Chapter Seven
Economic Commission for Africa

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Purview of the Economic Commission for Africa

The Economic Commission for Africa (ECA) is one of five regional commissions of the Economic and Social Commission and represents countries in Africa. ECA supports the economic development of its member states by reinforcing economic relationships among its members and other countries of the world. It does so by promoting developmental cooperative activities and projects of regional and subregional scope, bringing a regional perspective to global problems and translating global concerns at the regional and subregional levels. ECA also has as one of its primary objectives the promotion of the region's social development.

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Post-2015 Millennium Development Goals

With the United Nations Millennium Declaration and the Millennium Development Goals (MDGs) in 2000, the international community reaffirmed its commitment to the purpose and principles of the United Nations' Charter. The MDGs were designed around eight areas for focused efforts in development, reflecting the principles and ideals outlined in the Millennium Declaration. These goals have galvanized unprecedented efforts to meet the needs of the world's poorest. Ninety percent of children in developing regions now enjoy access to primary education, remarkable gains have been made against malaria and tuberculosis, and child mortality has been cut nearly in half. While the lives of millions have improved, some goals remain unfulfilled. To both reinvigorate existing efforts and to continue the momentum of progress, the United Nations has undertaken a serious round of negotiations on defining the post-2015 development agenda. These efforts at defining the next generation of development targets must tackle not only setting those goals but must also include hard decisions about how progress toward those goals is measured and defined.

The Economic Commission for Africa (ECA), established in 1958 as a regional commission by the Economic and Social Council, has closely monitored progress toward achievement of the MDGs in its 54 Member States. Despite the many positive contributions, the MDGs have had challenges, including the misinterpretation of their purpose as specific goals, a lack of national-level influence, an omission of key issues and an overemphasis on donor-recipient relationships. The ECA has published annual progress reports on the implementation of the initiatives to end suffering from disease, destitution and hunger; their 2013 MDG report acknowledged that Africa was on-track for achieving only three of the eight goals. Although the Member States have made strides in universal primary education, promoting gender equality and empowering women, and combating HIV/AIDS, TB, malaria and other diseases, the challenge of food security remains a key issue for the continent.

In addition to monitoring and reporting on the progress of the MDGs, the Economic Commission for Africa has been active in discussions of the post-2015 development agenda, including a series of consultations in 2012 and 2013 aimed at identifying post-2015 development goals. These consultations elicited interest in emphasizing economic growth and structural transformation, re-orienting goals toward domestic initiatives, prioritizing social inclusion and incorporating the Rio+20 outcomes in the post-2015 development agenda. In addition, consultation participants suggested taking into account a country's starting point and recognizing progress toward development goals rather than simply measuring a set target, as had been done by the existing MDGs.

The African Union (AU) has also been active in shaping the regional discussion of the post-2015 development agenda. In May 2013, the AU appointed a High Level Committee under the leadership of Liberian President Johnson Sirleaf to develop a Common African Position on the post-2015 development agenda. The six pillars for post-2015 development emphasis in the draft AU common position are: structural economic transformation and inclusive growth; science, technology and innovation; people-centered development; environmental sustainability, national resources management and disaster risk management; peace and security; and finance and partnership.

Broader United Nations discussion of this topic includes the Secretary-General's High-Level Panel of Eminent Persons on the Post-2015 Development Agenda. The Panel's May 2013 report recommended five major shifts in post-2015 development goals, which include: leaving no one behind; putting sustainable development at the core; transforming economies for jobs and inclusive growth; building peace and effective, open, and accountable institutions; and forging a new global partnership. The post-2015 agenda discussions have largely examined three major options for the MDGs: retention and reconfiguration, reformulation or development of an alternative framework. The African Member States, in response to a joint Economic Commission for Africa, African Union and United Nations Regional Groups survey, have indicated interest in reformulation of the MDGs, which would enable the addition of new goals, alteration of existing goals and a more rigorous discussion around the international communities' commitments to success.

Africa is one of the core regions of global focus for the Millennium Development Goals. The people of Africa continue to need access to better education, healthcare, job opportunities, and more transparent, responsible and helpful governance around the world. To help policy makers and the delivery of aid, more complete data from numerous African States is needed. A civil registry system, recording basic demographic data like births and deaths, remains nonexistent in most sub-Saharan African States. Reporting on malaria and other heath issues is incomplete or inconsistent in forty-one States around the world, many of which are in Africa; these forty-one States contain about eighty-five percent of all malaria cases. Even today, forty-eight percent of people in Africa remain in extreme poverty, the largest proportion remaining in the world. The ECA must consider how the MDGs have enabled major successes elsewhere, why Africa's progress has lagged on certain standards, and how the post-2015 development agenda can invigorate the region's and the international community's efforts.

Drafting the post-2015 development agenda effectively began at the United Nations Conference on Sustainable Development (Rio+20) in June 2012. At Rio+20, Member States began discussions on a set of sustainable development goals, with the intention that this would be integrated into a larger post-2015 process. While the conference did not define specific sustainable development goals, it did outline several considerations. In January 2013, the General Assembly established an Open Working Group to prepare a discussion draft. In June 2014, the working group put forward the first draft of the proposed goals and targets. The draft includes sixteen focus areas and numerous targets, spanning poverty eradication, sustainable agriculture, gender equality, and sustainable cities.

Moving forward, the Commission should consider several questions. First and foremost, the body should be prepared to recommend goals and indicators for the post-2015 development process that meet the needs of Africa. One issue particularly relevant to the Commission is how goals should be set: whether they should be uniform global targets or relative targets that account for local conditions. Additionally, the body might consider what the most appropriate role for the international community is in supporting the post-2015 development goals. Good governance, official development assistance and political will all play a role in achieving development targets. Finally, the body might consider the role that public-private partnerships or foreign direct investment (FDI) might play. FDI in Africa increased to over $50 billion—close to double the official development assistance to the continent. With partnerships also on the rise, the private sector is an increasingly important actor in the continent's economic and social development.

Questions to consider from your government's perspective on this issue include the following:

- What goals and targets should be included in the post-2015 development goals? Are there existing goals that should be retained?
- What role should the international community play in supporting the post-2015 development agenda in Africa?
- How can the private sector support economic and social development in Africa?

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The State of Governance in Africa: The Dimension of Illicit Financial Flows as a Governance Challenge

When money is moved secretly and illegally from one jurisdiction to another, this constitutes an illegal financial flow. Such funds may be proceeds from organized crime, smuggling, corruption, money laundering, tax evasion, or international trade manipulations. Illicit financial flows are the result of many factors, such as poor (or poorly enforced) financial regulatory frameworks; weak and non-harmonized taxing regimes; international trade mispricing; opaque public procurement and contracting; and an increasingly organized and sophisticated web of multinational criminal networks. Typically this money leaves Africa to end up in developed countries and in tax havens throughout the world.

While illegal financial flows are concentrated in West Africa and primarily stem from extractive and mining industries, they are a burden for almost every State. Three percent of illicit financial flows are derived from government corruption, while 33 percent comes from organized criminal activity and 64 percent from trade manipulations. In recent years, researchers estimate that approximately $50 billion USD was lost per year due to illicit outflows on the African continent, totaling an estimated $1.2 trillion to $1.4 trillion between 1980 and 2009. Every dollar that leaves the continent is a dollar lost to investment opportunities in critical sectors such as agriculture, food security, health and education services, and infrastructure. This problem is compounded by the drain on hard currency reserves, the stimulation of inflation, and a widening of income disparity. The channels through which these funds flow are both a symptom and a cause of the endemic corruption in the region. Their presence undermines the foundations of developing economies and governments, which impacts future equitable and sustainable development prospects for millions.

The international community has struggled with illicit financial flows for decades. The United Nations first examined the issue through a number of topic areas in the 1980s and 1990s. These early efforts were focused on addressing the sources of illicit financial flows, especially transnational organized crime and corruption. In 2000, the General Assembly adopted the United Nations Convention against Transnational Organized Crime. It addresses illicit financial flows by encouraging adoption of legislation to criminalise money laundering and corruption, creation of regulatory systems to monitor movements of cash and promoting international cooperation for both the monitoring and recovery of the proceeds of crime. In 2005, the United Nations adopted the United Nations Convention Against Corruption. The Convention Against Corruption addresses gaps in the Convention Against Transnational Organized Crime by promoting transparency in the hiring of officials and in acquisition, the establishment of domestic and regional anti-corruption monitoring bodies, and the criminalization of trading in influence and embezzlement. In 2011, the Economic Commission for Africa (ECA) established the High-Level Panel on Illicit Financial Flows from Africa, a new panel to more holistically seek solutions by addressing illicit financial flows directly.

The Panel was mandated to educate and facilitate policy discourse, mobilize the African people, examine the main drivers of illicit financial flows, identify challenges and the vested interests involved in and benefiting from them, and offer policy options and recommendations. The Panel, in its 2013 report on the topic, found that the mispricing of trade exports and imports is facilitated by some 60 international tax havens and secrecy jurisdictions, enabling the creation and operation of millions of disguised corporations, oil companies, anonymous trust accounts and fake charitable foundations. Their reporting adds to the body of research that clearly articulates the need for action in combating illicit financial flows from Africa.

There are many interrelated reasons why the rate of illicit financial flows on the continent is not decreasing, including lack of oversight, the sheer complexity in tracking the money, and the limited resources by African institutions. Poor governance leads to public corruption and encourages corporate misbehavior. Anticorruption agencies in Africa—government institutions designed to tackle corruption in the public and private spheres—face many challenges, from their independence and autonomy to their mandates, which sometimes do not give them the powers to prosecute or follow through on specific cases.

Looking ahead, the Commission should consider several issues. First, the body should consider how Member States and United Nations entities could cooperate. The solutions are complex, but collaboration among regional and international bodies (such as the African Union and International Monetary Fund), government members (including whistle-blowers, civil servants and judicial actors), civil society and the banking sector is essential to success. Areas in need of increased cooperation include strengthening tax administration and enforcement through better regionally-integrated systems; facilitating tax information exchange between governments from developed and developing countries; moving toward a consistent and globalized regulatory system on transfer pricing, including the use of advance transfer pricing systems; and, increasing global asset recovery capacity. Cooperation in these areas would provide a major step towards curtailing financial flows by corporations and other parties seeking to avoid or minimize their tax liabilities. Second, Member States might consider how to improve data collection. Data is essential to more accurately gauging and studying the problem. Finally, Member States should consider how to follow-up on and implement the recommendations of the 2013 report produced by the High-Level Panel. Successfully addressing the issues it raises could significantly improve financial and development outcomes for the continent as a whole.

Questions to consider from your government's perspective on this issue include the following:

- What steps should the United Nations and Member States take to implement the High-Level Panel's recommendations?
- How can Member States and the United Nations cooperate to improve available data on illicit financial flows in Africa?
- How does the international trade regime currently enable illicit financial flows? How can the African Union, the United Nations and Member States cooperate to address this problem?

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