

Hemorrhaging Capital

If a [recent report](#) by Global Financial Integrity is to be believed, illicit financial flows out of Africa amounted to \$854 billion (see chart) over the last 39 years, or \$1.8 trillion once mispricing of services and smuggling is added. Cumulatively, flows exceeded Africa's outstanding external debt at the end of 2008. Volumes have increased each decade, growing at an average rate of 12.1% p.a. Only the increases in oil and commodity prices have kept illicit flows down to a relatively modest share of Africa's GDP, down from 11% in 1987 to 7% in 2008.

"This staggering loss of capital seriously hampers Africa's efforts at poverty alleviation and economic development". It drains currency reserves, heightens inflation, reduces tax collection and investment, and undermines trade. Commercial tax evasion, mostly through trade mispricing, is responsible for the lions' share. Criminal activities, including drug trafficking, racketeering and counterfeiting account for a third of the flows. Bribery and theft by Government officials accounts for only 3% of the total.

The implications of this are enormous. The only good news to be extracted from a dismal picture is that there is huge scope for increasing revenue generation by tackling the phenomena that result in illicit flows.

As was pointed out [in the margins of a recent ECA/AU meeting in Lilongwe](#), blaming African leaders is not enough – and unfair. The need for more joined up approaches by Africa's partners, whether traditional donors or from the global south, is stark. Commitments to governance and transparency standards are necessary but insufficient; more muscular monitoring of implementation, and political will to take action against corporate tax dodgers, is essential.

ODA advocates need to give this higher priority, and be ready to answer basic questions from sceptical western taxpayers. 'Isn't provision of ODA like pouring water into a leaky bucket?' ODA should be used precisely to strengthen governments' capacity fill the holes – and to build coalitions and support initiative that crack down on tax evasion.

The spread of the illicit trade in drugs, goods, intellectual property and people is alarming and already accounts for instability and the perpetuation of poverty in many countries, notably in West Africa. Understanding what is going on, and addressing illicit activity, has to be top priority, and African politicians and business leaders must take the lead. Africa's stability and prosperity are at stake.

News Overview

[Members of the Kenyan parliament declare victory in reaching a deal on the new constitution](#) providing for a presidential system - a two-tier government structure. [The question remains whether a totally new constitution is needed or whether it can be revised into a workable and applicable document.](#)

Opposition against Uganda's antigay bill is gaining further ground abroad. With 118 signatures, [the UK parliament urges the Ugandan government to stop what constitutes an outrageous attack on the human rights of gay, lesbian and bisexual citizens.](#)

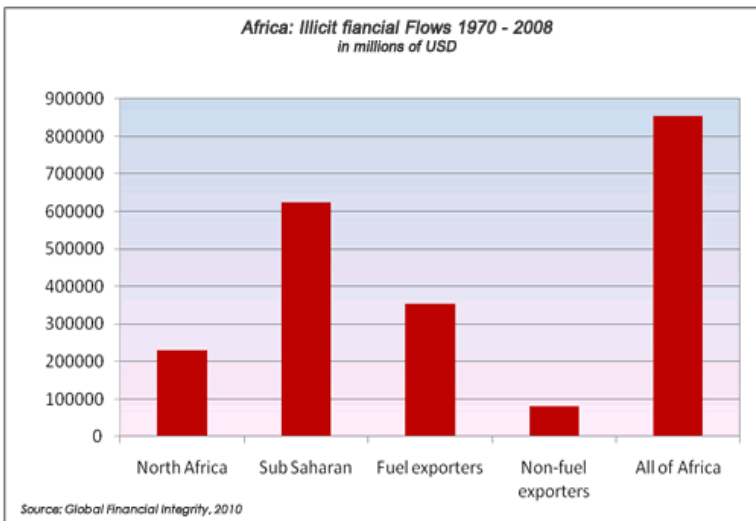
[The First Conference of African ministers responsible for meteorology adopted the Nairobi Declaration](#) in response to the increasing risks and threats to development posed by climate variability and change.

[The Gates Foundation together with the governments of the US, Canada, Spain, and South Korea launch a global agriculture trust fund](#) - with nearly \$900 million to help the world's poorest farmers grow more and earn more so they can lift themselves—and their countries—out of hunger and poverty.

[A study by the Pew Research Centre sheds light on Africa's unique religion mix.](#) It reveals that the vast majority of people in many sub-Saharan African nations are deeply committed to Christianity or Islam, and yet many continue to practice elements of traditional African religions. And while many Muslims and Christians describe members of the other faith as tolerant and honest, there are clear signs of tensions and divisions between the faiths.

[A monument calling for African unity was unveiled in celebration of Senegal's 50 years of independence.](#) Despite controversy over its multimillion dollar price tag in a country plagued by poverty, [supporters of President Wade argue that African leaders have a right to build strong symbols of their time in power](#) that show an image of an emerging continent in the same way as the Eiffel tower, the Versailles castle or Yamoussoukro's Basilica in Côte d'Ivoire.

Human Rights Watch calls on the Senegalese government to regulate all Quranic schools based on a recently released report, stating that [tens of thousands of boys at residential Quranic schools in the country are witnessing exploitation and abuse.](#)



G20 Update

AUSTRALIA

[Australia will help boost food security in eastern and southern Africa through a \\$20m program](#)

BASIC

[The four BASIC countries will discuss the Kyoto Protocol's chances of survival as well as the strategy regarding the controversial Copenhagen Accord](#)

BRAZIL

[Brazil and the AfDB group reiterate the need for a strong result-oriented partnership in order to strengthen the African economy](#)

BRIC

[Experts say BRIC nations are likely to overtake G7 and will become the largest economies in the world by 2032](#)

CANADA

[Canada renews its commitment to support the global effort to improve maternal and child health in developing countries](#)

CHINA

[China will provide a \\$2.9m grant to finance development projects in Zimbabwe](#)

EU

[EU Commission adopts a 12 point Action Plan to support the Millennium Development goals](#)

GERMANY

[German Foreign Minister, Westerwelle says that Germany wants to strengthen the positive forces in Africa and to support the continent's ascent](#)

IBSA

[Leaders from India, Brazil and South Africa call for revisions to the international political and economic framework to favor developing countries](#)

JAPAN

[Japan publishes white Paper on its 2009 ODA](#)
[Japanese Africa-based companies will inject \\$3.4bn in Africa until 2012](#) to compete with Chinese investments

RUSSIA

[Russian Special Envoy to Sudan says Sudanese elections were fair by 'African standards'](#)

TURKEY

[Turkey seeks to regain foothold in Africa, eager to consolidate its status as a regional power and to open new markets](#)

UK

ONE launches election campaign [ONEVote 2010](#), with electoral candidates on record laying out their plans to fight extreme poverty, if elected.

Multilateral Organizations

AfDB

[The AfDB group is undertaking a study to produce an "Africa Green Growth Strategy" aimed at achieving sustainable and equitable global economic growth and environmental protection](#)

AU

[AU Chairperson commends Sudan for a peaceful multiparty general election](#)

[African leaders meet in Maputo to discuss the challenges and possible solutions to the poor state of child and maternal health](#)

ECOWAS

[ECOWAS defense chiefs resolve to condemn military intervention in politics of ECOWAS member states](#)

EU

[EU gives \\$8m for Zimbabwe constitution project aimed to pave way for fresh elections](#)

IMF

[Risks to global financial stability have eased as the economic recovery has gained steam, according to a new report by the IMF](#)

OECD

[OECD's DAC committee releases figures for official development aid in 2009](#)

UN

["Progress in Africa is on an upward and accelerated trajectory," according to "The World Malaria Day 2010: Africa Update," a joint report by UNICEF and the Roll Back Malaria \(RBM\) Partnership](#)

[UN outlines steps for a comprehensive campaign to combat maternal mortality](#)

[According to a new FAO report, the dairy sector accounts for around 4% of all global anthropogenic GHG emissions](#)

[UN climate change negotiators agree to intensify the negotiating schedule in order to achieve a strong outcome in Mexico at the end of the year](#)

[UNDP and Malawi sign a \\$4.2m climate change deal to help develop a framework for responding to the challenges climate change](#)

WB

[According to the World Development Indicators 2010, "some 64 million more people will be living in extreme poverty by 2010 because of the global financial crisis"](#)

[Leading multilateral development banks sign an agreement to step up their fight against fraud and corruption](#)

Opinions

[The Times \(UK\): Our foreign aid target is absurd and outdated, 22 April 2010](#)

While commenting on a new publication by the International Policy Network that examines development aid entitled "The Ghost of 0.7%", Bronwen Maddox says "the governments of UK's foreign aid target is absurd and outdated."

[The New York Times \(USA\): Africa Reboots, 17 April 2010](#)

In a guest column for the New York Times, musician and humanitarian Bono reflects on the growing number of partnerships between the private sector and civil society in Africa; how they are working together to "redefine the rules of the African game," despite the many obstacles they face.

[Le Monde \(France\): Europe Afrique, la dérive des continents, ou le paradoxe du rendez-vous manqué, 16 April 2010](#)

Jean-Michel Severino, Director of the Agence française de développement, and Olivier Ray argue that Europe missed the "second independences" of the continent whereas emerging partners managed to see the benefit of including Africa in their strategic relationships, politically as well as economically. Europe seems to be ignoring the growing continent at a time when the world is counting on Africa and dealing with her on an equal basis (Article in French).

[The Monitor \(Uganda\): There is no progress to celebrate in this country, 13 April 2010](#)

The author expresses disappointment at reports of Uganda's progress hailed in the UK by the British Foreign Office Minister for Africa, which emphasizes the strong links between the two nations, in spite of the existence of extreme poverty in Uganda.

[IPS: Africa, land grabs continue as elites resist regulations, 13 April 2010](#)

The author brings to light the issue of the spate of "land grabs" in Africa, executed under the veil of agricultural investments. Although, these acquisitions bring in investments, technology and know-how, the lack of regulatory framework in Africa makes it difficult to ensure that local interests are met by the investors, which in effect, marginalize the poor even further.

[Africa Governance Initiative: What aid can't buy in Africa? 12 April 2010](#)

Africa Progress Panel member, Tony Blair speaks about how aid alone won't relieve Africa's poverty and underdevelopment. But good governance, the rule of law and a climate that welcomes solid private-sector investment can and will bring millions of people out of poverty.

[All Africa: Time bomb awaiting Africa, 10 April 2010](#)

The author analyses the various global efforts to address the challenge of Climate Change. Africa, which rarely has any policies in place on environmental protection, is urged to play a more proactive role in this regard, as the continent would be the worst affected by climate change.

[The New York Times \(USA\): Africa's drug problem, 5 April 2010](#)

West African countries are struggling to contain a growing drug trade on their territories as South American traffickers take advantage of law enforcement gaps to funnel billions of dollars of product through the region. Numerous programs exist to help curtail the problem but questions about their effectiveness remain.



Developing countries lose at least \$10 through illegal flight capital for every \$1 they receive in external assistance....

Raymond Baker, Director of the Global Financial Integrity



Source: [Counter Balance](#)

Calendar

- 24-25 April** 2010 Spring Meetings of the IMF and the WB Group: Washington, D.C. U.S.A
- 26-27 April** Global Water Summit 2010 on ["Transforming the World of Water"](#): Paris, France
- 27 April** Togo: 50 Years of Independence
- 27-28 April** OECD/ China-DAC Study Group Event on *"Agriculture, Food Security and Rural Development for Growth and Poverty Reduction:"* Bamako, Mali
- 27-29 April** [US - Africa 2010 Infrastructure Conference](#) on "Building Dynamic Growth in Africa:" Washington, D.C. U.S.A.
- 29-30 April** 14th Meeting of the Africa Partnership Forum: Toronto, Canada
- 3-4 May** [Investment Climate Summit:](#) Dar es Salaam, Tanzania
- 3-7 May** FAO Regional Conference for Africa: Luanda, Angola
- 4 May** [conférence "L'Afrique milliardaire : défis et opportunités de la métamorphose africaine"](#) : Paris, France
- 5-7 May** World Economic Forum on Africa: Dar es Salaam, Tanzania
- 10-11 May** [Global Child Labour Conference:](#) The Hague, the Netherlands

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