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2015 INTERNATIONAL PUBLIC SERVICE DAY: IMPLEMENTING THE MBEKI PANEL REPORT ON ILLICIT FINANCIAL FLOWS AND PUTTING PUBLIC SERVICES AT THE HEART OF AFRICA'S DEVELOPMENT AGENDA

The African Regional Organisation of the International Trade Union Confederation (ITUC-Africa) joins public service workers all over the world to commemorate this year's international Public Service Day.

For us at ITIC-Africa, the public service represents a critical sector for development and all efforts must be applied in using public service delivery to improve the wellbeing and welfare of people.

We note that 2015 is a busy year for global discourses and processes around development, some of which will be concluded. For instance, the United Nations Sustainable Development Goals framework will be concluded and adopted in September. There is also the 3rd Finance for Development Summit that will be taking place in Africa, significantly for the first time on our continent.

These development processes are not happening in isolation, but are rather feeding into other existing and on-going development discourses and processes at the national and continental levels. Importantly, in January this year, the AU-ECA report on Illicit Financial Flows in Africa was adopted during the AU Heads of State summit in Addis Ababa. For us at ITUC-Africa, this report by a panel chaired by former South African President, Thabo Mbeki, is a very important document that provides pointers to how Africa can effectively finance its structural transformation agenda.

Specifically, the report noted that an average figure (conservative) of US$50 billion is lost to ***Africa every year, and that as much as two-thirds of that amount is lost due to manipulation of commercial transactions*** rather than criminal activity or corruption. That means that tax evasion and tax avoidance (e.g. using tax havens to shelter profits that would otherwise be taxed by African countries) are costing the continent up to $50 billion annually.

This revelation speaks to the argument that we have been advancing: that the best way to ensure that our governments can set the agenda for improving public services and achieving sustainable development is to mobilize domestic resources through a strong progressive tax base. This is a core issue of sovereignty and self-determination. Progressive tax justice policies mean African countries can be financially self-sufficient and free from aid dependency.

Thus, reforming national, regional and international tax systems and removing counter-productive tax incentives will lead to substantially increased budgets for African countries to finance the post-2015 Sustainable Development agenda and pay for improved public services including education, health care, clean water and sanitation, housing and transportation, as well as other development initiatives.

As we approach the Third Finance for Development (FfD3) billed to take place in Addis Ababa next month, we wish once again to call on African governments to take the initiative to work together to ensure that outcomes from the Summit will impact our structural transformation agenda. We hope the summit accepts the AU-ECA report on Illicit Financial Flows from Africa as a vital document on how to plug and stop the financial haemorrhage of developing economies. Africa must speak with one united and strong voice to say enough of the bleeding and to demand ample policy spaces for national and regional state driven interventions.

On internal tax mobilisation efforts, we call on African governments to ensure that companies doing business on the continent pay their fair share of tax on the economic activities that they undertake. Whether companies are extracting minerals, *or* setting up factories, or selling goods or services, we deprive our people of their basic needs and human rights if we don't ensure corporations pay their fair amount of taxes.

We equally urge African governments to commit to reviewing the tax incentives being offered to multi-national companies. While these are not classified as "illicit flows," the High Level Panel has identified these incentives as a major additional source of lost revenues – that can easily be reduced by African governments' action.

It is estimated that the money given up globally by governments to corporate income tax incentives alone is $138 billion (source: ActionAid). In the World Bank's recent *Investor Motivation Survey for the East African Community*, 93% of investors said that they would have invested regardless of the incentives available. Despite what corporate lobbyists often claim, providing tax incentives to large foreign companies is almost always bad business for African countries. We call on our governments **to strictly limit the use of discretionary incentives** and provide transparent explanations and parliamentary reviews of incentives when they are used. We also ask that our governments engage in regional coordination to reduce harmful tax competition across borders.

This will prevent companies and rich individuals from depriving our economies of public revenues that can pay for basic public services such as education, potable water and health care.

We urge African governments to unite for progressive tax reform and challenge the rest of the world to make tax systems fairer to help end poverty and inequality. Adequate revenue flows aligned to a well-articulated structural transformation strategy can assist Africa to curtail dependency on aid, provide better public services to our people, and gain stronger control of our path to sustainable development.

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