



GFI publishes Report on *Illicit Financial Flows from Africa: Hidden Resource for Development*

26 March 2010

Global Financial Integrity (GFI) on 26 March 2010 released its analytic report on *Illicit Financial Flows from Africa: Hidden Resource for Development*. As a follow-up to its 2008 analysis of *Illicit Financial Flows from Developing Countries: 2002 – 2006*, this study estimates such flows at **US\$854 billion for the 39-year period from 1970 through 2008 specifically from Africa**. The report specifies that this number is an under-estimation as it includes only one form of trade mispricing (overpricing imports and underpricing exports on customs documents to illegally transfer money abroad), and does not include the mispricing of services, nor the proceeds of smuggling. Taking these elements into account would raise the **total number to US\$1.8 trillion**, which could have been used for poverty alleviation and economic development.

Additional findings of the report include:

- Illicit financial outflows were highest in Sub-Saharan African countries, especially in the West and Central African region;
- The highest outflow was measured in: Nigeria (\$89.5 billion) Egypt (\$70.5 billion), Algeria (\$25.7 billion), Morocco (\$25 billion), and South Africa (\$24.9 billion);
- Overall illicit financial outflows from African countries were **double the official development assistance going into the region**;
- Growth of illicit financial outflows from Africa increased at a rate of 11.9% per year.

According to the report, “the enormity of such a huge outflow of illicit capital explains why donor-driven efforts to spur economic development and reduce poverty have been underachieving in Africa”. Furthermore, the report finds that this enormous amount of capital flight would be enough to cancel the region’s total outstanding external debt and still leave US\$600 billion for poverty alleviation and economic growth.

The report calls for policy measures to address the factors underlying illicit outflows and for African countries to impress upon the G-20 the need for better transparency and tighter oversight of international banks and offshore financial centers that absorb these flows.

To see the full report, please visit www.gfip.org.

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