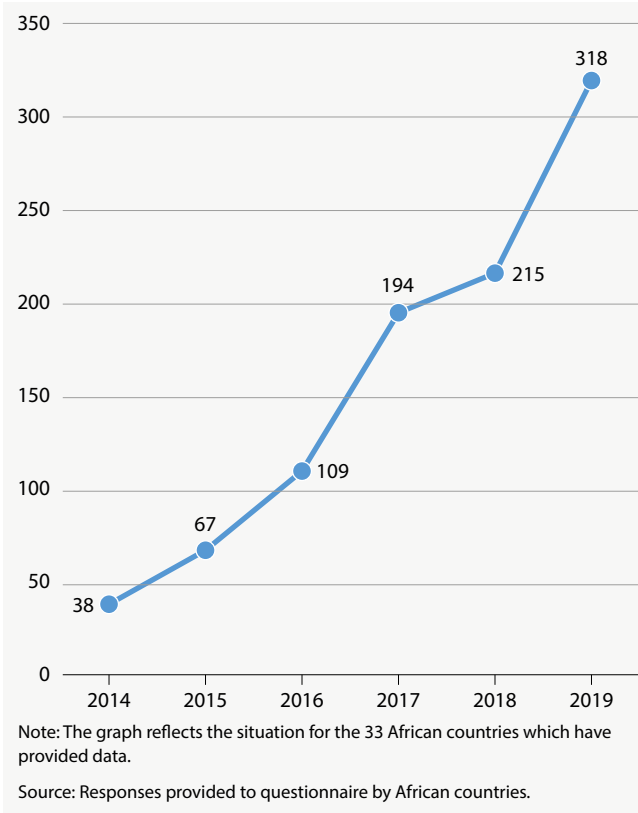
Note: Mali is the latest African country to join the Global Forum (January 2020) and has not yet been added to the peer review schedule.

Source: <http://www.oecd.org/tax/transparency/about-the-global-forum/publications/schedule-of-reviews.pdf>.

THE NUMBER OF EXCHANGE OF INFORMATION REQUESTS SENT BY AFRICAN COUNTRIES CONTINUES TO INCREASE

The ultimate goal of tax transparency is to assist tax administrations to fight against cross-border tax evasion and avoidance, and increase DRM. With respect to EOIR, the only way of achieving this goal is to actually use EOI by sending requests to treaty partners to clarify the position of cross-border transactions and assets held offshore. African countries participating in the Africa Initiative have committed to increase the number of

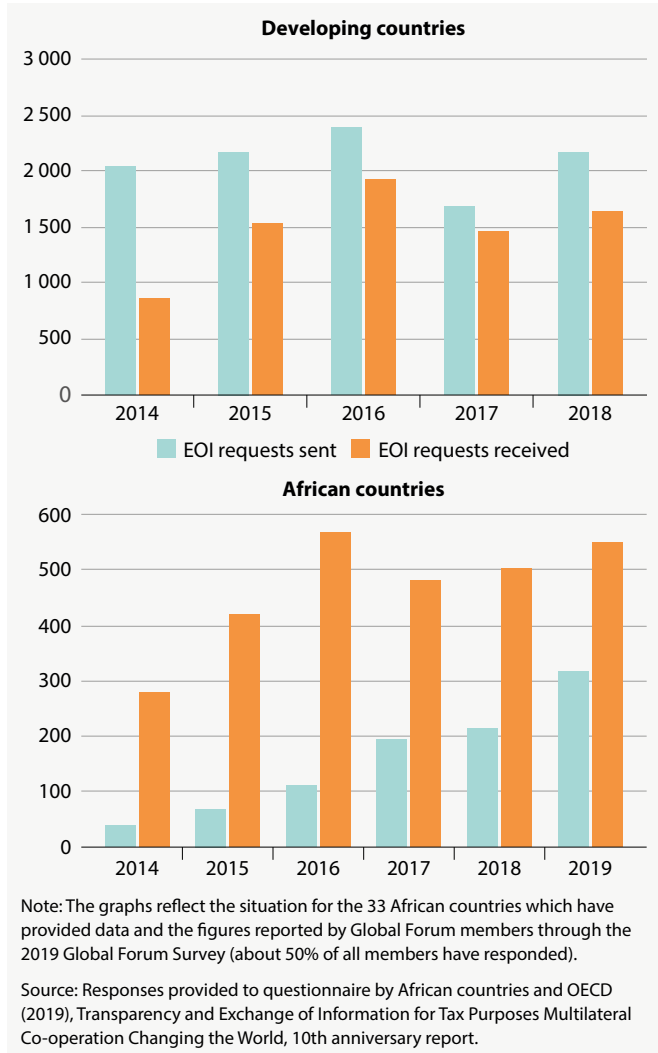
FIGURE 2.9: Evolution in the number of EOI requests sent by African countries since 2014



EOI requests sent and monitor their impact on tax compliance and revenue collection. The trend noted in the 2018 Report has continued and even accelerated: the more African countries are getting familiar with tax transparency, the more they are sending EOI requests. The number of requests sent increased by 48% between 2018 and 2019 as demonstrated in Figure 2.9.

Although African countries are making significant progress in sending requests, they are still net receivers of requests, unlike developing countries which are generally net senders (see Figure 2.10). Over the years, the number of requests received by African countries has always been higher than the number of requests sent. Between 2014 and 2019, overall they sent 1 024 requests and received 2 802 requests. However, there are significant discrepancies among African countries on both incoming and outgoing requests. Five countries (Mauritius, Morocco, Seychelles, South Africa and Tunisia) have received 91% of incoming requests and four countries (Mauritius, South Africa, Tunisia and Uganda) have sent 74% of outgoing requests. A group of three countries (Mauritius, South Africa and Tunisia) dominate

FIGURE 2.10: EOI requests sent and received by African countries and developing countries since 2014



the EOI activity in Africa being active on both sides. Over the same period, only five countries were net senders of EOI requests (Burkina Faso, Cameroon, Ghana, Lesotho and Uganda). This shows that most African countries are still behind their potential of EOI and more efforts need to be put in the operationalisation of EOI.

The number of EOI requests sent by African countries increased by 48% between 2018 and 2019. However, most African countries are still behind their potential of EOI. More efforts need to be put into the operationalisation of EOI.

Five years of Africa Initiative: What has changed?

EXCHANGE OF INFORMATION RELATED REVENUES CONTINUE TO RISE

The increase in the number of EOI requests made by African countries translated into additional tax revenue collected. In 2019, five African countries have identified nearly USD 12 million additional tax as a direct consequence of the EOI requests sent (Burkina Faso, Kenya, Togo, Tunisia and Uganda). Uganda alone has identified over USD 9 million, having sent 32 EOI requests, which means an average of USD 281 000 per request sent. More importantly, while gathering the information requested by an EOI partner, Togo identified unreported transactions carried on by a taxpayer in Togo. This has led to the identification of USD 1.3 million of additional taxes in Togo.

For the first time, Kenya has identified additional taxes as a direct consequence of EOI. EOI has a huge potential for Kenya and it has been putting a lot of effort to build up an effective EOI programme over the past two years. One concrete result is the sending of 19 EOI requests with already USD 1.3 million identified. With the ratification of the Multilateral Convention late in 2019, it is expected that Kenya will be sending more requests as the entry into force of the Convention will open avenues for exchanges with over 135 jurisdictions.

In total, between 2014 and 2019, a group of eight African countries have identified USD 189 million. This is relevant for African countries as the expenditure needs are significant in the continent.

The growing experience of some African countries in using EOI shows that it is not a rocket science; it is a tool which is available and accessible to African countries, provided that they have in place the minimum capability required such as agreements and well-resourced EOI units. The following case studies provided by some African countries highlights the usefulness of EOI and explain how EOI can support tax audits and investigations resulting in additional revenues.

BOX 2.1. An EOI case from CAMEROON



How a received EOI request gives rise to investigations for the benefit of the requested jurisdiction.

As part of its EOI relationship with one treaty partner, Country X in Europe, Cameroon received in 2016 a request for information from Country X concerning the business relationship of a Cameroonian mother company and its two subsidiaries in Country X.

After responding to the request, Cameroon also addressed a request to Country X to seek complementary information on the Country X subsidiaries of the Cameroon company.

The response received from Country X revealed that over the period 2013, 2014 and 2015 the Cameroon company had imported a variety of raw materials from Country X worth more than USD 5 million.

This information was transmitted to the relevant taxation office in Cameroon, to be compared with the Cameroon company's tax declarations for the respective years.

Accordingly, a comprehensive check of accounts was conducted in the Cameroon company in 2017. The audit resulted in an initial tax liability for the Cameroon company of around USD 1.3 million in principal and more than USD 40 000 in penalties.

After a lengthy litigation, the final tax liability stood at almost USD 1 million in total (principal and penalties) and was effectively recovered by the tax administration.

Source: Responses provided to questionnaire by Cameroon.



BOX 2.2. An EOI case from UGANDA

**EOI IS NOT A ROCKET SCIENCE****1. Name of the taxpayers**

- In Uganda : Company A
- In Africa: Company B, Company C, Company D and a Trust (Group Trust)

2. Background

Uganda Revenue Authority (URA) received third party information about possible tax evasion (Income tax, VAT and PAY AS YOU EARN (PAYE)) by Company A through under-declaration of sales and income tax from exports to the African Market.

Company A is a Ugandan subsidiary of Company D, based in Africa. The former deals in the tea processing and manufacturing for both local and foreign markets. The other entities of the group all based in Africa are

- **Company B**
- **Company C**, a trading entity and
- **Group Trust**, a trust operated by the group.

The directors of the Company A are Mrs X Opio and Mr Y Opio, and the majority shareholder is Mrs Z Opio.

Company A exports tea to various countries in Africa and specifically to its related companies which include Company B. However, these sales were understated in Company A's income tax returns nor were they declared for customs duties.

The investigating team reviewed bank statements of Company A where it was established that Company A received money from Company C both directly and through Group Trust, amounting to USD 10 million within the period 2014 to 2017.

Investigations revealed that Company C bought tea from Company A; however, payment was disguised as intercompany loans and channelled through Company B. The directors of Company A did not declare their worldwide income from all their geographic sources.

3. Issues arising out of the audit in Uganda requiring EOI (gaps identified to be addressed by information from other jurisdictions)

There was a need to confirm the following:

- The authenticity of the intercompany loans;
- The worldwide income of the directors;
- Actual value of sales (exports) made by Company A.

4. Information requested for in Africa

- Details of incorporation, structure and operations of Company B and Group Trust;
- Bank statements and telegraphic transfers of Company B;
- Copies of loan agreements;
- Tax returns of Company B and Group Trust.

5. Information received from Africa

- Bank statements and telegraphic transfers of Company B;
- Bank account opening details, authorised signatories and beneficial owners;
- Register of directors of the two entities in Africa (Company B and Group Trust);
- There was no evidence on the existence of the loan.

6. Time taken to receive the information

Approximately three months.

7. How information was utilised (relevance)

The information was helpful in raising income tax assessments of almost USD 100 000 before interest and penalties.

8. Time taken to complete the investigation

10 months.

Note: The taxpayer details in this case study have been anonymised to protect the identity of the taxpayer.

Source: Responses provided to questionnaire by Uganda.



Five years of Africa Initiative: What has changed?

BOX 2.3. An EOI case from TUNISIA

How EOI can add value to a tax audit

The Tunisian tax authorities have carried out an audit of a Tunisian Company X operating in the tourism sector. Exchanges of information with two foreign countries confirmed a major case of tax evasion.

The tax evasion scheme was as follows:

- The Tunisian Company X was concealing a significant part of its turnover with a Company A established in Country A. Part of the payments to Company A was made through two bank accounts in a bank established in Country A.
- The concealed payments were then transferred to two bank accounts opened in a Tunisian bank by a foreign Company B established in Country B. Company B was incorporated by one of the shareholders of the Tunisian Company X.

The sales reductions between 2013 and 2016 identified with domestic information (without EOI) amounted to USD 2.6 million. This amount increased to USD 4.1 million after the use of information received from Countries A and B through EOI, i.e. an increase of 54%.

The Tunisian Company X accepted a tax adjustment of almost USD 1.2 million.

Source: Responses provided to questionnaire by Tunisia.



BOX 2.4. A case from SOUTH AFRICA

How mutual assistance among tax administrations can help collect taxes in a foreign country

Company A was incorporated in Country X and owned and controlled by Mr D from Country Y. The final determination of a tax appeal in South Africa in a particular year resulted in Company A being found liable for taxes to the South African Revenue Service (SARS) in excess of USD 100 million.

SARS contended that during the subsistence of their investigation of Company A, assets totalling USD 10 million were transferred to Company B, incorporated in Country Z. SARS relied on the provision of the protocol amending the Double Tax Agreement (DTA) between South Africa and Country Z, which made provision for mutual assistance in the collection of taxes, and enlisted the assistance of Country Z's tax administration to collect Company A's outstanding tax debt.

Country Z's tax administration assisted SARS and intervened in the transfer of assets by Company A to Company B. Company A subsequently took legal action in Country Z, arguing that Country Z's tax administration could not enforce the South African tax liability because it relates to a period prior to the DTA's coming into force. The protocol to the DTA contained the mutual assistance in tax collection. Company

A further argued that a provision of the DTA, which governs the entry into force of the DTA, had the effect of precluding mutual assistance in the collection of tax debts which relate to periods prior to a specific date. Essentially, the argument was against retrospective application of the mutual assistance provisions.

The deciding Court held that the provisions of the DTA did not limit the temporal application of the protocol. Furthermore, the provisions of the DTA and protocol were found to apply to requests for assistance in the enforcement of tax liabilities arising before the protocol came into force. The court went on to state that the application of the provisions of the DTA and protocol in the present instance was not truly retrospective. Furthermore, there was no unfairness in its application which permitted cross border collection of the tax debts, although the debts related to years of assessment commencing before the DTA came into force.

The united front presented by the SARS and Country Z's tax administration proved successful in pinning down the taxpayer and is an example of how mutual assistance for enforcement of tax collection under a DTA can be relied on.

Source: Responses provided to questionnaire by Tunisia.



AFRICAN COUNTRIES ARE COMMENCING THE IMPLEMENTATION OF THE STANDARD OF AUTOMATIC EXCHANGE OF INFORMATION

All members of the Global Forum, including the current 32 African countries, are committed to the implementation of the AEOI standard. However, developing countries that do not host a financial centre were not asked to commit to particular timelines, recognising the particular challenges they face to implement AEOI and the lower risk they pose to the level playing field. They were instead offered the possibility to participate in pilot projects, along with a partner jurisdiction, to assist them in implementing AEOI.

In 2018, South Africa received data on the balances of financial accounts held in foreign countries by South African tax residents, worth over EUR 17 billion.

AEOI on financial accounts has a huge potential for Africa. The amount of African wealth held offshore is proportionately much greater than that of developed countries – 44% of Africa’s financial wealth is estimated to be held offshore with a corresponding EUR 17 billion loss of tax revenue (Zucman, 2017). South Africa is one of the “early adopters” of the CRS and started AEOI in

TABLE 2.3. Estimate of offshore wealth and corresponding revenue loss

	Offshore wealth (€ bn)	Share of financial wealth held offshore	Tax revenue loss (€ bn)
Europe	2 300	11%	55
USA	1 300	4%	30
Asia	1 200	4%	25
Latin America	900	27%	19
Africa	800	44%	17
Canada	300	9%	5
Russia	500	54%	4
Gulf countries	600	58%	0
Total	7 900	8%	155

Source: Zucman, G., Fagan, T. L., & Piketty, T. (2017), *The Hidden Wealth of Nations: The Scourge of Tax Havens*, Second edition updated and extended, Le Seuil.

2017. In 2018, South Africa received CRS data on foreign financial accounts held by South African tax residents. The total account balances (aggregate value) amounted to over EUR 17 billion.

The implementation of AEOI by African countries is the next step on the tax transparency agenda in Africa. It is one of the main objectives of the renewed mandate of the Africa Initiative. Five African country are currently implementing AEOI, two are working with partners in pilot projects and five are at their preliminary stage of preparations. In general the preliminary step when a developing countries is interested in starting the

TABLE 2.4. Status of African countries participation in AEOI

	Country	Year of the first AEOI	Number of partners that each jurisdiction sent information to in 2019
Already exchanging	Seychelles	2017	66
	South Africa	2017	63
	Mauritius	2018	65
	Ghana	2019	56
Starting in 2020	Nigeria	2020	–
Advanced preparations, consideration for a date of first exchanges	Morocco	Pilot project with France	–
Preparations launched, consideration for a date of first exchanges	Cameroon	–	–
	Egypt	Pilot project with UK	–
	Kenya	–	–
	Senegal	–	–
	Tunisia	–	–
	Uganda	–	–

Five years of Africa Initiative: What has changed?

AEOI journey is to undergo a confidentiality and data safeguard preliminary assessment, as confidentiality is a key pre-requisite to fully implement and benefit from AEOI, by receiving the AEOI data. This gap analysis exercise assists the jurisdiction in identifying the areas which need improvement, planning the various steps of implementation and deciding on a practicable date for its first AEOI exchanges. Table 2.4 summarises the current status of African countries with respect to AEOI implementation.

The example of Ghana (see below the section below “Ghana – An AEOI Effective Implementation Journey”) shows that although the implementation of AEOI is more complex than EOIR, it is not out of reach for developing countries in general and African countries in particular. One of the main challenges associated with AEOI implementation by developing countries is resource constraints, including human resources, institutional capacities and funding available for putting in place the necessary processes and infrastructure. The Global Forum and partner countries have developed a technical expertise, which is available to support developing countries participation in AEOI, as explained in the *Global Forum’s Plan of Action for Developing Countries Participation in AEOI*.² There is also a growing interest from multilateral and bilateral donors to provide financial support to fund African countries’ participation in AEOI. An example is the new partnership with the AfDB which is already supporting Senegal in its AEOI implementation project.

AEOI implementation is an investment which requires material and financial resources as well as significant changes both in the tax legislation and administration and in the relationship with financial institutions. Considerable efforts need to be put on improving the IT infrastructure, the confidentiality and data safeguard framework and more generally the tax administration’s operation and processes. However, AEOI is a cost-effective investment. Its potential for enhancing tax compliance and, in turn, increasing revenue collection is huge as demonstrated by the additional revenue already identified worldwide through Voluntary Disclosure Programmes launched prior to the first AEOI exchanges: EUR 102 billion. Committing to AEOI is a political

decision, which needs to be taken by the Government as it entails, among other things, the signing and ratification of international agreements and a clear resolve to track cross-border financial flows at least for tax purposes. Increasing the political backing is critical for the involvement of more African countries in AEOI. This remains one of the focus of the Africa Initiative.

NON-MEMBER COUNTRIES OF THE GLOBAL FORUM IN AFRICA GENERALLY DO NOT USE EXCHANGE OF INFORMATION

The progress noted in African countries in the use of tax transparency and EOI are uneven. Some countries are more advanced than others. Older members of the Global Forum are in general at an advanced stage of implementation of the standards whereas new members look to put in place the basics. The gap is even broader between members and non-member countries. Three non-members responded to the Africa Initiative questionnaire and another non-member filed a “nil” reply, explaining that it had no experience on EOI. According to the responses received, non-members generally share some common features: EOI is not a priority or is a low priority; the level of knowledge on EOI is low; the network of EOI partners is very narrow, generally between five and ten partners; the basic infrastructure (EOI unit, procedures, etc.) is almost inexistent and EOI is not used in enforcing the tax legislation. For example, between 2014 and 2019, only one non-member sent two EOI requests, while members sent 1 024 requests within the same period. In 2019, the average number of requests sent per country was 10 for members and zero for non-members.

.....
Between 2014 and 2019, only one non-member of the Global Forum in Africa sent two EOI requests, while members sent 1 024 EOI requests.
.....

Moreover, non-members do not have a strategy to unlock the potential of EOI. For example, one non-member have recently benefitted from two trainings in EOI for over 50 staff members, but the country only have EOI agreements with four countries, of which only one is in force. This means that the country can have EOI exchanges with only one country. The

2. <http://www.oecd.org/tax/transparency/plan-of-action-AEOI-and-developing-countries.pdf>

priority therefore should be to expand the network of EOI partners.

In fact, a jurisdiction gets to understand the importance of tax transparency and EOI when it joins the international efforts, as this exposes it to the challenges and opportunities of implementing the standards and utilising them to improve DRM. The work can start at a regional level with experience sharing within RECs for example or through continental organisations such as ATAF; or at the global level by participating in the work of the Global Forum and joining the Multilateral Convention. All these options are not exclusive. It is important to promote the tax transparency agenda all over Africa, to ensure that all countries on the continent are made aware of the relevance of EOI for tax collection.



AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DEVELOPPEMENT

BOX 2.5. AfDB and Global Forum collaboration to assist Senegal in the AEOI implementation

In 2019, the AfDB engaged with Senegal on a 3-year programmatic budget support. The Resource Mobilisation and Reform Effectiveness Support Programme (PAMRER) aims at strengthening DRM and support strategic reforms for investment attractiveness. On the DRM front, the PAMRER has key policy measures linked to international taxation, and on assisting Senegal to move towards AEOI standard. Specific policy measures on this front were elaborated jointly with the Global Forum which provided invaluable contributions in shaping them. These include for instance specific measures on (i) the establishment of an AEOI information system, (ii) compliance with the legal, operational and technical framework for data protection and confidentiality, as well as (iii) ensuring beneficial ownership transparency in accordance with the EOIR standard.

Stemming from the joint work undertaken on the policy dialogue front through the PAMRER, the AfDB and the Global Forum are also engaging in technical assistance support. Through a Resource Mobilisation and Investment Attractiveness Institutional Support (PAIMRAI) project approved in 2019 by the AfDB's board, the Global Forum will be providing tailored technical assistance to the Senegalese tax administration including for the review of the current legal framework and the drafting of a report with concrete proposals on its improvement. Tailored trainings on AEOI standards are also planned. This type of collaboration is a first pilot between the AfDB and the Global Forum and should be scaled up in the years to come.

Source: AfDB.



3. African safari: Country experiences in tax transparency

This chapter of the report showcases the experience of four African countries that have made legal, organisational or operational changes to implement and benefit from tax transparency.



TOGO – BENEFITS OF PARTICIPATION IN THE AFRICA INITIATIVE AND THE GLOBAL FORUM



Why did Togo become a member of the Global Forum?

Togo is a member of the Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union (also known by its French acronym, UEMOA). Its geographical position and its autonomous deep-water port attract investors from all over the world, interested in business in the sub-region. The Togolese Government’s ambition to finance the country’s development from domestic resources has led the Togolese Revenue Office (OTR) to adopt a rigorous strategy of broadening the tax base. One of the pillars of this strategy is to better understand the risks of aggressive tax planning and cross-border tax evasion, which are increasing with the growing presence of international investors and foreign companies. One of the main challenges for the OTR in the fight against cross-border tax fraud and evasion was the lack of a legal instrument enabling it to obtain from certain countries the information needed to conduct its tax investigations and audits.

Following a seminar jointly facilitated by the Global Forum and ATAF, OTR officials and advisors to the Minister of Finance were made aware of the benefits that Togo could derive from the implementation and use of tax information exchange instruments. Togo then decided to become a member of the Global Forum at the end of 2016 and initiated the procedure to become a party to the Multilateral Convention.

Why does Togo actively participate in the Africa Initiative?

Togo intends to play its part in the fight against tax evasion and avoidance and it will not be able to do so without engaging with other African States that are members of the economic and political blocs to which Togo belongs.

On the one hand, EOI can only be effective if close partners are committed to tax transparency. Togo’s ambition is therefore to be a pioneer and to work towards the participation of other African countries in the Africa Initiative and the Global Forum in order to

leave no room for tax fraud and evasion in the African space.

Furthermore, as the Africa Initiative is aimed at helping African countries to achieve the SDGs in the fight against IFFs and the mobilisation of domestic resources through international tax co-operation, Togo’s commitment and participation is more than necessary to benefit from the capacity-building provided by the Global Forum and its partners.

What are the main benefits of the Africa Initiative for Togo?

The Africa Initiative allows Togo (i) to learn from the most advanced African countries in transparency and EOI, (ii) to discuss the common challenges encountered with its peers and thus benefit from a valuable sharing of experience and (iii) to do its self-assessment on the progress made. This initiative also enables African tax authorities to meet and create conditions for effective administrative co-operation, for example by facilitating the processing of EOI requests between their tax administrations. It is also a framework for raising awareness of new challenges in tax transparency and more generally in international taxation.

The quality technical support offered free of charge by the Global Forum is an opportunity to respond to the challenges Togo faces in implementing the standards of transparency and exchange of information for tax purposes.

What do you think about the induction programme that Togo is receiving?

The technical assistance programme offered by the Global Forum to its new members within the framework of the Africa Initiative was a determining factor in Togo’s decision to join the Global Forum. It has already had a real impact on the work of the OTR. For example, the Global Forum has accompanied Togo in the process of signing the Multilateral Convention by (i) explaining its provisions and the signing process and (ii) assisting Togo in filling in the questionnaire on confidentiality, a prerequisite

African safari: Country experiences in tax transparency

for signing the Convention. Togo was thus able to sign the Multilateral Convention on 30 January 2020, which will enable it, once ratified, to exchange information with more than 135 jurisdictions. This is an important step for Togo, as it will be able, through the Multilateral Convention, to implement various forms of administrative co-operation, including AEOI and international assistance in the recovery of tax debts.

The quality technical support offered free of charge by the Global Forum is an opportunity to respond to the challenges Togo faces in implementing the standards of transparency and EOI. Indeed, legislative changes have to be considered within a complex legal framework, not only domestic but also regional. In fact, in addition to UEMOA and ECOWAS, Togo is a member of the Organisation for the Harmonisation of Business Law in Africa. The assistance of the Global Forum is therefore key in Togo's reflections and work to ensure, for example, the availability of information on the beneficial owners. The organisational support, particularly in the area of confidentiality, is also very important. Finally, although OTR officials are now aware of the importance of EOI, Togo expects a lot from the Global Forum's support in training Togolese auditors in the effective use of EOI to combat tax evasion, in such a way that EOI becomes a normal reflex in the process of verifying cross-border transactions.

In addition to EOIR, Togo plans to implement AEOI in the medium term. The assistance of the Global Forum will be essential in order to (i) train OTR officials and assist them in transposing the CRS into the domestic legal framework, (ii) facilitate the establishment of the secure and operational framework for automatic exchange and processing of the information received, (iii) consult and train financial sector stakeholders, and (iv) establish the appropriate organisation to process and use the information within the OTR.

TUNISIA – MODERNISATION OF THE NATIONAL BUSINESS REGISTER IN THE CONTEXT OF TAX TRANSPARENCY



Why has Tunisia set up a new National Business Register?

Although Tunisia already had a commercial register that included most of Tunisian companies, in February 2019 it set up a new National Business Register (RNE) to address the weaknesses of the commercial register:

- the commercial register was administered locally and the data entered in each local commercial register were subsequently gathered in a computer centre at the National Institute for Standardisation and Industrial Property, an institute under the supervision of the Ministry of Industry;
- the companies registered in the commercial register did not cover all legal entities or arrangements administered in Tunisia, including trusts and “fiducies”;
- supervision of the commercial register was ensured by the local courts and, in the event of non-compliance, the sanction of dissolution of the company could only be judicial;
- the commercial register was not interconnected with other Public Institutions.

Tunisia also wished to comply with the international standards on tax transparency and combatting money laundering and terrorist financing by establishing a register of beneficial owners.

Can you describe the RNE set up by Tunisia?

The RNE is a central database on the legal situation of corporate entities and legal arrangements (e.g. trusts). It aims to improve the transparency of economic and financial transactions by centralising the information on different types of entities and legal arrangements in order to make it available to the public. It is administered by the National Business Register Centre (CNRE), which is under the supervision of the Presidency of the Government. This centre, based in Tunis, has regional or local representations. A unit in charge of monitoring the compliance of companies with their obligations has been set up.

The RNE contains information on:

- Tunisian entities (including associations and State-owned enterprises);
- natural persons having a commercial, craft or professional activity;
- foreign companies with an establishment or branch in Tunisia; and
- legal arrangements whose administrator or trustee has his or her tax residence in Tunisia.

The information available in the RNE and made available to the public includes:

- the identity of owners of enterprises, trustees, partners, shareholders, beneficial owners, directors of legal entities, directors of associations and auditors;
- the individual file of the enterprises containing the application for registration and subsequent inscriptions, where applicable; and
- the annexed file containing all the instruments and documents that must be filed with the register: a copy of the articles of association, the instrument appointing directors, administrative and supervisory bodies, court decisions affecting the company, etc.

The documents are kept for a period of 10 years from the date of cessation of activity.

Registration with the RNE requires the company to have first obtained its Tax Identification Number from the General Tax Department (DGI). The application for registration is then made electronically or on paper to the CNRE. The CNRE or one of its local representations decides on the admissibility of the application on the day it is submitted.

Persons registered in the previous commercial register were required to update their information and data with the RNE before 11 September 2019. More than 70 000 penalties were applied for failure to comply with this obligation by 15 December 2019.

Any entity registered in the RNE, which does not file its tax returns for two successive years, is considered to be in cessation of activity. As part of the interconnection between the tax administration and the RNE, the tax administration periodically communicates the list of these defaulting taxpayers so that the RNE can (i) notify the entity concerned and put a mention of the entity's cessation of activity in the register, and (ii) permanently deregister the entity the following year if it does not regularise its situation.

The implementation of the RNE is a success with 546 578 enterprises registered, including natural persons having a commercial, craft or professional activity, and more than 800 000 monthly visits to its website. The information related to 138 450 beneficial owners of legal entities and arrangements is already available.

Has the implementation of the RNE had positive effects?

The establishment of the RNE is an important element of administrative modernisation.

First, the Tax Identification Number has been chosen as the unique identification number for enterprises. This choice results from the fact that pursuant to the tax legislation, every entity is obliged to file a declaration of existence before starting its activity. Therefore, the tax administration is the first government agency that ascertains the existence of enterprises. Moreover, the Tax Identification Number is already established by the customs authorities and registration in the commercial register under the old legislation could only be made after tax registration. Practice had also shown that the tax administration's file was updated and more reliable.

Furthermore, in the context of the interconnection of government databases, there is an instant electronic EOI, data and documents between the RNE and several public institutions. In practice, this interconnection is based in particular on the Tax Identification Number issued by the DGI. This interconnection enables the updating and compliance of data relating to the enterprises registered in the RNE and the monitoring of the compliance of these entities with their obligations towards the register, the tax administration and other government agencies. Since 2019, the DGI, financial institutions, the Tunisian Financial Analysis Commission (financial intelligence unit), judicial or counter-terrorism institutions, for example, have direct access to the database on beneficial owners.

Finally, the establishment of the RNE, the development of other tele-procedures (remote filing of the tax return and the simplification of VAT credit refunds) have enabled Tunisia to improve its "Doing Business" ranking, moving from the 80th to the 78th position.

Tunisia invites other African countries to follow this move and recommends that they set up a business register to ensure transparency and compliance with international standards in this area. Tunisia's experience clearly shows that promoting transparency and facilitating business are not two contradictory objectives. They are rather complementary when considered as part of proactive public policies.

TUNISIA: ESTABLISHMENT OF A CENTRAL DATABASE ON BANK ACCOUNTS



Tunisia has introduced in the 2019 Finance Act a procedure for automatic and periodic reporting by financial institutions of information relating to bank accounts. This information is transmitted to the tax authorities, which will thus maintain a database of bank and postal accounts opened with these institutions.

Tunisia has moved from a regime in which the tax administration had to meet several conditions, including obtaining a court's authorisation to access any banking information, to a regime of automatic transmission of much of the banking information to a national database of bank accounts maintained by the tax administration.

The initial file relating to bank accounts opened as of 31 December 2019 was to be filed by 15 February 2020 on magnetic media with the DGI in accordance with technical specifications (files to be filed in XML format). Thereafter, a quarterly file will have to be filed in order to add the accounts opened or closed during the quarter. The filing of the quarterly file will be done on the portal of the tax administration www.impots.finances.gov.tn through a service that will be created shortly for this purpose.

The information available in this database of bank accounts will be relating to:

- accounts: number, opening date, type of account (current account, savings account, securities account, exchange bureau account), account status (active or closed), account regime (account in foreign currency, account in Tunisian dinars);
- account holders: identifier (identity document, Tax Identification Number, etc.), name and first name or company name, address, telephone, etc. ; and
- account managers: identifier (identity document, Tax Identification Number, etc.), name and surname or company name, address, telephone, etc.

The services of the DGI and the Directorate General of Public Accounting and Collection (DGCP) have access to the information available in this register of bank accounts.

The establishment of the register of bank accounts will allow especially for the tax authorities:

- an instantaneous identification of a taxpayer's bank accounts without having to contact all financial institutions for each audit or request for information;
- the reduction of the response time for requests for administrative assistance received from Tunisia's treaty partners;
- the reduction of the time required to audit taxpayers;
- the rationalisation of the tax audit programming based on risk management; and
- the facilitation and improvement of the recovery of tax debts.

Aware of the importance of the bank accounts database and its positive effects on tax audits and recovery operations, Tunisia strongly recommends its establishment and stands ready to share its technical expertise with other African countries. In fact, this is an important development in the transparency landscape in Tunisia. In less than five years, Tunisia has moved from a regime in which the tax administration had to meet several conditions, including obtaining a court's authorisation to access any banking information, to a regime of automatic transmission of much of the banking information to a national database of bank accounts maintained by the tax administration.

UGANDA: THE ROLE OF EXCHANGE OF INFORMATION IN THE DESIGNING AND IMPLEMENTATION OF A HIGH NET WORTH INDIVIDUALS (HNWI) PROGRAMME



Why did Uganda establish a HNWI programme?

The main objective for establishing this programme was (i) to improve performance of Personal Income Tax (PIT), which accounted for less than 1% of domestic tax collection (excluding Payroll taxes), (ii) to tailor taxpayers relationship management given that HNWIs are top influencers in the Ugandan economy and (iii) to address compliance challenges, taking into account the propensity of this taxpayer segment to complex tax planning structures and offshore wealth management.

The main issue faced was to effectively identify and segment this group of taxpayers and to determine the criteria to be used to increase efficiency. To that end, Uganda learnt from one of its EOI partners who shared its demonstrable experience in management of an HNWI program with Uganda. We also held various internal consultations to agree to the criteria.

The following criteria are currently applied:

TABLE 3.1. Criteria for identification of high net worth individuals

CORE CRITERIA		
S/No.	Details	Thresholds
1	Loans and Bank Transactions	Loans > USD 1.5 million in the last five years Bank transactions > USD 1 million/year
2	Land transactions	Worth more than USD 285 715 in five years
3	Rental Income	Rental income > USD 142 858/year
4	Share in companies	All shareholders in companies with turnover > USD 14.3 million Multiple shareholders in companies with turnover between USD 4.3 and 14.3 million
NON-CORE CRITERIA		
5	Publically known wealthy	
6	Imports and exports	Imports > USD 142 858/year Exports > USD 142 858/year
7	Motor Vehicle	Car(s) with market value > USD 142 858
8	Farmers	Farmers with High Value Commercial Forests, Animal Ranches & Plantations

Source: Uganda Revenue Authority (URA)

How is the HNWI unit organised? What are its missions?

The Unit, made of four staff, was established in January 2015 as part of the Public Sector Office under the Domestic Taxes Department of the URA.

Its missions are (i) to offer highly specialised and high-quality services (including taxpayer education) to the taxpayers, (ii) to provide special attention to HNWI to help them voluntarily comply, and (iii) to improve compliance of HNWI by exploiting all available sources

of Information, such as publicly available information (internet, newspapers, etc.), taxpayer data held by URA, data held by other government agencies, intelligence information especially on lifestyle profiles and EOI.

In practice, the Unit performs the following tasks based on a referral program: (i) trend analysis of macro and micro-economic data to identify potential revenue streams relating to HNWI; (ii) taxpayer returns analysis and examination to identify gaps in their returns upon their filing; (iii) compliance visits and advisories to HNWI for early resolution of non-compliant behaviour; (iv) engagement and sensitisation of HNWI especially on tax obligations and available facilities offered by the URA; and (v) audits and investigations where systemic non-compliance or fraud is detected.

Collaboration and sharing of information are key to the work of the Unit. The Unit obtains support from other sections of the URA including Intelligence and EOI units, which provide information to update profiles of HNWI or resolve ongoing compliance matters, and Audit and Investigations units, which manage HNWI issues upon referral by the Unit. Additionally, other units do refer individual taxpayers to HNWI unit for consideration into the program whenever the criteria threshold has been met.

For the future, the Unit would continue to improve its profiling work using all information sources including AEOI to identify and on-board new HNWI and, to that end, specialised capacity building in areas of data analytics and customer relationship management is key.

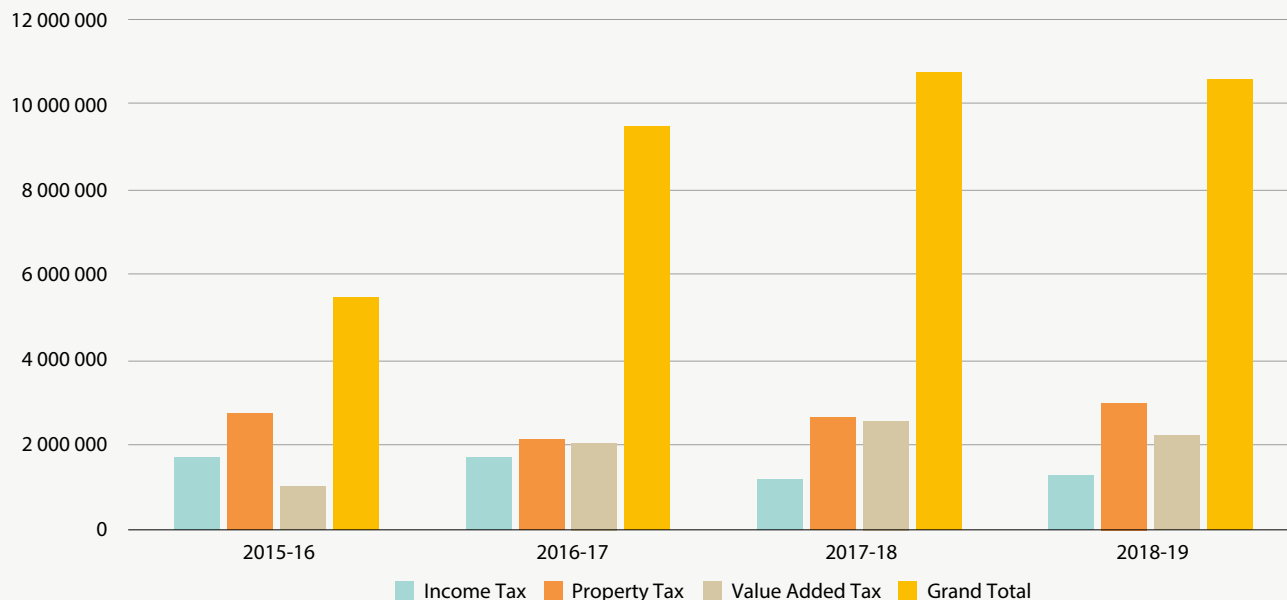
How is EOI relevant for the HNWI programme?

EOI is very relevant to the work of the Unit. Indeed, EOIR helps bridge the gap in information when matters of offshore wealth management by HNWI is part of risk profiles of the taxpayers.

The information received from EOI partners is then used to resolve the arising tax compliance matters. Upon full implementation of AEOI, the received data will provide for the identification of more HNWI that have offshore reportable assets. The AEOI data will also enable Uganda to re-define the criteria for segmentation of HNWI to include aspects of offshore wealth management.

African safari: Country experiences in tax transparency

FIGURE 3.1. Revenue Increment by tax type



Source: Uganda Revenue Authority.

Would you recommend the implementation of such HNWI programme to other African countries?

Definitely. HNWIs form a critical part of any economy and have the potential to contribute handsomely to tax collections. To that end, a segmented approach offers quality client management services often tailored to meet the individual needs of HNWIs. This is also a form of positive recognition that eventually boosts taxpayer morale. In addition, where complex compliance issues arise, the specialised teams are able to manage these issues effectively.

The HNWI programme has been successful in Uganda since its creation. It has contributed to increase the revenues by tax head as showed in Figure 3.1 in USD.

Additionally, the Unit and other URA compliance offices have carried out a total of 334 compliance cases (audits and investigations). For instance, the Unit came across the following case.

A shareholder X who is a HNWI, claimed to have obtained a loan facility amounting to USD 5 million from an offshore jurisdiction for the purchase of stock. The audit team sought information through EOI agreements between Uganda and the offshore jurisdiction. The findings indicate that the loan was fictitious and was never extended to the shareholder X as

claimed in his income tax return. Subsequently, a tax adjustment was carried out and this full amount assessed for taxes.

From Uganda's experience, the establishment of an effective HNWI programme requires the following to be in place: (i) top management support including from both the tax administration and the Ministry of Finance; (ii) capacity building of relevant officers especially in client relationship management; (iii) starting off with taxpayer education and considering punitive approaches and sanctions at a later stage; and (iv) collaborative efforts between information collecting functions and operational teams for the identification of HNWIs.

GHANA: AN EFFECTIVE IMPLEMENTATION JOURNEY FOR AUTOMATIC EXCHANGE OF INFORMATION



Why did Ghana decide to join the "early adopters" group of countries that committed to AEOI by 2017/2018?

Ghana has always believed in tax transparency as a tool to combat IFFs and AEOI can be particularly efficient to that end. Additionally, the decision to be an "early adopter" of AEOI was to ensure that the implementation of AEOI would be inclusive and consider the needs of African and developing countries.

However, the implementation of AEOI is not an easy task and, as one of the “early adopters”, Ghana did not benefit from some of the really useful technical assistance initiatives later developed, such as the ISM preliminary assessment. In that sense Ghana was a test case of what steps a developing country needed to take prior to selecting an AEOI commitment date and we believe that our experiences can be very helpful to other African countries now considering undertaking AEOI.

What were the challenges experienced by Ghana?

Ghana faced challenges at every stage of the implementation and had to postpone its first AEOI exchanges date from 2018 to 2019.

Regarding the domestic legislation, most of the challenge boiled down to the need to engage with all relevant stakeholders as they were not familiar with tax transparency and had to be educated and sensitised appropriately. Meetings, trainings and strategy sessions were held with the Attorney General’s Department, the Central Bank, Financial Institutions, Parliament, as well as internal stakeholders such as the top management of Ghana Revenue Authority (GRA) to generate the appropriate goodwill.

With respect to data protection and ISM, an action plan was developed and implemented. A staged approach was taken and a secure perimeter module was adopted to ensure that exchanges could be undertaken whilst the GRA took the necessary steps to adopt changes enterprise wide. The EOI Unit has undertaken a challenge to act as a beacon for the GRA on ISM.

Additionally, AEOI implementation is quite resource intensive. It was important to get high-level buy-in by indicating the benefits of an effective AEOI implementation to revenue generation. Cases from other jurisdictions were used to highlight the benefits in investing in this. A comprehensive effective use strategy is also essential to high-level buy-in.

How is AEOI organised in Ghana? How did your first AEOI exchanges go?

Presently AEOI is handled by the EOI Unit under a secure perimeter. The EOI unit sits with the Commissioner General’s secretariat with a staff strength of eight

made up of legal officers, IT professionals, auditors and administrative staff. Additionally, staff from other relevant units (Risk Management, Human Resources, Internal Audit, Transfer Pricing, HNWI, Large Taxpayer Office units) have been identified, trained and equipped to assist in the implementation and use of AEOI.

The 2019 AEOI exchanges were successful but non-reciprocal. This means that Ghana sent the information to its partners, but did not receive the information, as Ghana had not passed the confidentiality and ISM test. Engagement is ongoing with exchange partners and financial institutions to streamline processes and ensure the quality of information exchanged.

The next stage of AEOI implementation covers passing the ISM reassessment to become reciprocal and receive AEOI data from our AEOI partners, developing and implementing an effective use strategy and implementing our compliance and monitoring strategy for financial institutions.

GRA is also in the process of becoming a data driven tax administration which means that AEOI will play an important role in our revenue generation efforts. In line with this, our domestic information gathering process is being modernised and streamlined to ensure that accurate domestic information is available for data matching.

Regarding confidentiality and data safeguards, could you please share Ghana’s experience?

For AEOI to be fully beneficial to Ghana’s revenue mobilisation efforts it is important that exchanges be reciprocal. A key challenge to this has been the review of Ghana’s ISM process. Ghana could have benefited greatly from an ISM preliminary assessment. However, after the first assessment, two things helped Ghana; the action plan and secure perimeter approach. The Action Plan helped us focus on the areas that need improvement and served as a blueprint to success. Implementing effectively while adapting it to ensure that it remains relevant in the changing ISM landscape was instrumental to effective exchanges. Ghana also committed to training and building the capacity of its staff in ISM, IT, risk management and tax transparency to ensure that the action plan could be effectively implemented.

African safari: Country experiences in tax transparency

The secure perimeter approach has given Ghana the ability to benefit from AEOI immediately while taking the time to ensure that the lessons learned from the Confidentiality and data safeguards review are rolled out throughout the GRA. Ghana believes that this approach may be better suited to the specific needs of a developing country where tax administration's capacities may be limited, including in the domain of ISM which can be complex.

What about the technical assistance provided by your partners?

Ghana has benefitted from a pilot project in the implementation of AEOI. This is a triangular project which put together the UK, the Global Forum and Ghana. The UK and the Global Forum have been instrumental in Ghana's AEOI implementation, from assisting in high-level engagement to providing capacity building. The UK's support has been vital, in particular in drafting and implementing a data protection and ISM action plan. Additionally, the Global Forum provided significant support in the drafting of the domestic legislation and will also be assisting in our development of a strategy for effective use of AEOI data.

The capacity building effort of both the UK and the Global Forum and the secondment of a GRA EOI staff to the Global Forum supported by Switzerland played a critical role in Ghana sending information to its partners in 2019. Ghana also received assistance from the WBG.

Ghana is also receiving support from other jurisdictions, like South Africa, to get a better understanding of how

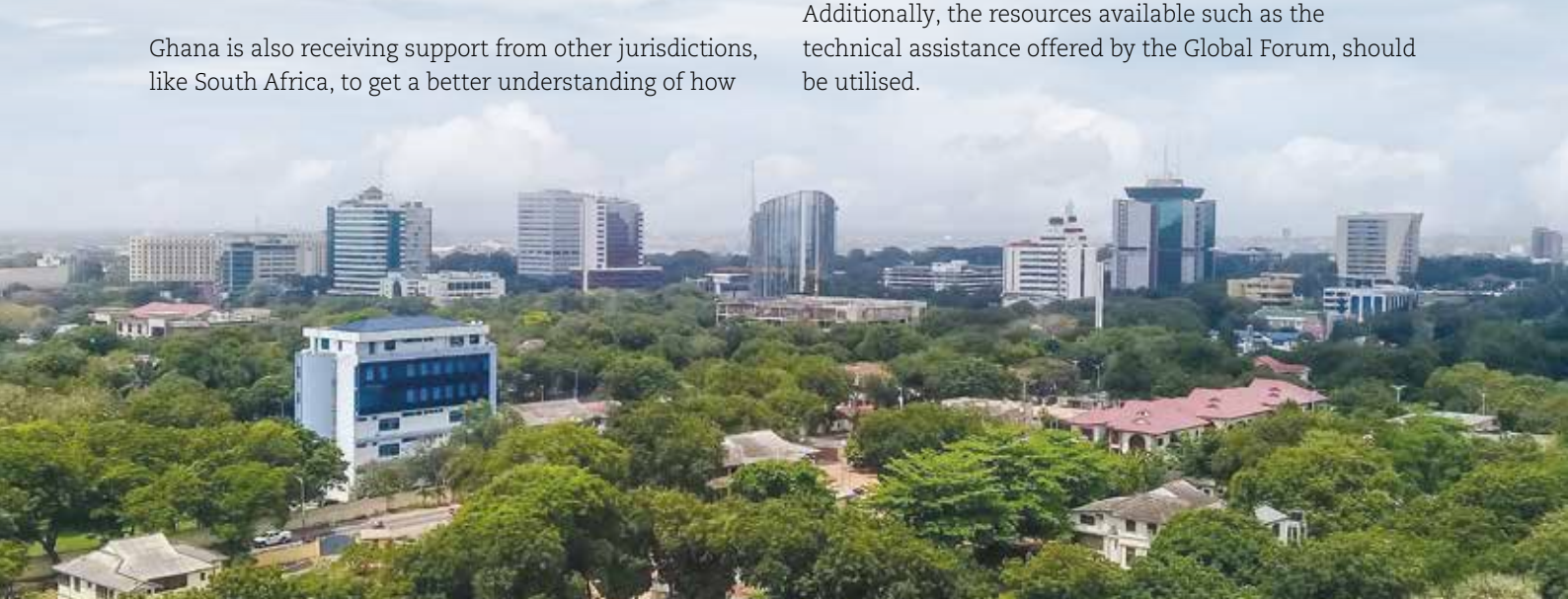
AEOI information can be effectively used. The plan is to utilise risk profiling and data analytics to effectively use AEOI information.

The technical assistance provided was very useful and it is important that the jurisdiction takes steps to ensure that when technical assistance is provided, it is maximised.

Would Ghana strongly recommend AEOI to other African countries? Do you have any advice to share with African countries which are considering implementing AEOI?

AEOI has the potential to boost Africa's efforts at combatting IFFs significantly. The automatic nature of AEOI ensures that a jurisdiction can benefit from tax transparency efforts without the need for a prior request or audit. Additionally, the skills and capacity that are developed through the implementation of AEOI have far reaching benefits for a tax administration outside of EOI or tax transparency. Finally, effective AEOI will lead to even more EOIR experience and use which may be just what Africa needs to fully utilise EOI as a whole.

However, a country's commitment date should be based on a realistic gap analysis. In particular, a full assessment of the current status of the tax administration vis-à-vis the AEOI roll out should be done and a detailed implementation plan with risk profiles and mitigation strategies should be developed. Additionally, the resources available such as the technical assistance offered by the Global Forum, should be utilised.



4. Looking forward to 2020

Intensifying the use of the two standards of EOIR and AEOI in Africa will remain the major focus that will dominate the Africa Initiative work in 2020. A significant part of the assistance to current members and non-members will be delivered in collaboration with strategic partners such as ATAF, the AfDB, the AU Commission, CREDAF, WATAF and the WBG.

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8 287.00	12 000.00	8 845.00	2 299.00	4 845.00	26 250.00	26 250.00
398.00	22 250.00	500.00	2 280.00	745.00	5 229.00	5 229.00
1 288.00	7 845.00	9 100.00	8 481.00	9 800.00	1 845.00	1 845.00
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15.00	4 845.00	9 445.00	183.00	5 229.00	38 500.00	38 500.00
2 299.00	745.00	17 500.00	39.00	1 845.00	5 100.00	5 100.00
2 280.00	9 800.00	9 500.00	32.00	28 450.00	9 845.00	1 000.00
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52.00	38 500.00	9 250.00	9 845.00	3 845.00	9 800.00	26 250.00
912.00	5 100.00	8 200.00	9 845.00	8 845.00	9 100.00	5 229.00
48.00	9 800.00	650.00	9 845.00	9 845.00	5 500.00	1 845.00
2 800.00	9 800.00	28 500.00	9 845.00	9 845.00	9 845.00	28 450.00

ENHANCING THE IMPLEMENTATION OF AUTOMATIC EXCHANGE OF INFORMATION

The widespread automatic exchanges of financial account information under the CRS taking place from September 2017 has determined Africa Initiative members' interest in learning best practices in AEOI implementation and effective AEOI data use. As a result, support with AEOI legislation commenced for African members committed and those generally considering to commit to AEOI.

By September 2020, 5 African countries will be exchanging AEOI data, with Nigeria joining Ghana, Mauritius, Seychelles and South Africa. This number is meagre yet the potential benefits of AEOI are huge. Working to growing the group of African countries implementing the AEOI standard will be one of the focus of the Africa Initiative in 2020. In particular, advanced engagements should be held with the countries which have taken some major steps in the AEOI implementation such as pilot project countries (Egypt and Morocco) and countries receiving assistance on Confidentiality and ISM (Cameroon, Kenya, Senegal, Tunisia) or countries which have expressed a strong desire for AEOI such as Uganda. The objective for these priority countries will be to get them to commit in 2020 to having their first AEOI exchanges at a specific date. The dialogue with other countries will also be pursued with the support of partners to start the preparations for the AEOI journey through the confidentiality and ISM gap analysis. Technical support to put in place the legislative, treaty and administrative building blocks necessary to implement AEOI commitments will continue to be available in 2020.

ENGAGING MORE AFRICAN COUNTRIES IN THE TAX TRANSPARENCY AGENDA

Intensifying engagements with more African countries to actively participate in the tax transparency agenda will continue. Collaboration with partners and donors in encouraging non-member African jurisdictions to seek Global Forum membership and reap the due benefits of tax transparency and EOI will be the focus.

Given the knowledge and skill gaps the African countries face, participation will be aligned to bespoke induction programs that suit the ability for new members to grasp the importance of implementing tax transparency and

EOI and utilising it for their advantage. The Induction programmes will be launched for Guinea, Namibia and Mali which are the most recent Global Forum members in Africa. Technical-level support will hence continue to be supplemented with high-level political engagement in order to attain smooth and supportive leadership.

In their responses to the questionnaire sent to African countries for the purposes of preparing this report (The Africa Initiative questionnaire) many jurisdictions have not been able to quantify how much is lost in terms of IFFs from their countries although the report of the HLP on IFFs from Africa and other sources indicate that Africa is losing close to 80 billion dollars through IFFs every year (see the Introduction: "The Scale of Illicit Financial Flows in Africa").

In responses to the Africa Initiative questionnaire, over 46% of African countries indicated that the level of knowledge on EOI in their tax administration is "medium". 21% indicated that this level is "low" or "very low". Although the low level generally reflects the situation of new members or non-members with no or limited exposure to EOI, the medium level is a clear indication that most of tax officials in African countries still lack adequate knowledge in EOI. The progress made since the launch of the Africa Initiative in building skill of tax administrations has so far focused on staff working in EOI units who are the entry point for EOI activities. However, EOI capability goes beyond the EOI unit. EOI is a support tool to other tax administration functions such as enforcement, audit, investigation, intelligence, risk assessment and litigation. It is therefore important to establish an organisation-wide EOI culture by delivering training to all relevant staffs. This is the objective of the "Last Mile" training designed for auditors and other tax administrations staffs. A number of them will be delivered in 2020 for African countries. It is also crucial to ensure that staff attending these "Last Mile" trainings are equipped to take ownership to the training in order to reproduce it and train their colleagues. It is the only way to build a sustainable transfer of knowledge and create a legacy on EOI in African tax administrations.

LAUNCHING THE TAX TRANSPARENCY IN AFRICA REPORT

The close ties cultivated between the Global Forum and the AU Commission spelt out outcomes to be focused on, among which was an agreement to jointly deliver

and publish the 2nd “Tax Transparency in Africa” in 2020, together with other partners such as ATAF and the AfDB. The report provides an all-round analysis of the EOI efforts African countries have put into use of tax transparency and EOI for DRM. It is intended to serve as a gauge of the progress made in implementing the international standards of transparency and EOI in Africa. In addition, the findings of the report highlight the specific needs for capacity building to be taken into account in the technical assistance strategy of the Africa Initiative. The report was originally meant to be launched in March 2020 at the meeting of the African Union Specialised Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration. However, due to the Covid-19 pandemic, the launch was postponed until the second quarter of 2020.

MAINTAINING A HIGH-LEVEL POLITICAL DIALOGUE ON THE AGENDA OF TAX TRANSPARENCY IN AFRICA

Strategic partnerships will continue to be the preferred mode of operating to reach all corners of the African continent. This will especially be crucial in seeking political support which has been identified as an underlying challenge hindering jurisdictions from progressing the EOI and transparency agenda. For Africa this challenge remains real.

More significantly, mainstreaming dialogue with key partners and ensuring high quality technical assistance is provided will continue. The work with WATAF will look at specific needs of some West African countries non-members of the Global Forum, while the work with CREDAF will continue in respect to EOI focus in areas agreed upon. Similarly, the work with AfDB and WBG will focus on policy dialogue with their members in Africa and technical or institutional support where relevant. This work will be pursued through work programs the Global Forum has developed with each of the key partners. The programs entail, joint missions to targeted jurisdictions to push the EOI agenda. The valuable collaboration frameworks developed over the period will most certainly contribute to advance the tax transparency agenda in Africa and foster the fight against IFFs in order to reap the benefits of transparency and EOI in Africa.

The Global Forum and the AU Commission have agreed to hold an awareness raising conference on EOI for AU members within the year. The event is intended to raise EOI awareness for all the AU member countries so that the knowledge and skills in tax transparency and EOI is impacted.





BOX 4.1. The role of AU Commission in promoting EOI in Africa

Domestic resource mobilization (DRM) is prominent in the transformation of the continent as outlined in the ten-year implementation plan of Agenda 2063, with DRM anticipated to contribute 75-90% to the financing of Agenda 2063. In a bid to enhance DRM, the Commission developed a comprehensive strategy, which strives to reduce IFFs on the continent. The strategy will support and promote capacity and awareness building in African Union Member States to encourage tax transparency in general, and EOI in particular. In that regard, strengthening the capacities of tax administrations to minimise tax avoidance and evasion would be a critical and necessary step toward broadening the tax bases of nations. The following activities will take place in implementing the strategy:

- **High Level Policy Dialogue with Member States** – High Level consultation will be held to encourage Member States to engage and participate in international tax cooperation by exploiting the enhancements in global tax transparency and exchange of tax information for tax purpose.
- **Technical Capacity Building** – The Commission, ATAF and the Global Forum will jointly convene technical capacity building trainings for tax experts from the Ministries of Finance and tax administrations of a select number of AU Member States on the significance of EOI in tackling tax avoidance and evasion and in mobilizing domestic resources for national and continental development projects as outlined in national development plans and strategies and Agenda 2063.
- **Tax Knowledge Sharing Platform** – In collaboration with all relevant stakeholders, the Commission will publish research papers; policy briefs and recommendations in the following areas: tax incentives, trade mis-invoicing, double taxation Agreements, IFFs in extractive sectors, and assessment of the impact of EOI on African economies and its contribution to DRM.
- **Consortium to stem IFFs from Africa** – Discussions on tax transparency and exchange of information will be included in the work programme of the Consortium

and Illicit Financial Flows Working Group composed of technical experts of Pan-African Institutions working on IFFs in Africa such as the AU and its organs, the UNECA, the AfDB, the Thabo Mbeki Foundation, the African Capacity Building Foundation, ATAF, TJNA, the Pan African Lawyers Union and other civil society organisations. The main purpose of the Consortium and Working Group is to leverage partnerships and provide overall strategic direction of efforts to reduce IFFs from Africa. It ultimately aims at curbing the IFFs preventing Africa from the necessary resources required to support its development agenda and increase domestic revenue in African countries towards the realization of the continent's transformational agenda.

- **Development of Country Risk Profile assessments** – This will be conducted in selected countries, prioritised in line with the ongoing policy dialogue in the area of IFFs and tax. Based on the assessments, follow-up measures will be developed in pilot countries on the key factors for tax base erosion and how to address them by encouraging the implementation of AEOI practices;
- **Harmonisation and digitalisation of tax systems** – Work with all relevant stakeholders, to provide technical support in digitalizing tax declaration processes in order to better track, monitor and evaluate tax systems on the continent. The Commission will, in the same vein, further advocate for the harmonisation of tax reporting rules and regulations by developing policies in that regard and work with different institutional partners in mobilizing financial resources to support the digitalization of AU Member State tax systems.
- **Harmonisation of Data** – Promote the expansion of the level and depth of data sets required under current transparency standards, harmonise the terms, use data sets for independent/ad hoc audits.

Source: AU Commission.



BOX 4.2. Key perspectives on AfDB work on tax transparency

The new AfDB Strategy for Economic Governance in Africa, which is currently being articulated, would take into account the expanded scope of the Bank's activities related to DRM and IFFs provided for in the AfDB's IFFs Strategic Framework and Action Plan, and would emphasize support to Regional Member Countries for tax transparency.

The Bank commitment through the 15th replenishment of African Development Fund is to provide more support to tax transparency as a better way to improve Domestic Resources Mobilization and combat IFFs.

The AfDB and the Global Forum mutually took the engagement to partner in order to allow:

- Increasing Membership of Regional Member Countries to the Global Forum;
- Joint development and implementation of operations with a focus on tax transparency;
- Development of capacities for staffs of tax administrations and other entities for improved tax transparency and EOI;
- Knowledge generation and knowledge sharing on tax transparency.

Source: AfDB.



PURSuing THE WORK WITH THE AFRICAN TAX ADMINISTRATION FORUM

The valuable working relationship between ATAF and the Global Forum will continue in 2020. A concrete EOI work plan with focus areas for ATAF and the Global Forum has been drawn up, including:

- joint missions scheduled to be held in 2020 in selected countries to deliver tailored technical assistance on both EOIR and AEOI implementation – missions to other countries may be identified as the year progresses and scheduled as need arises;
- collaborating in two trainings events: an assessor training for EOIR peer review and in implementing and making use of EOI as a tool for domestic revenue mobilisation;
- preparation of the 3rd “Tax Transparency in Africa” Report for 2021;
- joint publication of a toolkit on setting up an EOI Unit, which aims at explaining the process, sharing the best practices and identifying what is relevant for African countries;
- collaboration in the organisation of meetings such as the Africa Initiative meetings and ATAF EOI Technical Committee and competent authority meetings.





BOX 4.3. Looking forward to 2020, the role of ATAF in promoting EOI activities on the African continent

Globalisation, liberalisation and free movement of capital has made it much easier for businesses and High Net Worth Individual (HNWI) especially those with aggressive tax planning in mind to avoid or evade paying right amount of taxes and hence need for international co-operation in EOI for tax purposes between tax administrations on the African Continent.

Considering the crucial and emerging importance of EOI, ATAF with its partner the Global Forum in the course of 2020, will build on the achievements of its activities in the past in this area to do the following:

- **ATAF will conduct EOI country programs** in about six African countries to enhance EOI agenda through training of EOI officers and auditors. ATAF will assist in establishment of EOI Units in tax administrations that still rank low in EOI activities.
- **Policy meetings:** EOI has not been featuring prominently in the activities of various tax administration and this has to do with the priorities of tax administrations. ATAF will endeavour to engage senior policy makers both in tax administrations and Ministries of Finance in highlighting the role of EOI in increasing and sustainability of tax revenue.
- **Strengthening the role of Technical Committee members:** ATAF has established an EOI Technical Committee (EOI TC) consisting of 10 member countries. The aim of the Technical Committee is to ensure African countries are exchanging information, developing products and tools to aid these exchanges, offer best practises to other countries and develop individual skills of its members.

EOI TC members on EOI not only helps their individual tax administration in EOI arena but also assists ATAF in spreading the EOI “gospel” across the Continent. ATAF will re-enforce this technical team with one or two additional member countries and make use of their expertise in reaching out to more African countries in adopting and embracing EOI. Two technical committee meetings will be held this year (2020) to plan for the planned activities.

- **Convening of competent authority meeting:** This is an annual meeting of EOI managers from across the continent which focuses on the status of EOI in Africa, sharing of best experiences, challenges and lays strategies and solutions in promoting EOI on the Continent. ATAF intends to hold this forum in Ghana around August 2020.
- **Training of African Peer Review Assessors:** A number of ATAF member countries have expressed challenges during the EOIR peer review process by the Global Forum. ATAF with other stakeholders such as the Global Forum intend to train African tax officers to boost their numbers which will make it much easier for tax administrations better prepare for peer reviews.
- **Training forms part of the continued capacity building programme** at ATAF and the partners will be tailoring specific session for beneficial ownership transparency issues and ensuring EOIR takes place in jurisdictions.
- **Toolkits:** ATAF together with the Global Forum have noted the key concerns around continued capacity building in African countries. As such, the partners will develop a Toolkit on the establishment of dedicated EOI Offices in revenue administrations. The guide will also feature direct technical assistance in securing and setting up such offices.
- **Voluntary Disclosure Programmes (VDPs)** offer taxpayers incentives to come forward and voluntarily declare income and assets that were previously unknown to the administration (most often held in foreign countries) and to pay taxes thereon. From recent experience, these programs have a positive impact both on the improvement of tax discipline and on the mobilization of tax revenues in general. As reported by the OECD to the G20, in response to disclosure initiatives and other similar measures put in place before the start of AEOI in 2017/2018, about 500 000 individuals have reported offshore assets worldwide, and some EUR 102 billion of additional tax revenue has been identified.

In view of the above, ATAF will encourage its members to consider voluntary regularization programmes while taking a commitment to AEOI with a specific date of

commencement. The VDPs should also be launched in connection with HNWI Programmes

ATAF will continue working and engaging with other stakeholders such as Global Forum as well as Continental/regional bodies such as AU; in promoting EOI and tax transparency in attempt to reduce tax evasion/avoidance and raise revenue collection for tax administrations across Africa.

Source: ATAF.



WORKING ON EMERGING CHALLENGES IN TAX CO-OPERATION

Participants in the 2019 African ministerial dinner called for intensification of work and effort in new and emerging challenges in tax co-operation. Some of the major areas pointed out during the discussion includes:

- the importance of the whole of government approaches to tackle IFFs in Africa through development of awareness and tools to facilitate the wider use of exchange of tax information data;
- further strengthening the international tax co-operation framework by ensuring effective cross-border assistance in tax collection;
- addressing the tax challenges of crypto-currencies.

Initial discussion will be held on some of these areas of tax co-operation in 2020 with the aim of establishing meaningful ways to curb and address them in the African context. There will be many challenges on the way, as these forms of international co-operation on tax matters raise specific concerns and there is no consensual approach. However, the interest goes beyond Africa as some other Global Forum members expressed their desire at the 10th anniversary meeting to see the Global Forum further explore those areas of tax co-operation going forward.



2019 AFRICAN TAX TRANSPARENCY MAP

MEMBERS OF THE AFRICA INITIATIVE

Benin, Botswana, Burkina Faso, Cameroon, Cabo Verde, Chad, Côte d'Ivoire, Djibouti, Egypt, Eswatini, Gabon, Ghana, Guinea, Kenya, Lesotho, Liberia, Madagascar, Mali, Mauritania, Mauritius, Morocco, Namibia, Niger, Nigeria, Rwanda, Senegal, Seychelles, South Africa, Tanzania, Togo, Tunisia, Uganda.

SUPPORTERS OF THE AFRICA INITIATIVE

AfDB, ATAF, AU Commission, EU Commission, CREDAF, WATAF, WBG, France, Norway, Switzerland, United Kingdom.

AFRICA IN THE GLOBAL FORUM

- 32 African countries are members of the Global Forum (+15 since 2014).
- 59% of the African countries are members – 20% of the Global Forum membership.
- AU Commission, ATAF and AfDB are observers.

TECHNICAL ASSISTANCE FIGURES IN AFRICA

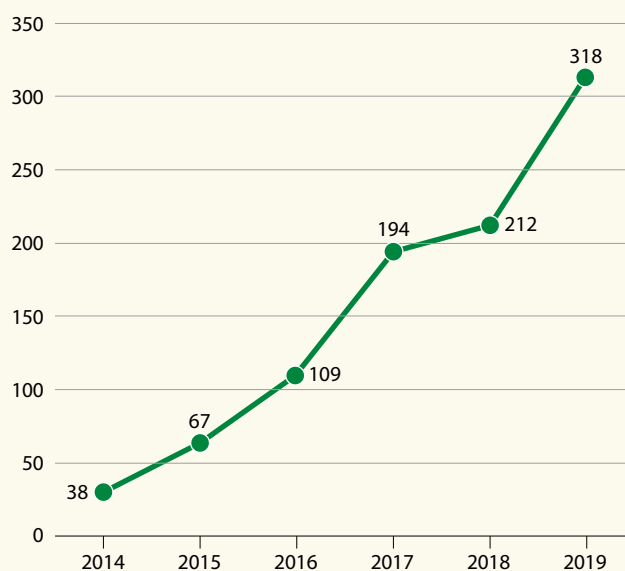
- 12 African countries are benefitting from an intensive mentoring programme (Induction programme):
Benin, Cabo Verde, Chad, Côte d'Ivoire, Djibouti, Egypt, Eswatini, Madagascar, Niger, Rwanda, Tanzania, Togo.
- 3 additional induction programmes to be launched in 2020 (*Guinea, Mali, Namibia*).
- "A la carte" assistance to nine other African countries.
- 30 training events organised in Africa attended by 1 345 officials representing 44 African countries (2015–2019).

IMPLEMENTATION OF AEOI IN AFRICA

	Country	Year of the first AEOI	Number of partners that each jurisdiction sent information to in 2019
Already exchanging	Seychelles	2017	66
	South Africa	2017	63
	Mauritius	2018	65
	Ghana	2019	56
Starting in 2020	Nigeria	2020	–
Advanced preparations, consideration for a date of first exchanges	Morocco	Pilot project with France	–
	Cameroon	–	–
Preparations launched, consideration for a date of first exchanges	Egypt	Pilot project with UK	–
	Kenya	–	–
	Senegal	–	–
	Tunisia	–	–
	Uganda	–	–

2019 PROGRESS

The number of requests sent by African countries increased by 48% between 2018 and 2019. However, most African countries are still behind their potential of EOI. More efforts need to be put into the operationalisation of EOI.



AEOI – Automatic Exchange of Financial Account Information

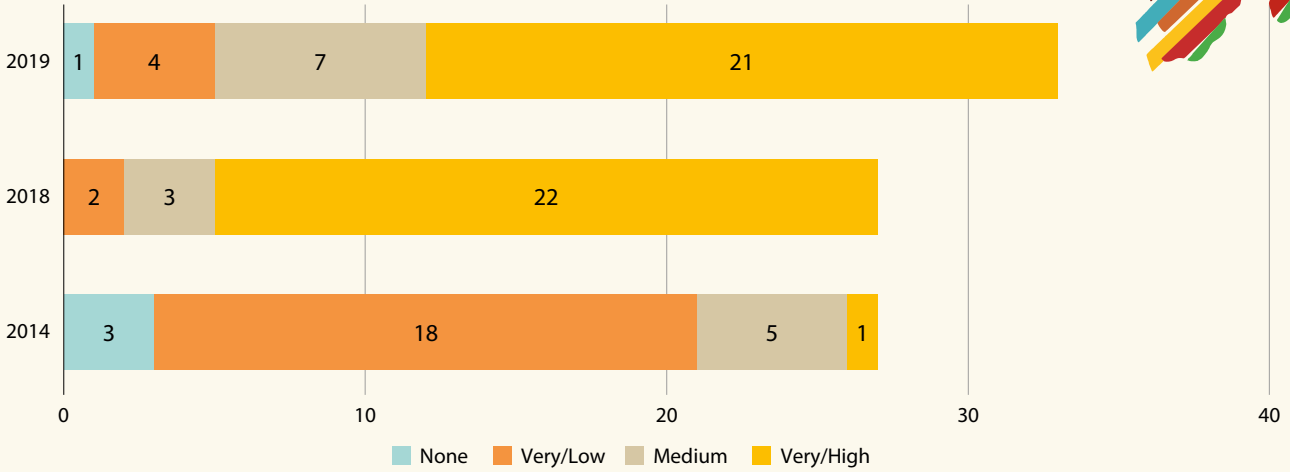
EOI – Exchange of Information

USD 189 million

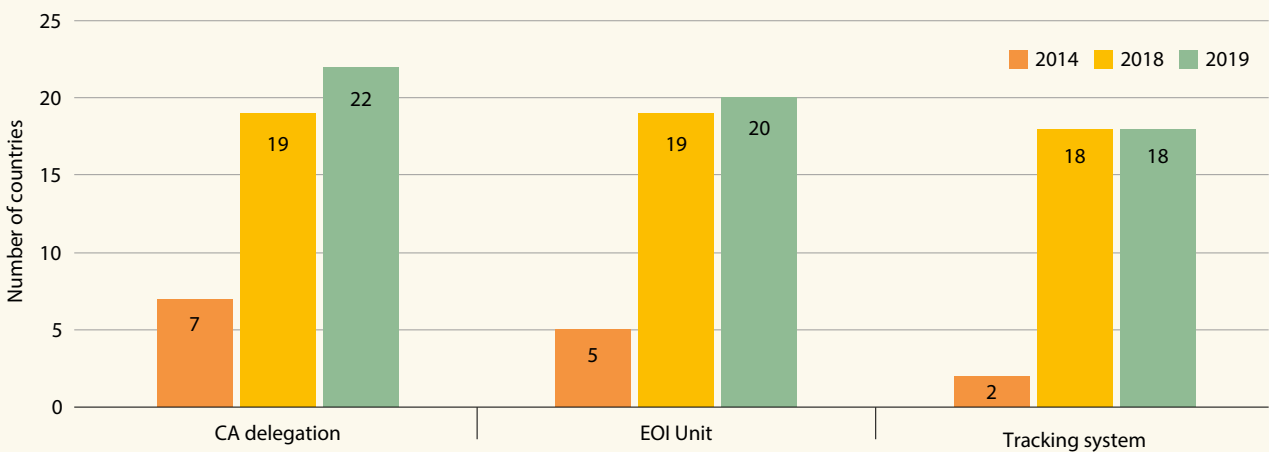
Additional taxes identified by 8 African countries from EOI between 2014 and 2019. Voluntary disclosure programmes launched prior to the first AEOI also allowed Nigeria and South Africa to recover USD 82 million and 296 million respectively.



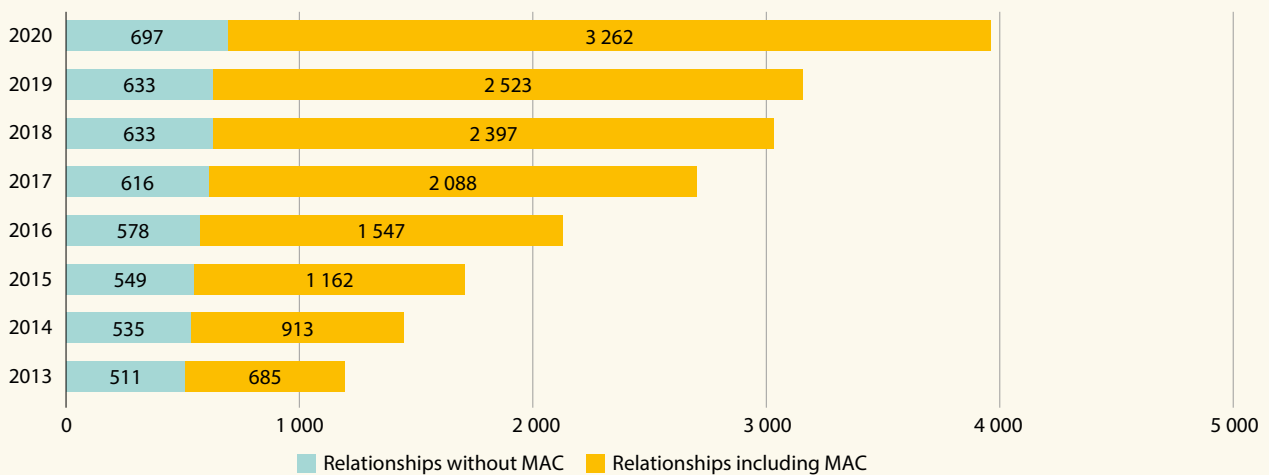
EOI remains a **PRIORITY** for African tax authorities. Awareness is still needed in recent members.



Most of the African members have set up the **CORE ELEMENTS** for effective EOI. Work is ongoing with the recent members to fill the gap.



EOI RELATIONSHIPS with non-African countries are rapidly increasing with more African countries joining the Multilateral Convention



5. Country-by-country progress

This chapter of the report presents the progress achieved by the 32 members of the Africa Initiative as well as 3 non-member African countries which have responded to the Tax Transparency in Africa 2020 questionnaire.

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2 280.00	9 845.00	9 845.00	9 845.00	9 845.00	9 845.00	28 450.00

ANGOLA

Not a member of the Global Forum



Some elements of an EOI infrastructure are in place (EOI Unit, EOI manual). In addition, the process for signing the Multilateral Convention has been initiated in 2019. Angola participated in the 2020 Tax Transparency in Africa questionnaire, which is another positive signal. Angola's responses to the questionnaire indicated an increasing interest in EOI. Angola is encouraged to consider joining the Global Forum and implementing the international tax transparency and EOI standards to strengthen its domestic revenue mobilisation through the fight against tax evasion and other IFFs.

BENIN

Global Forum member since 2017

Induction Programme (ongoing)

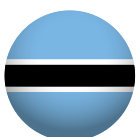


The induction programme was launched in 2018 and its delivery is progressing. In particular, the Multilateral Convention has been signed in 2019. The process to implement an EOI infrastructure, including setting up an EOI unit, is also progressing. Technical assistance is provided for the implementation of the tax transparency and EOIR standard with an ongoing preliminary review of the legal framework in the view of the EOIR review to be launched Q2 2022. An EOI strategy is being developed to promote the use of EOI to tackle IFFs.

BOTSWANA

Global Forum member since 2011

"A la carte" technical assistance (ongoing)



The implementation of the tax transparency and EOIR standard was found partially compliant in the second round of EOIR reviews in 2019 (it was rated largely compliant in the first round in 2016). Some improvements have been brought to ensure the availability of BO information. Some elements of an EOI infrastructure are in place (delegation of the competent authority function, EOI manual). In addition, the process for signing the Multilateral Convention has been initiated in 2019. An EOI strategy is being developed to promote the use of EOI to tackle IFFs.

BURKINA FASO

Global Forum member since 2012

"A la carte" technical assistance (ongoing)



The implementation of the tax transparency and EOIR standard was found largely compliant in the first round of EOIR reviews in 2016. Technical assistance is provided in preparation of the second round of EOIR reviews, including ensuring the availability of BO information, to be launched in Q3 2021. The EOI infrastructure is in place (EOI unit, dedicated staff, procedures, etc.). The Multilateral Convention has been ratified in 2019. An EOI strategy is in place to promote the use of EOI to tackle IFFs. Revenue gains through EOI are monitored. The first results are encouraging.

CABO VERDE

Global Forum member since 2018

Induction Programme (ongoing)



The induction programme was launched in 2019 and its delivery is progressing. In particular, the Multilateral Convention ratification instrument has been deposited in 2020 and will enter into force in May 2020. Technical assistance is provided for the implementation of the tax transparency and EOIR standard in the perspective of the second round of EOIR reviews scheduled for Q4 2022. Some elements of an EOI strategy to promote the use of EOI to tackle IFFs are in place, in particular EOI training for auditors. Regarding the EOI infrastructure, the competent authority function is delegated.

CAMEROON

Global Forum member since 2012

"A la carte" technical assistance (ongoing)



The implementation of the EOIR standard was found largely compliant in the first round of EOIR reviews in 2016. Technical assistance is provided for the implementation of the enhanced EOIR standard, including the availability of BO information, with an ongoing preliminary review of the legal framework and its practical implementation in the perspective of the second round of EOIR reviews to be launched in Q2 2022. The EOI infrastructure is in place (EOI Unit, dedicated staff, procedures, etc.). The Multilateral Convention has been in force since 2015. An EOI strategy is in place to promote the use of EOI to tackle IFFs. Revenue gains through EOI are monitored and the first

Country-by-country progress

results are encouraging. A preliminary assessment of the confidentiality and data safeguards framework was carried out in 2019 to inform the decision on AEOI implementation.

CHAD

Global Forum member since 2016

Induction Programme (ongoing)



The induction programme was launched in 2016 but its delivery is facing some delays. The process to sign the Multilateral Convention has been initiated in 2017. Some elements of an EOI infrastructure are in place (in particular the EOI manual).

COTE D'IVOIRE

Global Forum member since 2016

Induction Programme (ongoing)



The induction programme was launched in 2016 and its delivery is progressing. The EOI infrastructure, including setting up an EOI unit, is in place and the drafting of an EOI manual is progressing. Technical assistance is provided for the implementation of the EOIR standard, including the availability of BO information, with a preliminary review of the legal framework and its practical implementation, in the perspective of the second round of EOIR reviews to be launched in Q2 2020. Some elements of an EOI strategy to promote the use of EOI to tackle IFFs are in place, in particular EOI training for auditors.

DJIBOUTI

Global Forum member since 2017

Induction Programme (ongoing)



Djibouti joined the Global Forum in 2017 and has recently reinforced its commitments to the tax transparency and EOI by signing the Yaoundé declaration. The launch of the induction programme will accelerate the move towards a strategy to strengthen its domestic revenue mobilisation through the fight against tax evasion and other illicit financial flows.

EGYPT

Global Forum member since 2016

Induction Programme (ongoing)



The induction programme was launched in 2017 and its delivery is progressing with some delays. Most of the elements of an EOI infrastructure are in place (delegation of the competent authority function, EOI unit and tools) and the drafting of an EOI manual is progressing. A wide EOI network is in place but not fully in line with the international standards. Technical assistance is provided for the implementation of the EOIR standard, including the availability of BO information, in the perspective of the second round of EOIR reviews to be launched in Q2 2021. The implementation of AEOI has been considered in the context of a pilot project with the UK.

ESWATINI

Global Forum member since 2018

Induction Programme (ongoing)



The induction programme was launched in 2019 and its delivery is progressing. The process to sign the Multilateral Convention was initiated in 2019 and the invitation to sign it was sent to Eswatini in March 2020. Most of the elements of an EOI infrastructure are in place (delegation of the competent authority function, EOI manual and tools) and the setting up an EOI Unit is progressing. Technical assistance is provided for the implementation of the EOIR standard, including the availability of BO information in the perspective of the second round of EOIR reviews to be launched in Q4 2022.

GABON

Global Forum member since 2012

"A la carte" technical assistance (available as requested)



The implementation of the EOIR standard was found largely compliant in the first round of EOIR reviews in 2016. The EOI infrastructure is in place (EOI unit, dedicated staff, procedures, etc.). The Multilateral Convention was ratified in 2016.

GHANA**Global Forum member since 2011**

"A la carte" technical assistance (available as requested)



The implementation of the EOIR standard was found partially compliant in the second round of EOIR reviews in 2018 (it was rated largely compliant in the first round in 2014). Improvements have been brought to ensure availability of BO information. The EOI infrastructure is in place (EOI unit, dedicated staff, procedures, etc.) and the EOI manual is being updated. The Multilateral Convention has been in force since September 2013. AEOI is implemented on a temporary non-reciprocal basis with first exchanges in 2019 and improvements have been brought to the confidentiality and data safeguards framework with a view to receive AEOI data in 2020.

GUINEA**Global Forum member since 2019**

Induction Programme (to be launched)



Guinea joined the Global Forum in 2019 and committed to the tax transparency and EOI standards. The launch of the induction programme will accelerate the move towards a strategy to strengthen its domestic revenue mobilisation through the fight against tax evasion and other illicit financial flows.

GUINEA-BISSAU**Not a member of the Global Forum**

Although Guinea-Bissau is not yet a member of the Global Forum, it has shown a high-level interest to the tax transparency agenda. Guinea-Bissau signed the Yaoundé Declaration in 2018. It also participated in the 2020 Tax Transparency in Africa questionnaire. Guinea-Bissau is encouraged to consider joining the Global Forum and implementing the international tax transparency and EOI standards to strengthen its domestic revenue mobilisation through the fight against tax evasion and other illicit financial flows.

KENYA**Global Forum member since 2010**

"A la carte" technical assistance (ongoing)



The implementation of the EOIR standard was rated largely compliant in the first round of EOIR reviews in 2016. Technical assistance is provided for the implementation of the enhanced EOIR standard, including the availability of BO information, in the perspective of the second round of EOIR reviews to be launched in Q2 2020. The EOI infrastructure is in place (EOI unit, dedicated staff, procedures, etc.). The Multilateral Convention has been ratified in 2019. An EOI strategy is in place to promote the use of EOI to tackle IFFs. Revenue gains through EOI are monitored and the first results are encouraging. A preliminary assessment of the confidentiality and data safeguards framework was carried out in 2019 to inform the decision on AEOI implementation.

LESOTHO**Global Forum member since 2013**

"A la carte" technical assistance (ongoing)



The implementation of the tax transparency and enhanced EOIR standard was found largely compliant in the first round of EOIR reviews in 2016. Technical assistance is provided for the implementation of the EOIR standard, including the availability of BO information, in the perspective of the second round of EOIR reviews to be launched in Q3 2021. Most of the elements of an EOI infrastructure is in place (EOI unit, dedicated staff, procedures, etc.). The process to become party to the Multilateral Convention has been initiated in 2017.

LIBERIA**Global Forum member since 2009**

"A la carte" technical assistance (available as requested)



The legal framework was found in line with the tax transparency and enhanced EOIR standard in the first round of EOIR reviews in 2016. Technical assistance was provided for the implementation of the EOIR standard, including the availability of BO information, in the perspective of the second round of EOIR reviews which would be concluded in 2020. The Multilateral Convention has been signed in 2018 and the ratification

Country-by-country progress

is progressing. The EOI infrastructure is in place (EOI unit, dedicated staff, procedures, etc.). A preliminary assessment of the confidentiality and data safeguards framework was carried out in 2019 to inform the decision on AEOI implementation.

MADAGASCAR

Global Forum member since 2018

Induction Programme (ongoing)



The induction programme was launched in 2018 and its delivery is progressing slowly. The process to become a party to the Multilateral Convention was initiated in 2019 and an invitation to sign it was sent in February 2019. Technical assistance is provided for the implementation of the EOIR standard, including the availability of BO information, in the perspective of the second round of EOIR reviews which would be launched in Q3 2022.

MALAWI

Not a member of the Global Forum



Malawi participated in the in the 2020 Tax Transparency in Africa questionnaire, which is a positive signal. Malawi responses to the questionnaire indicated an increasing interest in EOI. Malawi is encouraged to consider joining the Global Forum and implementing the international tax transparency and EOI standards to strengthen its domestic revenue mobilisation through the fight against tax evasion and other illicit financial flows.

MALI

Global Forum member since 2020

Induction Programme (to be launched)



Mali joined the Global Forum in early 2020 and committed to the tax transparency and EOI standards. Before that, Mali had shown a high-level interest to the tax transparency agenda by signing the Yaoundé Declaration in 2018. The launch of the induction programme will accelerate the move towards a strategy to strengthen its domestic revenue mobilisation through the fight against tax evasion and other illicit financial flows.

MAURITANIA

Global Forum member since 2012

"A la carte" technical assistance (available as requested)



The induction programme was launched in 2018 and its delivery is progressing slowly. The process to become a party to the Multilateral Convention was initiated in 2019 and an invitation to sign it was sent in February 2019. Technical assistance is provided for the implementation of the EOIR standard, including the availability of BO information, in the perspective of the second round of EOIR reviews which would be launched in Q3 2022.

MAURITIUS

Global Forum member since 2009

"A la carte" technical assistance (available as requested)



The implementation of the EOIR standard was found compliant in the second round of EOIR reviews in 2017 (it was rated largely compliant in the first round in 2014). The EOI infrastructure is in place (EOI unit, dedicated staff, procedures, etc.) as well as a clear strategy to enhance the use of EOI in tax audits and investigations. The Multilateral Convention has been in force since December 2015. AEOI is implemented on a reciprocal basis with first exchanges in 2018.

MOROCCO

Global Forum member since 2011

"A la carte" technical assistance (available as requested)



The implementation of the tax transparency and EOIR standard was found largely compliant in the first round of EOIR reviews in 2016. Technical assistance is being provided for the implementation of the enhanced EOIR standard, including the availability of BO information, in the perspective of the second round of EOIR reviews which would be launched in Q3 2020. The EOI infrastructure is in place (delegation of the competent authority function, EOI unit and tools). The Multilateral Convention has been in force since September 2019. The establishment of an EOI strategy is progressing. The AEOI standard is being implemented in the framework of a pilot project with France with the first exchanges scheduled for 2021.

NAMIBIA**Global Forum member since 2019**

Induction Programme (to be launched)



Namibia joined the Global Forum in 2019 and committed to the tax transparency and EOI standards. Since then, Namibia has shown a high-level interest to the tax transparency agenda by initiating the process to become party to the Multilateral Convention. The work for the establishment of an EOI unit has also started. The launch of the induction programme will accelerate the move towards a strategy to strengthen its domestic revenue mobilisation through the fight against tax evasion and other illicit financial flows.

NIGER**Global Forum member since 2015**

Induction Programme (to be launched)



Niger joined the Global Forum in 2015 and has recently reinforced its commitments to the tax transparency and EOI by signing the Yaoundé declaration in 2018. The launch of the induction programme will accelerate the move towards a strategy to strengthen its domestic revenue mobilisation through the fight against tax evasion and other illicit financial flows.

NIGERIA**Global Forum member since 2011**

"A la carte" technical assistance (available as requested)



The implementation of the tax transparency and EOIR standard was found largely compliant in the first round of EOIR reviews in 2016. Improvements have been brought to ensure the availability of BO information in the perspective of the second round of EOIR reviews to be launched in Q2 2020. The EOI infrastructure is in place (EOI unit, dedicated staff, procedures, etc.). The Multilateral Convention has been in force since September 2015. AEOI is being implemented with first exchanges scheduled for 2020. An EOI strategy is being implemented. Progress have been made to the confidentiality and data safeguards framework with a view to receive AEOI data in 2020.

RWANDA**Global Forum member since 2017**

Induction Programme (ongoing)



The induction programme was launched in 2018 and its delivery is progressing. The process to become a party to the Multilateral Convention has been initiated in 2019. Technical assistance is provided for the implementation of the EOIR standard, including the availability of BO information, in the perspective of the second round of EOIR reviews which would be launched in Q3 2022. The establishment of an EOI unit is progressing.

SENEGAL**Global Forum member since 2012**

"A la carte" technical assistance (available as requested)



The implementation of the tax transparency and EOIR standard was found largely compliant in the first round of EOIR reviews in 2016. Technical assistance is provided for the implementation of the enhanced EOIR standard, including the availability of BO information, in the perspective of the second round of EOIR reviews which would be launched in Q1 2022. The EOI infrastructure is in place (EOI unit, dedicated staff, procedures, etc.). The Multilateral Convention has been in force since December 2016. AEOI is being considered and work has been undertaken to implement an appropriate confidentiality and data safeguards framework with a view to receive AEOI data.

SEYCHELLES**Global Forum member since 2009**

"A la carte" technical assistance (available as requested)



The implementation of the tax transparency and EOIR standard was found largely compliant in the first round of EOIR reviews in 2016. Improvements have been brought to ensure the availability of BO information in the perspective of the on-going second round of EOIR reviews, which outcome of which is expected in March 2020. The EOI infrastructure is in place (EOI unit, dedicated staff, procedures, etc.). The Multilateral Convention has been in force since October 2015. AEOI has been implemented with first exchanges in 2017.

Country-by-country progress

SOUTH AFRICA

Global Forum member since 2009

"A la carte" technical assistance (available as requested)



The implementation of the tax transparency and EOIR standard was found compliant in the first round of EOIR reviews in 2013. Improvements have been brought to ensure availability of BO information in the perspective of the second round of EOIR reviews which was launched in December 2019. The EOI infrastructure is in place (EOI unit, dedicated staff, procedures, etc.). An EOI strategy is implemented. Revenue gains through EOI are monitored. The amount of additional taxes collected shows that EOI has a positive impact on revenue mobilization in South Africa. The Multilateral Convention has been in force since March 2014. AEOI has been implemented with first exchanges in 2017.

TANZANIA

Global Forum member since 2015

Induction Programme (ongoing)



The induction programme was launched in 2017 and its delivery is progressing. Technical assistance is provided for the implementation of the EOIR standard, including the availability of BO information, in the perspective of the second round of EOIR reviews, which would be launched in Q1 2020. Some elements of an EOI infrastructure (EOI unit, EOI manual) are in place. An EOI strategy is being considered.

TOGO

Global Forum member since 2016

Induction Programme (ongoing)



The induction programme was launched in 2017 and its delivery is progressing. Technical assistance is provided for the implementation of the EOIR standard, including the availability of BO information, in the perspective of the second round of EOIR reviews, which would be launched in Q3 2021. Some elements of an EOI infrastructure (EOI unit, EOI manual) are in place. The Multilateral Convention was signed in January 2020. An EOI strategy is being considered.

TUNISIA

Global Forum member since 2012

"A la carte" technical assistance (available as requested)



The legal framework was found in line with the tax transparency and EOIR standard in the first round of EOIR reviews in 2016. Technical assistance was provided for the implementation of the EOIR standard, including the availability of BO information, in the perspective of the on-going second round of EOIR review, which would be concluded in March 2020. The Multilateral Convention has been in force since February 2014. The EOI infrastructure is in place (EOI unit, dedicated staff, procedures, etc.). An EOI strategy is also in place with an effective use of EOIR and the monitoring of the revenues gained. Actions have been taken to improve the confidentiality and data safeguards framework in the perspective of AEOI implementation, which has been considered.

UGANDA

Global Forum member since 2012

"A la carte" technical assistance (available as requested)



The implementation of the tax transparency and EOIR standard was found compliant in the first round of EOIR reviews in 2016. Technical assistance is provided for the implementation of the enhanced EOIR standard, including the availability of BO information, in the perspective of the second round of EOIR reviews to be launched in Q3 2022. The Multilateral Convention has been in force since September 2016. The EOI infrastructure is in place (EOI unit, dedicated staff, procedures, etc.). An EOI strategy is also in place with an effective use of EOIR and the monitoring of the revenue gains. The amount of additional taxes collected shows that EOI has a positive impact on revenue mobilization in Uganda. Uganda is preparing the ground for committing to AEOI with a specific timeline.

ANNEXES

- **Summary of tax transparency progress by country**
- **Statement of the participants at the 5th anniversary dinner of the Africa Initiative**
- **Yaoundé Declaration**

9 845.00	9 400.00	1 845.00	1 288.00	22 250.00	4 845.00	4 845.00
4 628.00	6 442.00	440.00	792.00	7 845.00	745.00	745.00
3 900.00	2 800.00	3 845.00	15.00	3 245.00	9 800.00	9 800.00
8 287.00	12 000.00	8 845.00	2 299.00	4 845.00	26 250.00	26 250.00
398.00	22 250.00	500.00	2 280.00	745.00	5 229.00	5 229.00
1 288.00	7 845.00	9 100.00	8 481.00	9 800.00	1 845.00	1 845.00
392.00	3 245.00	5 500.00	330.00	26 250.00	28 450.00	28 450.00
15.00	4 845.00	9 445.00	183.00	5 229.00	38 500.00	38 500.00
2 299.00	745.00	17 500.00	39.00	1 845.00	5 100.00	5 100.00
2 280.00	9 800.00	9 500.00	32.00	28 450.00	9 845.00	1 000.00
8 481.00	26 250.00	8 250.00	912.00	38 500.00	7 845.00	10 448.0
330.00	5 229.00	3 845.00	48.00	5 100.00	3 245.00	4 845.00
183.00	1 845.00	2 845.00	2 800.00	1 845.00	4 845.00	745.00
39.00	28 450.00	1 500.00	9 845.00	440.00	745.00	9 800.00
32.00	38 500.00	9 250.00	9 845.00	3 845.00	9 800.00	26 250.00
642.00	5 100.00	6 200.00	9 845.00	8 845.00	9 100.00	5 229.00
48.00	5 100.00	750.00	9 745.00	10 000.00	5 500.00	1 845.00
2 800.00	5 100.00	8 100.00	9 845.00	9 225.00	9 225.00	28 450.00

Annex A

Summary of tax transparency progress by country

COUNTRY	Member-ship	Technical assistance programme	Implementation of EOIR standard		EOI infrastructure		
			1st round	2nd round	CA function delegation	EOI Unit	EOI resources and tools
Angola	Non Member	–	–	–	No	Yes	In progress
Benin	2017	Induction programme	–	Preparation in progress Review in Q2 2022	In progress	In progress	In progress
Botswana	2011	A la carte	LC (2016)	PC in 2019 Work in progress to address the deficiencies	Yes	No	Yes
Burkina Faso	2012	A la carte	LC (2016)	Preparation in progress Review in Q3 2021	Yes	Yes	Yes
Cabo Verde	2018	Induction programme	–	Preparation in progress Review in Q4 2022	Yes	No	No
Cameroon	2012	A la carte	LC (2016)	Preparation in progress Review in Q2 2022	Yes	Yes	Yes
Chad	2016	Induction programme	–	No action taken Review in Q2 2020	No	No	Yes
Cote d'Ivoire	2016	Induction programme	–	Preparation in progress Review in Q2 2020	Yes	Yes	Yes
Djibouti	2017	Induction programme	–	No action taken Review in Q1 2022	–	–	–
Egypt	2016	Induction programme	–	Preparation in progress Review in Q2 2021	Yes	Yes	In progress
Eswatini	2018	Induction programme	–	Preparation in progress Review in Q4 2022	Yes	In progress	Yes
Gabon	2012	A la carte	LC in 2016	No action taken Review in Q3 2020	Yes	Yes	Yes

EOI network and Multilateral Convention status Very narrow <10 Narrow <50 Wide <100 Very wide >100	EOI strategy	Effective use of EOI over the last 3 years None Low <10 Medium <50 High <10 / Very High >100	Revenue gains identified	AEOI standard	
				Confidentiality and data safeguards framework	AEOI commitment
Very narrow Multilateral Convention initiated in 2018	–	None	No	No action	No
Very narrow Multilateral Convention signed in 2019	In progress	None	No	No action	No
Narrow Multilateral Convention initiated in 2019	In progress	None	No	No action	No
Narrow Multilateral Convention ratified in 2019 but not yet deposited	In progress	Low	Yes	No action	No
Very wide Multilateral Convention signed in 2019 and deposited in 2020	In progress	None	No	No action	No
Very wide Multilateral Convention in force since 2015	Yes	Medium	Yes	Technical assistance – preliminary assessment in 2019	No
Very narrow Multilateral Convention initiated in 2017	No	None	No	No action	No
Narrow Multilateral Convention process not initiated	In progress	None	No	No action	No
Very narrow Multilateral Convention process not initiated	–	–	–	No action	No
Wide Multilateral Convention process not initiated	–	–	–	No action	Pilot project with UK
Very narrow Multilateral Convention initiated in 2019	No	Low	No	No action	No
Very narrow Multilateral Convention Ratified in 2016 but not yet deposited	No	None	No	No action	No

Annex A

COUNTRY	Member-ship	Technical assistance programme	Implementation of EOIR standard		EOI infrastructure		
			1st round	2nd round	CA function delegation	EOI Unit	EOI resources and tools
Ghana	2011	A la carte	LC in 2014	PC in 2018– Work in progress to address the deficiencies	Yes	Yes	In progress
Guinea	2019	Induction programme	–	To be scheduled	No	No	No
Guinea–Bissau	Non member	–	–	–	No	No	No
Kenya	2011	A la carte	LC in 2016	Preparation in progress Review in Q2 2020	Yes	Yes	Yes
Lesotho	2013	A la carte	LC in 2016	Preparation in progress Review in Q1 2023	Yes	Yes	In progress
Liberia	2009	A la carte	Legal framework appropriate in 2016	Review on–going Outcome in March 2020	Yes	Yes	Yes
Madagascar	2018	Induction programme	–	Preparation in progress Review in Q3 2022	No	No	No
Malawi	Non Member	–	–	–	No	No	No
Mali	2020	Induction programme	–	Preparation to be launched Review to be scheduled	No	No	No
Mauritania	2012	A la carte	LC in 2016	No action taken Review in Q1 2021	Yes	Yes	In progress
Mauritius	2009	A la carte	LC in 2014	C in 2017	Yes	Yes	Yes
Morocco	2011	A la carte	LC in 2016	Preparation in progress Review in Q3 2020	Yes	Yes	Yes

EOI network and Multilateral Convention status Very narrow <10 Narrow <50 Wide <100 Very wide >100	EOI strategy	Effective use of EOI over the last 3 years None Low <10 Medium <50 High <10 / Very High >100	Revenue gains identified	AEOI standard	
				Confidentiality and data safeguards framework	AEOI commitment
Very wide Multilateral Convention in force since 2013	In progress	Low	No	Re-assessment scheduled in 2020	First exchange in 2019
Very narrow Multilateral Convention process not initiated	No	None	No	No action	No
Very narrow Multilateral Convention process not initiated	No	None	No	No action	No
Very narrow Multilateral Convention Ratified in 2019 but not yet deposited	Yes	Medium	Yes	Technical assistance – preliminary assessment in 2019	No
Very narrow Multilateral Convention initiated in 2017	No	Low	No	No action	No
Narrow Multilateral Convention signed in 2018	No	Low	No	Technical assistance – preliminary assessment in 2018	No
Very narrow Invited to sign the Multilateral Convention since 2019	No	None	No	No action	No
Very narrow	No	Low	No	No action	No
Narrow Multilateral Convention process not initiated	No	None	No	No action	No
Very narrow Multilateral Convention signed in 2019	No	None	No	No action	No
Very wide Multilateral Convention in force since 2015	Yes	High	No	Successfully assessed	First exchange in 2018
Very wide Multilateral Convention in force since 2019	In progress	Medium	No	Technical assistance – preliminary assessment scheduled in 2020	First exchange intended in 2021 No official commitment yet

Annex A

COUNTRY	Member-ship	Technical assistance programme	Implementation of EOIR standard		EOI infrastructure		
			1st round	2nd round	CA function delegation	EOI Unit	EOI resources and tools
Namibia	2019	Induction programme	–	Preparation to be launched Q1 2023	No	In progress	No
Niger	2015	Induction programme	–	No action taken Review in Q3 2022	No	No	No
Nigeria	2011	A la carte	LC in 2016	Review in Q2 2020	Yes	Yes	Yes
Rwanda	2017	Induction programme	–	Preparation in progress Review in Q3 2022	Yes	In Progress	No
Senegal	2012	A la carte	LC in 2016	Preparation in progress Review in Q1 2022	Yes	Yes	Yes
Seychelles	2009	A la carte	LC in 2016	Review ongoing Outcome in March 2020	Yes	Yes	Yes
South Africa	2009	A la carte	C in 2013	Review ongoing Outcome scheduled for 2020	Yes	Yes	Yes
Tanzania	2015	Induction programme	–	Preparation in progress Review in Q1 2020	No	Yes	Yes
Togo	2016	Induction programme	–	Preparation in progress Review in Q3 2021	In progress	Yes	Yes
Tunisia	2012	A la carte	Legal framework appropriate in 2016	Review ongoing Outcome in March 2020	Yes	Yes	Yes
Uganda	2012	A la carte	LC	Preparation in progress Review in Q3 2022	Yes	Yes	Yes

EOI network and Multilateral Convention status Very narrow <10 Narrow <50 Wide <100 Very wide >100	EOI strategy	Effective use of EOI over the last 3 years None Low <10 Medium <50 High <10 / Very High >100	Revenue gains identified	AEOI standard	
				Confidentiality and data safeguards framework	AEOI commitment
Narrow Multilateral Convention initiated in 2019	No	None	No	No action	No
Very narrow Multilateral Convention process not initiated	No	None	No	No action	No
Very wide Multilateral Convention in force since 2015	In progress	Low	No	Technical assistance – preliminary assessment scheduled in 2020	First exchange scheduled in 2020
Narrow Multilateral Convention initiated in 2019	No	Low	No	No action	No
Very wide Multilateral Convention Ratified	No	Medium	Yes	Technical assistance – preliminary assessment started	Under consideration
Very wide Multilateral Convention in force since 2015	No	Low	No	Successfully assessed	First exchange in 2017
Very wide Multilateral Convention in force since 2014	Yes	High	Yes	Successfully assessed	First exchange in 2017
Very narrow Multilateral Convention process not initiated	In progress	Low	No	No action	No
Narrow Multilateral Convention signed in 2020	In progress	None	Yes	No action	No
Very wide Multilateral Convention in force since 2014	Yes	Very high	Yes	Technical assistance – preliminary assessment started	Under consideration
Very wide Multilateral Convention in force since 2016	Yes	Medium	Yes	No action	Under consideration

Annex B

Statement of the participants at the 5th anniversary dinner of the Africa Initiative

25 November 2019, Paris, France

On the occasion of 5th Anniversary of the Africa Initiative, 7 African Ministers and 13 Heads of delegation, the Commissioner for Economic Affairs of the African Union, along with partners and donors, met to review progress of the Africa Initiative and consider broader tax challenges facing African countries. Given the scale of these challenges and Africa's need to intensify domestic resource mobilisation, including by combating illicit financial flows (IFFs), the participants welcomed the initiative by the Secretary-General of the OECD to host the meeting.

Two main topics were discussed: (i) the role of tax transparency and exchange of information in the fight against IFFs; and (ii) the future challenges in tax, particularly in the context of the digital economy.

In the context of the fight against IFFs from Africa, the participants welcomed the establishment of a framework of collaboration between the Africa Union Commission (AU Commission) and the [Global Forum on Transparency and Exchange of Information for Tax Purposes](#) (Global Forum) to advance the tax transparency agenda in Africa and foster the fight against tax evasion and other IFFs. They also welcomed the recent announcement that the AU Commission has become an observer to the Global Forum. They look forward to the publication of the joint 2019 [Tax Transparency in Africa Report](#), which will serve as a barometer of progress made in implementing the international standards of transparency and exchange of information in Africa.

They also commended the growing support for the [Yaoundé Declaration](#) and the increasing number of African countries signing the [Convention on mutual administrative assistance in tax matters](#).

In addition, the participants called for an intensification of work and effort in two areas. These were:

- Further strengthening the international tax cooperation framework by ensuring effective cross-border assistance in tax collection;
- Development of awareness and tools to facilitate the wider use of tax exchange of information data for tackling other IFFs, such as corruption and money laundering;
- Addressing the tax challenges of crypto-currencies.

The participants acknowledged the contribution of the partners to the Africa Initiative, the support of donors and the complementary efforts of other programmes, such as [Tax Inspectors Without Borders](#), and they welcomed the recent publication of the [Revenue Statistics in Africa 2019](#). They also welcomed the announcement by the European Union and France, within the framework of the Africa Initiative, to make substantial financial contributions to support capacity building work of the Global Forum and acknowledged the new partnership between the Global Forum and the African Development Bank Group.

Regarding the challenges of increasing digitalisation of business, participants acknowledged the importance of finding a consensus-based solution to the tax challenges of the digital economy at the global level. They emphasised the need to take into consideration African countries' perspective and called for all African countries to join the ongoing international efforts in advancing this objective. In this regard, they welcomed the AU initiative to meet in Accra, Ghana for the Specialised Technical Committee on Finance early next year and recognised the need for African countries to come with a position to advance the ongoing international efforts.

PARTICIPANTS TO THE 5TH ANNIVERSARY DINNER OF THE AFRICA INITIATIVE

Benin, Botswana, Cabo Verde, Cameroon, Côte d'Ivoire, Egypt, Gabon, Ghana, Guinea, Kenya, Lesotho, Madagascar, Mauritius, Nigeria, Senegal, Seychelles, South Africa, Togo, Tunisia, Uganda

Annex C

Yaoundé declaration

Made in Yaoundé, Cameroon, on 15 November 2017

In two originals in English and in French

A CALL FOR ACTION TO TACKLE ILLICIT FINANCIAL FLOWS THROUGH INTERNATIONAL TAX COOPERATION

We, signatories of this joint declaration gathered in Yaoundé, Cameroon on 15 November 2017, for the Tenth Plenary meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum);

Recalling the commitment of the Addis Ababa Action Agenda to redouble efforts to substantially reduce illicit financial flows by 2030, with a view to eventually eliminating them, including by combating tax evasion through strengthened national regulation and by scaling up international tax cooperation, including to support access to beneficial ownership information for competent authorities and progressively advance towards automatic exchange of tax information among tax authorities as appropriate.

Acknowledging that the report from the African Union and United Nations Economic Commission for Africa's High Level Panel on illicit financial flows from Africa has focused attention on the scale of the issue of illicit financial flows in Africa, which includes tax evasion and other criminal activities, and its negative impact on Africa's development and governance agenda while also identifying ways in which to tackle it, in particular by increasing cooperation and exchange of information to improve domestic resource mobilisation.

Emphasizing the unprecedented efforts made by the international community to improve tax transparency and exchange of information which are a prerequisite for effectively tackling international tax evasion and addressing gaps and mismatches in tax rules that allow for artificial profit shifting.

Recalling the universal Sustainable Development Goals of the United Nations, and in particular the domestic resource mobilisation objective, as well as the African Union principles in this area.

Affirming that sustainable development and good governance are among the seven African aspirations of the African Union Agenda 2063.

Having deliberated on the theme "Fighting illicit financial flows through international tax cooperation: A Call for Action in Africa".

Reaffirm the important role of the Global Forum in bringing about transparency in tax matters and in assisting developing countries in the implementation of the standards of exchange of information in tax matters (EOI) and the use of the EOI instruments in their domestic resource mobilisation strategy.

Note that while progress has been made in Africa, many countries still do not fully benefit from the new transparent tax environment: only 27 African countries are participating in exchange of information on request (EOIR), only five African countries are committed to automatic exchange of financial accounts information (AEOI), and a large number of African countries continue to have a small EOI network, gaps in their domestic legislation and administrative capacity constraints that hamper efforts to tackle international tax evasion.

Encourage all African countries and the Regional Economic Communities to strengthen their efforts in the fight against international tax evasion through tax cooperation and transparency and work towards more regional coordination;

Resolve to lead by example in using the powerful EOI infrastructure which has now emerged to counter international tax evasion and to support domestic resource mobilisation;

Endorse the renewal for three years (2018-2020) of the Africa Initiative launched in 2014 by the Global Forum with the support of the African Tax Administration Forum and the *Centre de Rencontre et d'Etudes des Dirigeants des Administrations Fiscales* and the World Bank Group.

Welcome the continuous support of the French Republic, the United Kingdom of Great Britain and Northern Ireland and the Swiss Confederation to the Africa Initiative and **Call upon** other international bodies to support the efforts of African countries in building their capacities.

Consider that tackling illicit financial flows in Africa through improved tax cooperation and transparency would be enhanced

Annex C

if carried out at the continental level under the auspices of the African Union with the support of all development partners and international and regional organisations.

Undertake an initiative by the African Union to begin a high level discussion on tax cooperation and illicit financial flows and their link to domestic resource mobilisation.

Encourage African countries with the support of the Global Forum Secretariat to explore with the African Union, United

Nations Economic Commission for Africa, Regional Economic Communities and the African Development Bank a collaboration aimed at boosting African countries' efforts towards implementing the international EOI standards and using EOI tools to improve their domestic resource mobilisation;

Request the Global Forum Secretariat to report back to the Africa Initiative Taskforce on the outcome of the above proposal within 6 months.

LIST OF SIGNATORIES (as of 27 November 2019)

	Country	Representative	Date
1	Cameroon	H.E. Alamine Ousmane Mey, Minister of Finance	15/11/2017
2	Liberia	H.E. Adolphus Forkpa, Deputy Minister of Finance and Development Planning	15/11/2017
3	Uganda	H.E. Haruna Kasolo Kyeyune, Minister of State, Minister of Finance, Planning and Economic Development	15/11/2017
4	Benin	Mr. Servais Adjovi, Chief of Staff, Representing the Minister of Economy and Finance	15/11/2017
5	Togo	H.E. Sani Yaya, Minister of Economy and Finance	19/01/2018
6	Ghana	H.E. Ken Ofori-Atta, Minister of Finance	22/02/2018
7	Seychelles	H.E. Peter Larose, Minister of Finance, Trade and Economic Planning	22/02/2018
8	Chad	H. E. Dr Abdoulaye Sabre Fadoul, Minister of Finance and Budget	26/03/2018
9	Madagascar	H.E. Andriambololona Vonintsalama, Minister of Finance and Budget	04/04/2018
10	Niger	H. E. Massoudou Hassoumi, Minister of Finance	09/04/2018
11	Gabon	H. E. Régis Immongault, Minister of Economy, Prospective and Sustainable Development Planning	10/04/2018
12	Burkina Faso	H. E. Edith Clémence Yaka, Minister Delegate to the Minister of Economy, Finance and Development	13/04/2018
13	Congo	H. E. Calixte Nganongo, Minister of Finance and Budget	13/04/2018
14	Guinea-Bissau	H.E. João Alage Mamadu Fadia, Minister of Economy and Finance	13/04/2018
15	Mali	H.E. Bakary Bocar Maiga, Ambassador of Mali in Congo, Representing the Minister of Economy and Finance	13/04/2018

	Country	Representative	Date
16	Senegal	H.E. Amadou BA, Minister of Finance and Planning	17/04/2018
17	Mauritius	H.E. Pravind Kumar Jugnauth, Prime Minister	28/05/2018
18	Mauritania	H.E. Mohamed Ould Kembou, Minister Delegate at the Ministry of Economy and Finance, with special responsibility for Budget	04/06/2018
19	Comoros	H.E. Said Ali Said Chayhane, Minister of Finance and Budget	05/06/2018
20	Côte d'Ivoire	H.E. Moussa Sanogo, Secretary of State to the Prime Minister, in charge of Budget and State Portfolio	21/06/2018
21	Lesotho	H.E. Moeketsi Majoro, Minister of Finance	19/07/2018
22	Nigeria	H.E. Kemi Adeosun, Minister of Finance	06/08/2018
23	South Africa	H.E. Nhlanhla M Nene, Minister of Finance	19/09/2018
24	Morocco	H.E. Mohamed Benchaaboun, Minister of Finance	21/03/2019
25	Tunisia	H.E. Mohamed Ridha Chalghoum, Minister of Finance	23/05/2019
26	Egypt	H.E. Dr Mohamed Maait, Minister of Finance	24/11/2019
27	Kenya	H.E. Amb Ukur Yatani, Acting Minister of Finance	25/11/2019
28	Cabo Verde	H.E. Olavo Correia, Deputy Prime Minister and Minister of Finance	25/11/2019
29	Djibouti	H.E. Ilyas Moussa Dawaleh, Minister of Economy and Finance, in charge of Industry	24/11/2019
		H.E. Abdoukarim Aden Cher, Minister of Budget	27/11/2019

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