Institute for Austrian and International Tax Law Vienna
WU Global Tax Policy Center

UNODC
United Nations Office on Drugs and Crime

WORLD BANK GROUP

StAR Stolen Asset Recovery Initiative
The World Bank • UNODC

WU WIRTSCHAFTS UNIVERSITÄT WIEN VIENNA UNIVERSITY OF ECONOMICS AND BUSINESS

Conference

Tax & Good Governance 2015-2024

July 09-11, 2024

tax & good governance 2015-2024

In association with World Bank Group

and

United Nations Office on Drugs and Crime (UNODC)

This event is part of the Siemens Integrity Initiative

Annotated Agenda

Since 2015, the Global Tax Policy Center (WU GTPC), at the Institute for Austrian and International Tax Law, WU Vienna University of Economics and Business in partnership with the World Bank, United Nations Office on Drugs and Crime (UNODC) and World Bank/UNODC Stolen Asset Recovery Initiative (StAR) has been working with African countries to address the relationship between taxation and good governance. The first stage of our work, the Tax and Good Governance (T&GG) project (2015 – 2018), identified the links between corruption, money laundering and tax crimes; highlighted the key features of good tax governance; emphasized the importance of a corruption-free and transparent tax system for economic development; and evaluated how law enforcement agencies, including tax authorities, could cooperate to counter corruption and bribery. The project focused on the practical challenges faced and solutions being developed amongst African countries.

At the close of the T&GG project, the 35 African countries that participated confirmed that the way in which corruption continued to undermine the strengthening of domestic resource mobilization (DRM) to finance sustainable development remained a priority issue. In addition, countries remained concerned about the different ways in which financial crimes interact with one another and the role of a whole-of-government approach.

This first stage provided the foundation for the second phase, the [Tax Transparency and Corruption (TT&C)](link) Project (2019 – 2023). The four-year program focused on evaluating the interaction between tax transparency and corruption from the perspective of tax administrators, financial intelligence units (FIUs), policymakers, business, civil society and academics and involved three very closely related objectives:

1. Increasing the effectiveness of government actions to counter financial crimes through enhanced inter-agency cooperation.

2. Establishing a legal framework for cooperative compliance and the promotion of tax certainty through increased consultation with business.

3. Removing the barriers to exchange of information within and between countries and improving transparency in tax planning. This was to be achieved by engaging in efforts to enhance the collection and maintenance of accurate information, especially on beneficial ownership.

In consultation with FIUs and tax authorities from seven (7) focus countries (Kenya, Uganda, South Africa, Rwanda, Ghana, Nigeria and Zambia) five research focus areas were selected: inter-agency cooperation, cooperative compliance (CC), beneficial ownership (BO), client attorney privilege (CAP), and unexplained wealth orders (UWO). From the outset, the role of inter-agency cooperation, BO and UWO were identified as key tools in enabling authorities to consult and consolidate their efforts to identify suspects and reclaim the proceeds of crime emerged as spotlight

issues. These five focus areas presented important opportunities to address tax and other financial crimes and, by identifying the implementation challenges that countries have been facing through frequent meetings of the focus groups, the Project collected a catalogue of case studies documenting the experiences of tax authorities, FIUs and other law enforcement agencies.

Not only did this project establish informal south-south dialogue between various officials, these case studies were also documented in a series of best practice guidelines, manuals and overall research publications which may be used by countries as a guide to their own administrative reform and planning processes. One overarching theme that emerged throughout the project was the role of inter-agency cooperation in overseeing and effecting all tools designed to prevent, detect, and combat illicit financial flows. Indeed, cooperation continues to be an essential aspect of the overall TGG work.

The TT&C project also sought to evaluate the practical steps countries need to take to improve their efforts to strengthen DRM. Alongside improving tools to combat IFFs, the project identified the need to eliminate the remaining barriers to transparency and to establish trust between tax authorities and taxpayers. The CAP focus area facilitated dialogue on the challenges that legal professional privilege could raise for investigations or overall transparency reporting requirements when misused. The Cooperative Compliance focus area, on the other hand, established a framework for the exchange of transparency and disclosure on the part of the taxpayer for greater tax certainty. Overall, these areas of work confirmed the importance of cooperation between tax authorities and the private sector to facilitate a shared understanding of the obligations to be met and to create certainty. These are essential in developing more effective policies and solutions to attract foreign direct investment.

The third stage of the program, [Good Governance in a Digital and Open Trading Environment (DOTE)](#) 2021-2024 focuses on how to address tax transparency and corruption using new technologies in an era of increased trade liberalization from the perspective of tax administrations, FIUs, trade and tax policymakers, businesses and CSOs. The project consists of three related objectives:

1. Using new technologies to transform the way that African countries combat IFFs.

2. Empowering African countries to develop regulatory frameworks that minimize the risk of increased IFFs in the free trade area by harmonizing regulation and administrative practices.

3. Increasing the effectiveness of civil society organizations (CSOs) in the new digital and open trade environment to curb IFFs.

All of these stages of the project continue to reflect the practical approach of the project which has been particularly valuable to the current discussion regarding the need for developing countries to increase financing for sustainable development and the broader Post-COVID environment by broadening their tax

bases, targeting evasion and abusive practices and reducing the cost of IFFs. The objective of this conference is to present the final findings and outcome of the project, whilst transitioning the project into African based institutions.

This draft annotated agenda briefly sets out the main issues that will be covered over the 2 days and provides suggested questions that will be used to guide the discussions and the speakers. A number of detailed background papers will be available which you can also access on our cloud (PW: Vienna2024). Please refer to our website for more details.

Agenda for a Physical Meeting in Vienna

July 09-11, 2024

The working sessions will take place on the campus of WU (Vienna University of Economics and Business), Welthandelsplatz 1, 1020 Vienna, LC building, in **Ceremonial Hall 1, room LC.0.001.** (directions)

TUESDAY, JULY 9, 2024 (DAY 0 - AFTERNOON)
17.00-20.00 (ALL TIMES ARE IN CET VIENNA TIME)

17.00 – 18.15 **Fireside Chat** between Prof. Jeffrey Owens and Dr. Richard Stern, the new incoming Director of the GTPC and Prof. Annet Oguttu Annet Oguttu, Professor and Head of ATI, chaired by Prof. Dr. Micheal Lang on **"Tax Competition in a post Pillar 2 world: an African perspective"**

18.30 - 20.00 **Welcoming Cocktail** for delegates to the Conference

Both events will be taking place at the Library of the Institute for Austrian and International Tax Law, D3 building, WU (D3.2.234).

WEDNESDAY, JULY 10, 2024 (DAY 1 - MORNING SESSION) 09.00-13.00

08.30 – 09.00   **Registration**

09.00 – 09.15   **Opening of the Conference**

Welcome address:
- – Michael Lang, WU
- – Jeffrey Owens, WU

09.15 – 09.30   **Opening remarks**

- – Melissa Tullis, UNODC
- – David O'Sullivan, WB

PART 1: A REVIEW OF THE OUTCOMES AND IMPACT OF THE PROJECT 2015-2024

09.30 – 10.15   **Session 1: Inter-Agency Cooperation**

Chair:
Melissa Tullis, Division for Policy Analysis, UNODC

Speaker:

- – Jean-Pierre Brun, Senior Financial Sector Specialist, World Bank

Country experiences:

- – Chrizelle Van der Spuy, SARS

Documents:

- – Taxing Crime: A Whole-of-Government Approach to Fighting Corruption, Money Laundering and Tax Crimes (WB/StAR and WU GTPC)
- – Inter-agency Cooperation and Good Tax Governance in Africa, WU and University of Pretoria (2018)

Open Discussion

Context for Discussion:

Improved cooperation between various law enforcement agencies in tackling IFF is one of the best ways to counter IFF. The discussion in the focus group on inter-agency cooperation and broader debate in the public fora has reinforced the critical strategic role inter-agency cooperation plays in sharing crucial information, assisting in the investigation and prosecuting criminals. Inter-agency cooperation has been a critical overarching theme across all focus groups from beneficial ownership, unexplained wealth order and even technology. It is considered the "lowest hanging fruit" in terms of policy options available to countries in tackling corruption, and that makes it much more critical for countries that work with limited resources.

The focus group on inter-agency cooperation has been an opportunity to learn from the on-ground experience of law enforcement officials in African countries sharing the challenges they faced, solutions deployed and significant lessons for other countries. Based on the discussion, the focus group has been able to co-author jointly with the Stolen Asset Recovery initiative of the World Bank and UNODC a book titled "Taxing Crime: A Whole-of-Government Approach to Fighting Corruption, Money Laundering and Tax Crimes". The book showcases some key recommendations, practical guidance, and country case studies to implement a "whole of government approach" to detect, investigate and prosecute the proceeds of IFF in improving the effectiveness of government actions. This session will seek to convey the key findings of the book as well as key good practices in making inter-agency cooperation effective and how countries have used the guidance provided in the publication.

Summary of the Discussion:

The session emphasized the critical need to combat illicit financial flows, tax evasion, corruption, and money laundering through enhanced domestic cooperation. It underscored the necessity of harmonized legal frameworks to protect confidentiality and ensure efficient access to information, thereby enabling better enforcement and regulatory actions.

Highlighting the importance of robust collaboration among tax authorities, law enforcement agencies, and financial intelligence units, the session identified significant challenges in inter-agency cooperation. These included cultural barriers and organizational silos, which necessitate a cultural shift towards a more collaborative approach to effectively address tax evasion and promote integrity in tax collection.

A detailed tax evasion case study was presented, involving an individual who defrauded investors using life insurance funds for personal gain. This case illustrated how a prosecutor's information sharing with the tax agency led to tax penalties for the defendant, demonstrating the crucial role of inter-agency cooperation in uncovering and penalizing financial crimes.

Another significant case was highlighted where false invoices were used to finance a political party. This underscored the importance of communication and cooperation between tax administrations and prosecutorial bodies. The discussions also addressed the challenges of creating comprehensive laws to tackle corruption and facilitate access to information, emphasizing the need for cohesive legal frameworks to support anti-corruption efforts.

South Africa's experience was a focal point, particularly the challenges faced by South African law enforcement in gathering evidence for successful prosecutions, especially with limited funding. The session highlighted trust issues and silos in collaboration, focusing on the need for a sustainable framework to enhance cooperation.

The importance of a robust legal framework and inter-agency collaboration to achieve financial inclusion and combat financial crimes was emphasized. Legislative provisions for sharing taxpayer information with enforcement agencies were reviewed to identify gaps and opportunities for improvement.

Finally, issues such as digital inequality and poor data quality affecting law enforcement in South Africa were addressed. The session underscored the need for improved digital infrastructure and data management practices to support effective law enforcement and regulatory activities. Participants also emphasize that inter-agency cooperation was a key theme which runs through all of the topics covered by this project.

10.15 – 10.45   **Coffee Break**

10.45 – 11.30   **Session 2: Unexplained Wealth Orders**

Chair:
Jeffrey Owens, Director of WU Global Tax Policy Center

Speaker:
– Jean-Pierre Brun, Senior Financial Sector Specialist, World Bank
– Rita Julien, WU/NYU, Visiting Assistant Professor of Tax Law

Documents:
– Joint publication World Bank/WU: Unexplained Wealth Orders: Toward a New Frontier in Asset Recovery (pub. 26.06.2023)

Open Discussion

Context for Discussion:

The Pandora leaks, Paradise papers, Panama papers and Luanda leaks, among others, reveal the sophisticated structures set up, spread across multiple jurisdictions, that can be used for laundering and concealing the proceeds of crime and corruption. The complexity of these arrangements mean that it can be extremely challenging and costly to investigate them, all the more so for capacity-constrained African countries which are often the most affected by such illicit flows. Against this background, it is not surprising that there is more interest in "unexplained wealth order" (UWO) regimes, which take some of the burden off of investigators and place it on persons with suspicious wealth to explain how they obtained property that appears to be in excess of their known lawfully obtained income.

Some African countries, such as Kenya, Mauritius, and Zimbabwe, have enacted "unexplained asset" or "unexplained wealth order" laws. Others, for example South Africa, are considering it. Other African countries have expressed interest in exploring this tool further. The WU GTPC team has been actively contributing to more research, guidance and debate on UWOs. Much insight can be gained from studying the different ways countries have designed such laws, and from comparisons with other similar and related tools, such as asset recovery regimes, illicit enrichment offences, investigations by tax authorities, obligatory assets declarations for public officials, and voluntary disclosure regimes. All of these approaches will help develop a better understanding of UWO, of their interactions with other commonly recommended tools, and of where UWOs fit in a broader strategy to combat corruption, financial and tax crimes and the recovery of assets.

The focus group on UWOs discussed key features of UWOs including:
- that they may provide for a lower standard of proof to obtain the order,
- that the burden of proof may shift to the respondent to demonstrate that the wealth was obtained legitimately, that civil recovery based on unexplained wealth is available or civil avenues may be availed of where the respondent failed to provide a satisfactory explanation
- the role of technology in facilitating the operation of UWO.

The joint World Bank/WU GTPC publication presents the outcomes from these discussions.

Summary of the Discussion:

The UWO session marked the anniversary of the successful launch of last year's joint publication by the WU and the Stolen Asset Recovery Initiative of the World Bank and UNODC, and updated conference attendees on significant global legal developments that have occurred since its release. The session covered four parts:
1. **Recap of the Unexplained Wealth Order (UWO) Project**, for newcomers and a refresher for returning attendees.

2. **Global Legal Developments in the UWO Space**, highlighting legislative changes in Mauritius and Canada.

3. **Case Studies on UWOs**, comparing UWOs with traditional asset recovery laws and discussing **how technology can enhance UWO investigations**, including insights from a Focus Group (FG) discussion in April 2024 with various international speakers.

   - Many joined the April 2024 FG call, approximately 70. In addition to the World Bank, there were speakers from The Australian Federal Police, from The Australian Tax Office, from the UK National Crime Agency, and the Kenyan Ethics and Anti Corruption Commission. The discussions were extremely fruitful.

4. **Open Discussion**, to exchange ideas, experiences, and questions with the project's participants.

Summary of Global Updates
During the conference, important global legislative developments were presented.
Mauritius:
- Since 2015, Mauritius has had an Unexplained Wealth Order (UWO) law. It follows a forfeiture model, directly leading to the confiscation of unexplained wealth once the court is satisfied (similar to Australia, and different therefore from the UK's information-order model). The law applies only to Mauritian citizens, among other unique features.

- In terms of the procedure, it established a unique two-tier governance structure, which we've discussed frequently over the years, due its incorporation of more layers of review.

- At this conference, we mentioned one **substantive** change and discussed one major **procedural** change, more aptly characterized as an institutional overhaul.

Substantive Change:
- The UWO law in Mauritius was amended to include virtual assets. Judges can now order the disclosure of information necessary to recover virtual assets, addressing challenges related to anonymity, traceability, beneficial ownership attribution, and asset recovery.

Procedural and Institutional Change:
- The 2023 Financial Crimes Commission Act overhauled the institutions dealing with financial crime, creating the Financial Crimes Commission (FCC). This new commission subsumed existing agencies, including the

Independent Commission Against Corruption and the Integrity Reporting Services Agency (IRSA). Result: now, there is one overarching umbrella organization, tasked with counteracting various financial crimes (including bribery and corruption, money laundering, fraud offenses) and asset recovery (including criminal-based asset recovery, civil-based asset recovery, and unexplained wealth orders).

- The process for handling UWOs became more centralized within the FCC, with the Director-General investigating and the FCC Commission determining actions collectively.

- Rationale: According to the parliamentary debates (see, e.g., link to Mauritius Parliamentary Debates), this overhaul aimed to improve inter-agency cooperation and coordination in combating financial crimes.

Canada:
- **New UWO Law in British Columbia**: In 2023, UWO powers were added to the Civil Forfeiture Act, SCB 2005, through the Civil Forfeiture Amendment Act. This law aligns with the UK model, functioning as an order for information with a presumption against the respondent for non-compliance in civil forfeiture proceedings. Some jurisdiction-specific aspects include: Limited to property in British Columbia; An explicit service and hearing step in the procedure; An explicit exception for privileged information or records.

Rationale for Change:
- The amendment was driven by concerns over rampant large-scale organized crime and widespread money laundering operations, particularly in casinos. The Cullen Commission's 2022 report highlighted the vast scale of illicit funds laundered through British Columbia's economy, estimating billions of dollars per year.

Government Action:
- The British Columbia government quickly acted, initiating three UWOs on November 30, 2023; December 14, 2023; and March 27, 2024. Details were minimal due to ongoing litigation, but the third case involved the potential forfeiture of significant assets, including $250,200 in cash, 45 gold bars, luxury watches, and expensive jewelry.

- High-profile cases like the Quadriga Coin Exchange incident, featured in media and documentaries, emphasized the need for strong enforcement against cross-border criminal activities. The government's efforts aim to recover ill-gotten funds and convert them into community benefits.

Regarding the case study and **the role of technology in UWO investigations**, the slides offer a useful overview of the discussion.

Questions and comments during the **Open Discussion** included:

- A discussion of the ways in which UWO laws interact with tax voluntary disclosure programs.
- A comment that it may be the case that current politicians may hesitate to enact such a law for fear that they would be the future targets under the next government administration. This lead to a discussion of the procedural and substantive safeguards needed under UWO laws to ensure they are used properly.
- A discussion of a recent controversial case in Kenya in which, despite an initial finding that a given political figure had many millions of unexplained wealth, the government ended up recovering only a very small fraction, showing that, in some cases, the process can be politically charged and lead to less than satisfactory results, not always delivering what is perceived to be commensurate punishment. This case would be worth exploring to understand what led to this result, despite numerous other successful cases in Kenya since 2020.
- The World Bank and UNODC will use outputs from this project as a basis for Technical Assistance to help countries comply with FATF standards, fight Illicit Financial Flows linked to money laundering, tax evasion, and corruption. There are ongoing programs in East Africa with the view to extending them in West and Central Africa and Asia for risk identification and enforcement.

11.30 – 12.15   **Session 3: Client Attorney Privilege**

Chair:
Jeffrey Owens, Director of WU Global Tax Policy Center

Speaker:
- Nicola Bonucci, ex chief legal advisor OECD
- Siddhesh Rao, WU

Documents:
- Misuse of Client-Attorney Privilege and its Implications for Tax and Financial Transparency (WU GTPC team, 2024)

Open Discussion

Context for Discussion:

The guarantee that any form of correspondence between a client and their lawyer will remain confidential and that in no event can a lawyer be requested to testify, report or make available such information to third-parties or public authorities against the will of the client, is a cornerstone principle of the right to fair trial and a necessary component in a society governed by the Rule of Law. While this stands as an universal truth when it relates to the traditional attorney role of representing clients in the course of dispute resolution, it is less self-evident in instances where there is no clear distinction between a lawyer and a client (in-house lawyers), as well as when the activity performed does not require that the person exercising it is a lawyer at all (e.g. providing tax advice or assistance in acquiring an asset such as real property). Finally, there are instances of outright abuse of legal professional privilege where a lawyer has no bearing whatsoever to a given correspondence but is included in it to obtain confidentiality and making any documents involved as inadmissible evidence in legal proceedings.

At the same time, both AML and tax mobilization efforts rely greatly on information supplied by third-parties that are obliged to collect and share with the relevant authorities an ever increasing amounts of data. Nearly always at a certain point, a lawyer will be involved in the process of creating the documentation that contains the relevant data. If legal professional privilege is construed too broadly, this may frustrate investigations by FIU and tax administrations.

To avoid the misuse of CAP requires a good understanding of the underlying rules and the principles that underpin them. For example, in AML cases a difference can be drawn between instances where the legal professional is acting as an accomplice to the crime and instances where they are made aware of money laundering activity without active participation. In the first case, the right against self-incrimination will bar any obligation to report on the side of both the lawyer and the client (although legal professional privilege as such will not cover the correspondence). Only in the second instance – i.e. where the legal professional was made aware of the activity without actively taking part in it – an obligation to report might exist as long as legal professional privilege does not apply because of the facts and circumstances of how the legal professional was made aware of the information and in what capacity they have acted. Controlling abuse of the privilege in the latter circumstances is notoriously difficult as often the facts and circumstances cannot be evaluated unless the claimed privilege (even if unduly claimed) is waived. In this context, the role of Bar Associations and effective judicial control are key.

Summary of the Discussion:

The session on Legal Professional Privilege in Europe focused on balancing legal protection and professional secrecy in lawyer-client relationships within the EU and that African countries may be able to build on this experience. Emphasizing the need for transparency, the session highlighted how legal professional

privilege should not become a barrier to effective law enforcement. This balance is crucial to ensure that while confidentiality is maintained, it does not obstruct justice.

In discussing the balance of interests, the session examined the tensions between legal professional privilege and the needs of FIU and tax administration for good access to information. Highlighting the challenges in defining legal classes, the necessity of international cooperation to address these complex issues was underscored.

The session also delved into access to justice, debating the application of the EU charter of fundamental rights to legal persons. The emphasis was on the importance of access to justice and the flexibility of legal systems to adapt to the dynamic nature of financial crimes.

Shifting focus to Nigeria, the session on Client-Attorney Privilege and Tax Evasion addressed the legal requirements for attorneys to disclose client information to authorities despite client objections. It pointed out significant weaknesses in Nigerian laws regarding client-attorney privilege and underscored the need for reforms to enhance transparency and accountability.

Regarding the implementation of anti-corruption proposals in African countries, the session discussed the impact of European Court of Justice decisions on these nations. It introduced the topic of implementing robust anti-corruption frameworks, emphasizing the necessity of international cooperation and political will to achieve these goals effectively. The importance of new forums for debate was highlighted to facilitate this process. There was a brief presentation of the WU report on CAP and participants were encouraged to provide written comments by the 15th of August.

12.15 – 13.30   **Lunch**

WEDNESDAY, JULY 10, 2024 (DAY 1 - AFTERNOON SESSION)
13.45-17.30 (ALL TIMES ARE IN CET VIENNA TIME)

PART 2: IN-DEPTH DISCUSSIONS ON ON-GOING ISSUES

13.30 – 15.00   **Session 4: Beneficial Ownership**

Chair:
Jeffrey Owens, Director of WU Global Tax Policy Center

Issues for discussion:
- o What steps do African countries need to take to comply with the revised FATF Recommendations 24 and 25?
- o What role do registries of beneficial ownership play?
- o What progress has been made in digitalization of these registries?
- o How can tax administrations draw upon the information in other law enforcement agencies especially FIUs?
- o What are the main recommendations in the guidelines?

Speaker:
- – Joy Waruguru Ndubai, ATAF, Digital Transformation Lead, – IT Tax Administration System for Africa
- – Dianne Willman, Deputy Director, National Prosecuting Authority, South Africa

Country experiences:
- – Emil Meddy, Ghana FIC
- – Andrew Ogutu, IFC
- – Hon Shakeel Shabbir Ahmed CBS MP, Chm APNAC
- – Annet Oguttu, ATI

Documents:
- – Best Practices and Guidance for the Implementation of Standards on Beneficial Ownership: A Case Study Approach

Open Discussion

Context for Discussion:

International beneficial ownership standards have been the subject of significant reform in the past three years. Although the amendments to Recommendations 24 and 25 filled in a number of previous gaps, the reform of legal frameworks is only the tip of the iceberg. Over the last four years, the BO focus group has focused on the main challenge, namely: the practical aspects of the implementation of BO frameworks. Persistent weaknesses identified amongst FATF grey-listed countries include: overall inadequate BO frameworks; a lack of effective involvement and contribution of financial institutions and Designated Non-Financial Businesses and Professionals (DNFBPs); the need to adopt a risk-based approach; and the need to improve the use of adequate sanctions. In addition, amongst a majority of African countries evaluated by the FATF as of 2022, a low level of effectiveness in practical implementation was found including

in: public availability of information; understanding of ML/TF risks; mitigation measures to prevent misuse of legal vehicles; timely access by authorities to adequate and accurate information; and proportionality of sanctions.

These findings have been strongly reinforced by the discussions arising from the focus group on beneficial ownership which sought to investigate some of the gaps and further analyze them with officials from tax authorities, FIUs and other law enforcement agencies. Based on the concerns raised by these officials, and by way of the sharing of case studies by various authorities from various countries, the focus group has been able to develop key best practice recommendations and practical guidance now documented in the case studies on the Implementation of Beneficial Ownership Standards.

The BO focus group has been an opportunity to unpack the challenges, solutions and major lessons of countries in these and a number of other areas. As countries now embark upon the process of reform in order to take into account the amendments to Recommendation 24 and 25, it is a good time to reflect on how the work of this focus group and future research/dialogue could reflect on the emerging challenges that countries will face in their efforts to comply both in procedure and substance. In addition, this session will seek to establish the need for ongoing dialogue on regional cooperation on beneficial ownership across the African landscape as part of the broader effort to jointly combat IFFs and protect the integrity of the future single market under the African Continental Free Trade Area (AfCFTA).

Summary of the Discussion:

The session begun with an overview of the work undertaken by the beneficial ownership (BO) focus group and a brief highlight of the developments from the Financial Action Task Force (FATF). The following key points were raised:

- Over the last five years 15 focus group sessions have been held covering a range of BO related topics.

- WU GTPC engaged law enforcement agencies from over 25 African countries and identified the issues that needed to be addressed which included the role of tax authorities; lack of inter-agency cooperation; verification of data; and legal frameworks.

- Several major developments have been noted globally during this period:

    o UNCAC Resolution on enhancing BO information (2021)

    o Pandora Papers (2021)

    o Amendment to Recommendation 24 (2022) and 25 (2023)

    o Gradual shift of emphasis to effectiveness in FATF mutual evaluation process

    o Increase in Sub-Saharan countries placed under FATF increased monitoring

- o New round of mutual evaluations scheduled for 2025
- Based on FG discussions, a guidebook titled "*Best Practices and Guidance for the Implementation of Standards of Beneficial Ownership – A Case Study Approach*" has been prepared. The aim of the guide is to provide countries with key considerations when implementing BO standards. A draft of this manual has been shared and GTPC requests any comments prior to **30 September 2024**.
- FATF greylisting and blacklisting are a major concern for African countries. One effect of FATF listing is the correspondent listing by the EU. As of June 2024, 12 Sub-Sharan Countries were on the FATF grey list and this number may increase during the new round of reviews in 2025.
- What is clear from the ongoing work is that the key implementing authorities need support to effectively engage and use the BO standards.

Discussion

- Identifying the person who has effective control is a difficult task for law enforcement agencies. Criminals will often use complex structures making this task even harder as it will require effective cross border cooperation.
- More importantly, countries often link control and effective control and fail to separate effective control as a standalone standard. For instance, a significant lender may have effective control over a company.
- As countries set up BO registers, they need to ensure that there are sufficient resources available, and the BO information is not only verified but regularly updated.
- The BO information collected should be utilized and made available to other law enforcement agencies.
- The multipronged approach to sources of BO information should be based on interagency cooperation. All sources of information should be identified and obligated to report.
- Interagency cooperation is necessary for the FATF implementation process. This is not just between law enforcement agencies but also includes cooperation with private sector and civil societies.
- In all this, technology will play an instrumental role in easing the process of collecting, verifying and analyzing BO information, facilitating exchange of information between law enforcement agencies and ensuring the safety of this information. Countries will therefore need to consider the implementation of sustainable technology solutions.
- The decision on the location of the registry should be based on the country context – specifically, what are the resources available and what is their ability to enforce sanctions. Importantly, the key concern should be on the quality and safety of the data as well as the ability to share the information.

Country experience – Presentation from National Prosecuting Authority, South Africa

- Implementation of Recommendation 24:

    o South Africa did not have robust regime to record details of shareholders, but this was developed, and the registry set up under the Companies Registry.

    o Implementation challenges – limited resources and especially capacity to capture all the information submitted.

- Recommendation 25 – though the requirement to record ownership information for trusts has existed, implementation remains a challenge because of limited resources.

- Support needed moving forward – increased human resources and working systems that are sustainable and secure.

- Cooperation is necessary but it remains difficult because agencies are still building trust and relationships.

- Training is ongoing on BO standards to officials from law enforcement agencies. As well as creating platforms to share best practices between law enforcement agencies.

- To effectively implement BO standards, South Africa has: increased capacity, invested in joint stakeholder teams and established an ongoing review process.

- Political will has been instrumental in ensuring that the steps for effective implementation are taken.

Discussion

- While there has been significant progress, there are many institutions within South Africa that are still struggling despite intentions to enhance efficiency. It is therefore not helpful to just set standards but developing countries in particular require support in their implementation of these standards.

- GTPC and ATAF will publish a best practice brief on delisting based on country experiences. A key takeaway is that countries should be prepared in advance as opposed to acting once listed.

- The FATF review process should be transparent and include all relevant stakeholders to ensure a smooth and successful review process. This is particularly necessary because of the significant economic impact of grey listing especially in developing countries. One such impact is reduced remittances received by African countries.

- WB/UNODC/IMF all have units that support countries with implementation of AML/CFT standards. For IMF in particular, there was a recent link between the AML/CFT standards and their fund facilities. However, this remains an active policy area.

- The previous assumption was that when FATF delisted countries, this would lead to an automatic delisting at the EU. However, this is not always automatic and there may be additional requirements that a country must meet.

- The role of the International Finance Corporation (IFC):

  o IFC has a tax policy that was passed in January 2023 that regulates World Bank's investment in the private sector.

  o The tax team conducts tax due diligence for companies IFC may potentially invest in. There are two main triggers for a due diligence: where a company has cross-border related party transactions or where there is an intermediate jurisdiction in the ownership structure of the group (whether or not intermediate jurisdiction is low tax). For the later, an intermediate jurisdiction is where an owner of the investment owns the investment through an entity located in a third country (outside the investment location). The due diligence establishes the reasons for using the intermediate jurisdiction and IFC investment will only take place if there is a legitimate business reason for the structure.

  o Impact of listing on investment – there is a eligibility criteria under the tax policy. Where the intermediate jurisdiction is not compliant with the Global Forum ratings then IFC cannot invest unless client redomiciles from this ineligible jurisdiction. For FATF listing, this does not make the intermediate jurisdiction ineligible, but enhanced integrity due diligence is carried out to ensure that risks and deficiencies that caused listing are addressed so that IFC gets some assurance that there is no risk for money laundering. This makes it more expensive for the businesses as there is a higher compliance cost, which is intended to impact decision-making by companies.

15.00 – 15.30   **Coffee Break**

15.30 – 17.30   **Session 5: AI and related technologies: Striking a balance between the opportunities offered to Law Enforcement Agencies and the protection of citizens' rights in a digital age**

Chair:
Richard Stern, WU

Issues for discussion:

- o How can TAs and FIUs integrate tools such as AI among other technologies within their systems to combat IFFs while upholding ethical standards, their responsibilities to citizens' rights in a digital age and ensuring that technology-driven compliance processes are effective and secure?
- o What are the reforms needed within African TAs and FIUs to effectively incorporate AI and other technological tools within their ecosystems?
- o What are the challenges posed by AI and other emerging technologies in addressing IFFs? What tools and strategies can be used to overcome these challenges?
- o What strategies can be implemented by TAs and FIUs for effective use, processing and management of data in adherence to data protection laws and ethical principles including non-discrimination, transparency and accountability?
  What are the legal concerns and ethical implications posed by AI and other emerging technologies to the tax and financial eco-system in African countries?
- o How can tax administrations and FIUs train their officials to distinguish between trustworthy and untrustworthy AI? Would it be helpful to have a checklist to guide them?

Speakers:
- – Joy Waruguru Ndubai, ATAF, Digital Transformation Lead, – IT Tax Administration System for Africa
- – Rhodah Nyamongo, Teaching and Research Associate, WU

Panelists:
- – Oleksiy Feshchenko, ex-UNODC, current WEF/Global Coalition to Fight Financial Crime
- – David O'Sullivan, WB
- – Ivan Bwire, Financial Intelligence Authority, Uganda

Documents:
- – Jeffrey Owens and Bernd Schlenther, 'Developments in the use of technologies in African Tax Administrations'
- – WU/VAI/Leiden Background Paper, 'AI Governance and Taxpayers' Rights in a Digital Age'*
- – ATAF/WU Policy Brief (forthcoming)*
- – J. Owens, A. Piakarskaya, N. Costa, and R. Nyamongo, 'Generative AI: The Power Behind Large Language Models

and Their Use in Tax Administration' *Tax Notes International*, Volume 112, November 27, 2023
- UN AI Advisory Body, 'Interim Report: Governing AI for Humanity' December 2023
- Resolution on the need to undertake a Study on human and peoples' rights and artificial intelligence (AI), robotics and other new and emerging technologies in Africa - ACHPR/Res. 473 (EXT.OS/ XXXI) 2021
- Outcomes of the workshop "Towards Trustworthy AI: From the Perspective of Tax Administrations and Taxpayers", Vienna, 15 May 2024
- Vienna University of Economics and Business, Leiden University, Antwerp University and Tilburg University, Background Paper AI Governance and Taxpayers' Rights in a Digital Age

Open Discussion

Context for Discussion:

The emergence of technologies such as AI and the continued digitalization of businesses globally, has impacted law enforcement in Africa especially due to the proliferation of IFFs and tax crimes that are cyber-related. Technological advancement raises cybersecurity concerns which African countries are not immune to. The emergence of even more complex avenues for illicit financial flows and tax crimes (for example cyber-enabled fraud which poses money laundering risks) has necessitated the digital transformation of the functions of tax administrations (TAs) and financial intelligence units (FIUs). TAs and FIUs are integrating technologies within their systems to enable the efficient collection, storage, processing and management of data acquired from traditional sources and beyond with a view of enhancing their risk assessment processes.

Additionally, technology has become essential to many businesses and significantly increased the amount of data that TAs and FIUs must collect, process, manage and use in targeting and managing IFF-related risks. Law enforcement agencies (LEAs) can be regarded as data-rich governmental institutions thus rendering data governance in a digital world a pertinent issue for African governments that goes beyond having laws in place.

The use of technologies such as AI can be intrusive, raising data protection and privacy concerns and necessitating safeguards against the infringement of human rights in the digital age. The deployment of tools such as AI by LEAs has recently been at the forefront of global discussions due to the efficiency gains presented in functions including but not limited to risk assessment, compliance and audits, functions that are integral to monitoring and combatting IFFs and tax crimes. For some countries, these efficiency gains have been marred by the limitations of these technologies that may be attributed to the training data (as would be the case for large language models powering chatbots as well as AI tools dependent

on algorithms). This therefore requires LEAs to balance their responsibility of monitoring and assessing risks of IFFs using technology with upholding related human rights in a digital age. Furthermore, LEAs in deploying these technologies and processing data must adhere to transparency and accountability standards which must be put in place.

Summary of the Discussion:

Part 1 – Use of AI in law enforcement with a major focus on the experience of tax administrations

- The discussion in this part focused on the use of trustworthy artificial intelligence (AI), by tax administration and the lessons that can be learned.
- There is a growing integration of technology, particularly trustworthy AI, by tax administrations and financial intelligence units (FIUs), and we can envision a future where technology is so embedded in operations that it no longer requires separate discussion.
- AI should be viewed not just as a tool but as a fundamental part of creating efficient and crime-free tax systems.
- There are varying levels of risk associated with different AI applications. For instance, AI in taxpayer education and service presents lower risks compared to its use in risk assessment and audit selection. This risk assessment can guide countries in deciding where to begin implementing AI and setting future goals.
- Different African countries are at various stages of digital transformation. It is crucial to get ahead of AI to benefit from it and mitigate its risks.
- Two major disciplines of AI that are relevant to our discussion today are: machine learning, to detect patterns in data to predict future outcomes which is useful in fraud detection and Natural Language Processing (NLP) which enables computers to process human language, exemplified by tools like ChatGPT and Siri.
- Some of the use cases of AI in tax administration are compliance by design (integration of AI into taxpayers' systems thus seamless tax administration), taxpayer service and risk assessment and fraud detection.
- As a starting point, a business rationale when considering AI implementation is crucial.
- The use of AI in risk assessment and fraud detection within tax administrations is evolving though there is currently underutilization in many African countries. However, a notable use case scenario would be the South African Revenue Service (SARS) where AI has been successfully implemented to combat fraudulent refunds, resulting in a more seamless

and reliable tax refund process. This example underscores the importance of using technology to address specific issues, such as refund fraud and abuse.

- There may be a possible shift in power dynamics between law enforcement and taxpayers when it comes to data collection - that while law enforcement needs power to combat crime, this must be balanced with protections for taxpayers. It is important to have safeguards in place to prevent abuses of power. The application of AI in these fields must be approached cautiously, with human oversight and within a robust legal framework to prevent misuse, mitigate risks and ensure accountability.

- Recent protests in Kenya have focused on the proposed Financial Bill 2024 and specifically a contentious provision in the Finance Bill. This provision aims to amend the Data Protection Act by adding a new paragraph under the general exemptions section. It would allow the processing of personal data to be exempt from the Act's protections if deemed necessary for tax assessment, enforcement, or collection.
  - o The lack of clear guidance on what constitutes "necessary" information has raised significant concerns. Critics argue that this ambiguity could lead to arbitrary data processing, posing a threat to citizens' privacy rights. The provision's potential for abuse underscores the broader issue of balancing effective tax administration with the protection of personal data and privacy rights.

- While data access can enhance enforcement, it also raises concerns about privacy and the potential for abuse. This leads to a broader discussion on the ethical use of AI and the necessity of safeguards, transparency, and a legal framework to protect taxpayers' rights.

- AI use in law enforcement must be in accordance with principles of transparency, privacy, legality, fairness, explainability, and due process:
  - o Taxpayers' data should not be collected without a specific purpose and there is need to protect collected data from misuse.
  - o Another key concern is the bias in AI systems as biased input data will result in biased outcomes.
  - o Explainability is another crucial factor, as users need to understand the rationale behind AI decisions

- In Africa there is currently no specific legislation on AI use by tax administrations and financial intelligence units, although the African Commission for Human and People's Rights has its Resolution on the need to undertake a Study on human and peoples' rights and artificial intelligence (AI), robotics and other new and emerging technologies in Africa

(ACHPR/Res. 473 (EXT.OS/XXXI) 2021) encouraging member states to explore the benefits and risks of AI use.

- Technology cannot fix fundamentally flawed systems.
- We can learn the following lessons from cases in Europe involving the use of AI in public administration including tax administration. Firstly, a robust legal framework is essential to regulate new technologies. Secondly, human oversight is crucial to ensure that AI models are accurate and fair. The infamous Dutch case, where an AI system unfairly targeted demographics and led to the denial of child benefits, underscores the dangers of insufficient supervision.
- In terms of decision-making, AI or complex computer systems should not be relied on solely. There are legal risks associated with using AI as the sole basis for prosecution, noting that defence lawyers have successfully argued against such use by citing the "black box" nature of AI. This means that without transparency and human oversight, the outcomes produced by AI can be easily contested in court. Therefore, human interface and oversight are crucial at every stage, especially during prosecution and in court proceedings.
- The human element in AI implementation is indispensable therefore investing in capacity building and certification of law enforcement officials is essential to ensure they are knowledgeable and capable of leveraging AI effectively and their interpretations are reliable and legally defensible.
- The role of data in ensuring trustworthiness of AI cannot be overstated. High-quality, accurate data is the foundation for effective AI systems. Ensuring data confidentiality, integrity, and availability is paramount. Blockchain technology offers promising solutions for maintaining immutable data, which is critical for AI reliability. Moreover, implementing AI requires careful consideration of proof of concept and applicability in specific contexts. Testing AI in real-world scenarios can validate its effectiveness and help tailor its application to meet specific needs.

Part 2 - Use of AI in law enforcement with a major focus on the experience of financial intelligence units

- The discussion focused on the role of financial intelligence units (FIUs) and the use of technology, specifically AI, to enhance their capabilities in consideration of examples from Peru and India to illustrate how FIUs are leveraging AI to manage large volumes of data from suspicious transaction reports (STRs).

- In Peru, the FIU developed an AI tool to process STRs more efficiently. This tool helps prioritize cases based on risk, allowing investigators to focus on the most critical issues. This approach emphasizes the importance of a risk-based strategy and the need for AI to handle structured digital data for better results. Their FIU utilised AI to manage and analyse the vast amount of data from suspicious transaction reports. Previously, they manually processed about 3000 reports, but with AI, they can prioritise and extract insights more efficiently. AI's risk-based approach is crucial, as it allows them to focus on high-risk cases, enhancing their overall investigative process.
- India offers another example, where their FIU transitioned to version 2.0 of their system. Like Peru, they faced data management challenges from STRs. Their updated system, FIN 2.0, leverages AI to improve data processing and risk assessment, generating risk scores for individuals and businesses. This helps them visualize networks of high-risk individuals, identifying high-risk cases for further action and take immediate action. They use natural language processing to detect suspicious activities, improving overall data utilization and investigation quality and underscoring the necessity of structured and clean data.
- Key recommendations for African FIUs and tax authorities based on these experiences include:
    - Conducting thorough consultations internally and with partners to identify business needs and suitable technologies.
    - Ensuring budget and resource allocation, including human and technological resources, for implementing new systems.
    - Establishing strong data governance practices, including standardization and cooperation between agencies.
    - Protecting data privacy and security while maintaining transparency in AI usage.
- Incorporating AI and other technologies requires understanding the specific data needs and gaps, consulting with both internal and external partners, and learning from other agencies' experiences. Peer learning and shared technology can be beneficial, especially in overcoming budget limitations. Additionally, ensuring that data governance is robust will support AI effectiveness and help in maintaining data quality and integrity.
- There are concerns about AI, such as job displacement and privacy issues. However, the focus should be on transforming jobs rather than eliminating them. Continuous review and improvement of AI models are necessary to ensure they function as intended. Peer learning and international cooperation are essential to address infrastructure and political buy-in

challenges. Effective data governance and standardization across agencies will further enhance the success of AI implementation.

- Addressing the legacy issues of paper-based systems and transitioning to digital data management is critical. Collaborating with universities and leveraging young tech-savvy individuals can speed up this process. Despite challenges, building a culture of skill-sharing within tax authorities and FIUs can help manage talent turnover and ensure continuity in AI and technology adoption efforts.

- With regards to leveraging technology to address issues within tax systems, certain countries may not effectively utilise risk systems particularly with voucher management. Technology could be employed to identify non-compliance and other red flags. There are opportunities to improve these systems to enhance accountability and transparency.

- It is challenging to integrate the informal sector into the tax system in Africa, especially given the widespread use of mobile payments. Despite technological advancements, many businesses still prefer cash transactions, raising concerns about how to incorporate these businesses into the formal tax system. To remedy this, as a starting point, it is necessary to first categorise the informal sectors (there are different forms of informality) and identify interactions with formal systems to develop effective tax strategies. An example from Kenya illustrated an initiative to incentivize formal transactions by allowing citizens to claim tax rebates using receipts from verified businesses.

- With regards to tax administration in the informal sector, solely using repressive measures tends to be counterproductive. Instead, a balanced approach combining incentives and gentle enforcement is more effective. An example from one country showed that attempts to use mobile payment data for tax purposes was met with resistance due to privacy concerns, and a shift towards cash to avoid surveillance. This highlighted the necessity for economic incentives to encourage compliance and transparency.

- Another issue relates to technological disparities, particularly in regions with limited internet access for example, rural areas in Kenya. Despite advancements, some regions still struggle with basic infrastructure, making it difficult to implement and sustain technological solutions. In addition to the human factor, there is still a crucial need for political will and public trust to ensure the effective use of technology.

- Another consideration is cultural resistance to technology. In Nigeria, for example, technology is often undermined by those who benefit from a lack of transparency. Technology alone is not enough; the mindset and willingness to adopt and maintain technological systems are crucial.

Additionally, civil society plays a big role in scrutinising and ensuring the proper use of technological systems by FIUs and tax authorities to combat corruption.

- Overall, the discussion underscored the importance of integrating technology with cultural, economic, and political considerations to improve tax systems and reduce informality and corruption.

17.30 – 17.50   **Group photo**

18:30 – 21:00   **Social Event – Dinner at a traditional Viennese restaurant**
Pick up of transfer in front of Bassena Hotel (18:00h)

THURSDAY, JULY 11, 2024 (DAY 2 – MORNING SESSION)
09.00-12.00 (ALL TIMES ARE IN CET VIENNA TIME)

09.00 – 12.00   **Session 6: Applying technologies in specific areas**

Chair:
Richard Stern, WU

09.00 – 10.00   *(A)*   *AI and predictive analytics: exploring the potential of generative AI in managing risks*

Speakers:
- Christian Weinzinger, Austrian Tax Administration
- Iris Tschatsch, Teaching and Research Associate, WU
- Rhodah Nyamongo, Teaching and Research Associate, WU
- Ivan Bwire, Financial Intelligence Authority, Uganda

Open Discussion

Summary of the Discussion:

- The legal framework is a starting point for innovative tools employed by governments. Predictive justice is a multifaceted concept intersecting with criminal law, environmental degradation, and tax law. The use of innovative tools in governance intersects with various branches of law including criminal, environmental, IT, and tax law.
- The term "predictive" is clarified as anticipating future outcomes based on current analytics, with an example of predictive policing where police actions are guided by historical data to prevent potential crimes. Predictive analytics is proactive, using big data and machine learning to anticipate events before they occur. This approach contrasts with traditional methods based on experience and intuition.
- The process of predictive analysis starts with data collection, followed by pre-processing to prepare the data for analysis. Data scientists then develop and deploy predictive models, such as classification models that categorize incoming data based on historical patterns. The final phases involve interpreting the model's outputs and deciding on actions based on these predictions.
- Data quality and source reliability are major concerns; not all data is useful, and some may be noisy or irrelevant.

- Model selection and validation are critical, as not all models fit every scenario, and understanding these models can be complex.
- Interpretation of results must consider the context in which data was collected, raising questions about the reliability of predictions.
- Ethical and legal considerations include data privacy, transparency, purpose limitation, and data minimization. There are significant concerns about how data is processed and used, especially under regulations like the General Data Protection Regulation (GDPR).
- In tax administration, predictive analytics can help identify potential fraud, optimize resource allocation, and improve efficiency. However, using such technologies must comply with existing legal frameworks and respect fundamental rights, such as privacy and data protection. Courts have ruled against the indiscriminate collection of data without clear purposes, emphasizing the need for justified and limited use of technology.
- FIUs and tax administrations face somewhat different challenges in using big data and predictive analytics. FIUs often have broader mandates to collect data to prevent serious threats, while tax administrations are more restricted in the data they can collect and use.
- Legal frameworks need to adapt to clearly define the permissible use of predictive technologies in different contexts.
- Predictive technologies are essential for modern governance to prevent crime and enhance efficiency. However, their use must be carefully regulated to balance efficiency with ethical and legal considerations, ensuring transparency, purpose limitation, and data minimization. Furthermore, ongoing discussions and legal adjustments are necessary to align technological capabilities with regulatory frameworks.
- When engaging in data analytics, the approach typically starts with asking questions to understand past, present, and future scenarios. Initially, analysts inquire about what has happened, which involves looking at historical data. As data becomes more current, the next step is to determine why certain events occurred. Presently, the focus shifts to understanding the current situation—what is happening now. For future-oriented analysis, questions evolve into what is likely to happen and what actions can be taken to achieve specific results.
- Amazon provides a practical example of this methodology. The company effectively monitors user interactions on their platform, tracking search queries, clicks, and even cursor movements. This real-time data allows Amazon to predict future behaviours and implement strategies, such as cross-selling, to drive sales. Predictive analytics and machine learning are

integral to this process, enabling Amazon to generate substantial revenue through tailored recommendations.

- In the Ministry of Finance (Austria), data analytics is applied using various methodologies, predominantly supervised machine learning. This involves training models on historical data to forecast future outcomes. The Ministry utilizes extensive data sources, including tax declarations, audit results, and external registers, to train and refine these models. They employ up to 70 different models, each targeting specific risk areas. The outputs from these models are consolidated into a comprehensive risk score, which informs decision-making and helps identify cases that may require further investigation.

- The Ministry's predictive analytics department is divided into four main pillars: predictive analytics, advanced analytics, and business expertise in tax and customs. This structure ensures a blend of technical and domain-specific knowledge. The team includes data scientists and business experts who work alongside a separate federal computation centre responsible for data management and infrastructure.

- Several projects have been undertaken by the Ministry, including audits on tax declarations, payroll, customs, and eCommerce platforms. Recent projects focus on areas such as property tax, beneficial ownership, and shipment transit. The ultimate goal is to maximize the recovery of taxes through effective risk scoring and compliance checks. For instance, real-time risk scoring of tax declarations has led to a 40% reduction in audit cases.

- In practice, the Ministry integrates data from various sources, including beneficial ownership data and other governmental databases. Legal frameworks are crucial for accessing and utilizing this data, requiring legislative changes before new projects can commence.

- Regarding transparency and accountability in AI-driven decisions, the Ministry strives to provide explanations for their predictive models. Efforts include using explainable AI to clarify which variables influenced case selections. This approach aims to enhance auditors' understanding and trust in the results. However, challenges remain in ensuring that AI outcomes are interpreted correctly, and that human oversight effectively addresses any inaccuracies or false positives.

- Collaboration within the Ministry is extensive, with data and insights shared across departments. Despite this, transparency about how AI-driven decisions are made remains a focus, ensuring that human judgment complements algorithmic predictions.

- The management of data challenges in cross border tax cases - countries, especially in Africa, face diverse stages of digitalization. In Europe, particularly in Austria, data is often sourced through frameworks like DAC, but for effective machine learning and fraud detection, comprehensive data from all relevant jurisdictions is essential.
- Austria's Federal Ministry of Finance emphasizes the importance of having data, legal frameworks for data use, data quality, and skilled staff. They use a centralized system that integrates data across tax administrations. Despite advancements, data integration and quality remain challenges, with ongoing efforts to synchronize data from various sources.
- Austria invests significantly in infrastructure and staff for data analysis, which yields substantial returns in tax recovery. The Ministry spends approximately 1.5 million euros annually on infrastructure for the database and system and allocates between 1.5 to 2 million euros each year for staff expenses, totalling around 3.5 to 4 million euros per year. In line with its capacity building initiative, the Ministry tries to match the salaries it pays to its employees that are ICT specialists to people with similar professions in the ICT sector. The investment in the infrastructure and technical capacity has proven to be cost effective with the Ministry receiving tax-free claims amounting to 185 million euros annually.
- Predictive analytics alone cannot prevent corruption, as decisions are ultimately made by humans. However, these tools can aid in identifying risks.
- Austria plans to improve risk scoring for tax declarations and integrate beneficial ownership data into their models. This will involve using data from both Austrian and EU registers to enhance fraud detection.
- In cases of poor data quality, significant manual effort is required to make the data usable. Efforts are being made to standardize and improve data handling, but challenges remain with integrating different systems and data sources.
- These audits aim to identify the true owners of companies and analyse their social networks to assess risk. Austria is currently focusing on local data but plans to incorporate EU-wide data to enhance their analysis.
- Overall, management of cross-border data for tax purposes and detection of fraud requires robust frameworks, high-quality data, and specialized personnel.

10.00 – 10.20   **Coffee Break**

10.20 – 12.00   *(B)   Using AI to improve service to citizens*

> Speakers:
> - Richard Stern, WU
> - Ezera Madzivanyika, Manager: Applied Research and Statistics, ATAF
> - Ismail Kintu, Makerere University

Open Discussion

Summary of the Discussion:

- The role of taxpayer service in tax administrations has long been secondary, overshadowed by other functions. However, its importance grew significantly during the pandemic, as it became the primary interface for taxpayers to access stimulus benefits and other programs. This shift has expanded the scope and capabilities of taxpayer services, enhanced by technology enabling 24/7 availability, quick responses to complex queries, and even facilitating non-binding advanced rulings.

- AI plays a dual role in tax administrations: internally, it improves processes such as research, correspondence, and repetitive tasks, enhancing service quality and efficiency with minimal risk. Externally, AI assesses risk, monitors, and builds taxpayer profiles by integrating various data points, though this carries higher risks.

- Advanced tax administrations, especially in Europe, have adopted AI and predictive technologies to enhance compliance through education and support, focusing on providing a good customer experience. For instance, countries like Sweden, Finland, and Denmark emphasize service and pre-emptive issue resolution on their tax administration homepages.

- Technology in taxpayer service includes digitizing interfaces (e-filing, pre-filled forms), automating processes (AI checks), and using virtual assistants for quick and accurate responses. These advancements improve taxpayer satisfaction and reduce errors. Virtual assistants are increasingly accepted and effective, providing quick, accurate information.

- Tax administrations also use AI to gather data on taxpayer concerns, errors, and advice effectiveness, improving service quality and risk assessment. Examples include Sweden's AI-enabled portals, Brazil's behavioural insight projects, and AI use in African tax administrations for 24/7 support.

- Technology and AI significantly enhance taxpayer services, improving efficiency, accuracy, and taxpayer experience, while also providing valuable data for better tax administration.

- Key points of emphasis when considering AI use in tax administration is data management, data quality, and analytics. It is important to have clean, comprehensive, and up-to-date data for effective tax administration, noting that many tax administrations face challenges with data quality and integration.
- Tax administrations often struggle with outdated, incomplete, and unclean data. Effective data management and analytics are crucial for extracting value from data.
- Different levels of analytics maturity exist, from descriptive (what happened) to prescriptive (how to make it happen).
- AI can be used in tax administration for automated compliance (detection of fraudulent activities using algorithms), predictive analysis (revenue forecasting and setting targets), chatbots and virtual assistants (providing quick and accurate responses to taxpayers) and automated tax return processing (simplification of tax filing and enhancement of efficiency).
- AI use has some cost saving implications: -
  - Reduces processing costs and labor through automation.
  - Enhances efficiency and accuracy in tax administration processes.
  - Detects fraud more effectively and streamlines the audit process by identifying high-risk taxpayers.
- When evaluating resource allocation for AI implementation, tax administration should understand the following fundamentals: - investment in hardware, software, and network infrastructure is essential, establishing a data science team with expertise in AI and data science is crucial, upskilling existing staff and providing training on AI technologies and ensuring robust cybersecurity and regular maintenance of AI systems are necessary.
- Countries like the UK, Australia, Canada, and New Zealand use AI for risk detection, assessment, and taxpayer services. In Africa, countries such as South Africa, Nigeria, Kenya, Ghana, and Egypt have begun using AI in similar capacities.
- There is need for continuous monitoring, updating models, and maintaining infrastructure to optimize the use of AI in tax administration.
- Many OECD countries have successfully integrated advanced data science and AI tools into their tax systems. By 2022, over 90% of these countries reported using such tools to handle large datasets, and more than 50% employed AI for assessments and return processing. A notable example from Africa is South Africa's SARS, which has utilized AI to manage a significant portion of its tax revenues effectively, processing over $2 billion.

- Successful AI adoption in tax administration requires starting with specific use cases and scaling gradually. It is crucial to set clear goals, ensure data quality, and engage all relevant stakeholders, including taxpayers and the business community. Additionally, upskilling staff is essential to manage and utilize new technologies effectively.
- There is need for a robust legal framework to support AI and data sharing in tax administration. Many African countries face challenges due to the absence of such frameworks, which hampers information sharing and collaboration. Establishing legal structures that facilitate data exchange and protect taxpayer rights is crucial for successful AI integration.
- In Africa, where there is a high level of informal sector activity and varying literacy rates, it is important to ensure that both tax administrators and taxpayers understand the benefits of AI. Political will and public education are critical to achieving mutual appreciation and effective use of AI technologies.
- Public education is vital for the successful adoption of new technologies. Tax administrations must ensure that taxpayers are well-informed about the changes and understand how to comply. Additionally, customizing technology to meet local needs and conditions is essential for its effective implementation. Technologies should be affordable and tailored to the specific requirements of the region to avoid failures and ensure value.
- Law enforcement agencies must adopt a strategic approach to AI implementation in tax administration. Additionally, it is important to have legal frameworks, public education, and customization of AI solutions to achieve successful outcomes.
- Tax education focuses on informing taxpayers about their obligations and rights rather than just reducing tax liabilities. In Uganda, the Uganda Revenue Authority (URA) uses various digital platforms like WeChat, YouTube, and WhatsApp to disseminate information and educate taxpayers. Despite these advances, traditional methods such as door-to-door outreach and seminars are still preferred by many taxpayers due to limited internet access and digital literacy.
- A significant challenge is the mismatch between technological advancements and the reality of limited internet access in Uganda. The 2022 National Broadband Survey revealed that only 29% of the population is within reach of fiber nodes, and only 30% use smartphones. Additionally, educational materials are often in English, which is less accessible to those in the informal sector. Solutions suggested include expanding internet coverage, using alternative power sources, and adapting educational materials to local languages.

- To streamline tax processes, URA has automated tax registration, filing, and payment systems to improve efficiency. Technologies like electronic fiscal systems and auto-generated payment references simplify compliance and reduce manual errors. However, there is resistance from some taxpayers who perceive these technologies as additional burdens rather than aids to compliance.
- Effective tax education strategies include involving taxpayers in the development of educational plans and using data analytics to tailor outreach efforts. The URA has adopted a stakeholder-inclusive approach, but more focus on local solutions and increasing digital literacy could enhance effectiveness.
- While digital platforms offer convenience, personal interaction remains crucial for reaching underserved populations. Future strategies should balance digital and traditional methods, ensuring that all taxpayers, including those in rural areas with limited internet access, receive adequate education and support.
- Overall, there is need for a comprehensive approach that integrates technology with personal outreach to ensure effective tax compliance and education.

12.00 – 13.30   **Lunch**

THURSDAY, JULY 11, 2024 (DAY 2 – AFTERNOON SESSION)
13.30-17.00 (ALL TIMES ARE IN CET VIENNA TIME)

13.30 – 15.00   **Session 7: The African Continental Free Trade Area (AfCFTA): The Role of Increased Cooperation and Coordination between Tax and Customs Authorities and Law Enforcement Agencies**

Chair:
Jeffrey Owens, Director of WU Global Tax Policy Center

Issues for discussion:

- o What role do the revenue authorities and law enforcement agencies play in trade facilitation?
- o How can revenue authorities and law enforcement agencies ensure the achievement of the four pillars of trade facilitation?

- What role does cooperation play in minimizing the potential trade related IFFs risks opened up by the Agreement?
- How can countries enhance cooperation efforts among tax and customs authorities and law enforcement agencies as they implement the agreement?
- What opportunities are presented by technology to streamline processes for agencies, remove duplications, and increase cooperation and coordination?
- How have whole of government approaches such as single-windows platform initiatives been adapted to the African context? Which agencies have been involved in successful implementation of these initiatives?
- What other coordination and cooperation initiatives have been adopted at the REC level?
- How are coordinated interagency inspections translated into a regional context?

Speakers:
- Ruth Maina, WU

Panelists:
- Vincent Beyer, Legal Affairs Expert, UNCTAD
- Chenai Mukumba, TJNA
- Sheila Masinde, Transparency International, Kenya
- Ezera Madzivanyika, Manager: Applied Research and Statistics, ATAF

Documents:
- Understanding the overlaps between trade and investment obligations and tax measures – setting foundation for dialogue on the AfCFTA (ATAF, 2023)
- Trade related illicit financial flows in Africa – risks and opportunities of the African Continental Free Trade Agreement (AfCFTA)
- The Tariff Revenue Implications of the AfCFTA (ATAF/WU GTPC, April 2023)
- The treatment of tax incentives under pillar two (by WU GTPC team, July 2022)
- Challenges at the intersection between investment provisions in regional trade agreements and implementation of the GloBE Rules under Pillar Two (Transnational Corporations Journal Vol 30 (2023))
- Policy Paper: The Future for Tax and Customs in the context of the African Continental Free Trade Agreement (AfCFTA) (ATAF/WU GTPC, November 2023)

Open Discussion

Context for Discussion:

Generally, the provisions contained within the AfCFTA are similar to provisions in existing trade agreements such as the World Trade Organisation (WTO) Agreements and the European Union (EU) Agreements but with additional provisions applying to investments. These agreements have led to unique challenges for both domestic and cross-border taxation policies, which are similarly raised by the AfCFTA. Specifically, the Most favoured Nation (MFN) and National Treatment (NT) obligations have been relied upon to challenge tax policy measures introduced by countries resulting in their reform or elimination. There are a number of additional issues to consider based on the experiences of other customs union and trade frameworks:

- o The future of national Value Added Tax (VAT) systems under the proposed single market.

- o The trade facilitation needs for customs and revenue authorities.

- o The role of tax incentives as potential non-tariff barriers and the need to provide notifications about their introduction or use.

- o The potential for tax measures to be disputed as discriminatory and, as a result, treated as potential barriers to trade.

- o The interaction of transfer pricing regulation and customs valuation.

- o The treatment of and accommodations required for Special Economic Zones.

- o The implications of special and differential treatment for non-tariff barrier notifications.

Moreover, trade liberalization raises concerns over trade-based money laundering, specifically through techniques such as under/over invoicing. Gaps in the implementation of the AfCFTA may increase the risk of Illicit Financial Flows (IFFs).

Tax and customs authorities play a critical role in the successful implementation of the AfCFTA. These authorities oversee aspects of the implementation of trade agreements such as applying rules of origin, revenue collection, safety, security, and other policies that affect cross-border trade. However, the success of these authorities will be dependent on their effective cooperation with partner agencies at the domestic and regional level. This requires clear delineation of roles and responsibilities to avoid duplication that often increases the complexity of customs procedures. For instance, several agencies are involved in clearance of goods at the border and therefore where there is limited coordination, customs processes become complex and time consuming. Moreover, the way in which the Agreement

may pose issues for counteracting money laundering, terrorist financing and contraband would require closer cooperation between customs, financial intelligence units and other law enforcement agencies. Countries will therefore need to consider the measures that can be taken to ensure that relevant FATF recommendations and domestic anti-money laundering provisions continue to be respected.

In this respect revenue authorities and law enforcement agencies have entered into varying agreements for effective cooperation and coordination and exchange of information to facilitate trade. As African countries implement the AfCFTA, this session considers the initiatives taken at the regional economic communities (REC) to increase coordination and cooperation and how these can be translated into the continental level.

Summary of the Discussion:

This session begun with a twenty-minute presentation on the progress of the AfCFTA and the cooperation and coordination efforts necessary for effective implementation. The following points were highlighted:

- The first phase of the AfCTA guided trade initiative (GTI) was initiated in 2022 with the following objectives: to allow commercially meaningful trading under AfCFTA; to test operational, institutional, legal and trade policy environment under AfCFTA; and to send an important positive message to African economic operators. The following challenges were identified during this phase:

    o Limited understanding of import/export procedures and regulatory requirements in both destination markets and home countries

    o Delays in obtaining AfCFTA certificates of origin

    o Differences in policies and legislative frameworks.

    o High storage and distribution costs.

    o High compliance costs for standards, registration, certification, licensing etc.

    o High entry and market costs in importing country for SMEs

    o Limited transport infrastructure.

- The important role of trade facilitation measures and multiagency cooperation in effectively implementing the AfCFTA were key takeaways from the first phase of the GTI. The Second Phase of the GTI commenced in 2023 and will include more countries and goods.

- While reduced trade and border controls will facilitate intra-African Trade, this may also be misused by criminals to move illicit funds. These trade related IFF risks have already been noted within European Union which has an ani-money laundering directive to harmonize AML efforts.

- Limited cooperation and coordination at a regional level presents a key concern for African countries. In addition, differences in development levels and technical and enforcement capacities means that many least developed and fragile countries present significant IFF risks as they lack the necessary institutional and legislative frameworks.

- Role of cooperation and coordination:
  - o This is needed for effective implementation of trade facilitation measures and to tackle increased risk of trade related IFFs.
  - o This should go beyond the coordination at the national level and include regional multistakeholder coordination and cooperation structures.
  - o This should include increased exchange of information and assistance in asset recovery efforts.
  - o Cooperation involves all stakeholders including private sector and civil societies.

Discussion

- African countries have a keen interest in the success of the AfCFTA. Studies conducted by WU GTPC and ATAF note that tariff revenue implications for smaller countries may be higher. In response to this, countries are considering ways of broadening their tax base as a response to the loss of the tariff revenue including rethinking their tax expenditures.

- There is ongoing engagement between tax administrations, civil societies and African Union on IFFs. However, it is only recently that the AfCFTA secretariat included civil societies and tax administrations into the negotiations. While this is commendable, stakeholders should ensure this collaboration goes beyond fulfilment of a requirement and is substantive.

- There are now more mega regional agreements, including the AfCFTA and RCEP, which now include extensive investment provisions. However, tax, trade and investment policymakers rarely communicate, despite the three disciplines being inextricably linked. Policymakers should take the opportunity for cooperation between the tax, trade and investment sectors most importantly leveraging on the opportunities to learn from each other.

- Carving tax out from IIAs should be a country decision and consider their specific contexts. However, a key concern with IIAs is the expensive dispute settlement systems that are part of these agreements.

- AfCFTA draft investment protocol – unlike many invest agreements, the investment protocol includes strong obligations on the investor on the environment and corruption. In addition, the protocol requires compliance with transfer pricing obligations under Article 40, specifically

that related party transactions should be conducted on an arm's length's basis.

- Joint VETO procedure under investment agreements have become common, this provision pulls in tax authorities to determine whether a tax provision is a legitimate anti-avoidance provision so as to avoid expensive arbitration proceedings under investment agreements.

- Regional economic communities (REC) are meant to function as building blocs to the AfCFTA and while there may be challenges because of differences in development, there are many opportunities to learn from the experiences.

- From an anti-corruption point of view there is need to discuss how to address IFF from a regional perspective:
  o Difference in development will make cooperation difficult. Some countries may not have the legislative or institutional frameworks to tackle IFFs.
  o The AfCFTA presents an opportunity to develop minimum standards needed at a domestic level – for instance, countries may be required to implement FATF recommendations.
  o At the same time, it is important to build countries' technical capacity. ATAF has noted this and together with the WU GTPC, has published 3 policy briefs on the AfCFTA and working on specific guidance to tax and customs authorities.

15.00 – 15.10 **Completion of evaluation form of participants**

15.10 – 15.30 **Coffee Break**

15.30 – 16.30 **Session 8: Transparency International: Conference Session; Development of a Regional Approach to Beneficial Ownership**

Chair:

Laura Jaymangal, TI Mauritius

Issues for discussion:

Panellists:
- Auwal Ibrahim Musa, TI Nigeria
- Annet Oguttu, African Tax Institute
- Joy Ndubai-Ngigi, ATAF

- Shighadi Mwakio, Business Registration Services (Kenya)*

Documents:

- Best Practices and Guidance for the Implementation of Standards on Beneficial Ownership: A Case Study Approach

Context for discussion:

Access to BO information is critical in the efforts to curb the misuse of corporate vehicles to conceal the proceeds of corruption or other illicit flows. Indeed, as discussed in session 4, there has been significant progress both at the global and national level in regard to the approach to access to beneficial ownership information. While countries continue to implement international standards at national level, we notice differences in not only the content of the legislative framework but also the institutional framework utilised to effectively implement the registry. Countries are free to implement rules based on their legislative framework and socio-economic realities, however, from a regional standpoint these mismatches may present opportunities that can be exploited by criminals. In addition, these differences in approach make detection and prosecution of financial crimes more difficult and time consuming.

Within this context, it is worth considering the possibility of a regional approach to beneficial ownership. This will build upon the existing body of literature and standards set by organisations such as FATF and OECD and ensure that these standards are implemented at a regional level, bridging the gap between the global standards and national initiatives. The following are some initial considerations with regard to a regional approach:

- A regional approach would initially consider opportunities for cooperation and peer learning – countries within the same region are more likely to face similar challenges. Therefore, a regional coordination and cooperation effort provides a platform for peer learning among countries. Moreover, the expanding network of TDAs between African countries opens new opportunities for exchange of information between tax administrations and tax administrations and financial intelligence units.

- Harmonization of policies and laws – while this may be the long-term goal, having consistency across the region in respect to the policies that are applicable would make cooperation and coordination across countries easier. However, several countries have not effectively implemented the FATF standards (based on peer reviews). What this means is that at this stage, countries may want to focus first on setting the fundamental foundations of the beneficial ownership legislative framework domestically, and from there consider the potential areas of harmonization.

This session will provide an opportunity to discuss the arguments towards a regional approach and consider the mechanics of such an approach. More specifically, we will discuss what would constitute a regional approach, the minimum standards necessary to have such an approach and the challenges, especially within the context of African countries. Lastly, we will consider the best practices from across various regions.

Summary of the Discussion:

- The panel discussion underscored the critical role of transparency in combating corruption and financial crimes. Financial ownership transparency is essential for identifying and preventing corrupt schemes that often involve the use of anonymous companies to hide ownership and facilitate illicit financial flows. While many African governments have committed to improving financial transparency, progress has been uneven, with only 23 out of 54 African countries having regulations requiring the disclosure of beneficial ownership information. This inconsistency highlights the need for a more cohesive and comprehensive approach to transparency across the continent.

- The need for regional cooperation was a major theme of the discussion. African countries share common challenges, such as corruption, financial secrecy, and illicit financial flows, which can be more effectively addressed through a unified approach. Regional bodies like ECOWAS, SADC, and the African Union can facilitate this cooperation by setting standards, providing technical support, and ensuring compliance among member states. Such collaboration can help standardize efforts and pool resources to combat financial crimes effectively, creating a more stable and transparent financial environment across the continent.

- However, there are significant challenges to implementing beneficial ownership transparency. These include a lack of political will and commitment at the national level, insufficient technical capacity, and the prevalence of informal businesses, which complicate data collection. Despite these obstacles, the benefits of improved financial transparency are substantial. It can reduce corruption, enhance economic development, and increase investor confidence and foreign direct investment by creating a more transparent and less risky financial environment. The discussion emphasized that overcoming these challenges requires sustained effort and commitment from all stakeholders involved.

- Countries like Mauritius, Morocco, and Uganda serve as role models, having made significant progress in implementing beneficial ownership standards. These countries demonstrate the benefits of transparency and provide valuable lessons and best practices for other nations to follow. Peer learning and technical support from international organizations and more

experienced countries are essential for nations still struggling with implementation. By learning from these examples, other African countries can adopt effective strategies and policies to enhance their financial transparency frameworks.

- The use of technology, such as electronic registries for beneficial ownership information, is crucial for managing data effectively. These systems need to be secure, accurate, and regularly updated to maintain the integrity of the data. Ensuring data accuracy and privacy is paramount to build trust among stakeholders and facilitate cooperation. Advanced technology solutions can streamline data collection, storage, and sharing processes, making it easier for authorities to track and analyze financial information.

- Adopting international standards, specifically the Financial Action Task Force (FATF) standards, was recommended as the minimum benchmark for beneficial ownership transparency. These standards provide a comprehensive framework that African countries can follow. Additionally, developing regional Anti-Money Laundering (AML) directives similar to those in the EU can ensure cohesive and standardized practices across the continent. Such directives can help create a uniform approach to combating financial crimes and promoting transparency, making it easier for countries to cooperate and share information.

- To implement these strategies effectively, countries must address their internal systems by establishing proper legislative frameworks and enforcement mechanisms. Cooperation between different government agencies is essential to share information and work together to track and prevent financial crimes. Engaging a wide range of stakeholders, including the private sector, civil society, and the general public, is also crucial for broad support and understanding of the importance of beneficial ownership transparency. This multi-stakeholder approach can help ensure that all relevant parties are involved in the transparency efforts and that their concerns and contributions are considered.

- Civil society organizations play a vital role in advocating for transparency and holding governments accountable. Public involvement and awareness are key to sustaining efforts towards financial transparency. Educating the public about the benefits of transparency can help garner support for these initiatives and ensure that beneficial ownership transparency becomes a reality in Africa. Civil society can also provide valuable insights and monitor the implementation of transparency measures, ensuring that they are effectively enforced.

- In conclusion, the panel emphasized the need for regional cooperation, adherence to international standards, the effective use of technology, and strong political will and public engagement to implement beneficial ownership transparency in Africa. Through collaboration and a unified approach, African countries can effectively combat financial crimes, reduce

corruption, and promote economic development. By working together, sharing best practices, and leveraging technology, African nations can create a more transparent and accountable financial system that benefits all stakeholders.

PART 3: NEXT STEPS

16.30 – 17.15   **Session 9: Transitional Phase**

Chair:
Jeffrey Owens, WU GTPC

Issues for discussion:

- o This session will provide participants with an opportunity to set out their priorities for the project over the next six months and identify what they would like to see as outcomes in the next stage of the project. Participants will be asked how they would like to see the project continue after December 2024 and which organizations could take over this work.

Speakers:
- – Jeffrey Owens, WU
- – Richard Stern, WU

Discussant

- – Melissa Tullis, Division for Policy Analysis, UNODC
- – David O'Sullivan, WB
- – Annet Oguttu, ATI

Documents:
- – Tax and good governance: 2015 – 2024

Open Discussion

Summary of the Discussion:

The final session of the Conference summarized the key achievements of the last decade. Since 2015, the initiative has engaged almost 700 participants from tax administrations, ministries of finance, FIUs, customs, other law enforcement agencies, international and regional organizations, businesses, CSOs, and parliamentarians, fostering valuable exchanges and understanding between different fields. The project provided an independent African forum for experience exchange, developing best practice manuals and research papers. The importance, relevance, and impact of the initiative were positively assessed by the participants.

Looking forward, there was an emphasis on aligning future topics related to tackling tax and financial crimes with current political agendas such as the Sustainable Development Goals, domestic resource mobilization, climate change, and digital inclusiveness.

Based on the outcomes of the discussions, several specific topics were proposed for consideration to advance the project:

- Beneficial Ownership: This includes developing the methodology to measure the impact of current rules, exploring a regional approach, and looking at how the initiative can help African countries implement the standards and effectively implement FATF Recommendations 24 and 25. Linked to this debate is the broader issue of transparency in tax and related areas.
- Trade-Related Illicit Financial Flows: In-depth exploration of these issues, especially in the context of the recently signed AfCFTA, which could lead to a potential increase in such illegal flows with the removal of trade barriers.
- Enablers of Tax and Financial Crimes: Building upon the work done in the area of Client-Attorney Privilege misuse.
- Unexplained Wealth Orders: Identifying political and practical barriers to implementing UWO programs and developing ways for countries to overcome these barriers. Despite various constraints, African countries could be well-placed to implement these tools.
- FATF, EU, and OECD Grey Lists: Helping African countries avoid being listed, building on joint work with ATAF.

Participants recognized that digital technologies and inter-agency cooperation are central to all of the above issues, since:

- Interagency cooperation to ensure comprehensive and effective responses to financial crimes was among the primary objectives of the project when it was initiated, which has developed with the time encompassing multiple aspects.
- The use of digital technologies helps facilitating iterations and collaboration among governmental agencies and other stakeholders as well as plays a crucial role in improving enforcement, transparency, and efficiency in addressing financial crimes. The participants suggested intensifying the research in the area of digital technologies and proposed to delve into the topics of how to use the data collected for crime investigation and for

prioritization of the risk, as well as how to maintain trust between revenue authorities and taxpayers.

In addition to the Focus Groups format, the participants of the Conference shared several suggestions regarding the future format of the initiative:

- Implementation in African countries: At the next stage, the project should focus on implementing the outcomes and suggestions to address the issues faced by African countries. This implementation could take the form of workshops and peer learning based upon various examples of African and other countries.
- Practical training: Considering the need for training activities and the positive experience of Summer Schools, the World Bank highlighted the possibility of piloting learning models that could be conducted as back-to-back events alongside conferences and other gatherings. There is also a suggestion to include site visits to existing infrastructures to provide participants with a pragmatic understanding of implementations.
- Enhanced collaboration: The importance of multisectoral partnerships and cooperation between governmental agencies, international and regional organizations was emphasized to advance the initiative.
- Political will and policy engagement: Given the need for political will to ensure the implementation of the recommendations, it was suggested to connect the project with real policymakers in African countries. This could be achieved by organizing similar conferences in African countries to demonstrate the achieved outcomes and their impact to local policymakers. This would ensure experience sharing, promote the initiative, and facilitate the smooth implementation of its outcomes. One possible venue could be the ATI in Pretoria.
- Knowledge sharing: The participants highlighted the role of publishing articles, books, and manuals on specific topics in disseminating knowledge and promoting the project.

Next steps:

The Focus Groups meetings:

- Focus Group on Technology – **17 October 2024**
- Focus Group on UWO – **7 November 2024**
- Focus Group on Beneficial Ownership – proposed date **mid-November 2024**
- Focus Group on CAP – **11 November 2024**
- Focus Group on Inter-Agency Cooperation – **17 December 2024**

Summer school for CSO:

- Possible date – end of April – beginning of May 2025,
- May be combined with summer school for lawyers on CAP.

Summer school for lawyers and other participants:

- Africa, in April-May 2025

- Focused on Client-Attorney Privilege.

17.15 – 17.30 **Closing ceremony for the Tax & Good Governance 2015-2024 conference**