

**A Joint ITUC-Africa and the Nigeria Tax Justice and Governance Platform Press Statement
on the Occasion of the meeting of the United Nation Leading Group on Alternative
Financing for Development- Friday 17th January, 2014, Abuja-Nigeria.**

Endemic and generational Poverty and widening inequality continue to rise and exacerbate harsh and hard effects on households and communities in spite of massive global wealth generated under neo-liberal globalisation. These avoidable socio-economic deprivations continue to force millions of our people to go to bed hungry and countless more cannot access basic social services. Affordability and quality of these basic services such as education, health, portable water, sanitation and nutrition are also strong issues of concerns of development. Of course, it is the semblance of the socio-economic deprivation realities referred to here that are partly responsible for the non-feasibility of the 2015 Millennium Development Goals achievement timeline.

Therefore, the rise in the restiveness of citizens and the growing clamour for governments to provide, promote and guarantee the welfare and wellbeing of people as against serving the exclusive interest of the market and elites is a clear recipe for instability and chaos. The increased in global migration by many persons who feel economically hapless will continue in spite of the clear and present dangers associated with such mobility pursuit as evidenced in the Lampendusa and Sahara Desert tragedies.

Governments must act decisively to collectively, genuinely and effectively arrest these deprivations and inequality in the society. Resources to dedicate to available solutions have either been frittered away through crass corruption or largely unavailable given limited imagination of governments. Governments across the world, particularly Africa, cannot continue to grope in inaction and pretense on issues of their peoples' welfare and wellbeing. Renewed genuine efforts should be initiated to aggressively pursue sound, broad and inclusive anti-poverty policies and programmes.

ITUC-Africa and the TJ&GP Nigeria therefore see this Leading Group meeting on Alternative Financing for Development being hosted by the Nigerian government as a commendable process, which must focus to deliver on outcomes our people can share and celebrate.

We believe and will continue to argue that the effective implementation of social protection floors as agreed by State parties of the International Labour Organisations is one of the effective ways to tackle hunger, want and hardship. In essence, governments, especially those in Africa must continue to find ways and means to make public services available and accessible to the people. Of course, we are aware that the effective provision of these social services will require considerable financial outlay, which fortunately Africa is not lacking. However, the internal resource mobilisation for Africa' development continue to be serially and criminally abused.

In particular, ITUC-Africa and TJ&GP Nigeria note with serious concerns that Illicit Financial Flows (IFF) through harmful tax policies and practices such as the operation of tax haven, distorted and willful concessions, crass tax dodging through mis-pricing (through under and over-invoicing), willful and criminal default in the true declaration and payment of royalties

are seriously undermining genuine development aspirations of nations, particularly those from the Africa and the rest Global South. These practices erode the resource mobilisation bases of government needed in the deployment in the fight against endemic poverty and inequality amongst persons, households, communities and economies.

While we appreciate policy initiatives geared towards resource mobilisation through increasing tax liabilities, we demand that this should not increase the burden of tax on the poor but rather one that places emphasis on reduced incentives and other tax breaks to multinational corporations that undermine the tax revenue of African countries and their ability to develop in a sustainable manner.

It therefore our expectations that this UN Leading Group meeting will take a strong stand on the urgency and need to redesign and defeat the current banking secrecy rules that continue to make tax haven and other IFF practices attractive. A recent study by Tax Justice Network estimated conservatively that over \$21 Trillion is held offshore account away from the reach of taxation by the super-rich. This wealth is held by less than 10 million people, of these, less than 100, 000 people worldwide own \$9.8 trillion of wealth held offshore. The report supported our long held argument that effective taxation will make Overseas Development Assistance (ODA) negligible and almost unnecessary. The report showed that if the conservative estimate of \$21 trillion is taxed at just 30%, \$190 billion will be generated, which is roughly twice what OECD spend annually on ODA around the world.

We are confident that the Leading Group will take a positive position with respect to the adoption of Financial Transaction Tax (FTT) as one sure alternative source of financing for development. Our position is that a new global financial architecture needs to be developed to regulate the financial market. FTT could be one of the elements of such regulation. Importantly, the effectiveness of the FTT to mobilize the needed funds for financing development has been proven. According to the German Institute for Economic Research, 11 members of the European Union that is Germany, France, Belgium, Spain, Slovenia, Austria, Slovakia, Portugal, Italy, Greece and Estonia can raise at least an estimated **37 Billion Euro per year** through FTT application. Just as we are interested in the mobilization of funds through FTT, we are equally concerned about allocation issues. We will continue to monitor and mobilize the people to demand and get transparency and accountability in governance.

Finally, it is our shared prescription that the rich and wealthy should be effectively taxed, whilst tax administration should be such that defray the burden of taxation away from the poor.

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