



Extractives and Illicit Financial Flows: Toward Climate Financing for a Just Transition

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This paper explores the relationship between extractives and IFFs in order to consider what a review of extractive and tax justice literature anchored in development considerations reveal about possible climate financing possibilities toward a just transition. Minerals necessary for renewed infrastructure development and green energy are extracted by a mining industry which is the biggest driver of profit shifting, constituting 30% in South Africa through trade mis-invoicing and price manipulation at the point of export. Using a systematic review of development, tax justice and extractive industries literature, regional surveys and trade statistics, this paper will highlight the scale of base erosion, profit shifting and IFFs from mineral resources with the aim of shedding light on the connection between extractives and climate finance. It is estimated that \$300 billion will be required over the next three decades to fully phase out coal production as we construct renewable infrastructure to electrify homes, and meet transport and agriculture needs. Much of this finance is from shackling private capital in the form of independent power producers. Long-term power purchase agreements, state subsidies and cost-recovery-pricing are used to minimise investment risk and ensure generous investment returns whilst forcing the costs of electricity production onto households by increasing tariffs. To ensure a just transition which ensures equitable returns to local communities, this paper points to the prevalence of funds siphoned to low tax-jurisdictions to suggest possible climate financing alternatives.

1. Background

The African Union and the Economic Commission for Africa note that between 1980 and 2009, Africa lost between \$579 billion dollars and \$1,4 trillion due to IFFs (IFFS).¹ This meant that Africa has been a net creditor to the rest of the world. According to a study by Kar and Cartwright-Smith (2008), “IFFs from Africa: Hidden Resources for Development”, and Ndikumuna and Boyce (2008), *New Estimates of Capital Flight from Sub-Saharan African Countries: Linkages with External Borrowing and Policy Options*, Africa’s external debt to the world at that time was \$258 billion. The range from the conservative estimate of \$579 billion to

¹ African Union (AU) and Economic Commission for Africa (ECA), *Illicit Financial Flows: Report of the High-Level Panel on Illicit Financial Flows in Africa*.



1,4 trillion were enough to not only entirely address Africa's debt, but crucially, to unlock developmental possibilities for human potential.²

More than that, the findings of Ndikumuna and Boyce suggest that Africa's external borrowing is linked to IFFs. As the continent most vulnerable to the effects of climate change, climate finance

for adaptive measures against global warming has necessitated loans to build energy and infrastructure on the continent for power, electricity and transport among others. The financing required is estimated at \$300 billion over the next three decades. Consequently, as African governments enter into increasingly predatory agreements with private investors for upfront capital along with loans from development finance institutions, it is important to begin this review with the history of Africa being a net-creditor to the rest of the world. The amount lost to the continent through IFFs was enough to wipe out its external debt two times over by conservative estimates as of 2008. This background prefigures the central question posed in this paper which is to consider what a review of extractive and tax justice literature reveals about the possibilities of financing a just transition from fossil fuels to a green/non-carbon-based energy system.

The latest trade-related IFFs figures presented in the [2017 Global Financial Integrity Report](#), and updated as of March 2020, estimate the IFFs in South Africa to be a total of \$205 billion over the period 2005-2014. The United Nations Committee on Trade and Development (UNCTAD) World Investment Report (2015) found that profit-shifting costs developing countries \$100 billion a year in lost revenue. The IMF placed the overall revenue loss for developing countries at nearly twice that amount, and the global total nearing \$600 billion a year. The Organisation for Economic Cooperation and Development (OECD) estimates tax losses from corporate income tax (CIT) to be between 4% and 10% of global CIT revenue. That translates to annual figures of between \$100bn and \$240bn. Furthermore, the effective tax rates paid by multinational companies are estimated to be 4% to 8.5% lower than other companies. The High-Level Panel on IFFs (Mbeki Panel) estimated worldwide IFFs at an amount of \$1 trillion. It also estimated the

cost of IFFs between 2000 and 2008 on the African continent to be in the region of \$450bn--\$500bn. This aggregate figure from the Mbeki Panel confirms estimates generated by both Global Financial Integrity Index and Oxfam International which have estimated the annual loss to IFFs in Africa to be in the range of \$50-\$80 billion per year. Conservative estimates made in a 2010 report by The Tax Justice Network (TJN) indicated that the range of wealth accumulated over the years in tax havens, acting as tax-free investment, from IFFs, is between \$21 trillion and \$32 trillion. Illustrating these figures highlights how a seemingly tiny portion of international trade has

² Kamga, "Introduction and Overview: Illicit Financial Flows in Africa", 1-9, in *Illicit Financial Flows from South Africa: Decolonial Perspectives on Political Economy and Corruption*.



profound implications for smaller economies. The High-Level Panel on IFFs estimated that 4% of South Africa's GDP is lost due to IFFs. In 2020, this would mean that R235,7 billion was lost.

Rationale

To explore the relationship between extractives, IFFs, and climate financing possibilities toward a just transition, this paper uses the minerals required in the transition to meet the infrastructure requirements for clean energy as an entry point to a green/low-carbon energy system in the

future. South Africa and Africa as a whole has some of the world's largest reserves of critical strategic resources needed to secure a just transition toward a clean green, low carbon future³. Copper, platinum, chrome, manganese, cobalt, coltan, lithium, diamonds and nickel are among some of the minerals that span the region from South Africa to the DRC and beyond that are needed to build infrastructure for solar and wind energy⁴. Global iron and steel production alone is estimated to increase six times to build turbines for wind energy - increasing up to 40 times if special pipelines are required⁵. Meanwhile copper production would need to increase by 70 times from the current levels if electricity is generated from clean power. And possibly exhausting current reserves, it is estimated that platinum production will need to increase by 200% to have clean transport, similarly increasing demands for lithium and nickel production⁶. Therefore, the region is strategically positioned to not only benefit from the global efforts to de-carbonise, but to also encourage domestic industrial development which can finance local transition through increased revenues from climate mineral resources.

State level corruption and conflict between different strata of local elites have taken centre stage in national and global media narratives of corruption in South Africa and minerals resource governance in particular. However, tax evasion, IFFs (IFFs), base erosion and profit shifting (BEPS), particularly from the mining sector, have failed to gain adequate attention. Given their tremendous impact on the economy and their connection to the energy crisis, this is a concern most prominently reflected by the systemic failings at Eskom. Mining companies are responsible for nearly 30% of profit shifting in South Africa. In a recent study, *Big and Unprofitable*, Ludvig Wier and Hayley Reynolds illustrate that mining companies are responsible for the highest profit shifting in South Africa, and that the largest of these multinationals listed on the JSE avoid paying up to 80% of tax. The mining sector accounts for 20% of private investment in South Africa and listed mining companies represent 30% of the market capitalisation on the JSE, and with other extractive related industries, represents more than 40% of the Johannesburg Stock Exchange Value. Yet its contribution to tax revenue does not seem to reflect these facts, which is likely due to profit shifting. In part, this is due to the increased financialisation of the sector. Climate finance

³ US Geological Survey, Department of the Interior, *Mineral Commodity Summaries* cited by Adison, "Climate Change and Extractives Sector", 476.

⁴ Tilley and Manley, "In a Low Carbon Future, Better Mineral Governance Could Power Development".

⁵ World Bank, "The Growing Role of Minerals and Metals for a Low Carbon Future".

⁶ Adison, "Climate Change and Extractives Sector", 475.



is critical for Africa as the region most vulnerable to the effects of climate change. In exploring climate financing possibilities toward a just transition, it therefore becomes imperative that we examine potential sources of funding which are lost through tax evasion.

Aims and objectives

Energy sector policies organised around the entry of private capital assume that the role of private sector investment is indispensable in order to meet upfront infrastructure development needs.⁷ Infrastructure deficiencies are framed as “financing gaps” thereby inviting neoliberal

market-oriented reforms aimed at attracting global capital. The result - as we see with the case of Zambia and now South Africa with the procurement programme for independent power producers -- has been a twofold outcome of heavy state subsidies to reduce the risks for private capital, and the introduction of cost-recovery pricing models which shift the costs of electricity production to poor households. Yet little attention is given to the scale of money which leaves the country’s jurisdiction untaxed.

The primary objective of this paper is to consider what a review of extractive and tax justice literature anchored in development considerations reveals about possible climate financing possibilities toward a just transition. This will be achieved by focusing on the following three sections:

1. Establish the theoretical underpinnings of the relationship between the current “financing gaps” of a just transition toward renewable energy and the scale of identifiable leaks or how much is lost to the fiscus through trade mis-invoicing by the mining industry;
2. Provide a measurable scale between what the paper terms as climate mineral resources and IFFs, tax evasion, base erosion and profit shifting
3. Highlight the possible climate financing alternatives if IFFs are significantly addressed.

Considering the extent to which the South African mining sector is implicated in profit shifting, it is imperative that we calculate the loss of revenue from this sector through trade mis-invoicing and profit shifting. Among the possible solutions this paper considers is the creation of a state-owned selling agency to address mineral trade mis-invoicing to avoid specific commodities from being under-valued. This is but one pathway which might be explored to arrive at a form of sustainable climate finance.

Structure and outline

The paper is organised around the three sections mentioned above which examine the possibilities that can be unlocked in climate financing for a just transition. They address the

⁷ Mawsley, “From billions to trillions’: Financing the SDGs in a world ‘beyond aid” cited by Bayliss and Pollen, “The power paradigm in practice: A critical review of developments in the Zambian electricity sector”



connection between extractives and IFFs. The first section establishes the theoretical underpinnings of the emergence and causes of IFFs by drawing attention to the role of the extractive industry in driving trade mis-invoicing and capital flight. In section two, different methods of categorising IFFs and different ways of measuring them are discussed. Section three provides measurable and quantifiable estimates of the scale of IFFs drawing on statistical surveys to highlight how climate financing gaps can potentially be addressed. By extension, the third part of this paper highlights the possibilities that emerge once IFFs are significantly addressed by considering recommendations of increased price valuation of minerals at the point of export. The paper concludes by drawing attention to the concrete form of recommendations to achieve these solutions.

This paper is a systematic review of information collected and as such is not primarily intended for critical purposes. In the conclusion, however, critical attention is drawn to how the discourse around the relationship between extractives and IFFs might consider more prominently the importance of problematising the hegemony of “mining for development” discourse in finding alternative climate financing possibilities. While the need for extractives is likely to continue for a long time, particularly for regional industrialisation, a true just transition should be mindful of the fact that resource exploitation and environmental degradation are inherent in the extractive industry, and as such, are in part both cause and consequence of the problems of IFFs and the planetary catastrophe looming in the wake of global warming.

2. The theoretical underpinnings of IFFs and extractivism

The emergence of IFFs has historically been explained according to three broad narrative sets. The first alludes to corruption at government level particularly as it relates to the extractive sector in resource rich countries, opening room for cronyism and enrichment through the use of state funds.⁸ The second points to political economy and underdevelopment with reference to how the siphoning of funds through illicit flows stifles development opportunities. These two narrative strands are the more dominant. More recently, a third account explaining the emergence of IFFs has developed drawing on Afro-decolonial perspectives.⁹ This account traces IFFs in light of the 1883 scramble for Africa and posits that, as with the 19th century scramble, the scramble for Africa now is based on the exploitation of its resources through IFFs. Shai echoes and extends this position further by contending that the phenomena of IFFs should be read as a continuation of the colonial project of looting.¹⁰ In contesting the problem of meaning which defines what constitute IFFs, Shai argues that in the current definition of IFFs, South Africa is not seen as a neo-colonial state “whose neoliberal constitutional architecture and philosophy silently enables looting and is feeble in the face of IFFs”. Significantly, this perspective draws attention to issues of nationalist-thought and the nation-state in Africa by characterising it as fundamentally a

⁸ Le Billion, “Extractive Sectors and Illicit Financial Flows: what role for revenue governance initiatives?”.

⁹ Kamgu, “Illicit Financial Flows: A reading from an Afro-Decolonial Perspective”.

¹⁰ Shai, “Illicit Financial Flows in (South) Africa and the problem of meaning”.



continuation of neocolonialism which in turn enables the continuing “(colonial) imperial looting of resources from Africa to the West”.¹¹ This perspective sheds light on the role of imperialism in structuring the global political economy and underdevelopment. In this sense, the problem of IFFs becomes at the same time the problem of sovereignty and self-determination.¹²

However, within this latter perspective, there is a diverging viewpoint. Tembe in suggesting measures to combat IFFs, agrees with the historical significance of colonialism along with the neoliberal structural adjustment of Bretton Woods in enabling IFFs through weakened exchange and capital controls. Nonetheless, Tembe in calling for an African ethical moment, identifies the main culprit behind IFFs as the national system of governance.¹³ Maintaining that the current phase of IFFs enjoys the patronage of the national liberators, this position views IFFs in tandem with the “African post-colonial master” as an agent in maintaining the status quo.

Conceptual framework

As the name suggests, IFFs are generally not considered legal nor permissible by law. Often, money is transferred by companies out of South Africa and Africa for the purposes of evading their tax obligations. This is also commonly known as tax evasion – the means by which a company seeks to avoid, reduce, or postpone its liability for any tax payable. Tax evasion is illegal.

There are a number of mechanisms to facilitate IFFs. Among these in international trade, is the practice of trade mis-invoicing. The value or price of goods and services is either over or under stated in order to evade taxes such as customs and import duties, Value Added Tax (VAT) and income tax.

Tax evasion and tax avoidance

The word liability is used in a financial reporting sense, to signal that the company has incurred an obligation it must uphold as a result of engaging in some event creating such an obligation to pay tax.¹⁴

It is important here to mark a distinction between tax evasion and its related concept, tax avoidance. While tax evasion is illegal, tax avoidance is legal. Tax avoidance refers to how a company plans and structures its tax affairs to ensure that it legally pays the minimum amount of

¹¹ Whilst I am sympathetic to the critique of the nation-state, I do not necessarily share the position that nationalist-thought per se is fundamentally a continuation of neocolonialism. See Chatterjee, *Nationalist Thought and the Anti-Colonial World: A Derivative Discourse*.

¹² Shai, *ibid*.

¹³ Tembe, “Reactive versus constructive agency in combating illicit financial flows from a South African perspective”.

¹⁴ “Tackling Illicit Financial Flows, Base Erosion and Profit Shifting: Guidelines and Recommendations”, *Alternative Information and Development Centre*.



tax payable. The most important difference between tax evasion and tax avoidance is signaled by two indicators:

- Whether or not there is a liability to pay tax, and;
- Whether or not the company has used legal means to reduce its tax liability or tax payable

Tax avoidance seeks to legally arrange a person's or entity's tax affairs to have to pay the least amount of tax. In other words, to reduce its tax liability. Tax evasion, on the other hand, seeks to avoid the tax payable when it has incurred a liability to pay tax and also uses illegal methods to arrange its tax affairs in order to pay the least amount of tax.

However, the line between these two concepts is ambiguous because IFFs are facilitated legally through mechanisms permissible by law. Nonetheless, besides not being illegal, these practices are unethical.

Economic substance

Economic and commercial substance refers to the commercial and business risk that is present in any transaction or financial arrangement. A transaction must have a significant effect on business risk or net cash flows of a party involved in a financial arrangement to demonstrate genuine economic activity. Schemes which lack commercial substance include round-trip financing, commonly through inter-group loans and payment of commission and management fees.

The test of economic substance is currently not applied in relation to tax-avoidance schemes. Instead, companies are only required to deal at arm's length: connected persons transacting should do so at a value that a third party unconnected to the company would pay in an open market for a similar good or service. The practice of determining the fair value of a good or service is highly subjective.

Transfer pricing and thin capitalisation

As an example, one such mechanism which legally permits companies to shift profit is the regime of transfer pricing. It is the practice whereby associated or related enterprises or companies, such as the Lonmin Branch in South Africa and its subsidiaries, either in South Africa or Bermuda, charge fees and pay themselves for the transferring of goods and services.¹⁵ In the case of Lonmin this was through management fees and commission fees. In itself, transfer pricing is not illegal. It is however extensively abused due to the fact that companies' transfer pricing policy decisions on how to price goods or services is highly subjective.

¹⁵ Forslund, *The Bermuda Connection: profit shifting, inequality and unaffordability at Lonmin* cited by Rakei, "Illicit Financial Flows, Profit Shifting and the Bermuda Connection, an introduction".



Another example is thin capitalisation. This refers to how the existing debt of a company is significantly greater than the equity – the shareholders’ investment and claim in the company. A company is therefore said to be thinly capitalised if it has, and uses, significantly more debt to finance its operations, than equity in the form of investments. A debt-equity ratio of 3:1 is commonly used as a threshold to measure if a company is thinly capitalised. The concept of thin capitalisation is important in relation to the granting of loans to companies that would not ordinarily get a loan from a bank, by other companies. This is important for the repayment of interest expenses. A bank will not normally grant a loan to a company that has excessive debt financing i.e. thinly capitalised, because there is a substantial risk that the company may not be able to make interest repayments due since it has to make many other interest repayments.

Interest expenses are deductible for tax purposes. They reduce the taxable income of a company, and by extension the tax liability payable by a company. To avoid tax, a common manoeuvre of profit shifting is through excessive finance charges and interest expenses. This is done by granting loans within a group of companies which have no real economic substance, with no party incurring a risk that would come with defaulting the loan, yet still allowing the company receiving the loan to claim an interest expense tax deduction. This typically occurs through cross-border intergroup loans. The loss here occurs on two levels:

- The company claiming the interest expense deduction artificially reduces its tax liability, and;
- The interest is paid to an overseas account, meaning it is not taxed in South Africa as the money has been shifted or transferred out of the Republic.

Therefore, the particular significance of thin capitalisation on climate financing possibilities is how debt financing further exacerbates IFFs which could otherwise be used to build renewable and clean green energy infrastructure.

Categories and methodologies of estimating IFFs in extractives

Trade mis-invoicing was identified as the primary means of shifting funds outside of South Africa between 2004 and 2013.¹⁶ In an analysis of illicit trading in South Africa’s mining sector and the threat it posed to industrial development, Fotoyi (2021) illustrated that trade mis-invoicing constituted 95% of the funds shifted outside of South Africa in that period. Trade mis-invoicing is how companies move money abroad by mis-reporting or mis-pricing the value of internationally traded commodities. They do this because export controls are less restrictive. There are two common methods of mis-invoicing: undervaluation or understating the value of exports and overstating the value of imports. In this manner, firms are able to acquire foreign exchange that is not disclosed to national account authorities, and the foreign currency can be used by exporters

¹⁶ Nitsch, “Trade Mispricing and Illicit Financial Flows”, 314, cited by Fotoyi, “Illicit trading in the mining sector: A threat to South Africa’s industrial development”, 10.



On the other hand, the trade mis-invoicing model uses the over- or under-valuation of imports and exports on customs documents which can be used to illegally transfer money abroad. These

estimates are derived from comparing what the global market reports as having been imported from the country to what the developing country has claimed to have exported.²⁴ In addition, the country's import values are compared to what the global market has exported to the country. This method is limited because it only captures illicit transfer of funds abroad through customs re-invoicing and cannot trace mispricing that occurs on the same invoice.

Trade mis-invoicing estimates are further based on two alternative models: the Gross Excluding Reversal (GER), or the traditional net method. With the net method, gross capital outflows are reduced by capital inflows to reach a net position. This net is then added to the World Bank residual model. On the other hand, the GER model estimates exports that are under-invoiced or under-valued and imports that are over-invoiced with outward flows.

Both the GER and traditional net method are limited because they cannot capture all forms of IFFs as they rely on official data to make estimates. Therefore, the models most likely underestimate the actual volume of IFFs.

3. Measurable Scales of IFFs

South Africa needs R8,3 trillion in investment to transition to a low green carbon energy infrastructure by 2030.²⁵ That translates to an annual investment of R596 billion to meet this target.

The Global Financial Integrity Report ranks South Africa 7th place globally among the top 10 source countries for IFFs. The latest figures presented in the [2017 Global Financial Integrity Report](#) estimate the amount of IFFs in South Africa to be a total of \$205 billion over the period 2005-2014. Translated into Rands, this amounts to just shy of R1.7 trillion.²⁶ Illustrating these figures highlights how a seemingly tiny portion of international trade has profound implications for developing nations.

The report reveals that during 2004-2013, South Africa's cumulative IFFs amounted to \$209,220 million in nominal value, as shown below.

²⁴ Ibid.

²⁵ Cassim et al, *Climate Policy Initiative*.

²⁶ This amount is based on an average US\$/Rand exchange in the ten years 2005-2014 of 1\$=R8.01.

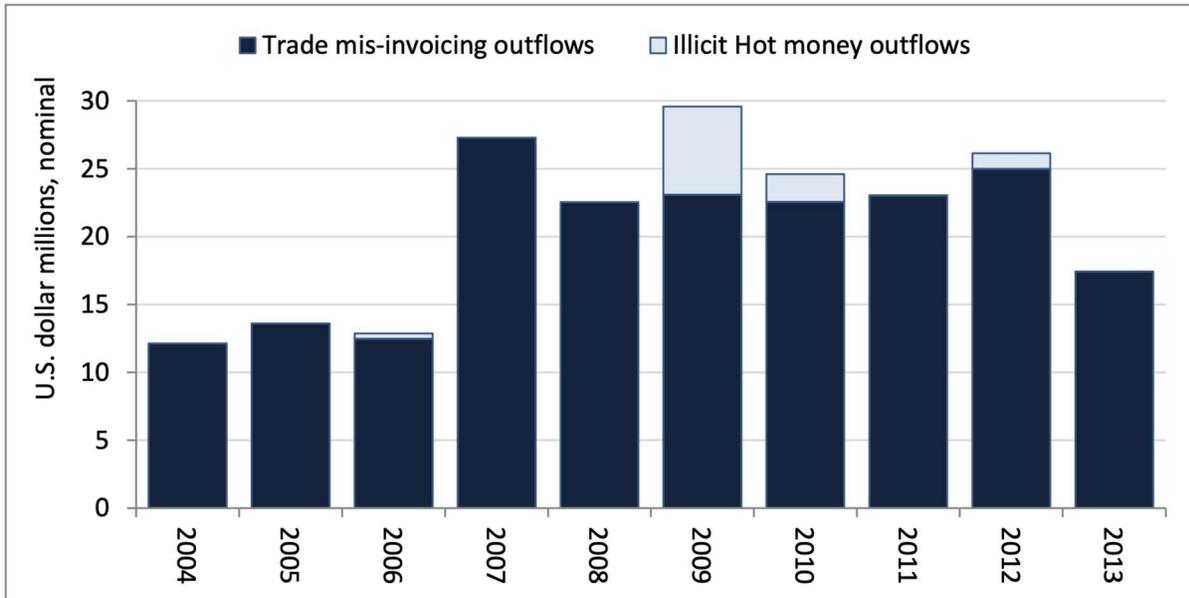


Figure 1. IFFs 2004-2013. Source: Fotoyi (2014), "Illicit Trading in the Mining Sector", 10. Global Financial Integrity Data

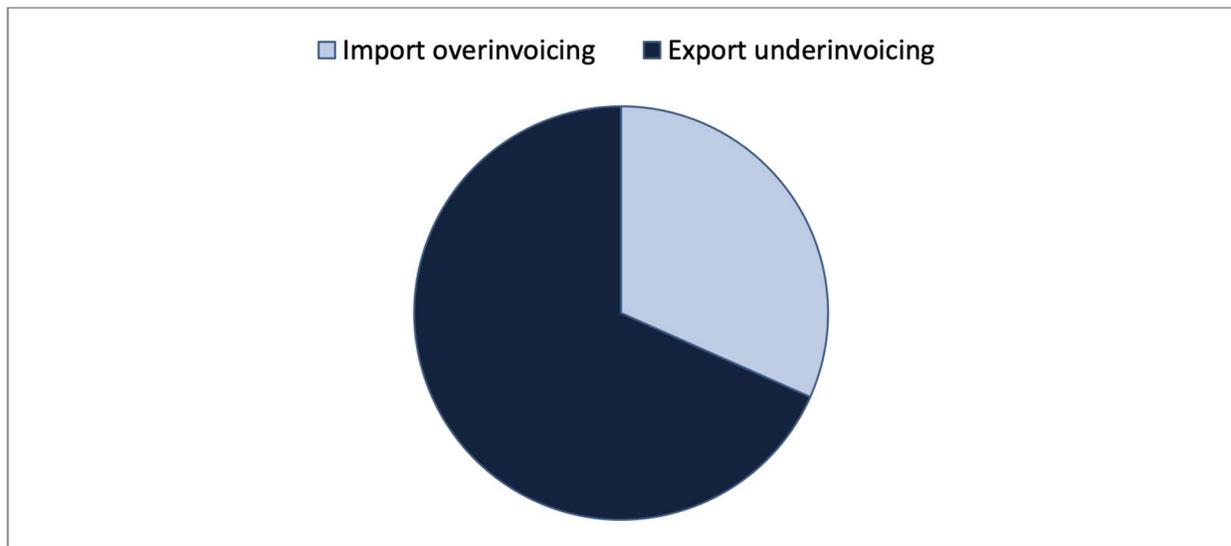


Figure 2: South Africa's trade-misinvoicing inputs 2004-2014. Calculations by Fotoyi, *ibid*, 11.

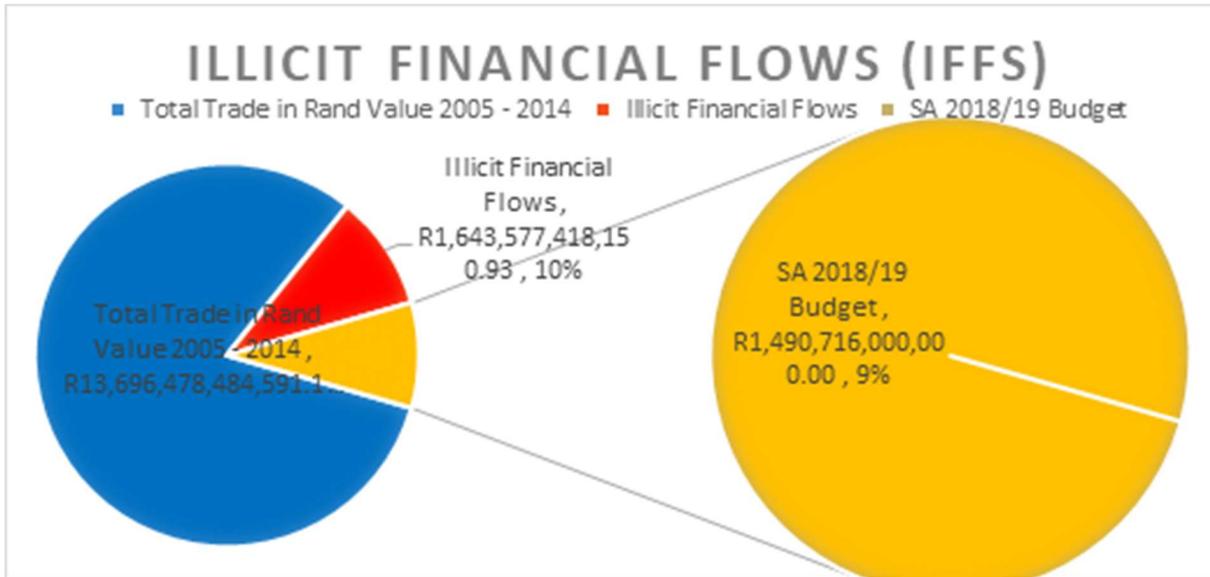
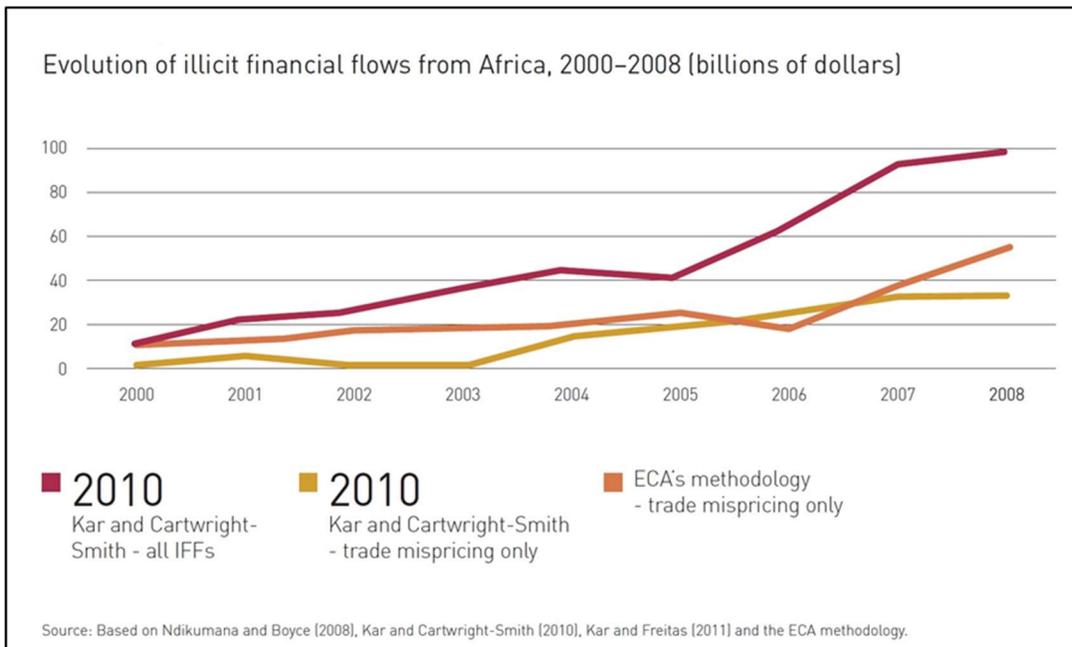


Figure 3: IFFs Juxtaposed against the South African National Budget



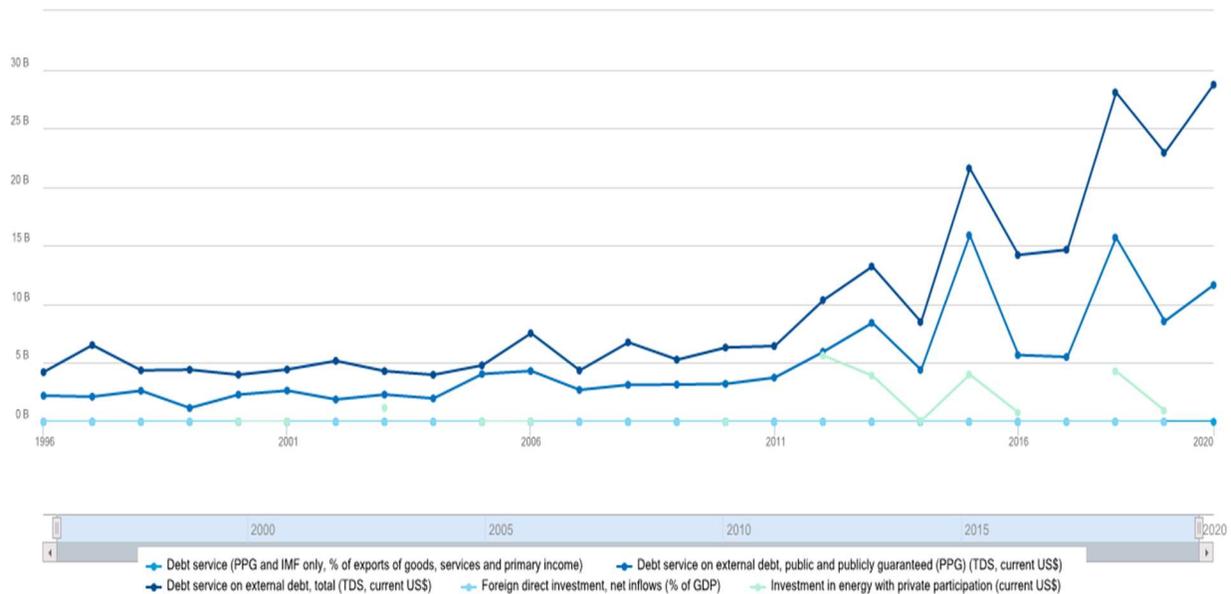
On a continent wide level, we can see that in the first decade of the 20th century trade mispricing constituted a significantly smaller part of overall IFFs due to the inclusion of commodities such as oil and agriculture. The table below is from Kar and Cartwright-Smith's 2010 study.



Table 1. Africa: Illicit Financial Flows, 1970-2008
(in millions of U.S. Dollars)

| Group | Total IFFs | | | | |
|-------------------|---------------|----------------|----------------|----------------|----------------|
| | 1970s | 1980s | 1990s | 2000-2008 | 1970-2008 |
| Africa | 57,291 | 203,859 | 155,740 | 437,171 | 854,061 |
| North Africa | 19,161 | 72,020 | 59,813 | 78,742 | 229,737 |
| Sub-Saharan | 38,130 | 131,839 | 95,927 | 358,429 | 624,324 |
| Horn of Africa | 2,354 | 14,131 | 5,108 | 15,603 | 37,197 |
| Great Lakes | 6,925 | 16,079 | 4,978 | 10,285 | 38,267 |
| Southern | 5,894 | 20,581 | 31,447 | 116,828 | 174,751 |
| West and Central | 22,956 | 81,047 | 54,394 | 215,712 | 374,109 |
| Fuel-exporters | 20,105 | 67,685 | 48,157 | 218,970 | 354,917 |
| Nonfuel-exporters | 7,867 | 26,517 | 22,375 | 23,342 | 80,102 |
| Group | Average IFFs | | | | |
| | 1970s | 1980s | 1990s | 2000-2008 | 1970-2008 |
| Africa | 7,299 | 21,678 | 17,813 | 50,328 | 29,021 |
| North Africa | 3,097 | 7,754 | 6,316 | 9,166 | 6,866 |
| Sub-Saharan | 4,202 | 13,924 | 11,497 | 41,162 | 22,156 |
| Horn of Africa | 249 | 1,421 | 715 | 1,949 | 1,183 |
| Great Lakes | 745 | 1,778 | 580 | 1,286 | 1,142 |
| Southern | 811 | 2,412 | 4,659 | 13,388 | 9,635 |
| West and Central | 2,397 | 8,313 | 5,544 | 24,538 | 10,196 |
| Fuel-exporters | 2,239 | 6,922 | 5,105 | 24,806 | 9,878 |
| Nonfuel-exporters | 1,017 | 2,729 | 2,433 | 2,787 | 2,502 |

Combined, the figures above illustrate that the current climate financing required at R500 billion annually -- almost a third of South Africa's ordinary annual budget -- could be adequately covered if IFFs from South Africa, and particularly through trade mis-invoicing, were significantly curtailed. Global Finance Integrity estimates that IFFs are increasing at a rate of 20.2% annually through trade mis-invoicing in Africa. The possibilities which could be opened if this increase was addressed are enough to meet at least a third of the annual climate finance requirements needed to meet the 2030 sustainable development goals. From the graph below, we note that the flow of external debt into South Africa along with FDI mirrors the flow of illicit funds highlighted above, thereby supporting the thesis that external debt borrowing exacerbates IFFs. Significantly, it is also worth noting that current levels of private investment in energy (green line) are actually decreasing from 2011, then again in 2015 and 2019, thereby indicating the current unreliability or predictability of these flows for climate finance.



Country : South Africa
 Source: World Development Indicators

Source: World Bank Data: Debt and investment levels.

Conclusion

The High Level Panel on IFFs demonstrated the scale of IFFs from trade mis-invoicing in mineral resources exports. For example, diamonds are subject to price manipulation at export prices, only for the value to be artificially increased once they reach the international market. Consequently, a state selling agency would mitigate the risk of price manipulation by establishing a fair valuation model for different minerals exports so that minerals are not over- or under-valued. This would restrict mining companies to an exclusively mining or extractive role and designate the business of exporting and selling the minerals to a state agency which engages the international market with little or no commission. This would ensure that a fair price is paid to the local affiliates of multinational mining companies and therefore ensure the right amount of taxes are paid locally. In this regard, Fotola has a more technical recommendation in this regard by suggesting that the South African Revenue Services (SARS), working with the International Trade Administration Commission (ITAC) of South Africa, have customs personnel with the competencies to evaluate and determine export values or prices of mineral commodities.²⁷

²⁷ Fotoyi, “Illicit Financial Flows in the Mining Sector in South Africa: Implications for Industrialisation”, 12.



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