



Intervention by Tax Justice Network Africa Executive Director Chenai Mukumba and the Civil Society Financing for Development Mechanism at the High-Level Dialogue on Financing for Development 2023: 78th Session of the United Nations General Assembly (UNGA), New York

The current system as we know it was established in the 1920s and 1930s in the League of Nations before many Global South countries were in existence. As early as the 1940s Global South countries began to ask for reform of the international architecture. However, this didn't receive support from the countries that had established it. Since the 1950s the OECD has led the development of the international tax system without the effective participation of Global South states.

It is against this background that not only our international tax system, but our broader international financial architecture was established. One that today has become recognised as no longer 'fit for purpose.'

Today, as we sit in this room, we find ourselves at a historic juncture. Over the past two decades, various groupings of Global South coalitions have year in and year out tabled proposals to shift the platform where international tax reform conversations happen back to the United Nations.

And after years of continued efforts, last year the African Group resolution on the promotion of inclusive and effective international tax cooperation was adopted by consensus. The African Group resolution spoke to two issues that we are currently plagued with: inclusivity and effectiveness.

In order to address the issue of inclusivity, we need an intergovernmental forum where all member states are able to participate on equal footing and on a level playing field. We need a platform that is cognisant and responsive to the needs, concerns and priorities of all countries.

While the concern of duplication has been raised a number of times in response to the resolution of African countries, this could not be further from the truth. What I just described earlier, a platform where all member states are able to participate with equal footing on a level playing field, does not currently exist. The effort by the African Group is to establish this platform where there currently is none.

The second concern raised by the African Group's resolution is one of effectiveness. In Africa when the report of the High-Level Panel on Illicit Financial Flows from Africa that was chaired by His Excellency Thabo Mbeki was released, they estimated a loss of USD 50 billion annually, on the

back of the over one trillion dollars that we had lost in the three decades prior. Estimates indicate that since the report, illicit financial flows have almost doubled to USD 90 billion.

The importance of reform of the global tax system is that while countries have a sovereign right to collect taxes, illicit financial flows through tax evasion and avoidance prevent the effective exercise of this right. Therefore, an ineffective international tax system limits the sovereign rights of our states.

And so, in light of options that the Secretary-General tabled in response to the resolution by the African Group, we urge member states to move forward on option 2 - a framework convention on international tax cooperation. Of the three options, this is the option that has the most potential to change the status quo for developing countries.
