

Curbing Capital Flight from Africa

Policy Forum has decided to dedicate this month's debate to the issue of Capital Flight in Tanzania. The debate is titled "**Curbing Capital Flight from Africa**". The debate will discuss its impact on development and what role civil society organizations can play in curbing capital flight.

Capital flight imposes damage on the economies of both rich and poor countries. But it hits hardest on the poorest people in developing countries who are denied healthcare, education and infrastructure due to the lack of resources.

The amount of money leaving developing countries as illicit capital flight per year is 10 times than the total global foreign aid and constitutes an immense amount of loss in state income. If capital flight from Tanzania is stopped, the government will have enough resources to achieve poverty reduction targets under the MKUKUTA framework e.g. maternal mortality ratio reduced from 454 per 100,000 live births (2010) to 265 per 100,000 live births by 2015; access to electricity increased from 14 percent in 2010 to 18 percent in 2015 at national level.

Contrary to popular belief, corruption by individuals constitutes the smallest part of illicit capital flight from developing countries (only 3-5%). Instead the main actors are multinational companies evading taxes. This is part of the explanation to why resource rich countries are poor, often referred to as the 'resource curse'.

Capital flight is made possible by the secrecy that tax havens and the accounting standards of companies provide. Measures are needed at national levels to hinder capital flight. But to be able to end it we must achieve transparency on a global scale.

These issues, together with propose of a multinational information exchange agreement between national tax authorities, which makes it possible for every country to automatically access information about the accounts that companies and citizens hold in tax havens, will feature as part of the discussion during the Breakfast Debate on Friday 25th November 2011. Invited participants at the meeting include representatives of Government, private sector, civil society, donors, the media and concerned citizens. The discussions are held over light breakfast and enable participants to reflect and debate the issues.

The 7:30 People and Policy Debates are held on the last Friday of every month and the venue will be the BRITISH COUNCIL along **Ohio Street**, from 0730 to 0930. Their main purpose is to examine and debate the extent to which policies serve ordinary people, and identify imaginative questions and solutions.

The main presentations will be made by Kristina Froberg, Advocacy Officer, Forum Syd and Dr Attiya Waris, Tax Justice Network.

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Signed for Policy Forum