

9th PANAFRICAN CONFERENCE ON ILLICIT FINANCIAL FLOWS ON THE THEME:

"Fighting IFFs to close the growing inequality gap in Africa"

1st Country Conference: Yaoundé (In person and online)

REPORT OF THE COUNTRY CONFERENCE

25 and 26 october 2021



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List of Abbreviations

- ADIN** : Africa Development Interchange Network
- ANIF**: National Financial Investigation Agency
- CDC**: Chamber of Accounts
- CEMAC**: Economic and Monetary Community of Central Africa
- CONSUPE**: Superior State Control
- COVID-19**: Coronavirus 2019
- CRADDEC**: African Regional Centre for Endogenous and Community Development
- CTD** : Decentralised Territorial Collectivities
- DGD** : Directorate General of Customs
- DGI**: Directorate General of Taxation
- DMJ**: Global Youth Dynamics
- DSCE**: Growth and Employment Strategy Document
- IFFs**: Illicit Financial Flows
- GABAC**: Action Group against Money Laundering in Central Africa
- GAFI** : Financial Action Group
- GMP**: Multi-Stakeholder Group
- EITI** : Extractive Industries Transparency Initiative
- MINFI** : Ministry of Finance
- MINJUSTICE**: Ministry of Justice
- MINMIDT**: Ministry of Mines, Industry and Technological Development
- OECD**: Organisation for Economic Co-operation and Development
- CSO** : Civil Society Organisation
- PLANOSCAM**: National Platform of Civil Society Organisations of Cameroon
- PWYP**: Publish What You Pay
- SND30** National Development Strategy-Cameroon 2030
- TI-C** : Transparency International-Cameroon
- ToR** : Terms of Reference

I. Background and justification

The Pan African Conference (PAC) is one of the flagship activities of the Tax Justice Network-Africa (TJNA), in its vision of fair tax systems that promote increased fiscal revenues to finance African economies. For the past eight years, TJNA has facilitated the Pan African Conference (PAC) on Illicit Financial Flows and Taxation. In 2017, the conference focused on definitions, data and methodology of illicit financial flows. The 2018 event looked at corruption as an enabler of IFFs and in 2019 the event looked at taxation of intangibles, technology start-ups and the digital economy. The last edition, in 2020, addressed the theme of optimising domestic resource mobilisation from the extractive sector for Africa's transformation, particularly in the context of post-Covid-19 recovery efforts.

This year, after a long reflection on the implications of Covid-19 on the continent, the Pan-African Conference 2021 was co-organised by TJNA and the African Tax Administration Forum on the theme **"Tackling IFFs to bridge the growing inequality gap in Africa"**. And in the spirit and tradition of the Conference, the two partner institutions collaborated with other organisations to ensure the success of the 9th edition of the Conference.

Thus, in view of the multifaceted constraints posed by the health pandemic, the Pan-African Conference, which took place from 25 to 29 October 2021, was decentralised over the first two days (25 and 26) into Pan-African Country Conferences (**South Africa, Cameroon, Kenya, Uganda, Nigeria and DRC**), as a prelude to the Pan-African Convergence Conference in Nairobi. Wherever possible, the various sessions were in a hybrid format (face-to-face and virtual). The Pan-African Country Conference presented high-level insights from key government and parliamentary officials, civil society leaders, private sector leaders, political actors and private researchers, with a focus on combating international tax evasion.

The pan-African country conference is Cameroon's contribution to the pan-African debate on the fight against IFFs and taxation, led by TJNA at regional level. Operationally, it is part of the implementation agenda of the ADIN, Afroleadership, CRADEC, DMJ and TI-C Consortium, but funded by Tax Justice Network-Africa (TJNA).

A framework for exchanges and interactive sharing between the various actors involved in the implementation of the modernisation of global and sectoral public finances, the Pan-African Country Conference was held on 25 and 26 October 2021 at the Merina Hotel, Yaoundé.

II. Objectives of the conference

The overall objective of the Pan-African Country Conference was to support the Cameroonian government in its commitment to a fiscally efficient and taxpayer-friendly tax system, characterised by a broad tax base, fair tax rates for the economy and the fight against IFFs in order to address growing inequalities Post-Covid-19.

More specifically, it was about:

1. Monitor the progress of the implementation of reforms such as the Public Finance Reform Plan and the Report of the High Level Panel on Combating International Tax Fraud and Evasion;
2. Identify transformative actions and solutions for actors such as parliamentarians, civil society organisations, the private sector and other influential actors who are key to modernising public finances and combating illicit financial flows (IFFs);
3. Create opportunities for increased partnerships and collaborations for a national strategy to combat IFFs in Cameroon;
4. To demonstrate the emergence of innovative policies and tools that are effective in the fight against IFFs.

III. Expected results

The expected results were:

- The state of implementation of public finance reforms is mapped and presented;
- Transformative actions and solutions towards political and influential actors are identified;
- A mapping of opportunities and collaboration is created;
- Innovative initiatives, best practices and tools to fight tax evasion and fraud are presented.

IV. Workshop process

In accordance with the ToR, the two-day conference was filled with an introductory session and discussion sessions on the issue of IFFs in Cameroon as follows.

Introductory session

a. Welcome and opening of the meeting



The opening session was punctuated by four articulations:

- The singing of the National Anthem led by Mr **TSOUNKEU Martin**, General Representative of ADIN;
- The words of welcome and presentation of the conference by Mr **Mballa Mballa Jean**, Executive Director of CRADEC, Leading CSO on the Budgetary Governance Consortium;
- The speeches of Mr **DJIOKO André**, Representative of the Audit Chamber of the Supreme Court, who insisted on the commitment of the Audit Chamber to contribute to the fight against IFFs;
- The opening speech of the conference by the **Honorable SIMO Joséphine**, representative of the Parliament.



The introductory session presented the context and objectives of the conference, whose resolutions will contribute to the reduction of inequalities, especially in the COVID-19 context.

b. Presentation and expectations of participants

The introductory session also allowed participants to share their expectations. These included:

- Have the tools to fight against IFFs in the mining sector;
- To have the contributions of all to promote the fight against IFFs;
- To be educated on IFFs;
- Learn strategies to combat IFFs;
- Learn about the origins of IFFs in Africa;
- Know the actors in the fight against IFFs;
- To be able to make every citizen understand that they have to pay taxes.

Panel 1. Panel 1: The Public Finance Modernisation Plan in the COVID-19 context: Progress, constraints and prospects for economic and budgetary programming 2021-2024



a. Panellists' interventions

The first panel discussion was moderated by Martin T. (ADIN), and the interventions of panelists Prof Kobou Georges, Mr Djoko André (CDC) and the Honourable Joséphine SIMO.

From their speeches, we can see that Public Finance has embarked on a reform that is manifested at the legal and institutional levels. On a legal level, the government has internalised the CEMAC directives, resulting in the promulgation on 11 July 2018 of two laws: one relating to the financial regime of the State and the other to transparency and good governance in the management of public finances in Cameroon. These laws expanded the competences of the CDC, granting it in particular the prerogative of management and accounting controls. This control did not go as far as sanctions, but from now on, sanctions will start to be implemented. For example, the CDC carried out a management audit of COVID-19 funds and found several anomalies. In this context, it made 30 recommendations and found 15 management faults and transmitted 11 reports to the Ministry of Justice on facts liable to criminal prosecution.

Concerning the control of public accounts, it is now interested in the Decentralised Territorial Collectivities (DTCs). And, having invited mayors to be more rigorous following several controls carried out, communal executives are now exposed to these controls and related sanctions.

On an institutional level, the budget faces revenue and expenditure constraints. The constraints in terms of tax revenues are expressed in the challenge of mobilising these revenues. Although they are important for the country, they are still low because of the weak capacity of our institutions to mobilise or collect them. As far as expenditure is concerned, the programme budget is supposed to be implemented, but to date it has not been fully effective. To address these mobilisation constraints, one of the reforms is therefore the digitalisation of the system, which allows, among other things, the collection of revenues through a MINFI digital platform.

In addition, for the COVID period, in order to support the private sector, exemptions were granted to companies, including those in the agricultural sector, and the State contracted loans whose management and auditing suffered from the absence of control by parliamentarians due to their lack of access to these audit reports.

b. Discussions on the interventions of panel 1

At the end of the panellists' presentations, there was a question-and-answer session with a view to making recommendations. These question-and-answer sessions thus made it possible to question:

- The relevance and effectiveness of exemptions granted to companies for the national economy;
- The flaws or limitations of the declaratory system that favours illicit financial flows;
- The action of parliamentarians and the Chamber of Accounts to ensure that the application texts of the law of July 2018 and the mining code of 2016 are taken;
- Access by parliamentarians and the CDC to mining and petroleum agreements in order to exercise their control prerogative granted by the July 2018 law;
- The control of government action by parliamentarians;
- The effectiveness of the sanction for mismanagement which will now be applied by the CDC;
- The non-publication of CDC audit reports on COVID funds, contrary to the July 2018 law;
- The impact on the life of the citizen at the grassroots;
- The inclusion of digital payments that are still beyond the control of the government.

A number of recommendations and lessons were drawn from these discussions. These include:

- Evaluate the impact of tax exemptions granted by parliamentarians to ensure that they actually benefit the economy;
- Take action to ensure that the implementing decrees for (i) the law on transparency in public finance management and (ii) the 2016 mining code are quickly issued;
- Take measures to address the limitations of the reporting system;
- Consider, for the CDC, first educating the actions involved in the management of public funds, including the DTCs, before moving on to the sanction phase.

Panel 2. The fight against international tax fraud and evasion in the public finance reform programme: a lever for economic recovery in the context of the COVID-19 pandemic



a. Panellists' interventions

The second panel was moderated by Martin TSOUNKEU (ADIN), and developed by Mrs. **ABBYIA** of the DGI, Mrs. **AMUNGWA BODANG Epse NJENDE** of the DGD, Senator **KINYANG N. Georges**, and Mr. **Francis SIMEU**, of Transparency International-Cameroon.

Starting with the definition of the concepts of tax avoidance / tax evasion and tax fraud, highlighting their character which is either based on loopholes in the law for avoidance, or illegal for fraud, its impacts (on inflation, balance of payments, unemployment and underemployment), the mechanism of the fight and the impact of the said fight were presented. This mechanism is based on four pillars:

- (i) The legal framework (DSCE, SND30 , finance law, financial regime, transparency code, CEMAC provisions, etc.);
- (ii) The missions of the DGD (tax, economic, surveillance, assistance to other administrations, facilitation, and control of foreign trade and foreign exchange financial operations);
- (iii) The operational mechanism with the deployment of the customs administration, notably through airport currency control, information exchanges with ANIF, export control, SYGEC, NEXUS and CAMCIS.
- (iv) National, regional and international cooperation with GABAC, GAFI and participation in several international operations to combat these scourges.

In their interventions, the panellists presented some aspects of the above-mentioned national legal framework put in place to fight fraud and tax evasion. These include:

- In the 2020 finance law: the strengthening of the mechanism to fight against the illicit transfer of profits; the clarification of the arm's length principle as a reference in the fight against abusive transfer prices (transaction prices or profit transfers between companies of the same group); the alignment of the documentary obligation in the area of transfer pricing control with international standards: Cameroon has decided to extend the time limit for transfer pricing control from 9 to 12 months
- Cameroon's accession to the OECD convention in 2017, which improves national capacity to collect tax information, especially with respect to Cameroonian subsidiaries of multinationals whose parent companies are mostly located in tax jurisdictions party to the convention

- The penalty for failure to comply with the deadline (15 March at the latest) for filing an annual transfer pricing declaration electronically. The penalty after a 15-day notice is a fine of 5% of the amount of the transactions concerned by the documents. This amount cannot be less than FCFA 50, 000,000.

b. Discussions on the interventions of panel 2

At the end of the panellists' presentations, there was a question-and-answer session with a view to making recommendations. These question-and-answer sessions thus made it possible to question:

- The role of CSOs in the fight against IFFs including tax fraud and evasion;
- Mechanisms for compelling states to meet their commitments;
- Budgetary disaster prevention;
- Existing mechanisms to combat IFFs;
- Mechanisms and actions to control the spending of taxpayers' money;
- The influence of politics in the role of parliamentarians in controlling government action;
- The independence of the CDC.

A number of recommendations and lessons were drawn from these discussions. These include:

- The independence of the CDC, although partial, is based on three elements: It adopts its programme, it takes its decisions and it works on the basis of the texts;
- The DGI has no disaster prevention mechanism because it operates on the basis of the budget, which is annual and influenced by the economic situation;
- State constraint mechanisms exist. They can consist of the suspension of states from certain international initiatives or institutions (EITI, Commonwealth);
- The fight against IFFs relies on both the will of citizens and politicians;
- Take action to limit the circulation of cash as it promotes IFFs;
- Parliamentarians must bear in mind that they can rely on the people they represent to denounce and even take legal action;
- Strengthen the right to information by obliging certain institutions to share information;
- Strengthen cooperation between institutions, especially the police and customs;
- Establish or strengthen and participate in a Task Force on IFFs;
- Strengthen civic awareness on IFFs issues;
- Reassure citizens about the banking security of their income;
- Train magistrates so that they are specialised in tax issues;
- Enable the judiciary to take over cases of IFFs.

Panel 3. The fight against IFFs in trade for an optimal valorisation of the Cameroonian productive sector

Panel 5. Public Finance Modernisation: Experiences and opportunities for multi-stakeholder partnerships and collaborations



a. Panellists' interventions

Due to the delay, the 3rd and 5th panel discussions were put together. They were moderated by Jean Mballa Mballa (CRADEC), and the speakers or panellists were: Prof. Georges Kobou (UY 2), Bernard Dongmo (PWYP), Livinus Essambe (AGNR) and Charlie Ngounou (Afroleadership).

In the context of the fight against IFFs in trade, the panelists first presented the different meanings of IFFs (from a fiscal and development perspective) before presenting them in trade and the approaches to quantifying the losses they cause. In fact, in Cameroon, these IFFs are of several kinds:

- (i) Tax and trade-related IFFs such as (a) flows arising from tariff, duty and revenue violations; tax evasion; (b) unobserved, hidden or informal activities, or the so-called "grey" or "underground" economy (acts contrary to tax provisions; import/export violations); (c) tax evasion practices such as transfer pricing manipulation, debt shifting, tax deferral, etc.
- (ii) IFFs arising from corruption: (a) bribery; (b) embezzlement; (c) abuse of office; and (d) trading in influence and illicit enrichment.
- (iii) IFFs related to theft and the financing of crime and terrorism such as (a) theft, extortion, illicit enrichment and kidnapping and (b) the illicit and voluntary transfer of funds between two actors for the purpose of financing criminal or terrorist activities.
- (iv) IFFs from illegal markets in cases of national or international trade in illicit goods or services.

As for the quantification of losses, it is generally based on (i) the bilateral trade mirror method; (ii) the balance of payments residual method; and (iii) the price filter method.

In terms of sharing experiences in the partnership, they focused on the tripartite dialogue platform that is the Cameroon EITI Committee on one hand and on the Open Budget on the other.

The EITI Committee stems from the government's commitments under the EITI. According to the EITI Standard, this initiative implemented in 54 countries must be supported by a coalition of government, companies and civil society called the Multi-Stakeholder Group (MSG), which oversees the

implementation of the EITI. Civil society plays an important role in the design and monitoring of the process. Civil society is therefore involved in launching the process, defining the scope of the EITI, reconciling and publishing data, etc.

The GMP is tripartite and well-structured with rules on the independence of each constituency, freedom of expression and action, representativeness within each constituency and participation of all in the EITI process. Within the framework of this platform, the implementation of the EITI has made it possible to make public: the revenues of the extractive sector since 2005; the use of these revenues; information on the context of exploitation of extractive resources. However, the platform is experiencing some difficulties within the framework of its mandate: dysfunction of the GMP; insufficient funding of the Committee; non-compliance with requirements (publication of contracts, beneficial or real ownership, civil society protocol, etc.); violation of the independence of each college; poor disclosure of information contained in reports; weakness of the public debate on the extractive industries.

As for the Open Budget, it is a global research and advocacy programme to promote public access to budget information and the adoption of accountable budget systems. Civil society is a member of this initiative alongside government. Civil society takes ownership of the aspects of finance that interest it to amplify the work of government. It has a duty to take information and transform it for the benefit of citizens. It must exploit the July 2018 Transparency Code which calls for transparency of contracts. Without a contract, we cannot know what is actually ours. Hence the need to demand this. With transparency, it is up to us to exploit the information made available. For example, in the 2018 EITI report, you see the actual owners and what is observable is that there are people in high positions in the country who have 04 titles and yet are involved in negotiating contracts.

b. Discussions on the presentations of panels 3 and 5

A question-and-answer session was held with a view to identifying recommendations. These rounds of questions and answers thus made it possible to question:

- Legal recognition of CSOs in Cameroon;
- The failure of MINMIDT to bring the interests of communities before the courts against mining operators;
- The reasons for the difficulties encountered by CSOs in the fight against IFFs in the extractive sector
- The consequences of IFFs on decent employment;
- CSO publication of information on the impacts of IFFs;
- Mechanisms for including people's voices in the budget process.

A number of recommendations and lessons were drawn from these discussions. These include:

- The difficulties of CSOs stem from (i) the willingness of the state to take into account the proposals of the people, (ii) the opacity of information and (iii) the lack of transparency that prevents CSOs from carrying out investigations and taking relevant actions;
- The 1990 law on freedom of association recognises the existence of CSOs in Cameroon;
- PWYP has done several studies on IFFs including those on environmental fraud in the mining sector and another in the quarry sector;
- In terms of budget preparation, it must be acknowledged that there has been progress in Cameroon: the population now has the right to participate. Indeed, the law of July 2018 explicitly allows this. The problem is the capacity to do so. At the local level, it is more open so that the expectations of the populations can be integrated through the Communal Development Plan (PCD). In addition, it is required that programme budgets integrate PCD. In addition, there is a platform for dialogue with parliamentarians. Civil society participates in the steering committee of this platform and works to ensure that CSOs can participate directly or indirectly in the budget debate;
- Take actions to limit the circulation of cash as it favours IFFs;
- Parliamentarians should bear in mind that they can rely on the people they represent to denounce and even take legal action;
- Strengthen the right to information by obliging certain institutions to share information;
- Strengthen cooperation between institutions, especially the police and customs;
- Establish or strengthen and participate in a Task Force on IFFs;

- Strengthen civic awareness on IFFs issues;
- Reassure citizens about the banking security of their income;
- Train magistrates so that they are specialised in tax issues;
- Enable the judiciary to take over cases of IFFs.

Panel 4. Mobilising internal resources for transparency and accountability in the extractive sector



a. Panellists' interventions

The panel discussion was moderated by Jean Mballa Mballa (CRADEC), and the interventions of panellists **AWONO Jean Claude** (MINMIDT) and Mr. **KANGA ZE Roland** of CODEN.

The panellists' contributions show that the mining sector is one of the cornerstones identified in the DSCE to underpin growth until 2020. MINMIDT is the key administration in the government's logic to develop national production from extraction, through industrial processing to the export of raw, semi-processed and processed products. MINMIDT is organised for the occasion according to Decree N°2012/432 of 01 October 2012 on the organisation of the Ministry of Mines, Industry and Technological Development.

Through the Head of Brigade and five (05) Controllers, MINMIDT implements strategic and operational measures in terms of control/regulation capacities with regard to the requirements of transparency and accountability in the activities of exploration, extraction and marketing of extractive sector products. Furthermore, through the creation of SONAMINES, by decrees N°2020/749 and 2020/750, *its mission is to develop and promote the mining sector in Cameroon, with the exception of hydrocarbons and quarries, and to manage the interests of the State in this field.*

As for Governance and transparency in the mining sector in Cameroon, it is governed by Law No. 2016/017 of 14 December 2016 establishing the Mining Code in its articles 141 and following.

As for the consideration of accountability in a context of accelerated decentralisation, *Law No. 2016/017 of 14 December 2016 on the Mining Code in its articles 164 brought an innovation by instituting the concept of local content to take into account the interests of the DTCs and local residents.* Thus, the development of mining resources and industrial quarries must include the "local content" component which specifies the benefits of the mining projects and quarries selected, notably on the economic, social, cultural, industrial and technological development of Cameroon.

It was also said that oil exploration started in 1947 and the first commercial discoveries were made in 1972, and the first barrels were exported from Cameroon in November 1977. SNH was created in 1980. Generally speaking, oil activity is carried out by multinational companies which are under two regimes today. Before the promulgation of the last petroleum code, they worked under concession regimes. With the advent of the petroleum code, we have moved from the concession regime to the PRODUCTION SHARING CONTRACT. Production is shared regardless of the regime.

The oil business generates a lot of resources, so from the granting of permits to have access to exploration, then after discovery the companies pay a lump sum for exploitation. They pay customs duties at variable rates and are subject to corporate tax. So the budgetary resources are mobilised from taxes, customs duties and the share that the state receives and sells.

In terms of communication, in the past, oil revenues were not budgeted, but now they are. So, in terms of the finance law, there is a very precise amount that is expected from oil revenues. In the framework of the EITI, this transparency exists, and everything that has been spent and earned is known. The information is published on the EITI website and quarterly on the SNH website.

b. Discussion on the interventions of panel 4

The discussions focused on:

- The role of MINMIDT in securing the population from internal and external aggression;
- The role of MINMIDT in forcing the restoration of sites;
- The destination of the oil money;
- The way in which the mining valuation process is analysed.

Panel 6. Experience in mobilising African parliamentarians in the fight against IFFs and Taxation

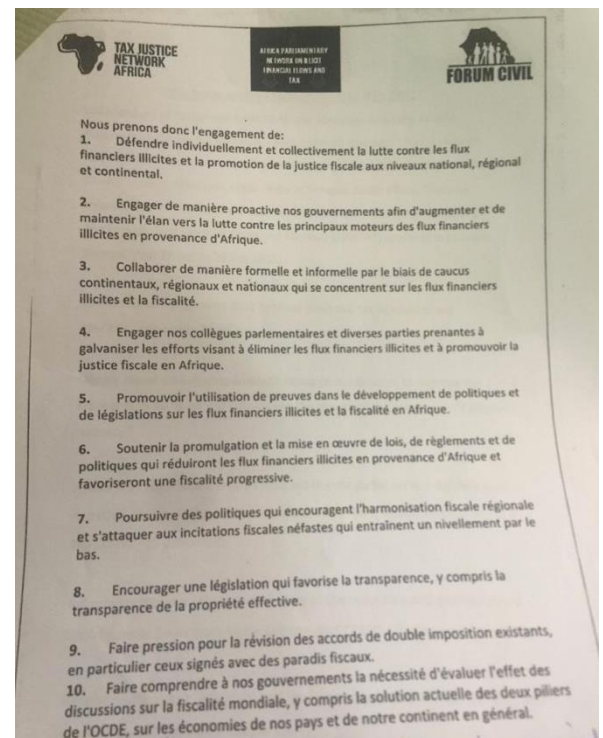


a. Panellists' interventions

The panel discussion was moderated by Samuel Biroki (PLANOSCAM), and included interventions by Senators Jean Marie Pongmoni and Kinyang Georges, Honorables Simo Joséphine and Marie Louise Tchouaga.

The panelists shared their experiences in combating IFFs from the African Parliamentarians' Conference on Combating IFFs and Taxation. Starting with the definition and types of IFFs, the presentations looked at the impacts of IFFs in terms of missed development opportunities, lost livelihoods and increased poverty. To address these IFFs, African governments, in concert with relevant stakeholders on the continent, need to strengthen the recovery of stolen assets, establish new standards to prevent IFFs and engage in more concerted actions to combat the negative impact of IFFs on African economies. In their remarks, the parliamentarians recalled their role: to vote on laws, to control the action of the government and to represent the people. They pointed out that the fight against IFFs makes them key players in nation-building if one considers that the major source of IFFs is tax evasion, corruption, tax exemptions, money laundering and capital flight.

Finally, they shared their experiences as part of their participation in the African Parliamentarians' Network Conference on IFFs and Taxation held in Dakar, Senegal from 27 to 29 September 2021. During this conference, the role of parliamentarians in the fight against IFFs was articulated around three axes: prevention, dissuasion and repression. Ten (10) commitments were made at the Dakar conference and sub-regional representations were set up for the implementation and follow-up of these resolutions and Senator Pierre Flambeau NGAYAP is Vice-Chairman of the Central African sub-regional committee.



b. Discussions on the interventions of panel 6

The discussions focused on:

- the concerns and doubts of the participants about the effective role of parliamentarians in defending the interests of the people they represent in this institution vis-à-vis the government;
- the capacity of parliamentarians to influence or even block the budget
- the need for collaboration between CSOs and parliamentarians;
- the need for the establishment of a Task Force on IFFs.

These exchanges and reactions from the panellists made it possible to understand and remember that:

- Parliamentarians do not just adopt what is proposed by the government. They question them and examine their proposals thoroughly before taking a decision;
- - Regarding the influence on the budget, it is not relevant to block it because the impact is national. However, the parliamentarians, after taking responsibility and distributing tasks according to each theme or sector addressed by the budget to be voted, consult civil society to have a better understanding and good arguments with the government;
- - There is already a Task Force. Those who are interested in participating can do so.



Panel 7. Cameroon's commitment to the fight against money laundering and terrorist financing

Because of the similarity between the three remaining themes, the three remaining panels moderated by Martin Tsounkeu and Jean Mballa Mballa, and developed by Mr. de **KAMDOUM T.P Bernard** from ANIF, Mr. **TANY MBIANYON** from DGI, Mr. **TIDO Raymond** from DGD and Mr. **LINGE Idriss**, from ECOFIN, have been put together as they are mainly concerned with the presentation of tools,

institutions, national and international mechanisms for the control of, and the fight against IFFs, including money laundering.

a. Panellists' interventions

L'intervention des panélistes a laissé voir que la lutte contre le blanchiment des capitaux et le The intervention of the panelists showed that the fight against money laundering and terrorist financing is first and foremost a global affair and Cameroon, being a member of the international council, is called upon to internalise the international provisions both at the regulatory and institutional levels.

At the global level, the legal texts that underpin the fight against money laundering and the financing of terrorism are, among others, the Basel Declaration of 12 December 1988, known as the Declaration of Principles of the Rules Committee, the Banking Supervision Practices and the Vienna Convention of 20 December 1988 against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

The international institutional framework is that of the United Nations, such as the UNODC's Global Programme on the Fight against money laundering.

At the CEMAC level, AML/CFT is governed by Regulation N°01/03/CEMAC/ UMAC/CM of 4 April 2003 on the prevention and suppression of money laundering and terrorist financing in Central Africa. This text was amended in 2010 and repealed in 2016.

In Cameroon, the AML/CFT, from 2006 to 2019, will have allowed the ANIF to transmit 951 reports in court;

- The financial flows identified during this period amounted to one thousand five hundred and forty-four billion three hundred and seventy-three million seven hundred and eighty thousand seven hundred and eighty-eight (1 544 373 780 788) CFA francs;
- Cases of scamming and embezzlement of public funds still rank first and second respectively.
- Adjustments and other penalties recovered following the exploitation of financial intelligence provided by the ANIF:

DGI: in 2019, total return of **CFAF 2 009 870 406;**

DGD: in 2020, issued yield of **FCFA 303 000 000;**

EFFECTIVENESS LINKED TO THE UNDERLYING OFFENCES

- **TCS:** more than 143 billion FCFA since 2012, in damages and costs by the various judgments of this court.
- **CONSUPE/CDBF:** Fines following sanctions ;
- **CONAC:** cumulative financial gains from 2011 to 2017: **CFAF 1,652.5 billion**

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- **CONSUPE/CDBF:** Fines following sanctions;
- **CONAC:** cumulative financial gains from 2011 to 2017: **CFAF 1,652.5 billion**

In the end, Cameroon's system for fighting financial crime is becoming more effective;

- Nevertheless, there is still much to be done, as noted in its national AML/CFT risk assessment;
- its mutual evaluation report.

For example:

- Better coordination/ cooperation;
- Structuring AML/CFT in the non-financial business sector;
- Implementation of freezing and confiscation measures.
- Keeping statistics.

The DGD is also involved in AML/CFT at the EU level through Regulation No. 01 on the fight against money laundering, and at the national level through the 2018, 2020 and 2021 Finance Acts. Furthermore, it is cooperating with banks, the ANIF and African customs administrations. The DGD uses control tools such as scanners, geolocation surveillance, risk management which allows for risk analysis, and

the dematerialisation of customs clearance procedures. The customs mission was able to recover an amount of CFAF 9,975,878,000,077.

Panel 8. International instruments to promote transparency and financial integrity and their relevance in the regional and national context

From the panelists' contributions, it is clear that the definition of IFFs has evolved considerably. Thus, from its classic definition, Illicit Financial Flows are a form of illegal capital flight that occurs when money is earned, transferred or spent in violation of the law. This includes the proceeds of activities such as bribery, money laundering generated by trafficking of all kinds that are prohibited by law. But the meaning of this notion has evolved and now includes actions that, while legal, deprive many countries, especially the poorest, of the promise of a better future and living environment. The most recent official evolution of the concept of Illicit Financial Flows is contained in the report published by the FACTI Panel on 25 February 2020.

Through the phenomena of "The Panama Papers", "Pandora Papers" etc., evidence of the existence of IFFs is becoming more and more real.

427 billion is the **estimated amount of tax losses each year worldwide according to the 2020 State of Tax Justice Report published in November 2020 by Tax Justice Network.**

African losses are estimated at \$25.7 billion

IFFs are a concern as Africa is the big loser.

The challenges in analysing and understanding IFFs in Africa and in Cameroon are due to:

- **IFFs are managed by complex structures;**
- **Experts in legal, tax and financial engineering;**
- **An ever present offer of Tax Havens, the repository of IFFs;**
- **Difficulty in accessing data in Africa and Cameroon; Difficulty in accessing and questioning those who benefit from it,**
- **The capacity of tax administrations still needs to be improved; representation structures are poorly equipped to deal with the issue of IFFs**
- **And a civil society that is still learning how to advocate on the subject**

The 3 main tools for identifying and understanding IFFs developed by the Tax Justice Network: [\(Financial Secrecy Index\)](#), [\(Corporate Tax Haven Index\)](#) and [Illicit Financial Flow Tracker](#).

Panel 9. Methodology and tools for identifying and measuring IFFs vulnerability risks in African countries and Cameroon

In his presentation on the theme of the Common Research Framework (CRF), Jean Mballa Mballa presented 6 categories of indicators to be taken into account in observing or assessing the level of equity in the national tax system, namely: (i) distribution and progressivity of the tax burden, (ii) revenue adequacy and tax leakage, (iii) governance and transparency of corporate tax exemptions, (iv) efficiency of tax administration, (v) government expenditure and (vi) transparency and accountability. On the basis of these 6 elements we can check whether our tax system is fair or not, using a grid to analyse the data collected through a questionnaire. He went on to give some examples of countries such as Cameroon which is in its first edition and of these examples, the following indices can be used for monitoring: Personal Income Tax (PIT), Corporate Income Tax (CIT), Wealth Tax, VAT / Turnover Tax, Flat Tax / Turnover Tax (taxes on the informal economy).

b. Discussions on the presentations of panels 7, 8 and 9

At the end of the presentations, all the participants' questions and reactions focused on:

- The causes and methodology of the tax adjustment of vehicles as they pass through customs before being put into circulation in the national territory;
- The need to take into account the practice of staggered declarations made by citizens in order to avoid the authorised ceiling and therefore the control of the ANIF;

- The need to organise one or more training sessions for MPs on these national and international instruments and tools that contribute to the fight against IFFs, including money laundering;
- The synergy between national control institutions: ANIF, CONAC, Customs, CONSUPE, the Audit Chamber of the Supreme Court, etc.
- The competence and freedom of control institutions such as ANIF to deal with the persons identified in Pandora Papers;
- The impact of the Sino-Cameroon collaboration on human rights (of nationals) including the leakage of coins;
- The production and provision of training materials on IFFs;
- The capacity for control in the crypto-currency sector.

From these questions, clarifications were provided, from which we can retain that:

- The panelists assured their availability to train parliamentarians on identified needs;
- Regarding adjustments, not all goods go through the scanner because this is done according to the risk index. Moreover, the customs system is declarative and dematerialised, so with the concern of facilitating the delay (Cameroon had the reproach of having the longest customs procedures), deferred control is privileged. Thus, it is preferable for the citizen to make a correct declaration to avoid this adjustment which will certainly happen.
- The leakage of coins is facilitated by the regulations and the porosity of the borders. The regulations allow people to travel outside the territory with a maximum of 5,000 CFA francs in coins;
- For staggered transactions, the ANIF takes into account the amount and frequency over a given period to detect this type of fraud;
- The different control institutions have their own specialities that complement each other. The most important thing is not the quantity of existing institutions but rather their efficiency in control. Also, it is important that each citizen contributes to the fight against these IFFs;
- The ANIF does not take care of itself. As far as the judiciary is concerned, prosecutors can initiate public action but it will be limited insofar as it will be necessary to rely on mutual legal assistance with complicated conditions that very often border on refusal to cooperate.

Panel 10. Participants' recommendations at the end of the conference



In order to ensure that this conference could lead to solutions that would contribute to the fight against IFFs, a session was organised to propose recommendations. Moderated by Martin Tsounkeu, the following recommendations emerged from the participants' interventions:

- Encourage synergy between the control institutions and the citizen to enable these institutions to investigate denunciations;
- - Communicate on all the schemes implemented to recover revenue in case of false declaration in order to encourage citizens to make correct declarations to customs;
- - To monitor more closely the situations of exemptions ;



- Lesson: Remember that there is no point in keeping money in banks outside the country because in the end you cannot repatriate it and you do not benefit from it;
- Set up an information-sharing platform between control institutions to identify repeat offenders of fraudulent practices;
- Set up an inclusive observatory of IFFs;
- Develop a synergy of intensive actions to fight against IFFs;
- That parliamentarians initiate bills from now on instead of waiting for them to come from the executive. This would be an opportunity to make a law proposal on IFFs;
- The ANIF should work on securing the income of citizens in micro-finance, especially through investigations of the morality of the owners of these micro-finance establishments;
- Educate citizens at the grassroots and at all levels on good practices;
- Include the diaspora in the fight against IFFs;
- Exchange best practices with other African countries, especially Anglo-Saxon countries, as

they have good experience in this area;

- Make an inventory of the application texts that are still pending and send them to the President of the Senate and the Prime Minister;
- Extend the duration of such conferences to allow for more in-depth reflection;
- Advocate for the audit institutions to be given the status of Special Judicial Police Officer;
- Produce a simplified document of mechanisms, strategies and tools for monitoring IFFs;
- Engage every citizen in the fight against IFFs;
- Put a ceiling on and motivate direct transfers from SNH;
- Organise public awareness and information days on IFFs;
- Set up a team to follow up the recommendations of this conference;
- Sanction the perpetrators of IFFs;
- Split the Task Force according to expertise and categories of actors;
- Engage the media in the fight against IFFs;
- Parliamentarians should ensure that a draft decree is attached to each bill;
- Make the tax system attractive to citizens in order to encourage them to pay their taxes and thus avoid IFFs;
- Organise an inclusive debate on the fight against IFFs;
- Raise awareness and educate the citizen on ethics in a broad way.