



**CONCEPT NOTE & AGENDA**  
**Expert Group Strategy Meeting and Discussion on Taxation of TNCs**

**13th October, 2016**  
**Hawthorn Hotel**  
**Abuja, Nigeria**

**Background**

Africa has some of the fastest growing economies in the world; however the continent still has to deal with deep inequality issues at the same time. As a result, there has been a move to ensure that Africa goes through an economic structural transformation. This has been defined as the reallocation of economic activity away from the least productive sectors of the economy to more productive ones<sup>1</sup>. It is a vital driver of economic development that the continent needs to ensure that growth is equitable.

This transformation will require an adequate, predictable, sustainable and integrated financing mechanism geared towards financing development<sup>2</sup>. Additionally, Africa needs to embark on deliberate and concrete reforms to capture currently unexplored or poorly managed resources. Central to this is curtailing IFFs and transforming these funds into a powerful tool for enhancing domestic resource mobilization to spur the continent's development. Undoubtedly, tax is the most reliable and sustainable source of mobilizing domestic revenue to finance development particularly for poor developing countries.

One area for focus is the extensive tax avoidance across the board on the part of transnational corporations by means of legal loopholes and a lack of international coordination. Greater transparency with regard to payment flows between companies and states is required here, as is cooperation between governments against practices of profit shifting and aggressive tax avoidance. Correspondingly, internationally agreed rules, international tax cooperation (exchange of data and information) and transparency (country-by-country reporting, including beneficial ownership) would be desirable to put a stop to the various tax avoidance mechanisms.

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<sup>1</sup> Taking stock of Africa's Structural Transformation <<http://www.africaneconomicoutlook.org/en/theme/structural-transformation-and-natural-resources/taking-stock-of-africa%E2%80%99s-structural-transformation/>>

<sup>2</sup> Addis Ababa Action Agenda <[http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA\\_Outcome.pdf](http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf)>

Africa as a continent is attempting to tackle issues pertaining to Illicit Financial Flows (IFFs) and taxation of TNCs. A significant step forward was the establishment of the High Level Panel on IFFs (HLP) in 2012 followed by the launching of the HLP recommendations in 2015. This has enabled UNECA, AU, TJN-A and other African civil societies to set up a consortium to help implement the HLP recommendations.

In light of this, the realm within which CSO's work regarding Tax Justice is constantly shifting and remains constantly dynamic. The key things that have happened over the past months include:

- The Financing for Development process leading to the Third International Conference on Financing for Development which took place in July 2015 in Addis Ababa, Ethiopia provided a unique opportunity to place taxation at the center of the development discourse.
- The related Post-2015 debate (FfD and SDGs) provides a clear framework on how tax related indicators can be used to measure progress towards sustainable development;
- The proliferation of Double Taxation Agreements that may soon become one of the major mechanisms for "legalized" tax dodging mainly through the elimination of withholding and capital gains taxes;
- The G20/OECD BEPS project with potential hegemonic but superficial impact on the reform of international tax rules particularly as it affects African and other developing economies.
- The Panama Leaks was the biggest data leak in history which thrust issues of Illicit Financial Flows into a global spotlight - especially with a number of African connections made. It also re-emphasizes the need for a serious and inclusive international tax reform process which will improve international tax cooperation and push for the elites and Multinationals to pay their fair share of taxes.

The tax justice movement has been largely led by Western countries working towards tackling the above issues. However, there is dire need to have these global conversations informed by African perspectives.

As a result, TJN-A and FES seeks to create a reference group to provide strategic advice and direction with regard to policy interventions on tax and international financial architecture from an African perspective. This would entail the group acting as a sounding board and to some



extent a co-creator of knowledge that can be used in the greater policy and advocacy domain. The expert group would ultimately provide direction for an African lead in the intellectual discourse of efforts to reform global finance.

#### **Overall aim of the meeting**

- Develop a strategy for the working / reference group
- Develop working guidelines

#### **Expected participants:**

- Academics, CSO representatives, journalists

#### **Date and Venue**

- The meeting will take place on October 13, 2016 at Hawthorn Hotel, Abuja, Nigeria. It will be a one day conference.

#### **About the organisers**

**Tax Justice Network - Africa (TJN-A)** is a Pan-African research and advocacy initiative established in 2007 and a member of the Global Alliance for Tax Justice. It is a network of twenty-nine members that represent sixteen African countries such as: Zimbabwe, South Africa, Ghana, Uganda, Egypt, just to name a few. Through its Nairobi Secretariat, TJN-A collaborates closely with these member organizations and other civil society partners across Africa and beyond to curb illicit financial flows and promote progressive taxation systems. TJN-A advocates for pro-poor tax policies and the strengthening of tax systems to promote domestic resource mobilization.

**The Friedrich-Ebert-Stiftung (FES)** has a rich tradition in social democracy dating back to its foundation in 1925. The work of the foundation focuses on the core ideas and values of social democracy – freedom, justice and solidarity. They promote free societies based on the values of solidarity, which offers all its citizens the same opportunities to participate on political,



economic, social and cultural levels. As a non-profit institution, they organize their work autonomously and independently.

**Contact names and addresses:**

***Crystal Simeoni***

Policy Lead – Tax Justice Network - Africa

Email: [csimeoni@taxjusticeafrica.net](mailto:csimeoni@taxjusticeafrica.net)

***Mary Kidane***

Project Manager- AU Cooperation office- Friedrich Ebert Stiftung

Email: [pm2@fes-ethiopia.org](mailto:pm2@fes-ethiopia.org)

## Programme For Expert Group Strategic Meeting and Discussion on Taxation of TNCs

13<sup>TH</sup> OCTOBER

08:30-09:00      **Registration**

09:00-09:30      **Welcome Remarks and Introduction of participants**

0930-1030      **Session One: Setting the Scene for the Expert Group Formation**

Moderator: TJN-A

1030-1100      **Tea Break**

1100-1300      **Session Two: Strategy development**

*Input: Mrs. Pooja Rangaprasad, Financial Transparency (FTC)*

Discussion

1300-1400      **Lunch**

1400-1530      **Session Three: Guideline Development and Creation of Road Map**

*Moderator: TJN-A*

1530-1600      **Tea Break**



1600-1730      **Session Four: Taxation of TNCs**

Input: *TJN-A*

***Guiding questions***

- What are the challenges of taxation of TNCs in Africa?
- What measures are taken at national, regional and continental levels to regulate taxation of TNCs?
- What are the pros and cons of instruments such as HLP recommendations?

1730              Closing