



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA DELIVERED BY A REPRESENTATIVE OF THE REPUBLIC OF SOUTH AFRICA TO THE UNITED NATIONS, DURING THE JOINT PLENARY MEETING OF THE SECOND COMMITTEE AND ECOSOC ON ILLICIT FINANCIAL FLOWS AND DEVELOPMENT FINANCING IN AFRICA (New York, 23 October 2015)

Mr. Chairman

I have the honour to deliver this statement on behalf of the Group of 77 and China.

Mr Chairman

This joint plenary meeting of the Second Committee and Economic and Social Council (ECOSOC) on "illicit financial flows and development financing in Africa" has come at the right time as the General Assembly has all hands on deck in an attempt to implement the outcomes of both the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, as well as the 2030 Agenda for Sustainable Development.

In this context, the Group of 77 and China would like to applaud both the Chair of the Second Committee and the President of ECOSOC for their invaluable efforts in ensuring that the need to combat illicit financial flows, which is one of the G77 and China's priority deliverables that is encapsulated in both outcome documents, remains at the heart of the agenda of the UN Development System.

The Report of the High-Level Panel on Illicit Financial Flows from Africa estimates that Africa loses twice as much in illicit financial outflows as it receives in financial aid, in particular as multinational companies involved in the extractive industries appropriate most of the profits. Between 2008 and 2010, Africa received inflows of \$62.2bn through aid and foreign direct investments, but lost \$38.4bn in trade mispricing - which was done through false invoicing and misrepresentation of export and import values - and a further \$25bn in other illicit outflows annually. African countries are the big losers and the illicit losses further widen the gap between the rich and the poor.

Mr Chairman

The G77 and China believes that the debate on the need to curb illicit financial flows in the context of much-needed development financing in Africa is timely and needs a well-coordinated and effective multilateral approach. In this latter regard, the Group of 77 and China would like to reiterate the following:

- We need to urgently redouble efforts to substantially reduce illicit financial flows by 2030, with a view to eventually eliminate them, including by combatting tax evasion and corruption through strengthened national regulation and increased international cooperation.
- We need to remove opportunities for tax avoidance and consider inserting anti-abuse clauses in all tax treaties.
- Enhancing disclosure practices and transparency in both source and destination countries, including by seeking to ensure transparency in all financial transactions between governments and companies to relevant tax authorities, remain a priority.
- We should ensure that all companies, including multinationals, pay taxes to the governments of

countries where economic activity occurs and value is created, in accordance with national and international laws and policies.

- We invite the International Monetary Fund (IMF), the World Bank and the United Nations to assist both source and destination countries through, inter alia:
- Assisting appropriate international institutions and regional organizations to publish estimates of the volume and composition of illicit financial flows.
- Identifying, assessing and acting on money-laundering risks, including through effective implementation of the Financial Action Task Force standards on anti-money-laundering/counter-terrorism financing.
- Encouraging information sharing among financial institutions to mitigate the potential impact of the anti-money laundering and combating the financing of terrorism standard on reducing access to financial services.

" We urge all countries that have not yet done so to ratify and accede to the UN Convention against Corruption (UNCAC) and encourage parties to review its implementation. To make the UNCAC an effective instrument to deter, detect, prevent, and counter corruption and bribery, we commit to prosecute those involved in corrupt activities, and recover and return stolen assets to their country of origin.

- We encourage the international community to develop good practices on asset return by supporting the Stolen Asset Recovery Initiative of the United Nations and the World Bank, and other international initiatives that support the recovery of stolen assets.
- Lastly, the international community must strive to eliminate safe havens that create incentives for transfer abroad of stolen assets and illicit financial flows.

Mr Chairman

The G77 and China urges the international community to support developing countries' efforts to curb and counter illicit financial flows, which are straining Africa's capacity and the many of the resources necessary for achieving their development objectives, including the realization of the 2030 Agenda for Sustainable Development.

In conclusion, the Group of 77 and China calls upon the United Nations to continue encouraging robust global dialogue on the need to curb illicit financial flows in the context of promoting development financing in Africa and plays a more coherent and visible role in tackling and reporting on illicit financial flows.

I thank you.