

Former South African President Thabo Mbeki leads a High Level Panel to discuss illicit financial flows out of Africa with US authorities and other stakeholders during visit

Addis Ababa, 27 January 2014 (ECA) - The High Level Panel (HLP) on Illicit Financial Flows (IFFs) from Africa, led by its chair will meet with representatives of the US Government, private sector, academia civil society, and multi-lateral institutions during a visit to the US, to discuss the issue of IFFs, which have crippled Africa's development over the last few decades.

The HLP on IFF from Africa, established by the Economic Commission for Africa (ECA) and the African Union (AU) was inaugurated in February 2012 to address the debilitating problem of IFFs from Africa. The Panel is chaired by former President Mbeki of South Africa, and composed of nine other distinguished personalities from within and outside Africa.

The visit to the US, which takes place from 03-07 February 2014 in Washington D.C. and New York aims to engage US authorities and other important stakeholders on the scale, manifestations and negative impact of IFFs on Africa's development and governance. It will also serve to draw attention to the role that developed economies such as the US, who are among the main recipients of IFFs have to play in building a global coalition, which will help curb IFFs.

Highlighting the importance of the consultations, President Mbeki said: "Creating a global coalition to curtail illicit financial outflows from Africa will play a key role in providing a major source of funds for Africa's development programs in the near future. This is precisely what we would like to discuss with US stakeholders."

While IFFs represent a global problem, their impact on the continent poses a significant threat to Africa's governance and economic development. Current evidence shows that Africa lost over US\$854bn in IFFs between 1970 and 2008 corresponding to an annual average of about \$22bn. The trend has been increasing over time and especially in the last decade, with an annual average IFF of \$50bn between 2000 and 2008. The level of illicit financial outflows from Africa exceeds the official development assistance to the continent, which stood at \$46.1bn in 2012.

Some of the effects of illicit financial outflows are the draining of foreign exchange reserves thus curtailing the ability of African countries to meet their import needs, reduced tax collection, canceling out of investment inflows and a worsening of poverty. Such outflows also undermine the rule of law, stifle trade and worsen macroeconomic conditions.

The US consultations are part of a series of advocacy activities undertaken by the HLP to build a strong coalition and partnerships from within and outside the continent. The IFF programme by the HL is expected to provide a much-needed medium to campaign for effective national, regional and international legislation and policies that benefit not just Africa, but the world at large.

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