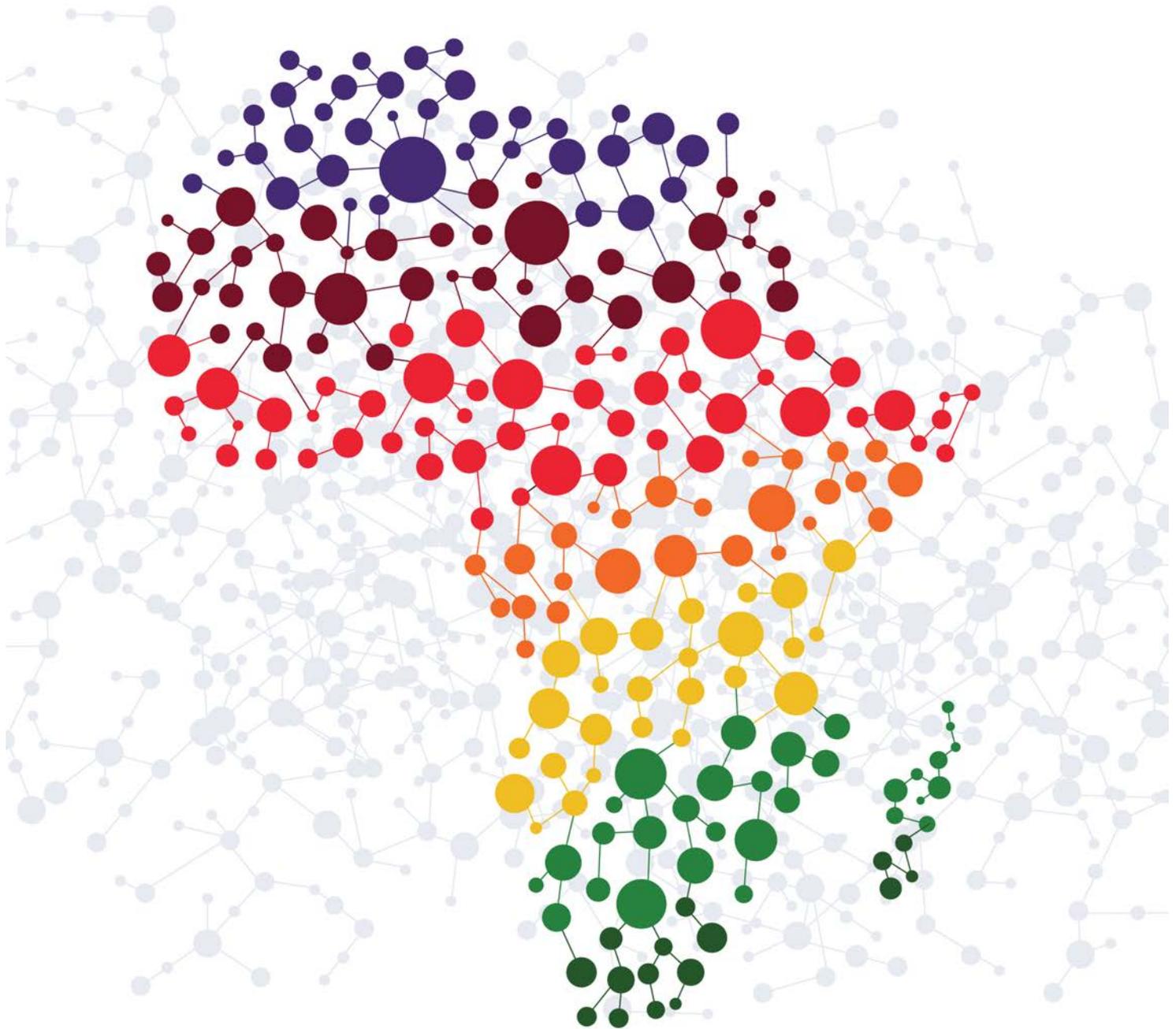




**TAX JUSTICE
NETWORK
AFRICA**



Annual Report

2022

Table of Contents

| | |
|--|------------|
| TJNA's Mission, Vision & Core Values | I |
| Statement from the Chair, Executive Council | II |
| Statement from the Executive Director | III |
| Executive Council | V |
| 2022 Flagship Highlights | 1 |
| The 10th Pan African Conference on Illicit Financial Flows and Taxation | 2 |
| The African Parliamentary Network on Illicit Financial Flows and Taxation (APNIFFT) | 3 |
| APNIFFT 2022 Continental Meeting | 6 |
| Launch of a National Caucus of Cameroonian Parliamentarians on the fight against IFFs | 6 |
| TJNA @15 event | 7 |
| Stimulating and promoting African voices in the reform of international tax rules and the global financial architecture | 8 |
| TJNA called for Support to African Governments' UN Resolution for an Inclusive Global Tax System | 12 |
| Tax Justice Network Africa's fiscal justice work in Liberia led to MP's rejecting an \$800m mining deal with ArcelorMittal | 13 |
| Promoting coherent tax and investment policy reform in Africa for enhanced DRM and to enable 'enhancing linkages and stopping leakages' in national economies | 14 |
| Public Interest Litigation Case on the Great Dyke Tax Incentives in Zimbabwe | 18 |
| Release of Kenya's tax expenditure and tax incentives policy in 2022 | 18 |
| Promoting reforms of natural resource governance and tax regimes in the extractive sector In Africa | 19 |
| Dialogue Forum on 'Leveraging Africa's extractive sector for nutrition and food security financing.' | 23 |
| Promoting national tax systems that adequately address inequality through progressive and redistributive taxation | 24 |
| Ngoudiane: The Civil Forum Equipped Women from Mining Communities | 29 |
| Strengthen TJNA institutionally for effective management and sustainability | 30 |
| TJNA Financial Outlook 2022 | 35 |

TJNA's Mission, Vision & Core Values



MISSION

To mobilise African citizens and challenge public institutions to influence and change policy to enable tax justice to prevail in Africa.



VISION

A just, prospering, self-reliant and integrated Africa sustainably harnessing its resources to enable its people to lead a dignified life.

Core Values

We commit ourselves to work in solidarity with human rights and economic justice movements to realise the convergence of all justice and human rights struggles.



Integrity

We make an informed decision based on mutual accountability, honesty, and commitment to deliver.



Transparency

We uphold the value of trust, respect for one another, openness and truthfulness in our relationships and communications, as we walk the talk.



Justice

We accord equal rights, fair opportunities, and treat all without discrimination.



Partnership

We commit ourselves to deliver our objectives through strategic partnerships and by working collaboratively with other members and allies.



Solidarity

Since tax justice is integral to the broader social and economic justice agenda, we commit ourselves to work in solidarity with human rights and economic justice movements to realise the convergence of all justice and human rights struggles across the continent working toward tax justice.

Statement from the Chair, Executive Council



I am pleased to present to you TJNA's 2022 annual report and audited financial statements. Throughout 2022, our team worked to raise awareness, influence policy changes, and empower communities affected by unjust tax practices all over Africa. I am delighted to acknowledge and applaud our collective efforts, the obstacles we have surmounted, and our significant accomplishments throughout the year.

The year ended with the departure of TJNA's founding Executive Director, who exited the institution after 15 years of exemplary and dedicated service. This set the institution into a transition phase that included launching a search for the next Executive Director whilst ensuring TJNA remained on its growth path anchored on the 2021-2025 Strategic Plan which seeks to build on the successes of our flagship programmes while developing new initiatives aimed at deepening TJNA's engagement, capacity development and convening power.

2022 saw the world begin the new normal after the COVID-19 pandemic but continued to grapple with other challenges such as climate change. These threats have changed our landscape. As such, TJNA continued to strategically explore and implement sustainability initiatives. I am, therefore, happy to report that our budget has grown by 73% to \$7,668,300, providing the institution with the much-needed resources in the wake of the uncertain operating environment.

As a growing network of national and community-based organisations fighting for tax justice in Africa, our strength is in our members. They guarantee the representativeness of TJNA as a pan-African movement. To enhance membership engagement, the Executive Council approved TJNA's network development strategy. The strategy, whose implementation is planned for 2023 outlines how TJNA will sustainably grow, coordinate and support our network members.

It is also important to highlight that the share of resources allocated to our members for national-level activities through sub-granting grew from 24 per cent in 2021 to 44 per cent in 2022. This shows our commitment to take tax justice work to the grassroots where action is needed most and where it can touch the lives of the African people. Moving forward, TJNA will continue to explore ways to expand programmatic work to extend our reach to more countries and expand our footprint on the tax justice agenda.

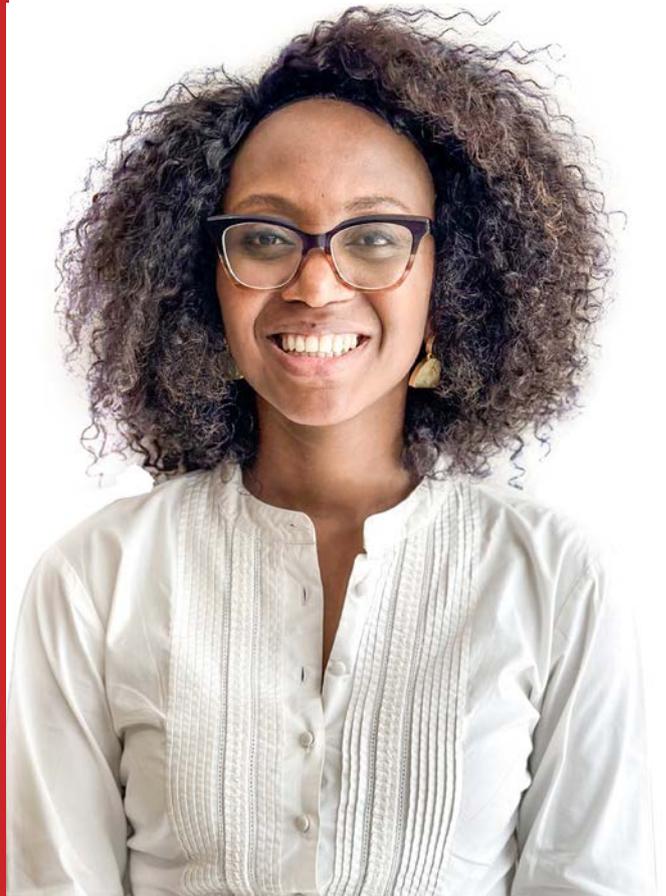
The Executive Council, through its various sub-committees, continues to execute its mandate to ensure that the TJNA Secretariat is actively pursuing enhancements to its systems and procedures. Towards this end, I am pleased to report that the external auditors once again gave the institution a clean bill of health in 2022.

On behalf of the Executive Council, thank you to all who have supported us in 2022. We remain indebted to our funding partners, network members, and strategic partners.

Jane Nalunga
Chair, TJNA Executive Council

“ In 2022 the share of resources allocated to our members for national-level activities through sub-granting grew from 30 percent in 2021 to 45. We are committed to supporting tax justice work at the grassroots level where action is needed most. ”

Statement from the Executive Director



I am delighted to share with you a statement of TJNA's progress for the year ending December 2022. For many organisations, 2022 was a year that was shaped by challenges and uncertainty, but also by a determination to bounce back and get back to growth.

We ended 2022 by bidding farewell to our founding Executive Director, Alvin Mosioma. It was indeed his passion and commitment that helped us become what we are today, and it is that same passion and commitment that we will reflect in the years to come.

2022 drew to a close with the first steps towards the establishment of the UN Tax Convention. When we first conceptualised TJNA's first key result area, Tax and the International Financial Architecture, it was in response to the concern that the members of the High-Level Panel Report of Illicit Financial Flows Out indicated regarding "the issue of IFFs [...] not firmly on the policy agenda of the United Nations system."

Over the past several years, Global South countries have repeatedly called for the establishment of an intergovernmental tax body under the auspices of the United Nations and in 2022, we saw the African government pick up this agenda. In support of this, as TJNA, we led two campaigns advocating for inclusive and effective international tax cooperation; and at the end of the year, were pleased to see the adoption of Resolution 77/244 on the advancement of inclusive and effective cooperation on tax - a historical step toward democratising the global tax system. Our commitment to contributing towards fostering an inclusive and transparent global financial framework was a priority and we intend on continuing to do so in the years to come.

Under TJNA's second key result area, Tax and Investments, we continued developing research that seeks to curb the use of harmful tax incentives. We conducted a comprehensive analysis of Kenya's tax incentives framework and tax expenditure report which result in actors calling for significant reforms in the tax expenditure framework. We also engaged with several partners including the Addis Tax Initiative with whom we will be developing a Tax Expenditures toolkit for members of parliament next year.

Over the past few years, we have been growing our third key result area, Tax and Natural Resource Governance. In 2022 one of our areas of focus was the African Mining Vision. We advocated for the domestication of the Africa Mining Vision (AMV) by working to align Country Mining Policies and Laws with Pillar 3 of the AMV, which focuses on the fiscal regime and revenue management. We released a publication through which we sought to enhance public participation, engagement, monitoring, and reporting on the AMV domestication process concerning fiscal regime design, tax collection and IFFs in various African countries. We are looking forward to expanding this work across other African countries and working closely with institutions such as the African Union as we do this.

Our fourth key result area, Tax and Equity, saw an increase in the number of projects we implement jointly with our national partners. Under our Scaling Up Tax Justice project, we increased from four national partners to nine, and under our Tobacco Tax Advocacy in Africa project we increased from five to seven partners. We are committed to supporting more partners through our joint programming work and this key result area helps us do that and effect change at the national level in a direct way.



“

Over the past several years, Global South countries have repeatedly called for the establishment of an intergovernmental tax body under the auspices of the United Nations and in 2022. ”

Regarding our flagships, we were very pleased to see significant growth in our APNIFFT platform. APIFFT is our African Parliamentary Network on Illicit Financial Flows and Taxation. Since its inception in 2015, APNIFFT has experienced remarkable growth, expanding its membership from just six members to now encompassing over 500 members of parliament who have joined the network. We believe legislators have such an important role to play in tax policy reform on the continent.

In collaboration with the African Tax Administration Forum, TJNA with various stakeholders, co-organised our tenth Pan African Conference on Illicit Financial Flows (PAC). The annual conference brought together 200 representatives from civil society organisations, government institutions, academic institutions, intergovernmental organisations, researchers, media organisations, and parliament members from over 21 countries worldwide under

the theme Combatting IFFs to Bridge Africa’s Widening Inequality Gap. It was exciting to host our first physical PAC since the COVID-19 pandemic.

As we reflect on the year, we are proud of the contribution that we, alongside our partners, made in the attainment of our ongoing mission to transform Africa by promoting tax justice and fostering equitable, inclusive, and sustainable development. As we look toward the years to come, our unwavering commitment to building a new Africa remains steadfast. We remain dedicated to promoting fairness, inclusivity, and sustainability as we strive to shape a brighter future for Africa and its people.

**Chenai Mukumba,
Executive Director**

Executive Council



Berth Phiri
MEJN Executive Director



Birahim Seck
General Coordinator at Forum Civil (Senegal Section Of Transparency International)



Cecilia Mattia
Coordinator at National Advocacy Coalition on Extractives (NACE)



Jean Mbala
Director of the African Regional Center for Edogenous and community Development



Jane Seruwagi Nalunga
Executive Director at Southern and Eastern Africa Trade Information and Negotiations Institute (SEATIN) Uganda



Jean Paul Mulyanga
Director General of the BLP (Liaison office with the Parliament of CENCO)



Irene Otieno
Executive Director at National Taxpayers Association



Chafik Ben Rouine
Co-Founder and the President of the Tunisian Observatory of Economy (TOE)



Nicholas Lekule
Manager - Budget & Policy Analysis at Policy Forum



Mandia Hadebe
Acting Director, Economic Justice Network Africa



Omar Ghannam
Research Director for Social Justice Platform - Egypt



Chenai Mukumba,
Executive Director Tax Justice Network Africa - Kenya

The background is a solid red color with a repeating pattern of light red geometric shapes. These shapes include squares, triangles, circles, and abstract lines, some of which are nested or layered. The patterns are arranged in a way that creates a sense of depth and movement across the page.

2022 Flagship Highlights



The 10th Pan African Conference on Illicit Financial Flows and Taxation

In 2022, the 10th Pan African Conference on Illicit Financial Flows and Taxation was held on the 28th and 29th September in Lusaka, Zambia with the objective of convening to identify the roles of various key stakeholders in addressing Illicit Financial Flows (IFFs) and domestic resource mobilization (DRM) in Africa. The theme of the conference was *“Tax Justice amid Multiple Crises.”*

The conference attracted an attendance of 300 participants drawn from stakeholders working on illicit financial flows, taxation, and economic development including Civil Society Organizations (CSOs), Government Representatives, Members of Parliament from over 21 African Nations, Individual Researchers, and Media organizations across Africa.

The conference was held on the backdrop of crises such as the COVID-19 pandemic, the climate crises and the Russia-Ukraine war.

The convening provided a roadmap for addressing some of the challenges that are as a result of debt distress, climate emergence, conflict, and the Covid-19 pandemic and it was noted that the synergy and the policy capacity needed to mobilise for changes and generate the political will to implement the changes make it imperative that all stakeholders align their analysis and coordinate advocacy and campaigns.

The attendees highlighted that while domestic measures to tackle illicit financial flows are important, they can never be adequate to curb IFFs. They require sub-regional, continental cooperation and coordination of efforts to champion structural and governance changes in the global financial and economic architecture.

The attendees agreed that the development of policy and fostering change at national, sub-regional, continental, and global levels required the change in unequal power relationships between and within countries.

This convening was convened jointly with various stakeholders that included Tax Justice Network Africa (TJNA), Centre for Trade Policy and Development (CTPD), African Parliamentary Network on Illicit Financial Flows and Taxation (APNIFFT) and African Tax Administration Forum (ATAF).



Based on deliberations during the 10th PAC conference, the attendees committed to do the following:

- Foster mutual understanding and greater collaboration among civil society, government institutions, and academic institutions at the national, sub-regional, continental, and global south, and globally on policy reform priorities for combatting illicit financial flows. IFFs affect us all, stakeholders must therefore combat them collaboratively.
- Work towards the multiple dimensional approach that tax justice requires for successful domestic resource mobilisation – taking cognisance of debt, climate crisis, regionalization, trade, production, technology, and investment. This will require us to leverage and harness relationships within regional bodies such as the African Union and harmonise efforts to curb IFFs.
- Continually track and publish progress on measures taken to address illicit financial flows at national, regional and continental level. This will facilitate transparency, public debate, and public oversight and scrutiny.
- Deliberately create opportunities such as the PAC for deeper thought and reflection on strategies to tackle Illicit Financial Flows, enhance reforms of our Taxation systems and ultimately shore up domestic resource mobilisation on the continent.
- Foster south-south solidarity and make it the basis for global coalitions for generating the political momentum that will be required to reform the inequitable global financial architecture. Take key steps to achieve a new southern consensus on tackling IFFs.
- Work closely with stakeholders involved in the implementation of the African Continental Free Trade Agreement to promote tax justice including those dealing with climate financing, security, and peace, and across the whole human rights spectrum including the majority in the Global South who are victims of inequalities created by illicit financial flows.
- Advocate for greater reforms of the global financial architecture including a UN Tax Convention and a UN tax body to lead in global tax reforms to provide an inclusive and equitable participation of all countries.

The African Parliamentary Network on Illicit Financial Flows and Taxation (APNIFFT)

The African Parliamentary Network on Illicit Financial Flows and Taxation (APNIFFT) has continued to provide an opportunity for its members, the African legislators, to strategise, learn from each other and build their capacities in tackling Illicit Financial Flows (IFFs) and tax injustices in the continent.

APNIFFT was first conceptualised in 2015 and eventually launched in 2017 by TJNA. Since its inception, APNIFFT's operational strategy has focused on national-level legislative interventions to combat the continent's IFFs and DRM issues. This has been operationalised through country-based (National) parliamentary caucuses that now serve as a basic unit of engagement and mobilisation of Members of Parliament. These basic units then combine to form regional caucuses, based on membership of regional economic councils, to form the continental caucus.

Key Milestones of 2022

The year 2022 was characterised by significant economic challenges and hardships across various African countries. These difficulties were primarily exacerbated by a combination of pre-existing vulnerabilities, fiscal and inflationary pressures from the Russia-Ukraine Conflict, debt concerns, and the impact of the COVID-19 pandemic. Tackling IFFs and engaging in domestic resource mobilisation was key to countries' efforts to address these challenges.

This is why the APNIFFT 2022 running theme for the year was 'Tax Justice Amid Multiple Crises – A legislative Lens' and was focused on engaging its members, generating relevant knowledge, and influencing policy change to address these issues. The key milestones realised during this period are discussed below:

Exponential Growth in Membership

For meaningful legislative reform, the presence of a critical mass particularly of legislators with both the passion and capacity to

legislate on the complex issues of IFFs, is critical. As a result of various membership registration campaigns, both at the local and regional level, the APNIFFT's membership grew by over **110%** from **258** in December 2021 to **544** in December 2022. The African countries represented also grew from **23** to **34**.

Improved Governance of APNIFFT

To improve corporate governance of APNIFFT in the wake of its growth, a new constitution was drafted by the secretariat in collaboration with the Steering Committee (SC) of APNIFFT. The constitution outlines the structure, principles and operational framework of APNIFFT.

The Steering Committee also met regularly to oversee the Network's annual workplan.



National Caucuses and Membership Engagement

Growth in membership also meant subsequent growth in the number of APNIFFT national caucuses. The new caucuses launched in 2022 included, South Sudan, Zambia, South Africa, Burkina Faso, Cameroon, Zimbabwe and Central African Republic (CAR). These caucuses provided a platform for members of parliament to share information and engage freely with local civil society organisations and academic institutions on legislative interventions both formally (through regular physical meetings) and informally (through WhatsApp groups created in all caucus countries). This has ensured that all members are actively engaged.



Regional caucuses and legislative modelling

APNIFFT successfully activated work at the regional level. In April 2022, the APNIFFT Coordinator, Mr. Rodgers Kidiya and the steering committee members supported in the design and review of the Southern African Development Community (SADC) Public Finance Management (PFM) model law. The model law was unanimously approved by the 51st Plenary Assembly of the SADC Parliamentary Forum on 14th July 2022. The law will serve as a benchmark and guiding legal instrument for national Parliaments to reinforce their domestic legal framework on public financial management. The Model Law will be incorporated by SADC Member States through amendments conducted to the Constitution, finance laws, regulations or the Standing Orders and Rules of the National Assembly, as may be necessary.

The work on model laws heralded the new APNIFFT approach in supporting legislative collaboration across members of regional economic councils.



Legislative Interventions

The main goal of APNIFFT is to effectively engage parliamentarians to champion work on tackling Illicit financial flows and tax injustice in the continent through the legislative interventions at their disposal, that is, overseeing the executive, representation, budget approval and law-making.

Launch of APNIFFT MPs Toolkit on IFFs

The much-anticipated MPs toolkit was launched during the continental meeting in Lusaka, Zambia. The toolkit is designed to help MPs initiate, strengthen and oversee legislative interventions for IFFs and domestic resource mobilisation.

National parliamentary Roundtables

TJNA organised roundtables that offered an excellent opportunity for capacity building among members of parliament, parliamentary staff and legal teams assigned to parliament. They also provided a platform to establish a network of peers to discuss issues related to tax and IFFs, irrespective of party lines.

Through these roundtables, TJNA was able to provide MPs with feedback on what their countries were doing well and the areas that need improvement in terms of tax justice. The organisation conducted national parliamentary roundtables in Liberia, Uganda, Zimbabwe, Zambia, and Kenya and provided support for one in South Sudan. These roundtables led to the formation of national-level APNIFFT caucuses.

The caucuses established a platform for MPs to gain a broad understanding of taxation in the natural resource sector, their country's participation in the international financial architecture, and the significance of gender in tax matters. The roundtables and caucuses were crucial in building the capacity of MPs and legal teams and in promoting knowledge sharing and collaboration across party lines.

The caucuses provide an opportunity for the Members of Parliament to have a broad understanding of:

- Taxation of the natural resource sector
- Their country's participation in the international financial architecture
- Why tax should matter for gender.

The key interventions during the reporting period include:

| Country | Legislative Intervention (s) | Relevance/ goal |
|------------------------------------|--|--|
| Kenya | Amendment of the <i>Treaty Making and Ratification Act</i> and review of parliamentary standing orders in Kenya. | <p>TJNA and Econews (TJNA member), documented several issues with the law:</p> <ul style="list-style-type: none"> • The lack of Parliament's (both National Assembly and Senate) involvement in the initiation of the processes to determine relevance and need of the treaty; • Parliament is not involved in the negotiation process; and • Parliament debates the Treaty but has no powers to amend it or propose amendments <p>This had created a loophole for corrupt deals by the executive especially with Economic Partnership Agreements and Double Tax Agreements. The Kenyan APNIFFT members worked on the amendment and pushed it on the floor of parliament to the committee stage by end of 2022.</p> |
| All SADC countries | SADC Public Finance Management (PFM) model law | <ul style="list-style-type: none"> • Approved by the 51st Plenary Assembly of the SADC Parliamentary Forum on 14th July 2022. • The law will serve as a benchmark and guiding legal instrument for national Parliaments to reinforce their domestic legal framework on public financial management. • The Model Law will be incorporated by SADC Member States • APNIFFT were at the forefront in the drafting and review of the law. |
| Nigeria, Zambia, DRC, Ghana, Kenya | Excise Tax Laws Reforms | <ul style="list-style-type: none"> • Sustainable alternatives to financing for healthcare in the continent in the aftermath of Covid19 became a major concern for members of APNIFFT in 2022. • Through the national caucuses, the members reviewed and supported sin tax reforms, especially of tobacco taxation in Nigeria, Zambia, DRC, Ghana and Kenya. • This is expected to increase government revenue to finance for health and reduce consumption of the excisable products |
| Tanzania | Motion without notice on 'Tax Revenue Leakages in Tanzania' | <ul style="list-style-type: none"> • According to research on tax leakages in Tanzania, between 2013 and 2020, the cumulative effect of internal inefficiencies, tax evasion, harmful tax incentives, double taxation agreements and illicit financial flows had resulted in estimated losses of around TZS 17.4 trillion (around US\$ 7.6 billion) per annum. This amount, is almost equal to the country's entire annual tax collection for 2020/21. • The APNIFFT members, led by Hon. Cecilia Pareso, raised a motion on 1st February 2022 highlighting these issues and providing solutions summarised in the report. |
| Cameroon | Motion with notice on 'State of corruption in Taxing the Extractive Sector in Cameroon' | <ul style="list-style-type: none"> • A report by Transparency International on the extractive sector in Cameroon had indicated that the country has vast amounts of mineral resources both in quantity and variety. Unfortunately, though much of it is exploited, little is known about the impact of the revenue from the extractive industry to the development of this country be it in the sectors of education, health, road infrastructure...etc • The members of APNIFFT, led by Sen. Pierre Ngayap, raised this issue as a motion during an ordinary session of parliament on 15th June 2022 |

APNIFFT 2022 Continental Meeting

APNIFFT organised a continental meeting on 26th and 27th September 2022 in Lusaka Zambia. The meeting brought together 302 members of APNIFFT (113 physical participants and 189 online participants) from 31 countries, to showcase, report on progress and share lessons on national caucuses and deliberate on legislative interventions in tackling IFFs and undertaking progressive

domestic resource mobilisation in Africa considering the multiple crises prevalent in the continent during this period. The meeting also gave an opportunity for its members to network with national level civil society organisations and plan for collaborative work in their regions. The program of the event also featured the general annual work planning and leadership of the network.



Launch of a National Caucus of Cameroonian Parliamentarians on the fight against IFFs

Launched in 2015, the African Parliamentarians' Network on Illicit Financial Flows and Taxation (APNIFFT), is a network led and led by leading MPs from across sub-Saharan Africa in its efforts to spearhead the fight against illicit financial flows on the continent. It provides a platform for African legislators to engage in dialogue and simplified debate on illicit financial flows (FRFIs), tax governance and domestic resource mobilization (DRM) in Africa.

APNIFFT was created in response to low awareness and lack of political momentum to address these emerging issues, responsible for the loss of resources for the development of the African continent and, consequently, the weakening of efforts to expand its fiscal capacity to fight poverty.

Therefore, the Network for Tax Justice in Africa (TJNA), in collaboration with civil society organizations (CSOs), supports the African Parliamentarians' Network on Illicit Financial Flows and Taxation (APNIFFT). Thus, with the participation of CRADEC (African Regional Centre for Endogenous and Community Development),

TJNA organized from 27 to 29 September 2021, the annual meeting of the Network of African Parliamentarians on Illicit Financial Flows and Taxation (APNIFFT) in Dakar with the presence of 04 Cameroonian parliamentarians (2 senators and 2 deputies), all members of the national parliamentary-civil society platform (PLANOSCAM).

They attended the training on Illicit Financial Flows and Taxation and the deputies present at the APNIFFT through their legislative function, contributed to the collective effort to combat financial crimes by passing appropriate laws and holding the executive to account. However, these initiatives went through prior training on IFFs and tax fairness in order to identify all the contours related to taxation.

This was the raison d'être of the launch of a national caucus of Cameroonian parliamentarians on the fight against IFFs on 26 May 2022 in Kribi.

TJNA @15 event

TJNA celebrated the 15th anniversary mark, to recognise and celebrate the contributions of employees who had been with the company since its early days or for a significant amount of time. We also recognised the valuable contribution and collaboration with our partners and members, while conducting an internal reflection to reflect on the organisation's journey, growth, and accomplishments over the past 15 years, while sharing success stories with employees.





Stimulating and promoting African voices in the reform of international tax rules and the global financial architecture

Overview

The Tax Justice Network Africa (TJNA) has been advocating for reforms in various aspects of the global financial and taxation system. TJNA believes that these reforms must include the participation of developing nations and address their specific challenges, such as illicit financial flows (IFFs) and an unfair global taxation system.

The focus for Tax Justice Network Africa in 2022 was on fostering an inclusive and transparent global financial framework that helps in the fight against IFFs. The prevailing global tax rules and the international financial architecture, as currently constituted, create opportunities for corporations and wealthy individuals to exploit loopholes in the tax system to shift profits and stash wealth in low/no-tax jurisdictions. The current system also makes it impossible for countries to raise the revenue needed for development and to finance public services.

TJNA's work in this area has focused on monitoring international reforms, advocating for the inclusion of developing nations from Africa in global decision-making processes, and tracking the implementation of policies to curb IFFs across Africa. Our focus areas have included beneficial ownership transparency, taxation of the digitalised economy, and monitoring of reforms of the global financial and taxation system.

TJNA is currently campaigning for and tracking the implementation of the African Union (AU) anti-IFFs commitments following the High-Level Panel on IFFs (HLP) Report and the UN High-Level Panel on International Financial Accountability, Transparency, and Integrity (FACTI) Panel recommendations.

TJNA has been championing greater cooperation among African countries in harmonising their taxation policies to defend their tax base, pushing for reforms of international tax rules and overhauling international tax cooperation. These reforms would be key in ensuring developing countries can raise sufficient resources to fund development.

The digitalisation of the economy has increased the complexity in the implementation of national and international tax rules, making profit shifting, tax avoidance and tax evasion much easier and thereby exacerbating IFFs. TJNA has been promoting reforms of legislation to enhance taxation of the digital economy.

UN Tax Convention Campaigns

In May 2022, the African Ministers of Finance, Planning and Economic Development adopted a resolution calling on the UN Secretary-General to start negotiations towards an international convention on tax matters under the auspices of the UN with the participation of all member states.

This initiative gained momentum in November 2022, when the African Group, led by Nigeria, proffered a revised resolution at the United Nations focusing on the "Promotion of inclusive and effective international tax cooperation at the United Nations." On the 30th of December 2022, the United Nations General Assembly adopted Resolution 77/244, emphatically advocating the advancement of inclusive and effective cooperation on tax matters. Member States of the UN exhorted the UN Secretary-General to compile an exhaustive report through consultations with pertinent stakeholders.

Following these activities, TJNA spearheaded campaigns on the UN Tax Convention. Working with partners across Africa and the wider tax justice movement, TJNA has engaged in strategic advocacy at all levels to champion the adoption of UN level framework convention on tax matters. Following the adoption of the UNGA resolution 77/244, the UN SG has embarked on the preparation of the report that is expected to provide a roadmap to a UN tax convention in 2023.

Global and Regional Meetings:

In 2022, TJNA actively participated in various global meetings and forums essential to the organisation's work on promoting reforms of the international financial architecture.





Financing for Development Forum (FFD) partners meeting: TJNA attended the Civil Society organizations Financing for Development Forum (CSO -FFD) partners meeting in 2022 to help design the 2023 work plan and address emerging issues such as the call for a UN Tax convention. The FFD Forum is a collective of civil society organisations working on tax justice, gender, and debt.

UN High-Level Political Forum: TJNA participated at the UN High-level Political Forum alongside members of the Civil Society organizations Financing for Development Mechanism (CSO FFD Mechanism). During the forum, TJNA and its partners championed reforms of the international financial architecture and called for the adoption of a UN tax convention.

Commonwealth Heads of State and Government Meeting: As an observer, TJNA attended the Commonwealth Heads of State and Government Meeting and the Global Forum, which brings together member states to discuss and agree on international tax practices on the exchange of information.

Addis Tax Initiative Regional Meeting: TJNA also attended the Addis Tax Initiative Regional Meetings held in West and East Africa as an observer. These meetings are a collection of civil society organisations interested in promoting the technical expertise available in government on tax issues

Addis Ababa Action Agenda: The organisation aims to facilitate discussions on the role of government in the Addis Ababa Action Agenda, which was created by a group of stakeholders in 2015. This collaboration involved government officials, multinational corporations, and civil society organisations working together to tackle urgent issues and address emerging challenges.

Pan African Lawyers Union (PALU) position paper on illicit financial flows and human rights in Africa

TJNA and The Pan African Lawyers Union (PALU) collaborated on a position paper on illicit financial flows (IFFs) and their detrimental impact on human rights in Africa.

The position paper advocated for a human rights-oriented strategy to combat IFFs, emphasising transparency, accountability, and strengthened anti-corruption mechanisms. It urged African governments, regional bodies, civil society, and the international community to unite to counter IFFs, safeguard human rights, and foster sustainable development.

Database on Beneficial Ownership (BO) Transparency

In 2022, using a tool developed by Transparency International, TJNA conducted research to analyse cases of tax-related illicit financial flows (IFFs) and to determine the extent to which beneficial ownership (BO) has been used to support investigations of illicit financial flows.

TJNA focused on Kenya, Uganda, and Liberia, and collected 10 cases from each of these countries. The analysis of the cases produced valuable data that has been incorporated into a global database that helps to track IFF cases from across the globe countries. This database is part of a joint project under the Financial Transparency Coalition.

The information gathered from the research and analysis is an essential resource that can be used to combat IFFs and promote financial transparency and accountability in the affected countries.

TJNA has submitted the cases for addition to a global database that compiles cases on IFFs and has used some of the case studies to produce the state of BO in Africa report that was launched in March 2023. The information gathered from the research and analysis is an essential resource that can be used to combat IFFs and promote financial transparency and accountability in the affected countries.

Capacity building trainings

TJNA held 20 capacity-building sessions in all the African regional blocs, and the training targeted civil society organisations, journalists, faith leaders, parliamentary staff, members of parliament and government officials in different line ministries.

sought to increase policy awareness on tax justice issues and advocacy as well as create awareness of measures to curb IFFs such as the work of the Stop the Bleeding Campaign.

The trainings were held in partnership with TJNA network members from each country.



The countries covered in these trainings include:

| | | |
|--|---|--|
|  Mozambique |  Nigeria |  Kenya |
|  South Africa |  Liberia |  DR Congo |
|  Zambia |  Tunisia |  Mauritania |
|  Zimbabwe |  South Sudan |  Algeria |
|  Malawi |  Somalia |  Libya |
|  Tanzania |  Ethiopia |  Morocco |
|  Uganda |  Botswana |  Niger |
|  Cameroon |  Senegal | |

Additionally, TJNA organised training sessions in Zimbabwe, Uganda, and Zambia with the aim of creating a community of practice among CSOs on the issue of Beneficial ownership (BO).

The training sessions were also intended to advocate for the implementation of BO laws in Zambia and Zimbabwe, which were passed in 2020 and 2021, respectively.

TJNA aimed to advocate for the promulgation of regulations to operationalise these laws since they had been passed but were not yet operational. TJNA worked to empower citizens and CSOs with knowledge and capacity on BO requirements in their respective countries.

In Uganda, TJNA facilitated conversations on international best practices on BO that the country should adopt to provide better technical input when advocating for the law, as the country was still in the process of developing it.

Convene Sessions at the PALU international and regional Conference

TJNA and PALU (Pan African Lawyers Union) organised a session on beneficial ownership during the Alternative Mining Indaba, targeting stakeholders in the extractives sector.

The Mining Indaba is an annual Pan-African meeting for CSOs drawn from across Africa held alongside the annual conference organised by the mining industry players.

This meeting was held in Capetown in a blended format and was co-organised with Open Ownership (OO), Extractives Industry Transparency Initiative (EITI) and Pan African Lawyers Union (PALU).

This session elaborated on the importance of championing beneficial ownership transparency in the extractives sector within the context of the energy transition.

Conducted research and mapping exercises in countries using the EUODAD model framework.

TJNA to conduct research in Kenya and Malawi. covering 3 major areas :

- Fair taxation, tax exemptions and revenues from natural resource extraction
- Fight against tax evasion and illicit financial flows
- Debt management.

TJNA’s report on Public Debt Management Research in Kenya sought to assess Kenya’s debt management frameworks and analysis of the implications of public debt on citizens.

The study was guided by research themes developed from the research questions. The research themes included:

- Debt servicing and expenditure on sectors of the economy (including pro-poor sectors)
- Integration of human rights and the 2030 Agenda in Kenya's planning and budgeting frameworks
- Kenya's Debt Data Transparency
- Kenya's debt sustainability
- Kenya's involvement in the multilateral agenda on debt

The report's key findings highlight Kenya's robust legal and institutional framework for public finance management, encompassing the Constitution of Kenya 2010, the Public Finance Management Act (PFMA) of 2012, and other related regulations

and policies. However, the country's debt-to-GDP ratio surged from 40.7% to 68.1% between 2012 and 2021, notably increasing during the pandemic. Servicing external debt also rose significantly from KES 113.6 billion to KES 780.6 billion by June 2021, constraining investments in vital sectors like education, health, and agriculture.

Despite these challenges, Kenya has taken steps towards aligning with the 2030 Agenda by integrating SDGs into its Vision 2030 and emphasising equity principles in public finance management. Nonetheless, transparency in debt-related information remains fragmented and challenging to access, with citizen debt audits emerging to address gaps in government-led audits. Recommendations in the report suggest enhancing domestic revenue generation to combat illicit financial flows, enforcing existing public finance management frameworks to boost accountability, and fostering greater transparency in loan contracts and agreements.

Success Story 4

TJNA called for Support to African Governments' UN Resolution for an Inclusive Global Tax System

Tax Justice Network Africa (TJNA) called on all United Nations (UN) Member States to support the African Group resolution on the "Promotion of inclusive and effective international tax cooperation at the United Nations."

This resolution was scheduled to be adopted at the United Nations General Assembly (UNGA) and, if adopted, would mark a significant step towards the democratisation of the global tax system.

TJNA called for all delegates representing African countries to not relent in their support of the resolution. TJNA also called on all delegates from across the global south to join their African counterparts in supporting the resolution, particularly in view of the long-standing call by G77 and China for an intergovernmental tax negotiation process at the UN. Global South countries comprise 70% of UN Member States, and their strength lies in coming together.

TJNA remains concerned by developed countries that have continued to block resolutions that have sought to democratise the global tax system and pressure developing countries to refrain from tabling and supporting such proposals.

In October, a group of 134 developing countries (including G77 and China) tabled a resolution at the UN calling for an intergovernmental tax body. The African Group also tabled a resolution calling for negotiations on a UN Convention on International Tax Cooperation. Both proposals saw no support from developed countries that have long dominated international tax rule-making processes through the OECD.

Decision-making on the allocation of taxing rights and tax revenue has been controlled by OECD countries over the last 100 years and as such, they have benefited from the status quo.

Adoption of this resolution was a step forward in strengthening international cooperation on tax matters. Its adoption would also help promote inclusivity in the global tax rule-making processes and support member states' efforts towards curbing IFFs.

Due to the limited inclusion of African countries in OECD-led tax discussions and the limited relevance of these decisions, African states have long called for a more participatory and fair global tax system.

The most recent demand was made in May 2022 when the African Ministers of Finance, Planning and Economic Development adopted a resolution calling on the UN Secretary general to begin negotiations under the auspices of the UN towards an international convention on tax matters with the participation of all member states.

The African Group, led by Nigeria, tabled a revised resolution at the UNGA on the "Promotion of inclusive and effective international tax cooperation at the United Nations." Member States discussed the resolution for adoption on November 23, 2022.

This resolution by African states heralded a great opportunity for all UN Member States to move beyond words to action for the much-needed reforms of the global financial architecture. A vote for yes was a significant step in taking global tax rule-making processes to the UN, where each member state has an equal say and an equal vote.

Tax Justice Network Africa's fiscal justice work in Liberia led to MP's rejecting an \$800m mining deal with ArcelorMittal

On 28th March 2022, the Liberian House of Representatives rejected the \$800m mining deal the country was set to seal with ArcelorMittal, a global mining and steel company. The mineral development agreement (MDA) between the mining giant and Liberia had already undergone two amendments. Its third amendment did not meet the interests of the people of Liberia regarding the fiscal regime, railroad, and ports management rights, and monitoring of the actual quantity of minerals exported, among others. Tax Justice Network Africa and its partner Integrity Watch Liberia supported the Liberian members of parliament in the review and analysis of the mining agreement through the African Parliamentary Network on Illicit Financial Flows and Tax.

According to the House of Representatives, the fiscal regime and the benefits were not advantageous to the people of Liberia. Specific gaps within the agreement included the payment of fees and other levies such as port user fees, and the compliance with new land rights and laws on the commercial use of water. Other problematic aspects of the deal are the regulation and management of infrastructure on a multi-user basis, the multi-user amendments to the railroad system operating principles, the definition of eligible users and railroad operators, the ambiguity of railroad system operating principles and the monitoring of the actual quantity of minerals exported.

In addition, Liberia would have surrendered control of its infrastructure assets to ArcelorMittal. ArcelorMittal would have had exclusive rights to block other users' access to these sovereign assets. Indeed, article 3, section 3(f), Section F (2) of the third amendment to the MDA granted ArcelorMittal the exclusive rights to the Yekepa to Buchanan railroad and Port of Buchanan.

It was the first time the Legislative body said no to the executive body on a significant mining concession in Liberia. Despite the government support for the mineral development agreement citing benefits such as production increase, railway and port expansion, job creation, and \$65m in payments from the company, Liberian parliamentarians rejected the deal.

Tax Justice Network Africa, in partnership with Integrity Watch Liberia and with the participation of Columbia University, provided support for an independent expert to work with Liberia's national Caucus of the African Parliamentary Network on Illicit Financial Flows and Tax (APNIFFT) on the review of the deal between the government of Liberia and ArcelorMittal. With this support, members of parliament identified the loopholes in the agreement, which contributed to lawmakers' arguments against the deal.

"In general, tax breaks should be used carefully. It is best practice to apply existing tax laws and regulations to all projects, which fosters uniformity, certainty, transparency, and accountability in the governance of projects within a country. Where a tax break is given due to the unique nature of a project, the tax breaks should: a) Include a reasonable time limit, i.e., enough for the company to recoup its cost b) Balance between the long-term benefits derived from the project and the tax breaks given. This requires a holistic assessment of the project". - Harold Marvin Aidoo, Executive Director of Integrity Watch Liberia.

Tax Justice Network Africa welcomed the this the agreement rejection as an incredible step towards improved domestic resource mobilisation and fair taxation for Africa. The House of Parliament's decision rewards efforts invested in strengthening the parliament



members of parliament through its APNIFFT. APNIFFT is a network led and piloted by parliamentarians from all over Africa and created by Tax Justice Network Africa. It has established a presence in 36 countries with 258 members working to curb illicit financial flows (IFFs) and promote tax justice.

"APNIFFT members from across the continent have, through knowledge and experiences shared within the network, sought accountability from the executive, raised motions and legislative interventions to tackle Illicit financial flows and tax injustice on the continent." - Ishmael Zulu, Policy Officer, Tax and Equity, Tax Justice Network Africa.

In 2021, From 27th to 29th September, in Dakar, Senegal, APNIFFT members convened under the theme "MPs at the frontline: Curbing IFFs on the road to recovery post-COVID-19". The meeting saw the lawmakers in attendance issue a declaration with a commitment to fight illicit financial flows.

Liberia was the first country to establish an APNIFFT national caucus. The Caucus was launched on 7th September 2021. Integrity Watch Liberia sat as permanent secretariat to the Caucus, facilitating reports and meetings with national stakeholders (ministry of finance, revenue authorities).

"The goal of the Caucus is to make sure that this new generation of leadership do things differently, by making sure that the natural resources of Liberia benefit Liberians." - Sen. Numene T. H. Bartekwa, Chairman, Liberian Senate Committee on Lands Mines and Energy

In addition, Tax Justice Network Africa, in partnership with Integrity Watch Liberia, held a one-day workshop with Legislators on Domestic Resource Mobilization and Beneficiary Ownership in Buchanan, Grand Bassa County, 11th March 2022.

Tax Justice Network Africa and its partner Integrity Watch Liberia continues to support the Liberian members of parliament in the review and analysis of mining agreements through the African Parliamentary Network on Illicit Financial Flows and Tax.



**Promoting coherent tax and investment
policy reform in Africa for enhanced DRM
and to enable ‘enhancing linkages and
stopping leakages’ in national economies**

Overview

One of Tax Justice Network Africa's (TJNA) focus areas is supporting domestic resource mobilisation through its Tax and Investment area of work.

This key result area aims to promote the mobilization of domestic resources by advocating for greater coherence between tax and investment policies. It is observed that African countries, in their pursuit of attracting foreign direct investment, often employ tax policies that undermine their own efforts in domestic resource mobilisation (DRM). These counterproductive practices include offering harmful tax incentives, entering into unfavorable double taxation agreements (DTAs), and signing bilateral investment treaties that restrict their ability to change tax policy, among others.

This result area also analyzes and provides guidance on how to promote DRM in light of emerging changes in the global tax and investment frameworks.

By addressing these issues and advocating for policy coherence, we strive to create an environment that supports sustainable DRM efforts and ensures that tax policies are aligned with the goal of fair and equitable resource mobilization.



Promoting transparency of tax expenditures/ tax incentives

TJNA has long called for the cost benefit analysis of tax incentives in order to ensure that tax incentives are granted from the basis of 'economic sense' and that they actually meet the objectives for which they are granted. For any country to be able to successfully carry out such an analysis, they must first estimate how much has been lost i.e. the costs. This is done through the use of tax expenditure reports which show the amount of revenue foregone because of a tax incentive. It was therefore momentous to have the release of the first publicly accessible tax expenditure report in Kenya in 2021.

In March 2022, a multi stake holder meeting was held to discuss the tax justice implications of the tax expenditure report. This was convened by the Tax Justice Network Africa, the East African Tax and Governance Network, the Africa Centre for People, Institutions and Society.

Later, an analysis of the tax incentives framework and tax expenditure report was carried out from a transparency, accountability, adequacy and efficiency perspective. This culminated in a report titled 'Revenue Waivers and National Economic Pressures: The Hidden Cost of Tax Expenditures in Kenya'. The report called for serious reforms in the tax expenditure framework including increased oversight in tax incentives governance, regular reporting on tax expenditures and tax expenditure evaluations amongst others. The launch of the first Kenya Fair Tax Monitor report in November 2022 further buttressed these issues and the recommendations mentioned above.

TJNA continues to work with parliamentarians through the African Parliamentary Network on Illicit Financial Flows and Tax (APNIFFT)

to build capacity and promote legislative reforms on DRM issues. The role that parliamentarians play in tax incentives governance is undermined but TJNA continues to promote increased parliamentary oversight on tax incentives in the APNIFFT agenda at national, regional and continental level.

In Zimbabwe, the national caucus held a capacity building session on tax incentives issues which resulted in the increased parliamentary involvement in tax incentives administration.

In Cameroon, working with Centre Régional Africain pour le Développement Endogène et Communautaire (CRADEC) and the Tax Justice Network, an APNIFFT national caucus was launched in Kribi. The parliamentarians were provided with capacity building on several issues such as Cameroon's progress towards domestication of the African Mining Vision and including tax incentives governance which led to increased parliamentary scrutiny on the fiscal terms of the Cameroon- Sinosteel mining agreement.

Tax incentives governance continues to be a key concern for APNIFFT caucuses and further training was provided for this in conjunction with the African Tax Administration Forum at the continental APNIFFT in September 2022. TJNA recommended the attendance of MPs from APNIFFT in the Addis Tax Initiative (ATI) capacity building workshop on tax expenditures in the Eastern African region that took place in October 2022.

Promoting the improvement of double taxation agreements

Following the continuous push for increased public participation in double taxation agreements in Kenya, there has been increased calls for public consultations before a DTA is signed.

In 2022, TJNA working with EATGN responded to one such call with regard to the Kenya- Portugal and Kenya- Turkey double taxation agreements. This culminated in the release of a report titled the 'Good, the Bad and the Ugly: An Examination of Kenya's Double Taxation Agreements with Turkey and Portugal.'

This report was launched through a webinar in May 2022. The report highlighted the inadequacy of DTA provisions which lead to Kenya losing taxing rights such as the failure to adequately tax capital gains on offshore transfers, inadequate taxation of taxation on technical services, low withholding tax rates amongst others. TJNA continues to call for the negotiating of better DTAs and review of existing DTAs in order to protect the tax base.

Under the Scaling Up Tax Justice programme, TJNA's network members continue to generate critical knowledge in this the critical area of double taxation agreements.

Building up on the comparative analyses reports undertaken by Forum Civil Senegal and CRADEC on the Burkina Faso and Senegalese DTAs as well as the Chad and Cameroonian DTAs, respectively, more knowledge was generated in the East African context. The East African Tax and Governance Network (EATGN) released two reports titled, 'Weaving Webs for Tax Avoidance Identifying and Mapping Treaties in the East African Community (EAC)' and 'Delays by Ratification Examining Regional Harmonization of the East African Community (EAC)'.

These documents provide an in-depth analysis of the provisions of all DTAs including the EAC treaty calling for the need to review treaties in line with the ATAF/UN DTA models, target key loopholes within DTAs such as capital gains on indirect offshore transfers and improve the administration of DTAs in the EAC region.



Promoting investment regimes that support DRM

In November 2022, TJNA in collaboration with the Columbia Center on Sustainable Development (CCSI) and the Southern and Eastern African Trade Information (SEATINI) – Uganda held a webinar discussing the nexus between tax and investment governance and the issues that harm domestic resource mobilization.

Tax measures such as tax incentives and double taxation agreements are often used to attract foreign direct investment (FDI). These tax measures, that are provided to investors are protected under investment agreements and restrict tax sovereignty because of the risk of ISDS (Investor-State Dispute Settlement). This means that African governments are restricted from changing their tax policies at the risk of being sued by investors.

The webinar unpacked how investor state dispute resolution has led to the reduction of tax regulatory space for African countries providing several case studies of these and discussing the policy options African countries have to change this.

In September 2022, TJNA at the invitation of the Youth for Tax Justice Network Africa (YTJNA) and in conjunction with SEATINI-Uganda, joined a meeting with the African Continental Free Trade Area (AfCFTA) Secretary General to present concerns on the DRM implications of the AfCFTA framework including the inadequacy of the framework to promote harmonisation in tax policy that would promote DRM or address IFFs. Questions were raised on whether the AfCFTA Adjustment Fund could help countries which would lose significant customs revenue through liberalisation, still meet their revenue requirements.

Capacity building on the impact of global minimum tax

The global minimum tax has been introduced under the OECD Inclusive Framework on BEPS to address the problem of harmful tax incentives and tax competition in which countries keep lowering their rates in an effort to attract FDI.

The global minimum tax is meant to 'standardize' the corporate tax base and eliminate the use of tax havens or low tax jurisdictions. It does so by requiring that a top up tax be imposed if the (effective) tax rate of a multinational is less than the global minimum rate of 15%. While the underlying intention of this proposal was good, the overall design of the proposal is a big disadvantage to African countries. This means African countries that provide tax incentives are at risk of losing their taxing rights.

The complexity of the rules and implementation of these rules is also of great disadvantage to African countries. Realizing the serious implications of the proposed global minimum tax on tax incentives frameworks in African countries, TJNA in collaboration

with network partners carried out capacity building sensitizing civil society organizations on the impact of the OECD two pillar solution on African countries. Following the 2021 TJNA campaign to 'Reject the OECD/G7 deal' as well as the campaign to support a United Nations Tax Convention, it was deemed necessary to carry out more capacity building to unpack the potential implications of the OECD/G7 proposal for African countries.

In November 2022, the Tunisian Observatory of the Economy (OTE) in collaboration with TJNA and the support of the International Lawyers Project (ILP) carried out a capacity building session on the impact of the global minimum tax on North African countries. This culminated in the call for a fairer and more inclusive international tax system by participants of the event who included civil society organisations, journalists, economists and researchers from North African countries. Capitalising on this momentum, OTE went ahead to launch two publications on the UN Model Convention proposals on taxation of the digital economy.

In December 2022, TJNA in conjunction with Action Aid Zambia also provided capacity building on what the OECD two pillar solution meant for African countries in Zambia. This meeting included members of the Tax Education Alliance and representatives of the Ministry of Finance in Zambia and culminated in the need for Zambia to develop a country position in response to the two-pillar solution.

Public interest litigation to promote DRM and address IFFs

In the face of multiple crises such as the rising debt stock, the health crisis and economic shocks of the COVID-19 pandemic, the effects of climate change amongst others, there has been a growing need to protect public resources. These issues can no longer be seen as purely economic issues but rather they are a threat to human rights especially socio- economic rights. It is for this reason that there has been an increase in public interest litigation on domestic resource mobilisation issues. Public interest litigation (PIL) can be summarised as court cases that seek to address issues that affect public concern. PIL has been used in the past to protect or defend the rights of groups, communities and the general public.

Building on the experiences gained from filing PIL cases on DTA issues in Kenya, TJNA convened the very first PIL retreat in June 2022 with the aim of bringing different stakeholders who have used PIL to promote DRM and address IFFs in Africa. The participants included members of the Stop the Bleeding Campaign, Pan African Lawyers Union (PALU) and AFRODAD, members of the Law Society of Kenya, the Zimbabwe Environment Legal Association amongst others. This meeting took stock of the existing PIL cases, promoting cross country peer learning and culminating in the decision to formulate a PIL strategy on DRM and anti- IFF issues for civil society organisations.

Advocacy workshops for at least 4 African Governments to make public tax expenditure reports by 2023.

TJNA conducted advocacy workshops in Mozambique, Uganda, Zimbabwe, Tunisia, and Kenya to raise awareness of policies related to tax incentives and tax expenditures. The workshops helped to create policy awareness and promote transparency in tax-related matters.

As a result of these advocacy efforts, Uganda and Kenya published Tax Expenditure reports. These reports provided information on the amount of tax loss incurred during the year 2020-2021 due to the tax incentives granted by these governments. Government acknowledgement of lost tax revenue is key in overall tax transparency measures. This helps to improve decision-making on tax matters within a country.

Release of Kenya's tax expenditure and tax incentives policy in 2022

In 2021, Kenya's Tax expenditure report shed light on the country's tax expenditures in a bid to enhance fiscal transparency and tax efficiency. The report showed that value-added tax (VAT) had the highest tax expenditure in 2020, accounting for 2.18% of GDP, while corporate income tax (CIT) had a lower tax expenditure at 0.53% of GDP.

The report's findings had significant implications for policymakers, as they provided insights into where the government can focus its efforts to improve tax efficiency and revenue collection.

However, TJNA conducted a detailed analysis of the report and published a report and blog highlighting areas where the government could have improved its inclusivity and transparency. TJNA's recommendations aimed to help the government create a

more comprehensive tax expenditure report that aided in decision-making processes. The publication of the report itself was a result of pressure from international financial institutions like the IMF, which have been urging countries to prioritise fiscal transparency and tax efficiency as part of their development agenda.

Despite its criticisms, TJNA commended the report's inclusion of every tax waiver, as required by the Kenyan constitution, and estimates of the revenue loss incurred as a result. This inclusion was a step towards more transparent and accountable tax systems, as it ensured that taxpayers understand the cost of tax exemptions and other tax incentives offered by the government. Ultimately, the publication of Kenya's tax expenditure report was a significant step towards creating a more efficient and equitable tax system in the country.

Formation of APNIFFT Zimbabwe National Caucus

TJNA provided valuable technical assistance to the APNIFFT Zimbabwe national caucus in the form of training on Tax Incentives and beneficial ownership.

This assistance helped in the formation of the APNIFFT Zimbabwe National caucus, which is an important platform for stakeholders to engage in constructive discussions and collaborations related to tax incentives and beneficial ownership in Zimbabwe.

The formation of the APNIFFT Zimbabwe National caucus is a significant achievement as it enables civil society organisations, government representatives, and other stakeholders to work

together to promote transparency, accountability, and good governance in the country's tax system.

TJNA's technical assistance played a critical role in equipping members of the caucus with the knowledge and skills needed to participate actively in discussions around tax incentives and beneficial ownership, which are essential to ensuring fair and equitable taxation in Zimbabwe.

Overall, the formation of the APNIFFT Zimbabwe National caucus is a positive step towards building a more inclusive and transparent tax system in the country.

Public Interest Litigation Case on the Great Dyke Tax Incentives in Zimbabwe

In January 2021, the Zimbabwean government provided the Great Dykes company with an array of tax incentives, including exemptions from income tax, additional profits tax and sales tax to carry out platinum mining under a special mining lease between the government and Great Dykes. The special mining lease was not publicly accessible and was granted without parliamentary approval.

In February 2022, having worked closely with the APNIFFT Zimbabwe national caucus and TJNA's national partner, ZIMCODD, Hon. Chidakwa, questioned the legality of the special mining lease.

He additionally questioned whether a cost-benefit analysis was done on the tax incentives provided. Following this, during the public interest litigation surgery, the legal strategy of the case was examined, and TJNA and other partners provided technical input.

This culminated in the filing of the public interest litigation case by ZIMCODD in July 2022. The tax incentives provided under the statutory instrument and special mining license were challenged based on their violation of constitutional principles such as the lack of parliamentary approval



Promoting reforms of natural resource governance and tax regimes in the extractive sector In Africa

Overview

Africa is a resource-rich continent endowed with a vast array of natural resources. However, the extractive sector has yet to yield meaningful, transformational economic and social outcomes for the continent.

Foreign multinational corporations (MNCs) benefit more from this sector than African governments because of unfair international trade and investment rules and agreements, which disadvantage African countries. Compounding this are the weak governance systems in Africa, arising from inadequate policies, laws, and institutions required to regulate and govern the sector. Poorly negotiated mining terms have worsened Africa's unfavorable terms with multinational corporations.

The lack of transparency and accountability has enabled these corporations to engage in aggressive tax avoidance and evasion schemes. The lack of economic diversification, value addition and broad-based local linkages to the mining sector reinforces Africa's resource curse.

Efforts have been made to improve the sector's governance through frameworks like Africa Mining Vision (AMV) and the Extractive Industries Transparency Initiative (EITI).

However, effective domestication and implementation of these instruments are still a challenge.

In response to addressing these identified problems, TJNA, focusing on the policy thrust on tax and natural resource governance, implemented this focus area in the following ways:

In 2022, TJNA's efforts in Africa's natural resource governance were focused on several key areas. Firstly, we advocated for the domestication of the Africa Mining Vision (AMV) by working to align Country Mining Policies and Laws with Pillar 3 of the AMV, which focuses on the fiscal regime and revenue management. Through regional policy influencing and advocacy, TJNA sought to enhance public participation, engagement, monitoring, and reporting on the AMV domestication process concerning fiscal regime design, tax collection and IFFs in various African countries.

Secondly, TJNA partnered with strategic institutions to scrutinise tax incentives and Double Taxation Agreements (DTAs) in the natural resources sector. They advocated for reviewing existing resource contract fiscal terms with overly generous tax incentives to ensure Africa maximises the potential windfall revenue from the energy transition. TJNA also increased public engagement on issues of illicit financial flows and other financial crimes in the natural resource sector, seeking to expose the unfairness of the international financial architecture regarding effective revenue collection in Africa's resource-rich countries.

Below are the activities that TJNA undertook to promote the reform of natural resource governance and tax regimes in the extractive sector in Africa:



Alternative Mining Indaba (AMI) 2022

In 2022, TJNA participated in the 13th Alternative Mining Indaba (AMI) in Cape Town, South Africa. AMI was convened virtually from the 4th to the 6th and physically from the 9th to the 11th of May 2022.

Notably, that edition signified a special number premised on the fact that for 13 years, multi-stakeholders that support mining-affected communities (MACs) have been meeting parallel to the Mining Indaba.

The unison was forged by the primary goal to provide a safe space to amplify the voices of MACs in demanding transparency, accountability as well as a fair share of mineral resources that are extracted from their land. Hosted under the overarching theme: A Just energy transition for sustainable mining in an era of a climate crisis, this edition brought together 280 in-person and

200 virtual delegates from various formations that include faith-based organisations (FBOs), MACs, youth, women, environmental activists, civil society organisations (CSOs), artists, media, traditional leaders, political leaders, academia, trade and labour unions, members of parliament, government, and business representatives from across Africa and beyond. This was the first physical meeting in the post-pandemic lockdown phase.

TJNA, as chair of the 2022 AMI, actively participated in the AMI and co-hosted two virtual webinars and a high-level panel. This first webinar was titled, 'Just Transitions for Who? A feminist perspective' cohosted with feminist organisations that work on taxation and economic justice. The second webinar, 'The Future of resource taxation under the Africa Mining Vision,' was co-hosted with the Intergovernmental Forum for Mining, Minerals, and Metals.

The third and final session hosted by TJNA was titled, ‘Financing A Just Transition’ in collaboration with CDD Mozambique, unpacked issues of taxation, Domestic Resource Mobilisation (DRM) and Illicit Financial Flows within the context of mining, climate change and the energy transition.

Key outcomes from AMI were that the digital economy offers an opportunity for job creation and a broader tax base in the context of a just energy transition. The event also highlighted that prioritising domestic over foreign investment in the digital economy and renewable energy sectors can lead to green economic growth benefiting citizens.

African governments should reconsider incentives for mining companies to ensure equitable revenue distribution from Africa’s natural resources and counter illicit financial flows and corruption. Regularising Artisanal and Small-Scale Mining (ASM) and promoting mineral beneficiation could generate revenue for economic growth, with investments focused on supporting marginalised groups. As Africa embraces a low-carbon energy transition, diversifying economies through domestic investment and public sector-led endeavours becomes crucial to expanding the tax base and driving economic growth for the benefit of all citizens.

African Union (AU) Economic Social and Cultural Council ECOSOCC Dialogue Forum

In 2022, Tax Justice Network Africa (TJNA), alongside the Center for Trade and Policy Development (CTPD), Oxfam in Southern Africa and the African Union ECOSOCC, held a dialogue forum on the sidelines of the African Union Mid-Year Summit in Lusaka, Zambia on 13th July 2022.



The dialogue forum was themed, ‘Leveraging Africa’s Extractive Sector for Nutrition and Foods Security Financing’. The objective of this dialogue forum was to formulate strategies on how the African continent can leverage its extractive sector to finance nutrition and food security.

This was primarily focused on discussing how governments could expand their tax bases from revenue collection in Africa’s extractive sector. This was in line with the 2022 African Union theme of “Strengthening Resilience in Nutrition and Food Security on the African Continent.” This forum targeted goals 3 and 20 of Agenda 2063 that speak to a healthy and well-nourished citizenry and domestic financing of all developmental goals.

The meeting had about 100 in-person participants and about 20 joining online. Key panelists included representatives from the African Union, Tax Justice Network Africa, Oxfam, Africa Development Bank Group (AfDB) and the Africa Tax Administrative Forum (ATAF). The Minister of Mines and Mineral Development was also in attendance.

A Pre-event Twitter space was also held on 11th July 2022 to engage the public on the dialogue forum theme. Panelists had representatives from TJNA, Oxfam, CTPD and Members of Parliament from Zambia. A total of 145 ordinary citizens joined and participated in this Twitter Space.

Participation in global and regional events on tax and natural resource governance Inter-Governmental Forum (IGF) on mining, minerals and metals:

The Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) supports governments to advance good mining governance for the betterment of communities, economies, and the environment.

The IGF helps governments around the globe further gender equality, support livelihoods, manage ecosystems, and optimise social and financial benefits in large and small-scale mining operations.

In 2022, TJNA participated in the Inter-Governmental Forum on mining minerals and networks in a panel to discuss TJNA’s mandate and our organisation’s wins.

Tax Justice Network Africa stressed the need to connect discussions around the future of resource taxation with the “reality on the ground” in host communities, where we highlighted the importance of:

- Mineral revenue-sharing mechanisms with local authorities.
- Political will and government commitment to enable community benefits.
- Stakeholder engagement to push for laws that benefit communities.
- Adequate geological data to model suitable fiscal regimes.
- Contract transparency to enable accountability; and
- Integrating mining into the local economy.

“ African governments should reconsider incentives for mining companies to ensure equitable revenue distribution from Africa’s natural resources and counter illicit financial flows and corruption.”



When asked about installing mechanisms to ensure companies contribute all they are supposed to and that local communities receive what they are due, TJNA noted several challenges, including the political will to impose revenue sharing, ensuring clarity and transparency about the process, and deciding how best to roll it out.

International Monetary Fund (IMF) Meeting: TJNA participated in the IMF annual meeting and interacted with the IMF Director Kristalina Georgieva and discussed tax issues and domestic resource mobilisation. The chief addressed how they are helping countries boost domestic resource mobilisation to enable them to stop relying on IMF debts for development.

Campaign on Tax justice in the extractive industry

In 2022, Tax Justice Network joined The Global Alliance for Tax Justice (GATJ) when it launched its fourth Global Days of Action for Tax Justice in the Extractives Industry campaign, calling for excess profits from extractives activities to be taxed for the benefit of affected communities and the environment.

The campaign ran until 25 November and aimed to demonstrate solidarity and strengthen unity to end unjust tax and fiscal policies in the mining industry. GATJ joined forces with other social movements, particularly in climate, labour and gender justice, that have been raising proposals for the extractive sector to operate more responsibly towards communities and the environment.

Participants from Asia, Africa, Latin America, and North America joined the online event “Tax extractives’ excess profits now” to highlight the importance of taxing extractive corporations to ensure that the communities whose mineral resources are extracted benefit from these activities.

Tax Justice Network Africa Policy Officer – Tax and Natural Resource Governance Mukupa Nsenduluka participated in a panel discussion where she pointed out that mining projects in Africa and the Global South destroy business opportunities for local businesses in different communities, as multinational corporations come into their communities with international suppliers of the same goods and services and take over from local suppliers.

Dialogue Forum on ‘Leveraging Africa’s extractive sector for nutrition and food security financing.’

On 13 July 2022, Tax Justice Network Africa (TJNA), Oxfam, Centre for Trade Policy and Development (CTPD), in partnership with Africa Union (AU) Economic Social and Cultural Council (ECOSOCC), convened a dialogue on ‘Leveraging Africa’s extractive sector for nutrition and food security financing’ at the Radisson Blu, in Lusaka Zambia.

This dialogue forum specifically addressed goals 3 and 20 of Agenda 2063 and focused on the role of the extractive sector in tackling Africa’s domestic resource mobilisation challenges. This convening was premised on Agenda 2063’s aspirations and goals, which cannot be achieved without adequate financing and domestic resource mobilisation mechanisms. Indeed, to achieve these goals, one key sector that could provide adequate financing through optimal tax revenue collection was the extractive sector.

Over the last two years, Africa has suffered from the devastating impacts of the global COVID-19 pandemic. The disease affected lives, economies, and livelihoods, stifling the envisaged development trajectory across the continent. Although the continent recorded comparatively lower rates of infections and deaths than other regions, COVID-19 reversed the socio-economic gains achieved by the continent in implementing Agenda 2063’s first ten-year implementation.

Another occurrence that exacerbated Africa’s socio-economic position is the Russia-Ukraine conflict. The 2022 African Development Bank (AfDB) Economic Outlook noted that the conflict negatively impacted Africa’s path of recovery from the ravaging impact of the pandemic, thereby threatening to set back the continent’s promising economic prospects.

Furthermore, global trade and supply chain disruptions, primarily in agricultural, fertiliser, and energy sectors, following the conflict and the sanctions enforced on trade with Russia, heightened the risks on Africa’s economic outlook to the downside.

More specifically, there were concerns that the forecasted impacts on energy, food and other imported commodities could trigger higher food and energy prices which would exacerbate inflationary pressure and constrain economic activity. In addition, the increasingly unpredictable and erratic nature of weather systems on the continent placed an extra burden on food security and rural livelihoods.

As part of the long-term vision in Agenda 2063, the Assembly of Heads of State and Government of the African Union adopted common African aspirations, aiming to leverage the African population’s potential for human capital development. This could only be garnered if citizens are well-nourished and healthy, with priority given to women, adolescents, and children. Africa’s human capital stems from its high young population providing opportunities for the continent’s socio-economic development resulting in improved lives for individuals, higher earnings, and improved incomes for countries.

The African Union noted that although Africa’s share of the world’s undernourished population has decreased from 35.5 per cent in 1990 to 22 per cent in 2019, the current rate remains alarming and calls for more vigorous efforts to improve food security and nutrition. As such, aspiration 1 of Agenda 2063 underscores the importance of nutrition for the “Africa We Want” with a goal of “African people have a high standard of living, quality of life, sound health and well-being” and goal 3 of amongst the major hindrances to realising this aspiration and goal has been the inadequate financing and failure to domestically mobilise resources amidst competing priorities of debt serving and financing public service delivery. This gap further highlights Africa’s overall poor performance towards achieving goal 20 on taking full responsibility for funding its development through domestic resource mobilisation.





**Promoting national tax systems that
adequately address inequality through
progressive and redistributive taxation**

Overview

Tax revenue remains the most reliable and sustainable source of finance to provide adequate social services. However, tax is not only a revenue collection tool, but it also has redistributive and regulatory functions.

The above initiative under this key result area aimed at reducing unfair tax practices through evidence-based research, policy advocacy, and capacity building for monitoring fairness and transparency within the tax system and influencing policies on revenue generation.

The focus of this policy thrust was on:

championing citizen-centered domestic resource mobilization policies and encouraging progressive forms of taxation where TJNA worked with its members and partner organization to advocate against regressive tax systems that perpetuate inequality in and between national states.

Promoting progressive and redistributive national tax systems to address inequality where TJNA supported members to introduce taxes that target the wealthy, such as capital gains, property taxation and taxes that target High Net Worth Individuals (HNWI). TJNA will continue to invest in the Fair Tax Monitor (FTM) as a tool for research-based evidence on the differential impacts of tax policy on inequality, concerning the provision of adequate social services.

Promoting citizens’ participation in tax policy design and implementation where TJNA supported members to introduce taxes that target the wealthy, such as capital to improve tax governance and government accountability.

Senegal - Strengthening women’s Capacity on IFFs

In 2022, Forum Civil, with support from TJNA organised eight sessions for the benefit of women living in localities that are home to mining. (FCM: Women in Mining Communities) in Senegal. The women’s group is challenging the government on issues under Illicit Financial Flows.

FCMs are structures mainly composed of women from grassroots community organisations in the localities where they are located. The eight (8) FCMs that were formed are in two (2) regions: Thiès (City of Thiès, Communes of Ngoudiane and Taiba Ndiaye) and Bakel (Commune of (Moudery, Bakel, Bélé, Madina Foulbé, Gathiary),).

The overall objective of the establishment and training of FCMs was to promote the transformational leadership of women in the mining sector by promoting their inclusion in the governance of mining funds and revenues, local content, land, corporate social responsibility, environmental monitoring and the promotion of human rights (economic, social and cultural).

Outcome

These various activities made it possible to raise awareness and improve the knowledge of actors living in local authorities on issues relating to taxes and tax incentives.

The women committed themselves to take charge of the issues related to mining in their different areas but above all to advocate so that the funds provided by the legislation can benefit the populations in general and women in particular.



Senegal - Capacity building of territorial actors’ workshop

In 2022, Forum Civil and TJNA, carried out training on IFFs to support the establishment of effective tax policies for people in the peripheral areas affected by mining activities in Senegal.

Senegal has been facing budget deficit due to its limited capacity to generate domestic resources.

However, to meet the basic needs of its citizens, the government needs to rely on its own revenues to pursue its development program. A fair and equitable tax system can help mobilise domestic resources, redistribute wealth, invest in basic infrastructure to fight poverty and social inequality, and strengthen governance while reducing illicit financial flows.

It is for this reason that the Tax Justice Network Africa (TJNA) has been working on the project "Strengthening tax justice in Senegal" to promote tax justice since 2018.

Outcome

The capacity building and training sessions made it possible to raise awareness and improve the knowledge of actors living in local authorities on issues relating to taxes and tax incentives.



Cameroon - Capacity building of Parliamentarians, CSOs and media (members of the observatory) on the monitoring of Tax Equity in Cameroon

In 2022, African Regional Center for Endogenous and Community Development (CRADEC) with support from TJNA, held a capacity building in Cameroon that brought together MPs. We launched the APNIFFT Cameroon chapter and founded the African regional-level FSI Index in collaboration with Tax Justice Network.

This was a significant milestone given the dynamics in Cameroon to develop a critical mass of actors capable of defending tax justice to guarantee budgetary sovereignty capable of financing the Sustainable Development Goals.

Workshop Objective

The main objective of the workshop was to open to stakeholders (administrations, parliamentarians, CSOs and media) a platform for capacity building and exchanges on issues aligned with the national and international tax system, financial transparency and monitoring tax equity for the financing of the Sustainable Development Goals through the National Development Strategy 2020-2030 (SND30) in Cameroon.

Outcomes

Successful launch of the APNIFFT Cameroon Regional Caucus which

A total of 50 individuals, including administrations, parliamentarians, CSOs, and media, received education and resources on national and international taxation during the workshop.

The workshop also provided information and resources on the financial confidentiality index to the same group of 50 attendees.

The participants formulated strategy elements and advocacy tools to promote reforms related to tax fairness, fighting IFFs, exemptions, double taxation agreements, and the implementation of the VMA towards the government.

The workshop facilitated increased political engagement of stakeholders, including parliamentarians, CSOs, media, and administrations, to enhance tax revenue mobilization strategies.

Kenya - Challenging Private Creditors for People's Recovery Report

In 2022, Tax Justice Network Africa (TJNA), through EATGN commissioned research to generate evidence on the role of private creditors in debt crises, and its human costs.

The study sought to contribute to the 'Towards a People's Recovery' project by informing advocacy efforts from various stakeholders, including parliamentarians, finance ministers, World Bank, IMF, Regional bodies, civil society and media professionals.

Specifically, the study sought to:

Provide new material for our public campaigning and media on debt and private creditors to popularize and humanize the issues.

Build popular support for campaigns on private sector debt, including by providing accessible information for wider audiences.

Provide clear narrative/evidence of the human costs/opportunity costs for sustainable and equitable development.

Strengthen negotiating positions of countries in debt restructuring.

Influence the UK government, including with focus on key areas of public spending such as girls' education, health, climate adaptation/resilience.

Findings

The report found out that in the past ten years, the public debt portfolio has grown exponentially, increasing by five times.

This upsurge in debt is mainly due to a continuous rise in budget deficits, resulting from increased spending on infrastructure development. The government had to resort to private sector lenders since concessional loans were not readily available.

Although commercial debt is easier to access, it carries higher interest rates and shorter repayment periods. Consequently, debt service costs have increased, and the country's credit ratings have downgraded, increasing its risk of debt distress.

Unfortunately, the increased private sector debt has negatively impacted the country's development agenda, realization of basic human rights, and gender equity. Repayment obligations resulting from high-interest rates have diverted resources from essential sectors such as health, education, agriculture, water, and housing. In addition, the government has initiated tax regime reforms such as the digital service tax and raising VAT on basic commodities to fulfill its repayment obligations, further increasing the cost of living and inequalities.

Moreover, domestic private debt has reduced private sector investment, stifling economic growth as the private sector competes with the government for locally available loans.

Recommendations

Cognizant of these implications, the study highlights the following recommendations for the management of private sector debt.

Challenge private sector creditors to recognize their role in debt unsustainability in Kenya.

Encourage the Government of Kenya to pursue more opportunities for restructuring debt from private creditors.

Encourage the Government of Kenya to pursue proactive debt management approaches with private creditors through, for example, debt profiling which replaces existing debts with new debt with a different currency or maturity profile.

State and non-state actors should push for the operationalization of laws and policies on transparency and access to information regarding public debt, including private sector debt.

Kenya should continue streamlining the tax policy to optimize revenue collection.

Support and encourage non-state actors to enhance knowledge of citizens on their role in public debt and public finance management.

Support the Government of Kenya to strengthen capacity to implement an effective debt management policy.

Advocate for G-20, IMF/ World Bank, and the UN to develop a framework that can buy time (negotiated rollover of private bank credits) for proper sustainability analyses to be done on a country-by-country basis.

Promote structural economic reforms and fiscal consolidation in Kenya.

Advocate for inclusion of contingency clauses in private debt contracts that allow for automatic extension of maturities in times of acute liquidity crisis arising from external shocks, beyond the control of debtor countries.

Tobacco Tax Advocacy in Africa

In 2022, the TJNA secretariat continued to provide leadership and general coordination of the Tobacco Tax Advocacy in Africa project.

The tobacco taxation and health financing research conducted across all the 5 project countries and launched in the 1st and 2nd quarter of 2022, was therefore strategic and relevant in providing policy options to governments who were earnestly looking for sustainable solutions. We received a very warm reception and adoption of the reports in all the countries, particularly by government agencies and officials from the ministries of finance, health, and the National Health Insurance Fund.

Since 2017, Tax Justice Network Africa (TJNA), in collaboration with its members National Taxpayers Association (NTA) – Kenya, Civil Society Legislative Advocacy Centre (CISLAC) – Nigeria, Centre for Trade Policy and Development (CTPD) - Zambia, Bureau De Liaison Avec Le Parlement De La Conference Episcopale Nationale Du Congo (BLP/CENCO) – DRC, Initiative Locale Pour Le Developpement Integre (ILDI)-DRC and Vision for Alternative Development (VALD) – Ghana, has been implementing the ‘Tobacco Tax Advocacy in Africa’ project funded by the Bill and Melinda Gates Foundation (BMGF).

The primary objective of the project was to strengthen advocacy towards tobacco tax policy as an effective means of capturing significant revenue, reducing tobacco's cost to social national economies (in terms of healthcare costs and lost productivity) and protecting public health.

A secondary objective was to change the perspective that multinational tobacco companies are legitimate stakeholders in policy discussions given the harm they cause to the country and the deceptive tactics they use to avoid taxes and shift revenue overseas.

Policy Changes per Country:

Ghana

In 2022, TJNA and its partner VALD Ghana rallied a call for improved excise tax systems and released a report on the Economics of Tobacco.

As a result, the minister of finance, Hon. Ken Ofori-Atta in Ghana, in his budget statement, announced that there will be an ‘Excise tax reform’ in 2023 that will change the tobacco excise tax system, in both the structure and rates to align with those recommended by the ECOWAS protocols. Excise taxes on electronic cigarettes is also set to be introduced

Outcome

A significant policy outcome of this project, led by the implementing partner VALD in Ghana, has been a rallying call. Prior to VALD's influential research report on the 'Economics of Tobacco,' the administration was vehemently opposed to any alterations to the excise tax system.

However, VALD's report sparked a national discourse on the issue, resulting in an invitation from the Commissioner General of the Ghana Revenue Authority (GRA) and his commissioners to learn more about the research outcomes. The meeting, held in June, led to a commitment from the commissioners to advocate for excise tax reforms. The proposed reform aimed to segregate the current ad valorem system, which includes all excisable goods, for easier tracking and management.

Nigeria

In Nigeria, a new policy measure that reviewed excise duty on tobacco products was finally implemented on 1st June 2022. It maintains the mixed tax system of ad valorem and specific taxes as well as the three-year incremental regime.

It increases ad valorem from 20% to 30%, and specifics from N2.90 to N4.20 per stick of cigarette in 2022, N4.70 in 2023 and N5.20 in 2024.

The new excise tax regime also introduced duties on electronic cigarettes and Shisha. Shisha is now taxed at the rate of N3,000 (\$6.75) per litre and N1,000 (2.25) per kilogram and is subject to a yearly increase of not less than N500.

Outcome

This was another significant development in the project. The new 3-year tobacco excise tax regime was due for introduction in 2021 after the expiration of its predecessor in May 2020. The industry had been successful in pushing for the status quo and went further to propose changes in the tax rates. However, the concerted efforts and sustained advocacy campaigns by the project team members led by the implementing partner in Nigeria, CISLAC, finally bore fruit with this enactment.

The significance of this new excise tax regime is that Nigeria would have made an over 100% tax increase on the previous regime and will position the country among the top 5 countries with the highest tobacco tax rates in the ECOWAS region. This is an improvement on the previous position of Nigeria (third lowest tobacco tax rate in the region) and given Nigeria's position, will likely have ripple effects on other countries in the region.

Zambia

In April 2022, the Zambian National Health Insurance Scheme (NHIMA) adopted the use of tobacco excise taxation as a tool to achieve their goal of universal health coverage in Zambia.

A new excise duty at the rate of 145 per cent on electronic cigarettes and cartridges was introduced by the minister of finance through a budget speech delivered on 1st October 2022 in parliament.

Outcome

This measure will not only contribute to reducing tobacco consumption and its related harm but also increase the revenues collected by the government from the industry strengthening the advocacy for specialized financing for healthcare in the country.

Kenya

In June 2022, the Finance Amendment Bill was passed, resulting in a 10% increase in excise tax for tobacco products. This led to the following rate increases: for cigarettes with filters (hinge lid and soft cap), the rate rose from Kshs. 3,447.61 (\$28.04) per mille to Kshs. 3,825.99 (\$31.12) per mille, while for cigarettes without filters (plain), the rate increased from Kshs. 2,502.74 (\$20.36) per mille to Kshs. 2,752.97 (\$22.39) per mille.

Similarly, the excise tax for other manufactured tobacco and manufactured tobacco substitutes, homogenous and reconstituted tobacco, and tobacco extracts and essences rose from Kshs. 9,734.45 (\$79.17) per kg to Kshs. 10,707.88 (\$87.09) per kg.

The excise tax for products containing nicotine or nicotine substitutes intended for inhalation without combustion or oral application, excluding medicinal products, was also raised from Kshs. 1,200 (\$9.76) to Kshs. 2,500 (\$20.33).

Outcome

Although the nominal increase of 10% was slightly above the national inflation rate, it was still considered significant. This was because the increase in costs was not eroded but rather transferred to both the users and producers of tobacco products.

As a result, the goal of the project, which was to reduce consumption, was achieved. Additionally, the increase in taxes on e-cigarettes just a year after its introduction was a policy advocacy win. This was because the tobacco industry had lobbied both the executive and legislature to abolish excise taxes entirely, claiming that it was causing smokers to switch from safe nicotine to traditional harmful cigarettes.



DRC

In DRC, the Regulations on Ordinance-Law No. 18/002 on excise duties enacted on 13th March 2018 was approved by the cabinet through a Ministerial Order No. CAB/MIN/FINANCES/2020/009 of 16 April 2020 and came to effect on 1st June 2022.

In this decision, the tax stamp for cigarettes went up from \$3.5 per 1000 sticks to \$22.9 per 1000 sticks, an increase of 550%.

Outcomes

The change was significant, being the first since its introduction in 2001.

CENCO estimated that the 550% tax stamp led to a 250% increase in retail prices of mainstream tobacco brands in DRC, given that over 95% of all tobacco products are imported.

The implementation of the order was delayed due to an injunction obtained by the tobacco industry through the Federation of Companies of Congo (FEC).

ILDI and CENCO collaborated with the TJNA secretariat to create a marshal plan, which involved mass media advocacy, and coalition building with CSOs, universities, and other pressure groups to push back against the tobacco industry's interference in tobacco control policies.

The coalition was eventually invited to discuss tobacco taxation with the director of the domestic tax and customs department at the DRC revenue authority headquarters after launching a research report.

The director committed to pursuing the matter in court in favour of the advocates, and the suspension was eventually lifted.

The order came into force on June 1, 2022.

Overall Campaign Outcome:

In the various campaign in the 5 countries, the adoption of tobacco taxation as a strategy for national health financing was adopted in Kenya, Zambia, and Nigeria.

Monitoring Visits to Project Countries

After more than two years of mainly virtual engagements between the TJNA secretariat and its partners, a consensus was reached in 2022 that the project interventions' effectiveness would be improved by physical collaboration, as originally intended.

The secretariat thus devised a plan for a series of in-person visits to all five project countries between February and April 2022, coinciding with the weeks when the partners were launching their primary research outputs.



Outcome

The outcome of the project was that the partnership between the TJNA secretariat and its implementing partners, as well as their local coalitions, was strengthened. Additionally, project evaluations were conducted, and the secretariat team was able to participate and provide support during public policy dialogues held in conjunction with all the research launches

Tobacco Industry and Illicit Financial Flows sub-project

In 2022, the TJNA secretariat partnered with the University of Bath, The Investigative Desk in the Netherlands, and the University of Nairobi to conduct research on the extent of the tobacco industry's involvement in tax evasion and avoidance in Africa.

The goal of this research sub-project was to dispel the common misconception that the tobacco industry is a dedicated taxpayer in the continent, thereby furthering objective 2 of the project.

Outcome

The project attracted additional investment both financial and in-kind.

Mid-Term Review Meeting (MTR)

In 2022, TJNA and its partners convened for the MTR in Abuja, Nigeria from August 29th to September 1st. The meeting had three main areas of focus: the first centered on the MTR discussion and concluded with an internal review process that had been ongoing in the preceding months; the second addressed the identification and retooling of capacity gaps; and the final segment focused on collective action and team building.

Participants included project leads, finance heads, and lead Monitoring and Evaluation personnel from each implementing partner.

Outcome

The meeting focused on sharing effective implementation strategies and involved all partners reviewing their work plans and budgets for the second half of the project. Participants received capacity building on new and emerging tobacco products as well as various policy options for taxing them.

Additionally, the meeting included discussions on re-tooling identified capacity gaps and team building for collective action.

The participants consisted of project leads, project finance heads, and lead Monitoring and Evaluation personnel from each implementing partner.

Mainstreaming of the tobacco tax in TJNA flagship programs

In 2022, TJNA and its partners shared research findings on tobacco taxation and health financing during the African Parliamentary Network on Illicit Financial Flows and Tax (APNIFFT) and the Pan African Conference on Illicit Financial Flows and Tax (PAC), both held in Lusaka, Zambia during the week of September 26.

The events, which were funded by TJNA's core funds and other partners, were held under the theme "Tax Justice amid multiple crises." APNIFFT aims to provide African legislators with the opportunity to strategize, learn, and build their capacities in tackling illicit financial flows and tax injustice on the continent through national, regional, and continental caucusing.

PAC, on the other hand, is an annual continental conference that brings together stakeholders concerned with domestic revenue mobilization in Africa, including governments, government agencies responsible for tax policy development and administration, academia, and civil societies. During the events, plenary discussions and briefing notes were shared to enhance knowledge sharing on effective strategies for implementation.

Outcome

16 MPs from all the project countries committed to supporting work around tobacco taxation.

Success Story 10

Ngoudiane: The Civil Forum Equipped Women from Mining Communities

During a capacity-building workshop for members of the "Women of Mining Communities" (FCM) platform, the municipality of Ngoudiane (Thies) cited as an example by the civil forum in the context of the proper management of the financial benefits garnered from mining companies. To better involve women in transparency in the mining sector, Birahime Seck et Cie decided to work with them.

This action is in line with the project to strengthen tax justice in Senegal "Phase 2" and which aimed to promote the transformational leadership of women in the mining sector. According to the coordinator of civil forum, Birahime Seck, the amount of funds granted to municipalities by mining companies were low compared to their turnover. There was an opportunity for presenting this at the townhall of Ngoudiane, to present to Civil Forum all the data and expenditure resulting from corporate social responsibility. On his part, mayor Mbaye Dione welcomed the initiative and argued

that women should benefit from funds from mining operations." At the same time, it is included with great hope because it helps to strengthen the self-financing capacity of women" he said.





**Strengthen TJNA institutionally for
effective management and sustainability**

Overview

Since the outbreak of COVID-19 pandemic greatly altered the environment in which organisations operate, the world has moved from one crisis to another, famine, wars, debt distress and climate change. These crises have highlighted the importance of creativity, innovation, and resilience for every organisation. In light of these, TJNA has continued to adapt its programs and revenue-generating efforts to reflect the changing needs and opportunities.

TJNA's ability to deliver impact in its programmatic interventions depends on the effective and efficient functioning of the secretariat. In 2022 the secretariat continued to invest in technology to improve programmatic delivery and impact measurement. TJNA also continued to evaluate and improve its internal processes to ensure it remains as efficient as possible as outlined in the strategic plan 2021-2025.

Development of TJNA's 2023-2025 communication strategy, brand guide and visibility materials

In 2022, TJNA embarked on the creation of the 2021-2025 communication strategy. The purpose of the strategy is to strengthen TJNA's profile as a critical partner in the fight against illicit financial flows and the promotion of tax justice in Africa. The strategy highlights how TJNA's communication will strategically support the organisation's key function in mobilizing citizens and institutions to demand fair tax systems.

The strategy will contribute to the achievement of the key results areas of TJNA's strategic plan by advancing the following:

Thought leadership: Promoting evidence-based public discourse around tax justice and illicit financial flows within the African context to influence policymaking at national, regional, and global levels.

Enhanced engagement: Building and fostering collaboration and joint action on tax justice among TJNA members and stakeholders to increase network voice.

Systems, processes, and tools Implementing a targeted set of improvements to TJNA's communication systems and tools to enhance their efficiency and effectiveness.

Brand building: Building a coherent TJNA brand, enhance its authority and reputation, and increase its visibility to ensure TJNA's communications deliver on all the above objectives.

Media Relations: Stimulating national and global media interest in tax justice.

The strategy has been designed to guide communication activities, set priorities, and provide a framework for implementation.

TJNA also embarked on creating branding guidelines which are a vital resource for the network to maintain a consistent brand outlook that is reflected in both visual and verbal communication.

ERP Development and Implementation

In 2019, TJNA moved most of its operations from manual to online by developing an intranet for managing all requests via Microsoft SharePoint and Office 365.

TJNA also implemented an ERP system via Microsoft Dynamics Business Central which automated business processes across Human Resource Management, Payroll Management, Procurement Management and Financial Management. It provides the back end for the different requests done within the TJNA intranet.

In 2022, TJNA sought to automate its project and grant management business processes to accelerate program planning and delivery, for effective management of projects, portfolios, and resources. TJNA developed the technical aspects of the system and automated the project and grant management business processes for improved performance.

The system automated processes in:

- Planning & Scheduling
- Budgeting
- Resource Management
- Costings
- Project documentation
- Data analytics, monitoring and progress reporting
- Collaboration and communication
- Grants management

Media monitoring

TJNA enhanced its online and mainstream media presence in 2022 based on the coverage received for the year.

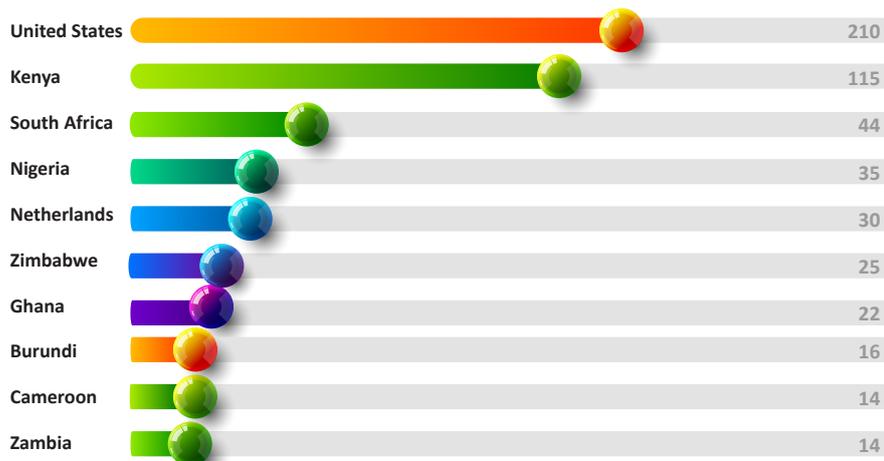
As a result of the advocacy efforts in the different KRA's TJNA made appearances in different online and mainstream media platforms accruing a reach of 166M on 297 media outlets and gaining coverage on 473 social outlets.

Below is a representation of the top keywords, sentiments and countries TJNA was mentioned in for the year.

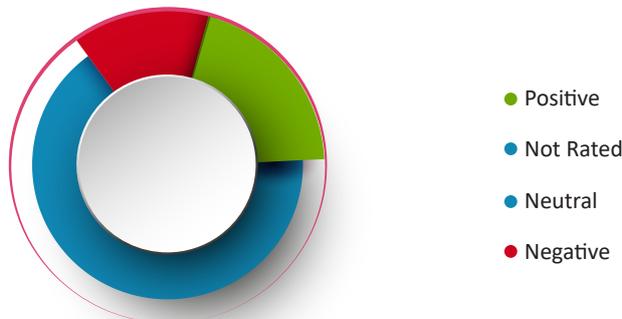
The top keywords from January -December 2022 included:



TJNA was also mentioned in a total of 525 countries both globally and regionally as below:



In terms of sentiment, for the year, TJNA achieved a 20.5% positive rating and a 70.1% neutral rating indicating a mention in good light.



Interactive and informative TJNA website

In 2022, TJNA initiated the process of redesigning the TJNA main website to address the organisation's general, programmatic, and fundraising needs.

The website was created to:

- Improve SEO and site performance
- Refresh content strategy
- Optimize site experience
- Increase website navigation flexibility
- Reduce site loading speed
- Improve website security

The website was revamped with improved features and is set for phase 3 revamp in 2023.

Development of the network strategy and accompanying policies

In 2022, TJNA was surveyed to inform the process of the creation of the organisation's network strategy. The strategy outlines 4 key focus areas to advance the relationship between TJNA and its members.

The four focus areas are.

Aligned membership structure where the aim is to align the network's value proposition to the membership structure that accounts for both unique and combined value, leading to an aligned membership structure and process that is aligned to member needs and realities and that is fit for purpose.

Improved membership engagement where we aim to foster active network participation through adapting suitable tools and approaches focusing on building relationships and communicating, with members leading to robust engagements through adapted communication channels for sharing information within the network.

Community building, where we aim to bolster greater network effectiveness through member-member engagement by creating connections and deepening relationships across members, therefore, leading to strengthened systems, structures and processes that foster member-member engagements and collaborations.

Secretariat structure and support, where we aim to ensure sufficient & efficient structures, systems, and resources to effectively coordinate and facilitate the network's core mandate to have a well-facilitated secretariat with a network mindset to effectively and efficiently coordinate and support network members

Business continuity and disaster recovery Plan

In 2022, TJNA established a disaster recovery plan that established guidelines, procedures, and responsibilities to ensure the prompt and efficient recovery of Windows servers in the event of a disaster or disruptive incident. The successful implementation of the disaster recovery plan for Windows servers enabled the organisation to minimise downtime, protect critical data, and restore services efficiently following a disaster.

The primary objectives of the Disaster Recovery Plan were:

- Minimize downtime and restore critical services within predefined recovery time objectives.
- Ensure the integrity, availability, and confidentiality of data hosted on Windows servers during the recovery process.
- Establish clear roles, responsibilities, and communication channels for effective coordination during a disaster recovery event.

Redesign of the Knowledge Hub- Revamping process

In 2022, TJNA embarked on a redesign journey of The Tax & Illicit Financial Flows Knowledge hub portal, which was developed in 2020 as a Tax Justice Network Africa (TJNA) initiative to enhance knowledge management in Africa’s Tax and development issues.

The platform was created to offer the following key benefits to stakeholders and partners (its membership)

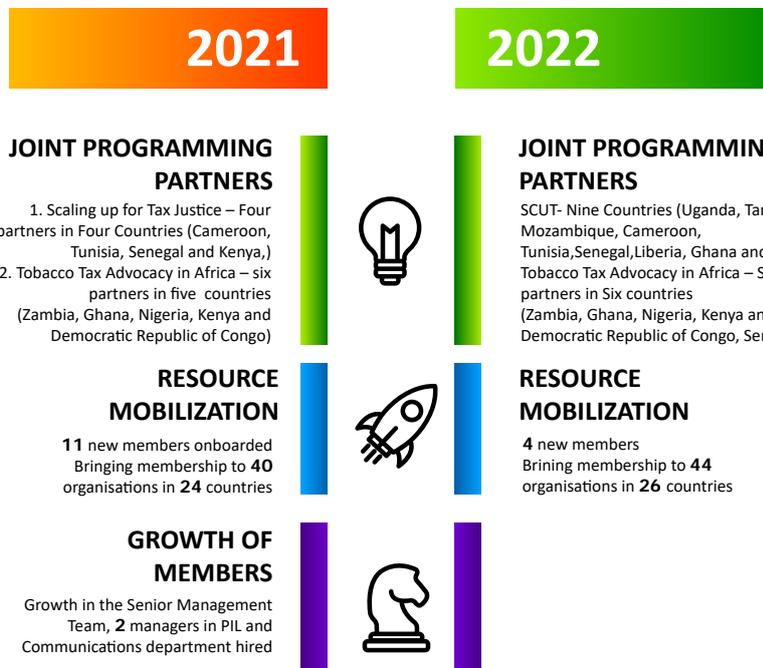
- Enable researchers to publish any research they wish to share, supporting reproducibility, transparency and impact.
- Allow members of the network to interact and share knowledge related to Tax Justice
- Support collaboration and integration by having one common source of knowledge relating to Tax Justice and Illicit financial flows.

Due to challenges in content and traffic generation to the platform, TJNA recreated a TIFF Hub, which is an online repository on tax justice and illicit financial flows (IFFs) knowledge resources exclusively, from across the continent.

The TIFF Hub is designed to be open to the public, member-based (network of practice), autonomous, self-sustaining project run and supported by a continental multi-stakeholder team, that incorporates a clear strategy on partnership engagement within the platform with explicit roles.

The purpose of the revamped knowledge hub is to:

- Create a central repository of knowledge products on tax justice and illicit financial flows and their linkages to Africa’s development.
- Create a platform for network formation and collaboration through knowledge sharing among national and regional stakeholders.



TJNA's Membership Representation across Africa





TJNA Financial Outlook 2022

Incomes

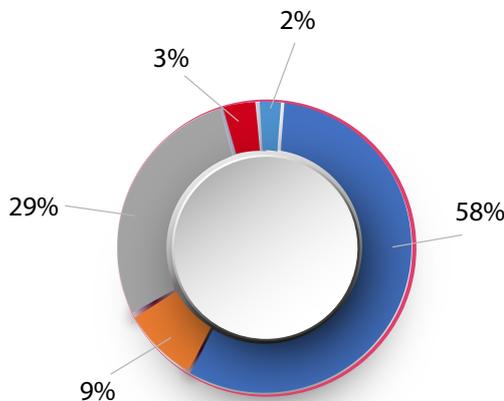
In 2022 TJNA was able to fundraise over \$6,537,435 of this amount the total income for 2022 was \$4,049,539. An increase of 19% compared to 2021 income of \$3,404,780. The increase is attributed to TJNA’s deliberate effort towards fundraising. These efforts include:

- Dedicated additional human resources to resource mobilisation within the secretariat and contracting additional technical expertise
- Set up an Executive council sub-committee on resource mobilisation working closely with the secretariat in donor mapping (including harnessing opportunities of new funders to the Tax Justice arena
- Piloting joint fundraising with members targeting national-level opportunities
- Bidding in opportunistic Calls for Proposals for specific projects.

To ensure financial sustainability TJNA has continued to diversify its donor portfolio and type of grants. In 2022 we were able to sign new grants with GIZ and NORAD. In the scaling up tax justice we have also been able to increase the number of national level partners from three to nine partners. TJNA also increased its general support grants from three to four in 2022.

In a bid to increase our operating reserves, TJNA has implemented various methods of raising income and has increased its operating reserves and has built its operational reserve to be able to cover five months of the organisation’s operating costs. We are aiming to build the organisation’s reserves to cover at least one year of the organisation’s operating costs. This will be done by making more investments and income generation activities.

TJNA income per major category



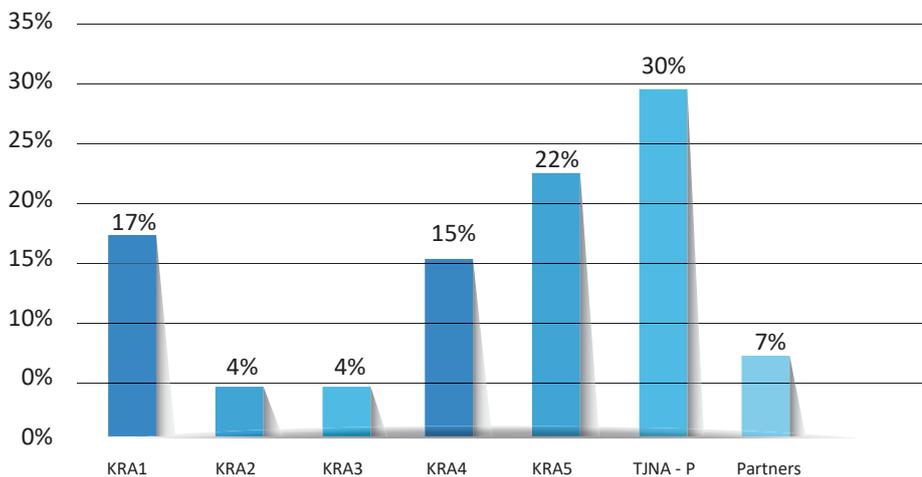
● Foundations ● INGOs ● Bilateral Organizations ● Member Coalitions ● TJNA Income

Expenditure

TJNA’s 2022 expenditure was \$ 3,521,828 in comparison to 2021 expenditure of \$2,770,117. This was an increase in expenditure by 27%. This increase is attributable to increased implementation of activities post COVID-19 as with administration of vaccines there were more physical implementation of activities done in 2022.

Against the budget TJNA had an overall budget absorption of 80%. There were some delays in finalisation of some grants in 2023 which caused delayed implementation in quarter four of the year causing a lower absorption rate in comparison to 2020’s absorption rate of 83%.

TJNA Expenditure Key result areas



Key:-

| | |
|----------|--|
| KRA1 | KRA 1: Stimulate and support increasing African voices in the international financial architecture. |
| KRA2 | KRA 2: African tax, trade and investment policies supportive of domestic resource mobilisation |
| KRA3 | KRA 3: Natural resource extraction equitably contributing to DRM |
| KRA4 | KRA 4: Fair transparent and equitable tax systems |
| KRA9 | KRA 5: Institutional strengthening for effective management and sustainability of TJNA |
| TJNA - P | Personnel costs TJNA |
| Partners | Personnel and Admin costs Partners |

Income Statement

Tax Justice Network Africa Limited
(A company limited by guarantee)
Financial statements
For the year ended 31st December 2022

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2022

| | Notes | 2022 KSh | 2021 KSh |
|--|-------|--------------------------|-------------------------|
| Income | | | |
| Grants and donations | 4 | 499,605,914 | 385,218,593 |
| Other income | 5 | <u>24,743,757</u> | <u>12,484,884</u> |
| Total income | | <u>524,349,671</u> | <u>397,703,477</u> |
| Research and development expenses | | 140,439,705 | 108,239,946 |
| Awareness and capacity building expenses | | 143,729,349 | 109,819,209 |
| Policy and advocacy expenses | | 143,440,014 | 119,171,714 |
| Governance expenses | | <u>70,732,975</u> | <u>47,729,790</u> |
| Total expenses | | <u>498,342,043</u> | <u>384,960,659</u> |
| Surplus before tax | 6 | 26,007,628 | 12,742,818 |
| Tax expense | 7 | <u>(5,995,696)</u> | <u>(4,930,800)</u> |
| Surplus for the year | | <u><u>20,011,932</u></u> | <u><u>7,812,018</u></u> |

Balance Sheet

Tax Justice Network Africa Limited
(A company limited by guarantee)
Financial statements
For the year ended 31st December 2022

BALANCE SHEET AT 31ST DECEMBER 2022

| | Notes | 2022 KSh | 2021 KSh |
|----------------------------|-------|--------------------|--------------------|
| Capital employed | | | |
| Accumulated funds | | <u>74,209,971</u> | <u>54,198,039</u> |
| REPRESENTED BY | | | |
| Equipment | 8 | <u>5,424,531</u> | <u>4,160,660</u> |
| Current assets | | | |
| Receivables | 9 | 132,483,613 | 59,521,152 |
| Cash at bank and in hand | 10 | <u>456,194,816</u> | <u>315,225,860</u> |
| | | <u>588,678,429</u> | <u>374,747,012</u> |
| Current liabilities | | | |
| Payables | 11 | 46,084,445 | 53,698,165 |
| Tax payable | | 838,416 | 1,217,061 |
| Deferred income | 12 | <u>472,970,128</u> | <u>269,794,405</u> |
| | | <u>519,892,989</u> | <u>324,709,631</u> |
| Net current assets | | <u>68,785,440</u> | <u>50,037,381</u> |
| | | <u>74,209,971</u> | <u>54,198,041</u> |

Tax Justice Network Africa

Jaflo Limited | Block 3 | 106 Brookside Drive | Westlands
P. O. Box 25112-00100 Nairobi-Kenya

Contacts

Email: info@taxjusticeafrica.net

Tel: +254 728279368

www.taxjusticeafrica.net