Repatriating Africa's Assets Abroad

The Macroeconomic Imperative of Systemic Repatriation

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Terms of Reference of the Report

This report intends to

a) Review and compile available evidence on African private and corporate capital held offshore.

b) Analyze the regulatory, policy, market, institutional and perceptional drivers of capital domiciliation abroad.

c) Analyze and recommend the fiscal and monetary policy measures and instruments that African countries can implement to repatriate capital domiciled abroad.

d) Provide a comprehensive analysis of and recommend financial and non-financial instruments that African countries could use to ensure effective and effective capital repatriation.

e) Analyze the political economy elements of capital repatriation and propose best ways that could help African countries navigate the terrain under the current global financial system.

t) Provide illustrative cases of effective and efficient capital repatriation that African countries could learn from.

g) Provide a regulatory, policy and institutional framework for enhanced capital repatriation in Africa, aligned with the African Union declarations on IFFs and CAPAR as well as the African Union Agenda 2063.

Key insights

How much is abroad? $1-3 trillion

Source (Dec 2024)	Method	Assets abroad (USD billion)	% of African GDP
PERI (Dec 2022)	BoP indirect	2991	105.7%
IMF: total assets	Synthesis CBs	1987	70.2%
IMF: liquid assets	Synthesis CBs	922	32.6%

- Private-sector assets hiding abroad are obviously opaque.
- Also intentionally opaque asset structures (trusts, ownership chain, phantom investment, etc.)
- Lack of disclosure from financial centres.
- These are underestimates.
- Between $1-3 trillion, between 30-100% of GDP.

What is Repatriation

- Does not require state confiscation or expropriation;
- Its objective is to restore regulatory, tax, and monetary jurisdiction over African wealth while preserving private property rights.
- This report presents a comprehensive policy and economic framework to transition
  - from a litigation-heavy model of judicial asset recovery
  - to a macroeconomic model of asset repatriation
  - systemic capital and information management
  - leverage their collective bargaining power
- To reclaim trillions of dollars in liquidity currently abroad.

General point of departure

- Asset Recovery vs. Asset Repatriation
- Common African Position on Asset Recovery (CAPAR, 2020)
- Five Years After CAPAR (2025)
  - Case-by-case judicial asset recovery frameworks are structurally inadequate to reverse capital flight.
  - The primary limitation: United Nations Convention Against Corruption (UNCAC) narrow focus on corruption.
  - Corruption: 3.5% of global illicit financial flows
  - Commercial illicit flows: trade misinvoicing, transfer pricing abuse, and aggressive tax avoidance: 60.0%
  - Criminal activities: 35.5%.

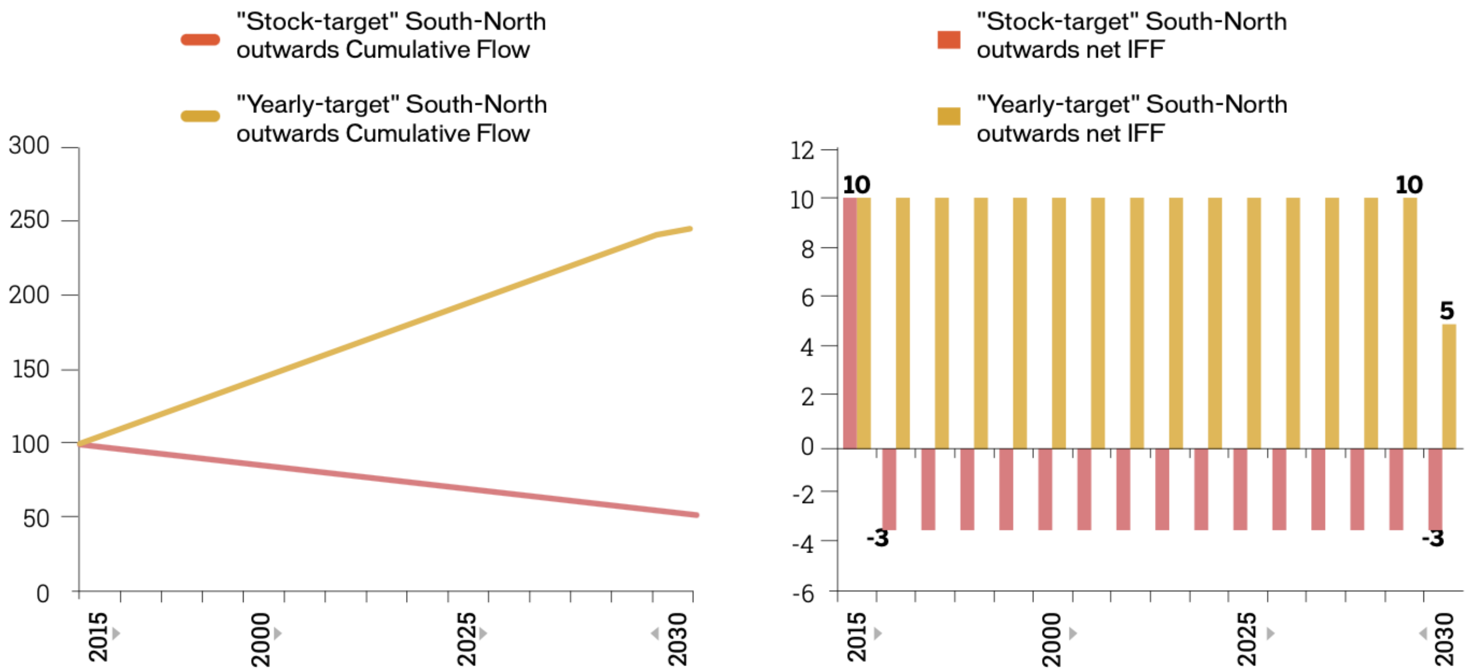
Repatriation is not a new idea: it’s official

Historical Context and Legal Evolution of Capital Return Mandates

- Economic sovereignty and domestic resources in Africa has a long historical arc: decolonization.
- Agenda 2063, Section 72.o “reversal of illicit capital flows and the strengthening of domestic resource mobilization”
- AU/ECA High-Level Panel on Illicit Financial Flows
- CAPAR: in February 2020 under Decision Assembly/AU/Dec.774(XXXIII)

Flows- versus stocks-targeting.

Methodological Critique of the UN SDG Global Illicit Financial Flows Metric



If the target is to "halve illicit financial <u>flows</u> by 2030", it means the money will continue to leave Africa (yellow), only the last year a little less will leave. No repatriation whatsoever.

If the target is to halve illicit financial <u>cumulative flows</u> by 2030", it means that if $1 trillion has left by 2015, at least $500 billion has to <u>return</u> (red) by 2030.

Macro-critical: is too much abroad?

Country	Liquid assets (USD millions)	Liquid assets / official reserves	Liquid assets / GDP
Benin	6,916	16,868%	32%
Mauritius	211,984	2,492%	1,415%
Burkina Faso	12,871	912%	56%
Congo, Republic of	5,190	643%	35%
Djibouti	1,889	541%	48%
Eswatini	2,817	537%	57%
Sudan	7,079	499%	24%
Burundi	909	476%	19%
Mozambique	16,399	427%	72%
South Africa	274,639	420%	68%
Zimbabwe	1,873	386%	4%
Namibia	12,427	370%	93%
Malawi	513	344%	4%
Togo	6,095	303%	62%
Eritrea	649	276%	26%
Botswana	8,879	257%	46%

Country	Liquid assets (USD millions)	Liquid assets / official reserves	Liquid assets / GDP
São Tomé & Príncipe	147	249%	18%
Congo, Dem. Rep. of	15,144	247%	20%
Senegal	11,587	246%	35%
Seychelles	1,863	241%	86%
Guinea-Bissau	711	232%	33%
Kenya	22,898	227%	19%
Gabon	1,485	212%	7%
Angola	29,270	185%	25%
Uganda	5,886	178%	10%
Mali	2,202	166%	10%
Sierra Leone	653	149%	8%
Nigeria	58,556	145%	23%
Cameroon	7,562	143%	14%
Cape Verde	990	126%	36%
Guinea	1,844	123%	8%
Libya	110,845	119%	229%
Liberia	566	119%	12%
Ethiopia	4,220	112%	3%

Country	Liquid assets (USD millions)	Liquid assets / official reserves	Liquid assets / GDP
Lesotho	971	96%	42%
Côte d'Ivoire	9,573	94%	11%
Niger	805	78%	4%
Gambia, The	326	71%	14%
Egypt	31,391	70%	8%
Tanzania	3,979	68%	5%
Central African Rep.	240	66%	8%
Equatorial Guinea	722	64%	6%
Zambia	2,754	61%	10%
Mauritania	1,168	61%	11%
Madagascar	1,474	53%	8%
Rwanda	1,119	47%	8%
Morocco	13,141	35%	8%
Chad	453	28%	2%
Tunisia	2,107	23%	4%
Comoros	41	13%	3%
South Sudan	24	9%	1%
Ghana	753	8%	1%
Somalia	37	8%	0%
Algeria	2,999	4%	1%
Total	921,635		

Where is African Wealth?

- According to BIS, the United States and the United Kingdom are the main jurisdictions of capital flight from Africa.
- Repatriation efforts should be directed at the US and the United Kingdom and its crown dependencies such as the Isle of Man, Jersey, the Cayman Islands, and Bermuda.
- The Eurozone countries of France, Germany and Spain are collectively a centre
- Switzerland is also a key destination country
- Hong Kong is emerging as a point of destination
- South Africa itself is also a hub for African cross-border holdings; main deposits come from Mauritius and SADC neighbours.

Reporting country	USD million
United Kingdom	81,421
United States	38,974
France	25,910
Switzerland	25,651
Germany	17,488
Hong Kong SAR	9,941
South Africa	8,925
Isle of Man	8,465
Spain	7,220
Other	91,704
Total	315,700

African Wealth in the United States

- US government data shows larger quantities than what BIS shows.
- Egypt and South Africa outstand in the amount of assets in the US
- South Africa is the prime investor in US equity
- Egypt has substantial short-term investments in US banks.
- US does not reveal individual countries in petrodollar "oil exporters" category.

Country	Total Holdings	Long-term U.S. Treasuries	U.S. Agency Bonds	U.S. Corp. & Other Bonds	U.S. Corp. Equity	Deposits and Short-Term Securities
Egypt	34,760	162	3	33	513	34,049
Liberia	3,400	40	0	448	1,162	1,750
Mauritius	9,215	2,018	2	581	744	5,870
Morocco	5,234	3,168	434	1	76	1,555
South Africa	50,974	10,966	624	2,005	27,145	10,234
Other	68,603	22,275	581	930	5,989	38,828
Total Africa	**172,181**	38,629	1,644	3,998	35,629	92,286

Country	USD million
Botswana	375
Egypt	34,049
Ghana	3,995
Kenya	2,319
Liberia	1,750
Mauritius	5,870
Morocco	1,555
Mozambique	450
South Africa	10,234
Tanzania	1,455
Uganda	1,133
Zambia	924
Zimbabwe	208
Oil exporters	15,279
Other	12,690
Total Africa	92,286

Where is African Wealth? Country by country. BIS

Reporting country	All reporting countries	Australia	Austria	Belgium	Brazil	Canada	Chile	Chinese Taipei	Denmark	Finland	France	Germany	Greece	Guernsey	Hong Kong SAR	Hong Kong SAR, China
Counterparty sector	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors
Angola	21371	2	4	275	0	3	0	6	2	0	256	950		0	2766	
Benin	344	0	0	4		1	0	0	0	0	123	36		0	0	
Botswana	2225	12	0	5	0	2		0	1	0	11	17		22	13	
Burkina Faso	279	0	2	4	0	0	0	0	1	0	177	5		0	0	
Burundi	97	0	0	24		3		0	0	0	11	3			0	
Cabo Verde	457	0	7	6	0	0	0	0	0	0	75	0		0	0	
Cameroon	2117	0	5	21	0	0		0	0	0	762	31		0	2	
Central African Republic	45	0	0	1		0	0	0	0	0	16	0		0	0	
Chad	213	0	0	5		0	0	0	0	0	62	4			0	
Comoros	31	0	0	0		0	0	0	0	0	9				0	
Congo, Dem. Rep.	3365	0	0	131	0	4		0	0	0	449	246		15		28
Congo, Rep.	1851	0	1	9	0	4		0	0	0	469	3		0		0
Côte d'Ivoire	2432	1	0	28	0	0		0	0	0	1334	63		0		1
Equatorial Guinea	123	0	0	1	0	0		0	0		42	0			2	
Eritrea	569	0	0	0		0		0	0	0	0	7			0	
Eswatini	1252	1	0	1	0	0	0	1	0	0	0	3		15	9	
Ethiopia	4222	1	0	5	0	9	0	0	1	1	96	1000		0	3	
Gabon	1121	0	0	16	0	1	0	0	0	0	422	45		0	2	
Gambia, The	463	0	0	2		0		1	0	0	120	10		0	22	
Ghana	6464	225	7	46	0	0	0	3	0	0	188	483		0	29	
Guinea	1845	1	1	5	0	0	0	4	0	0	489	76		0	157	
Guinea-Bissau	121	0	0	0	0	0	0	0	0	0	3	0		0	0	
Kenya	10069	23	23	41	61	16	0	0	8	1	94	645		13	317	
Lesotho	498	0	4	0		0		3	0		0	0		0	26	
Liberia	16563	6	3	99		0	0	327	0	0	898	1071		2	467	
Madagascar	1196	0	0	11		4	0	0	0	0	576	3		0	46	
Malawi	394	0	0	2	0	0		0	1	0	1	12		3	1	
Mali	245	0	0	5	0	11	0	0	0	0	113	7		0	1	
Mauritania	1651	0	0	1		0		0	0	0	1456	73		0	0	
Mauritius	24414	86	8	654	0	0	0	360	0	0	1342	91		100	1334	
Mozambique	5429	1	1	327	0	2	0	0	1	0	705	123		0	61	
Namibia	1906	2	8	77	0	1		1	1	0	132	165		18	44	
Niger	310	0	0	1		0		0	0	0	267	4			0	
Nigeria	40182	3	4	253	0	34	0	33	2	0	1741	1757		2	2112	
Rwanda	449	0	0	18		2	0	0	0	0	67	163		1	1	
São Tomé and Príncipe	86	0	0	0		0	0	0	0	0	2	0		0		0
Senegal	1219	0	1	13		5	0	0	0	0	584	110		0	8	
Seychelles	14096	20	68	2		8	0	6211	0	0	114	104		3	1717	
Sierra Leone	422	0	0	2		0		0	0	0	39	21		0	0	
Somalia	37	0	0	0		0		0	0	0	1	0		0	1	
South Africa	41402	591	67	198	0	185	0	32	0	2	4953	1864	78	1111	193	
South Sudan	22		0	1		0	0		0		4	0		0	0	
Sudan	2273	0	0	0	0	0	2	7	0	0	80	1		0	1	
Tanzania	4265	3	12	7	0	15	0	0	2	1	30	419		1	97	
Togo	402	0	0	2		1	0	0	0	0	274	12			2	
Uganda	3337	1	0	10	0	3	0	0	1	0	207	153		3	1	
Zambia	2442	6	1	3		0	0	0	1	0	61	40		2	8	
Zimbabwe	1287	7	1	2		3		0	1	0	40	42		3	2	

Reporting country	Ireland	Isle of Man	Italy	Japan	Jersey	Korea	Korea, Rep.	Luxembourg	Macao SAR	Macao SAR, China	Mexico	Netherlands	Panama	Philippines	South Africa	Spain	Sweden	Switzerland	United Kingdom	United States
Counterparty sector	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors	All sectors
Angola	0	22	57		17	0		17	110			0	0	0	134	108	0	1682	9961	584
Benin	0	0	0		0			2				0			1	3	0	60	3	
Botswana	0	500	0		117	21		0	0			0		0	543	1	1	28	343	325
Burkina Faso	0	1	0		1			0				0			1	11	0	31	14	
Burundi	0	0	1		0			0				0			4	3	0	14	1	0
Cabo Verde	0	0	0					1	0			0	0	0	0	17	0	3	7	
Cameroon	0	3	0		8	0		1	0			1	0	0	5	8	0	19	1064	70
Central African Republic	0	0	0		0	0		0	0			0	0	0	0	0	0	2	1	
Chad	0	0	1		0			0	0			0	0		0	1	0	2	115	
Comoros	0	0	0		0			0				0	2		0	2	0	12	0	
Congo, Dem. Rep.	0	5	150	0	15		0	79		0		117	0	0	500	659	0	387	125	0
Congo, Rep.	0	207	0		0		0	1		0		0	0	0	10	72	0	52	22	0
Côte d'Ivoire	0	1	16	28	2		0	14		0		3	0	0	87	17	0	231	182	198
Equatorial Guinea	0	0	0		0	0		3	0			0	0	0	0	35	0	14	1	
Eritrea	0	3	4		67			0	0			0			2	0	0	1	1	
Eswatini	1	33	0	0	5	0		273	1			0	0	0	223	0	0	3	66	26
Ethiopia	1	3	34	2	1	0		1	0			8	0	0	270	1	3	21	1303	1173
Gabon	0	0	2	0	1	0		3	0			1	0	0	8	6	0	19	449	
Gambia, The	0	1	0		19		0	0				1	1	8	0	50	0	3	173	
Ghana	1	138	5		214	7		1	0			102		0	372	41	16	373	2045	1551
Guinea	0	3	0		3			0	0			0	0	0	10	7	0	14	226	0
Guinea-Bissau	0	1	0		0			0	4			0				82	0	1	0	
Kenya	81	835	13	8	432	1		16	0			0	2	0	892	10	3	606	2441	1239
Lesotho	0	8	0		0			0	0			0			371	0	0	0	56	
Liberia	0	21	0	415	394	106		510	0			369	0	0	0	4	0	8819	559	1017
Madagascar	0	2	0		1	0		4	0			0		0	1	4	0	89	219	0
Malawi	10	25	1		10	0		0	0			2	0		28	1	0	5	119	0
Mali	0	1	0		1	0		9				0	0	4	0	14	0	10	22	
Mauritania	0	1	0		0	0		1	0			0			8	45	0	3	46	0
Mauritius	14	414	4		198	141		116	18			0	0	0	1405	166	0	1423	4979	3800
Mozambique	0	224	4		11	0		48	6			0	0		339	8	11	42	1995	434
Namibia	0	72	0		3	0		4	0			0	0	0	1107	14	0	40	151	
Niger	0	0	2	0	0			0				0		0	0	1	0	6	10	0
Nigeria	281	288	20	2	462	0		114	0			12	0	1	913	9	1	562	19366	9121
Rwanda	0	1	0		0	0		0				2		0	20	0	0	70	51	0
São Tomé and Príncipe	0	0	1		0			1		0		0			0	0	0	1	3	
Senegal	1	2	22	1	3	1		9				2	0	0	1	31	0	96	73	204
Seychelles	16	59	6		69	0		29	11			0	8	0	251	59	0	1595	567	130
Sierra Leone	0	5	0		5	0		0				0	1	0	0	1	0	3	283	0
Somalia	0	0	0		0	0		0				0		0	1	0	0	1	1	0
South Africa	296	4617	95	432	1232	8		251	4		0	413	9	2		325	15	1249	15542	4915
South Sudan	0	0	0					0				0	0			0		1	1	
Sudan	0	1	0		0	0		0	0			0	0	0	1	0	0	34	228	0
Tanzania	64	153	4	1	32	0		0	0			0	1	0	244	3	1	188	836	1381
Togo	0	0	0		0	0		0				0	0	0	2	6	0	16	53	
Uganda	18	128	0		60	0		0	1			0	0	0	330	2	0	74	890	493
Zambia	11	109	4	1	186	0		1	0			0	0	0	236	1	0	108	352	910
Zimbabwe	2	307	6		216	0		0				2	0	0	319	2	0	95	60	88

Intra-african transfers via NY, London or Paris

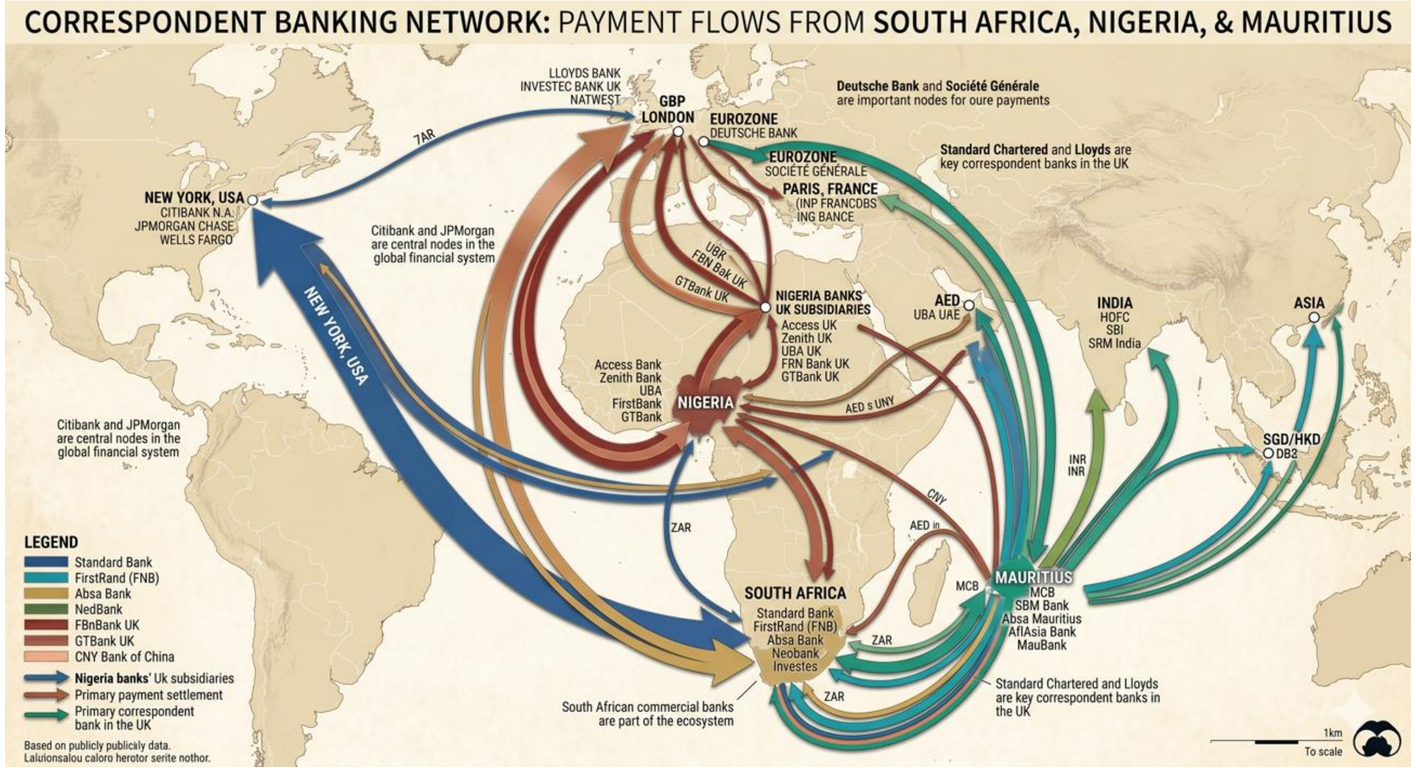
- Only 12% of all outgoing payments from African countries were routed through other African banks.
- However, out of all transactions that were destined for beneficiaries in the Continent, 62% were settled in other African banks (goal should be 100%)
- Current intra-African settlement hubs:
  - the Central Bank of West Africa based in Senegal,
  - the South African Reserve Bank as the Southern African Development Community Payment System settlement bank,
  - the Bank of Mauritius as the COMESA settlement bank.
- Nodes for bank-led capital flight outside of Africa are in
  - the US ($81bn)
  - the UK ($48bn)
  - the eurozone ($44bn +)

Shares	EAC	SADC	ECOWAS-WAMZ	ECOWAS-UEMOA	Maghreb *	CEEAC	CEMAC	COMESA	Africa
To beneficiary in Africa (a)	27	29	27	54	5	26	36	32	20
To any beneficiary but settled in an African bank (b)	10	17	3	47	1	8	6	13	12
To African beneficiaries and settled in African bank (b/a)	37	59	11	87	20	31	17	41	62

In what banks?

Correspondent banks

- African banks had 330 intra-African correspondent accounts (Swift 2017).
- BIS reported that banks on the Continent had a total of 12,774 correspondent account.
- Only 2.6% of correspondent accounts were held in African banks. On average, banks in each country has:
    - 6 correspondent banking accounts <u>within</u> Africa
    - 230 correspondent banking accounts <u>outside</u> Africa.
- On average, each African country had correspondent banking relationships with 24 countries.
- African banks had 10,332 correspondent banking relationships:
    - 6,016 in dollars
    - 4,652 in euros
    - 1,686 in pounds sterling.



In what banks. Examples

COUNTRY & Bank	USD (United States)	GBP (United Kingdom)	EUR (Eurozone)	Primary Regional/Other
SOUTH AFRICA				
Standard Bank	Citibank N.A.	Lloyds Bank	Citibank Europe	ZAR: Self; AED: HSBC
FirstRand (FNB)	Citibank N.A.	Lloyds Bank	Citibank Europe	CNY: Bank of China
Absa Bank	JPMorgan Chase	Standard Chartered	Société Générale	ZAR: Absa SA
Nedbank	Wells Fargo	NatWest	Deutsche Bank	ZAR: Standard Bank
Investec	Wells Fargo	Investec Bank UK	ING Bank	CHF: UBS
NIGERIA				
Access Bank	Citibank, Deutsche	Access Bank UK	Citibank, Deutsche	CNY: Bank of China
Zenith Bank	JPMorgan, Citibank	Zenith Bank UK	Deutsche Bank	ZAR: Standard Bank
UBA	UBA America	UBA UK	UBA France, Deutsche	AED: UBA UAE
FirstBank	JPMorgan, Citibank	FBN Bank UK	FBN Bank UK, Deutsche	CNY: HSBC
GTBank	Citibank, JPMorgan	GTBank UK	Deutsche Bank	ZAR: Standard Bank
MAURITIUS				
MCB	JPMorgan, Citibank	Lloyds Bank	Société Générale	INR: HDFC, SBI
SBM Bank	Citibank, JPMorgan	Standard Chartered	Deutsche Bank	INR: SBM India
Absa Mauritius	Citibank, JPMorgan	Barclays, St. Chartered	Société Générale	ZAR: Absa SA
AfrAsia Bank	Citibank, St. Chartered	Standard Chartered	Deutsche Bank	SGD/HKD: DBS, HSBC
MauBank	Citibank, Mashreq	Lloyds Bank	Deutsche, BNP Paribas	ZAR: FirstRand

Drivers of capital flight: hierarchy and secrecy

- Colonial view: no such as thing as capital “flight”,
  only “diversification” due to lack of ”good institutions,” “volatility”, “risk”
- But capital flight is a symptom of a deeply colonial and unequal global financial <u>hierarchy</u>
  - Financial hubs like New York, London, and Paris
    - monopoly over dominant payment rails
    - global reserve currencies US dollar, Euro, and Sterling relegate domestic African currencies to a permanently subordinate status.
  - <u>highly profitable system of Western offshore secrecy,</u>
    - intentional legal opacity to conceal ownership, layer transactions, and shield the beneficiaries of tax evasion.
- When African wealth is pulled into these imperial centres, it creates a perverse, <u>self-reinforcing</u> loop:
  - it starves local economies of vital development capital
  - systematically strips away domestic financial depth
  - reproduces the exact institutional economic and political fragilities then used by elites to justify further externalization
- Reclaiming these assets is a profound political battle against an international system intentionally rigged to protect destination countries and multinational corporate interests.
- Legal definitions under UNCAC deliberately exclude commercial illicit financial flows (IFFs)—such as aggressive transfer pricing and trade misinvoicing—which account for roughly 60% of African capital flight, effectively insulating corporate extraction from accountability.

Repatriation – what hasn't worked?

- Case studies show that structured regulatory frameworks yield more significant results than litigation-heavy judicial recovery models.

UNCAC Corruption-Based Litigation-based Asset Recovery

- Consider a success story: partial recovery of assets from the Abacha network in Nigeria involved multi-year negotiations across several jurisdictions, including Switzerland, the United States, Ireland, and the Island of Jersey, resulting in the return of over USD 1 billion.
- However, these returns are incomplete and were delayed by administrative procedures and third-party monitoring requirements that restricted the sovereign use of the funds.

Repatriation – what worked? Information.

Structural Information Shocks: CRS, FATCA and Offshore Leaks

- Automatic information sharing shifts offshore deposit patterns.
- The OECD-led Common Reporting Standard (CRS), launched in September 2017, established cross-border data transmission regarding residents' foreign bank accounts.
- Automatic exchange led to a reduction in bank deposits held in low-tax secrecy jurisdictions, as taxpayers shifted portfolios to avoid detection.
- By 2019, the OECD reported that over 1 million taxpayers had disclosed their offshore assets, generating approximately EUR 112 billion in additional revenues globally.
- Similarly, the US Foreign Account Tax Compliance Act (FATCA) led to a decrease in US-owned deposits in tax havens and drove participation in the IRS Offshore Voluntary Disclosure Program (OVDP), which processed over 56,000 taxpayers and recovered USD 11.1 billion in back-taxes, interest, and penalties.

Repatriation – what worked? Disclosure.

Voluntary Disclosure Programs and Tax Amnesties

- Successful amnesties are typically one-off, time-limited, and paired with a credible threat of increased enforcement once the disclosure window closes.
- France: voluntary regularizations that recovered over EUR 7.04 billion between 2014 and 2016.
- Italy’s: EUR 59.5 billion in offshore assets, yielding over EUR 3.8 billion in tax revenues.
- In 2016–2017, **Indonesia** implemented a tax amnesty that required a three-year domestic holding period for repatriated assets. This program led to the declaration of Rp3,848 trillion (equivalent to 28% of GDP) in offshore wealth, with Rp147 trillion (equivalent to 1% of GDP) physically repatriated and invested in domestic assets
- **Argentina's** 2016 amnesty allowed taxpayers to declare offshore holdings without requiring physical repatriation, resulting in USD 93.3 billion declared.
    - However, a subsequent amnesty in mid-2024 allowed the regularisation of physical US dollar cash. Between July and November 2024, private US dollar deposits in the domestic banking system nearly doubled, rising by USD 14.3 billion as cash was brought back into the formal banking system.
- In the early 2000s, **South Africa** implemented an exchange control amnesty that used a differentiated levy, charging a lower rate for assets physically repatriated than for those left offshore. This program regularized approximately R68.6 billion in foreign assets (5% of GDP) and raised R2.9 billion (0.2% of GDP) in levies
- **Nigeria** introduced the Voluntary Assets and Income Declaration Scheme (VAIDS) on July 2017. The scheme gave tax defaulting an opportunity to settle their outstanding 2011 to 2016 tax obligations in return for waiver of penalty and interest and criminal prosecution. This scheme was largely unsuccessful principally because of lack of credible threat of enforcement.

Repatriation – what worked? Enforcement.

Enforcement-Led Repatriation and Corporate Code Reforms

- US Department of Justice's Swiss Bank Program targeted Swiss banks that facilitated tax evasion, executing agreements with 80 institutions and recovering over USD 1.36 billion in penalties.
- At the corporate level, the US Tax Cuts and Jobs Act (TCJA) of 2017 introduced a mandatory deemed repatriation. This reform taxed previously untaxed corporate earnings accumulated since 1986 at a one-time transition rate of 15.5% for liquid assets and 8.0% for illiquid assets in estimated USD 2.6 to 3.0 trillion in unrepatriated foreign earnings offshore. In response, Apple declared its intention to repatriate a significant portion of its USD 250 billion offshore holdings, resulting in a USD 38 billion transition tax payment—the largest in US history.

What is the Repatriation Framework

Main points:

- Keep African Payments in Africa
  - First, domestic monetary authorities must mandate the routing of intra-African payments through the Pan-African Payment and Settlement System (PAPSS) and set strict limits on excess nostro balances held outside the continent.
- Get Information of African Wealth Abroad
  - Second, the African Union must implement a continent-wide reciprocal disclosure regime modelled after the US Foreign Account Tax Compliance Act (FATCA) to systematically expose hidden offshore assets.
- Enforce the Return of African Wealth
  - Finally, at the global level, African nations must advocate for a structural reinterpretation of IMF Article VIII, Section 2(b). By declaring capital flight and tax avoidance as contrary to domestic exchange controls, this reinterpretation would render cross-border deposit contracts legally unenforceable in destination jurisdictions, triggering a systemic unwinding and repatriation of capital flight.

National, regional and global policy recommendations (selected)

- **Pan-African Payment and Settlement System (PAPSS):** African countries should mandate domestic financial institutions to route payments related to intra-African trade and business through PAPSS. Accompany with domestic financial regulation to limit exposure to extra-Continental correspondent banks.
- **Unified Legal Definition of Repatriable Capital:** The African Union should establish a standardized regional legal definition of repatriable capital that matches the broad conception of IFFs in the CAPAR Decision. This definition must include assets linked to trade mispricing, transfer pricing abuse, and undisclosed offshore shell companies, allowing administrative and tax recovery mechanisms to target commercial capital flight.
- **Asset Repatriation Readiness Appraisals:** The AU Peer Review Mechanism should be expanded to include periodic reviews of member states' "asset repatriation readiness". These evaluations should assess national capacities across four areas: data readiness (integration of tax and company registries), legal readiness (statutes on beneficial ownership), institutional readiness (coordination between central banks and financial intelligence units), and diplomatic readiness (capacity to participate in information exchange networks).
- **Time-bound Voluntary Assets Disclosure and Waiver Programme:** Member states of the African Union should introduce time-bound voluntary asset disclosure and waiver programmes to waive penalties for past non-compliance, alongside credible threat of enforcement**.**
- **African Foreign Assets Disclosure Regime:** Tailored to the mechanics of capital flight, this regime would require resident taxpayers and beneficial owners of domestic assets to annually disclose all offshore bank accounts, trust arrangements, and shell companies. Non-disclosure should carry significant penalties, including the reversal of the burden of proof for unexplained offshore wealth, and temporary disqualification from public procurement and mining concessions.
- **Continental Reciprocal Treaties:** Operating as a single negotiating bloc, the African Union should negotiate reciprocal tax information exchange treaties with US, UK and major financial centres. These agreements should mandate the automatic exchange of transactional data, beneficial ownership registries, and historical account records. The African Union should also establish a framework for intra-African automatic exchange of information, binding on key hubs including Mauritius and South Africa.
- **Pan-African Network of Tax Authorities**: African countries should establish a network of tax authorities .

Global policy recommendations (selected)

At the global level, African nations should leverage international tax and monetary negotiations to reform global financial rules.

- **UN Tax Convention Reforms:** African states should use the emerging UN Tax Convention process to strengthen source-country taxation rights over dividends, royalties, management fees, and digital services. This shift reduces the incentives for multinational corporations to shift profits to low-tax jurisdictions.
- **Structural IMF Surveillance:** The IMF should incorporate asset repatriation readiness into its periodic Article IV consultations. Rather than treating capital flight as an afterthought, the IMF should assess whether a country's external balance sheet is weakened by unrecorded outflows and evaluate whether destination countries' financial systems are facilitating or obstructing repatriation.
- **Reinterpreting Article VIII, Section 2(b) of the IMF Articles of Agreement**

Specific emphasis on IMF law

Reinterpreting Article VIII, Section 2(b) of the IMF Articles of Agreement:

- The most systemic reform lies in reinterpreting Article VIII, Section 2(b) of the IMF Articles of Agreement.
- This provision states that "exchange contracts which involve the currency of any member and which are contrary to the exchange control regulations of that member maintained or imposed consistently with this Agreement shall be unenforceable in the territories of any member".
- The Board of Governors of the IMF should update its interpretive decisions to apply this rule to capital flight: if a financial transaction violates the origin country's exchange controls, the resulting deposit contract in the destination country's bank becomes legally unenforceable.
- The clearing bank in London or New York would be legally required to unwind the transaction and return the capital to the origin country's banking system, restoring regulatory and monetary jurisdiction to the source state.

Final word: remember, it's macro-critical

Country	Liquid assets (USD millions)	Liquid assets / official reserves	Liquid assets / GDP
Benin	6,916	16,868%	32%
Mauritius	211,984	2,492%	1,415%
Burkina Faso	12,871	912%	56%
Congo, Republic of	5,190	643%	35%
Djibouti	1,889	541%	48%
Eswatini	2,817	537%	57%
Sudan	7,079	499%	24%
Burundi	909	476%	19%
Mozambique	16,399	427%	72%
South Africa	274,639	420%	68%
Zimbabwe	1,873	386%	4%
Namibia	12,427	370%	93%
Malawi	513	344%	4%
Togo	6,095	303%	62%
Eritrea	649	276%	26%
Botswana	8,879	257%	46%

Country	Liquid assets (USD millions)	Liquid assets / official reserves	Liquid assets / GDP
São Tomé & Príncipe	147	249%	18%
Congo, Dem. Rep. of	15,144	247%	20%
Senegal	11,587	246%	35%
Seychelles	1,863	241%	86%
Guinea-Bissau	711	232%	33%
Kenya	22,898	227%	19%
Gabon	1,485	212%	7%
Angola	29,270	185%	25%
Uganda	5,886	178%	10%
Mali	2,202	166%	10%
Sierra Leone	653	149%	8%
Nigeria	58,556	145%	23%
Cameroon	7,562	143%	14%
Cape Verde	990	126%	36%
Guinea	1,844	123%	8%
Libya	110,845	119%	229%
Liberia	566	119%	12%
Ethiopia	4,220	112%	3%

Country	Liquid assets (USD millions)	Liquid assets / official reserves	Liquid assets / GDP
Lesotho	971	96%	42%
Côte d'Ivoire	9,573	94%	11%
Niger	805	78%	4%
Gambia, The	326	71%	14%
Egypt	31,391	70%	8%
Tanzania	3,979	68%	5%
Central African Rep.	240	66%	8%
Equatorial Guinea	722	64%	6%
Zambia	2,754	61%	10%
Mauritania	1,168	61%	11%
Madagascar	1,474	53%	8%
Rwanda	1,119	47%	8%
Morocco	13,141	35%	8%
Chad	453	28%	2%
Tunisia	2,107	23%	4%
Comoros	41	13%	3%
South Sudan	24	9%	1%
Ghana	753	8%	1%
Somalia	37	8%	0%
Algeria	2,999	4%	1%
Total	921,635		

- Official reserves of African countries could be 2x – 6x
- For 17 countries, lowest estimate of private sector capital flight is over 30% of GDP
- Effect on exchange rate stability, monetary mutipliers, domestic resource mobilization
- Reduction of dependence on debt

Thank you

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