

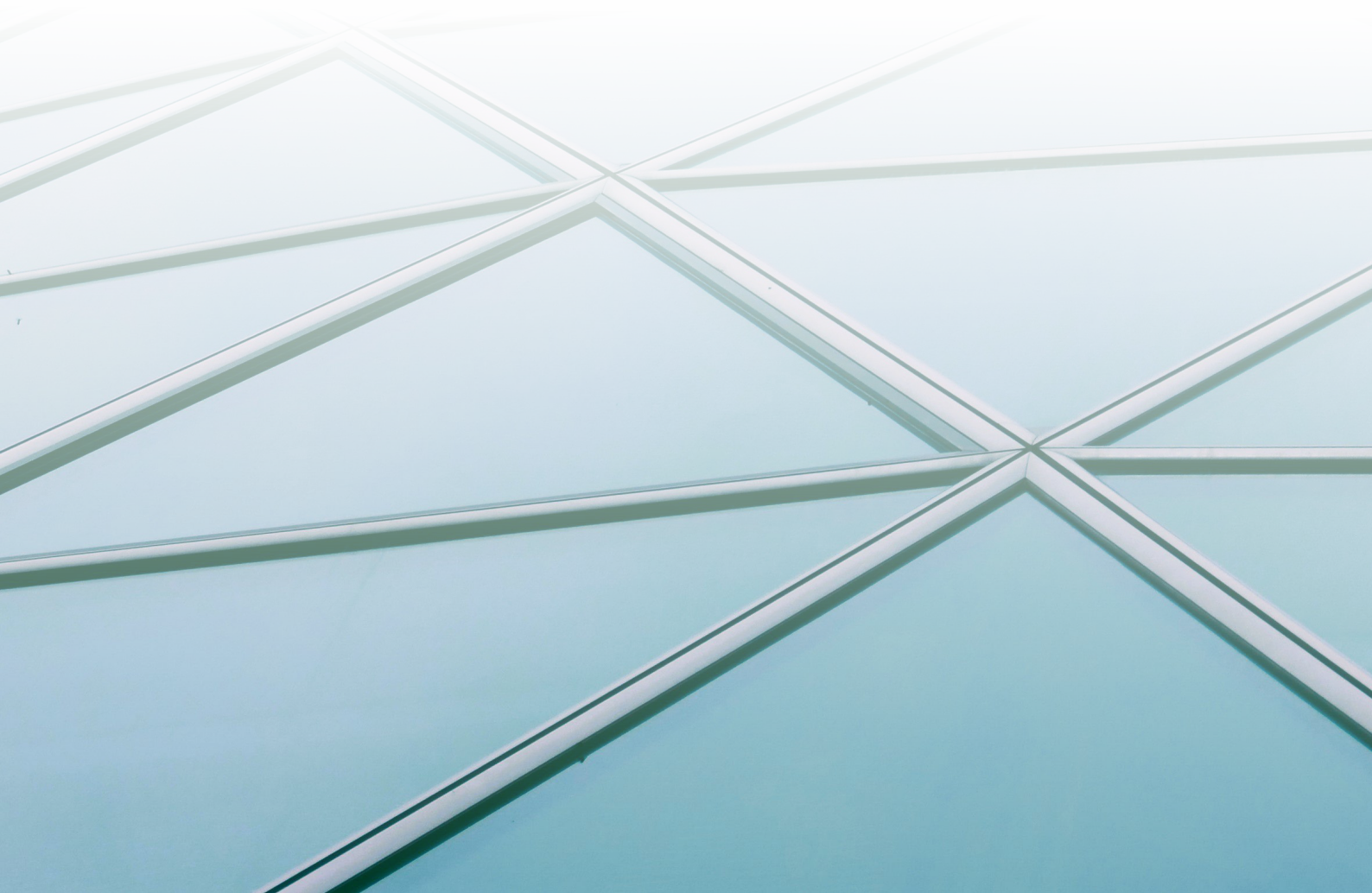


GLOBAL FINANCIAL INTEGRITY

# TRADE-RELATED ILLICIT FINANCIAL FLOWS IN AFRICA, 2013 - 2022



# Trade-Related Illicit Financial Flows in Africa, 2013 - 2022



# ACKNOWLEDGEMENTS

## Editor

Philip Nyakundi

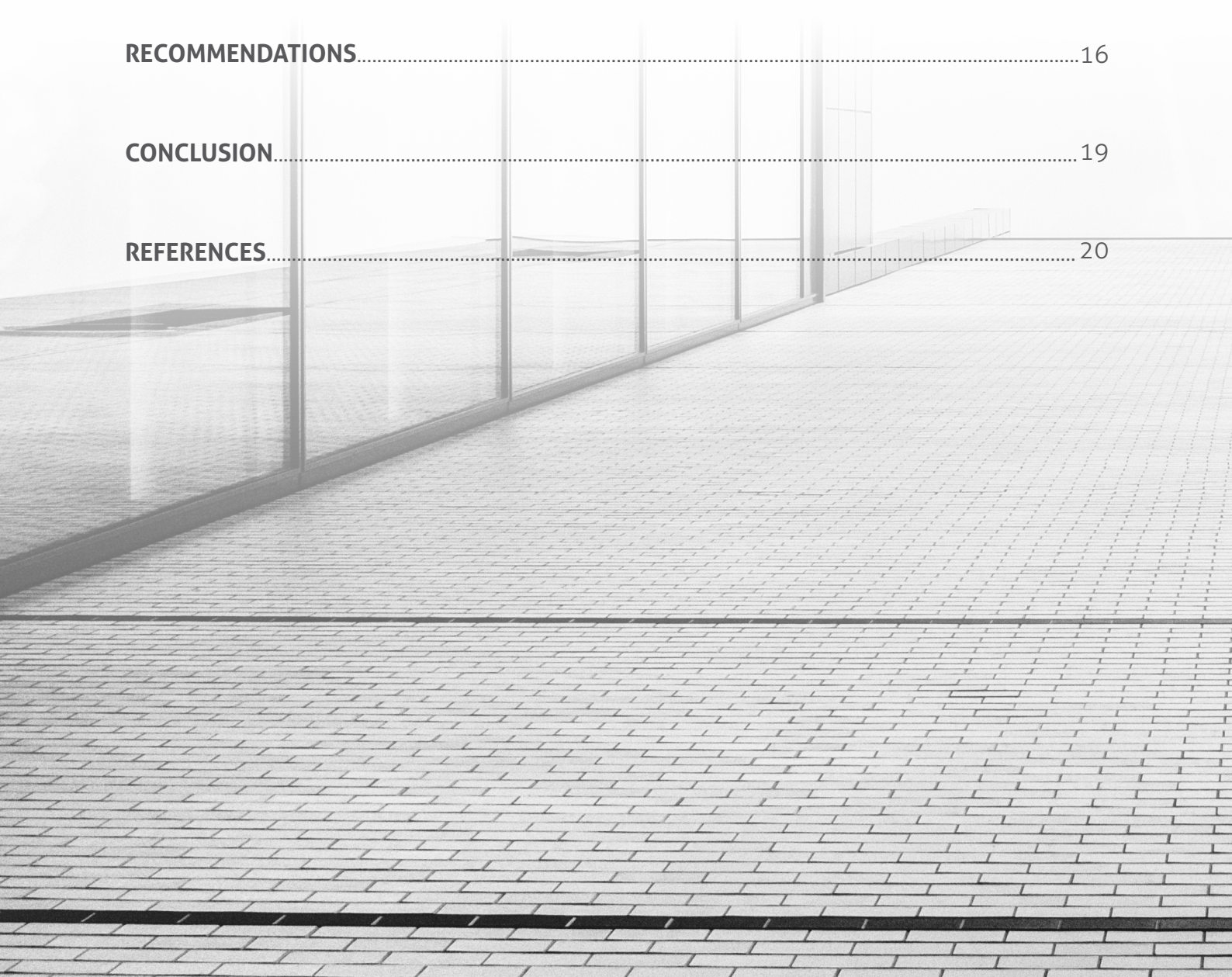
## Design

Dennis Kabia



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# 1 | BACKGROUND



With this report Global Financial Integrity presents estimates for trade-related value gaps for all Sub-Saharan African nations from 2013 – 2022. GFI has conducted research to estimate trade-related illicit financial flows since our earliest days as an organization. Indeed, our first report was published in 2008 and paved the way for other researchers to attempt their own estimates using the methodology of their choosing. For example, UNCTAD has done significant work in this field which

we reference here.

Since our first report much has changed in the way we produce our estimates. These changes include migrating from the IMF's Direction of Trade Statistics to using the UN Comtrade dataset, adding various filtering elements to eliminate the "noise" in the data including eliminating transactions that do not have a corresponding import/export and, adjusting for distance between trading partners, income levels and the type and unit value of products traded among others. We want to note that the figures presented here arise from the UN Comtrade data set and indicate the magnitude of the trade-related IFF challenge and are not meant to suggest a precise figure.

This year we are adding yet another change to how we present the figures. Rather than issuing a single, global report, we will publish five regional reports over the next several weeks in the following order: Africa, Western Hemisphere, Developing Asia, Middle East/ North Africa and, Developing Europe. We hope these shorter, more targeted reports will make it easier for relevant policy planners, researchers, economists and journalists to find details they need.

## Highlights

- » Total value gaps in Sub-Saharan Africa are estimated at \$152.9 billion in 2022. South Africa had the highest cumulative (i.e. 10-year) dollar amount of value gaps with all trading partners during the period at \$478.0 billion
- » Gambia had the highest cumulative value gaps as a percentage of total trade with all trading partners during the period at 44%
- » In trade transactions with Advanced Economies during the period, South Africa had the highest cumulative value gap in USD at \$238.4 billion
- » During the 10-year period, Gambia also had the highest geometric mean value gap with Advanced Economies as a percentage of total trade during the period at 37%
- » No country in the region appears to have made much progress in limiting trade value gaps during the period
- » As a region, Sub-Saharan nations averaged \$112.97 Billion in trade value gaps during the 10-year period studied.

## 2 | INTRODUCTION



Illicit financial flows (IFFs) refer to cross-border movements of money or value that are illegally earned, transferred, or utilized encompassing proceeds of crime, corruption, and practices like tax evasion. Curbing IFFs is crucial for sustainable development, as recognized by the international community: Sustainable Development Goal target 16.4 calls for a significant reduction of illicit financial and arms flows by

2030. This challenge is particularly acute in Africa, where large-scale capital flight deprives countries of resources needed for development.

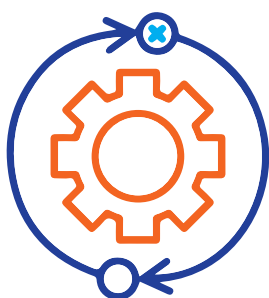
Indeed, the total scale of IFFs (i.e. not only those attributed to trade misinvoicing) in Africa is staggering. An UNCTAD estimate in 2020 indicates that about US\$88.6 billion in illicit capital leaves Africa every year equivalent to 3.7% of the continent's GDP (A 2015 high-level African Union panel led by Thabo Mbeki had earlier estimated about \$50 billion in illicit outflows annually). This UNCTAD figure is nearly on par with the combined total annual inflows of Official Development Assistance (ODA) and Foreign Direct Investment (FDI) to Africa, meaning Africa loses as much in illicit outflows as it receives in aid and investment.

In effect, the continent has been a net creditor to the world, as cumulative illicit flight capital has exceeded Africa's external debt stock in recent years. Moreover, these estimates are likely conservative given the hidden nature of illicit transactions; actual losses could be significantly higher.

Trade misinvoicing, the deliberate under- or over-statement of export and import values on invoices is widely recognized as a dominant channel for IFFs. Earlier studies suggest that trade mispricing alone may account for \$30–\$52 billion in financial flow value gaps in Africa's trade each year, representing a large share (possibly over half) of total IFF volumes. High-value commodity exports (oil, gold, diamonds, etc.) are particularly vulnerable to misinvoicing, given the opacity in pricing and power imbalances between African exporters and the multinational buyers of these commodities. Research on countries like Angola, Côte d'Ivoire, and South Africa confirms that misinvoicing of primary commodity exports has been a major mechanism of capital flight over time.

In summary, Africa faces a profound challenge with IFFs on the order of hundreds of billions of dollars per year leaking from the continent. The next sections first outline the methodology applied on the UN Comtrade dataset, and then explore how these significant value gaps in trade undermine public services and human development, and present new data (2013–2022) on trade-related IFF patterns in Africa, followed by key findings and recommendations tailored to the region.

# 3 | METHODOLOGY



This analysis relies on official trade statistics reported to the United Nations Comtrade database, employing GFI's established "mirror trade" gap methodology. In essence, for each African country, GFI compares the country's reported export and import values against the corresponding import and export values reported by its trading partners, flagging discrepancies (or "value gaps") that may indicate misinvoicing. These trade gaps are calculated at the 6-digit Harmonized System (HS6) product level, using bilateral data for each country pair and year from the UN Comtrade database, and then aggregated to

national totals and percentages.

GFI's methodology is designed to isolate potential misinvoicing by applying several filtering and adjustment steps to the raw Comtrade data, including removal of "orphaned" transactions (imports reported by a country that have no corresponding export reported by the partner) and "ghost" transactions (exports reported by a country that have no corresponding import reported by the partner), exclusion of others (matched records lacking non-zero value, quantity, or consistent units), and retaining only cleaned, matched HS6 records suitable for gap calculation. Where import values are reported on a cost, insurance, and freight (CIF) basis, GFI uses a regression model built from reliable matched trade records to estimate CIF-FOB margins and convert these imports to free-on-board (FOB) equivalents before calculating value gaps, ensuring comparability with reported export values.

It should be noted that not every gap in the trade data signifies illegal activity, some discrepancies can arise from statistical reporting differences or timing issues but persistent, large trade value gaps are strongly indicative of misinvoicing practices. This mirror trade methodology focuses on goods trade misinvoicing as one measurable component of IFFs, acknowledging that it is a conservative proxy (it does not capture cash smuggling, services, or other illicit flows). All monetary values are in current (nominal) US dollars unless otherwise noted.



## 4 | IMPACT ON PUBLIC SERVICES AND HUMAN DEVELOPMENT



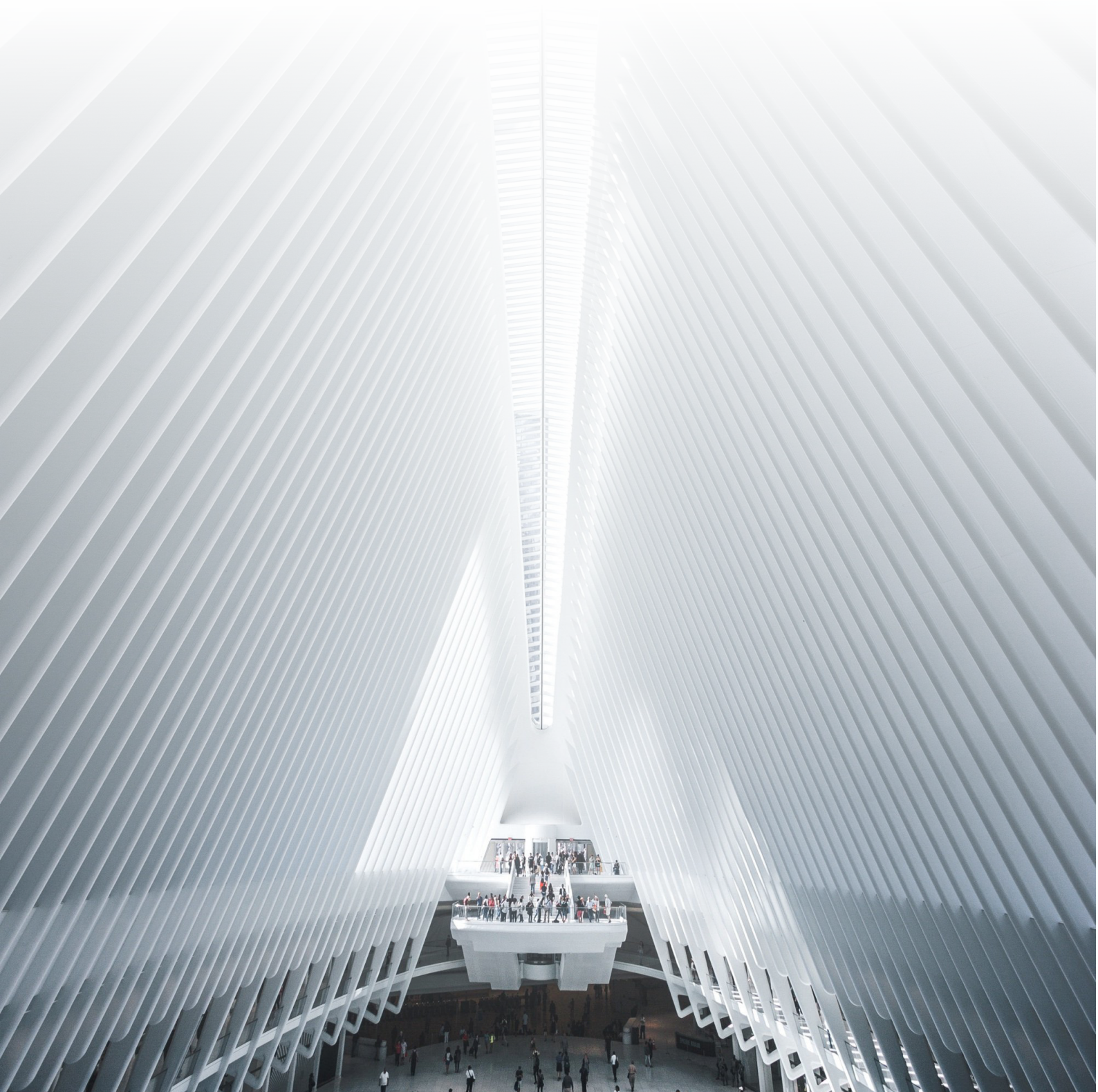
Illicit outflows on the scale observed in Africa have dire consequences for development. Every dollar siphoned out of African economies is a dollar not taxed or invested at home, directly reducing the resources available for public expenditure. For instance, tax revenue losses due to IFFs in Africa are estimated at around \$17 billion per year. This erosion of the tax base translates into large funding gaps for essential services. According to UNCTAD, African countries with high IFFs spend on average 25% less on health and 58% less on education compared to peer countries with lower IFF levels. Over time, such under-investment cripples progress in human development indicators – hospitals remain understaffed and under-equipped, schools are in poor condition, and critical infrastructure projects stall.

To put the lost resources in perspective, the \$88.6 billion that Africa loses annually to illicit financial flows is comparable to the continent's total health budget in recent years and represents a substantial share of the \$670–\$760 billion annual financing gap Africa now faces in meeting the Sustainable Development Goals. Curbing IFFs could thus realistically halve Africa's sustainable development financing gap and dramatically improve the continent's ability to fund anti-poverty and public health programs. Indeed, the billions lost each year are comparable to or even greater than the inflows from foreign aid; this is money that could otherwise be used to build thousands of schools, clinics, roads, and water systems across Africa.

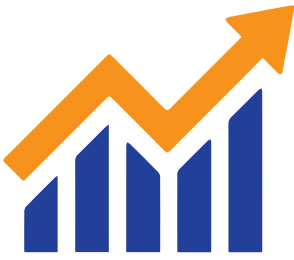
Beyond these aggregate figures, illicit flows directly crowd out public investment and often force governments to rely on onerous debt. Many African countries, unable to mobilize sufficient revenue due to these leakages, resort to borrowing to finance their budgets, exacerbating debt burdens and diverting future spending to debt service. IFFs thus create a vicious cycle: as funds hemorrhage out, governments struggle to provide services, undermining citizen welfare and trust, and in turn weakening the governance systems that could curb illicit flows.

Crucially, IFFs carry an opportunity cost in human lives and welfare. For example, in Uganda, the estimated annual loss from illicit financial flows would have been enough to raise the FY 2021/22 health and education budgets by over 28 percent. Such an amount could cover the annual primary education for millions of children or provide healthcare (including vaccinations and maternal health programs) to countless communities. Similarly, other countries afflicted by high IFFs face acute shortages in funds for social safety nets, job-creation initiatives, and climate adaptation measures. The human development toll of these illicit flows is immense: resources that could have been used to reduce poverty and inequality instead end up in offshore bank accounts, often held by corrupt elites or transnational corporations. Tackling IFFs is a matter of survival for Africa's development, and without staunching these losses, achieving inclusive growth and the SDGs will remain elusive.

In summary, IFFs fundamentally undermine Africa's ability to finance its own development. They deprive governments of revenues needed for public services, force greater dependence on foreign aid and costly debt, and ultimately hurt ordinary citizens the most. The following section details which African countries and sectors are most affected by these high IFFs, shedding light on patterns that can inform targeted policy responses.



## 5 | REGIONAL AND COUNTRY-LEVEL FINDINGS AND TRENDS (2013–2022)



Recent analyses of African trade data from 2013–2022 reveal worrying patterns of value gaps via trade misinvoicing, both in absolute volume and relative to the size of a country’s total trade. In this report, trade misinvoicing “value gaps” – discrepancies between a country’s reported exports and its trading partners’ reported imports (and vice versa) serve as a proxy measure for illicit financial flows. The key findings are highlighted in Figure 1 through Figure 7, which visualize the trend of illicit financial flows over the years and shows the countries most impacted by trade-based IFFs over the last decade. These figures underscore that while a few countries account for the largest sheer volumes of illicit capital flight, the problem is widespread across the continent, affecting nations of all sizes and income levels.

**Figure 1. Trade Value Gaps in Sub-Saharan Africa (2013–2022) with All Trading Partners**

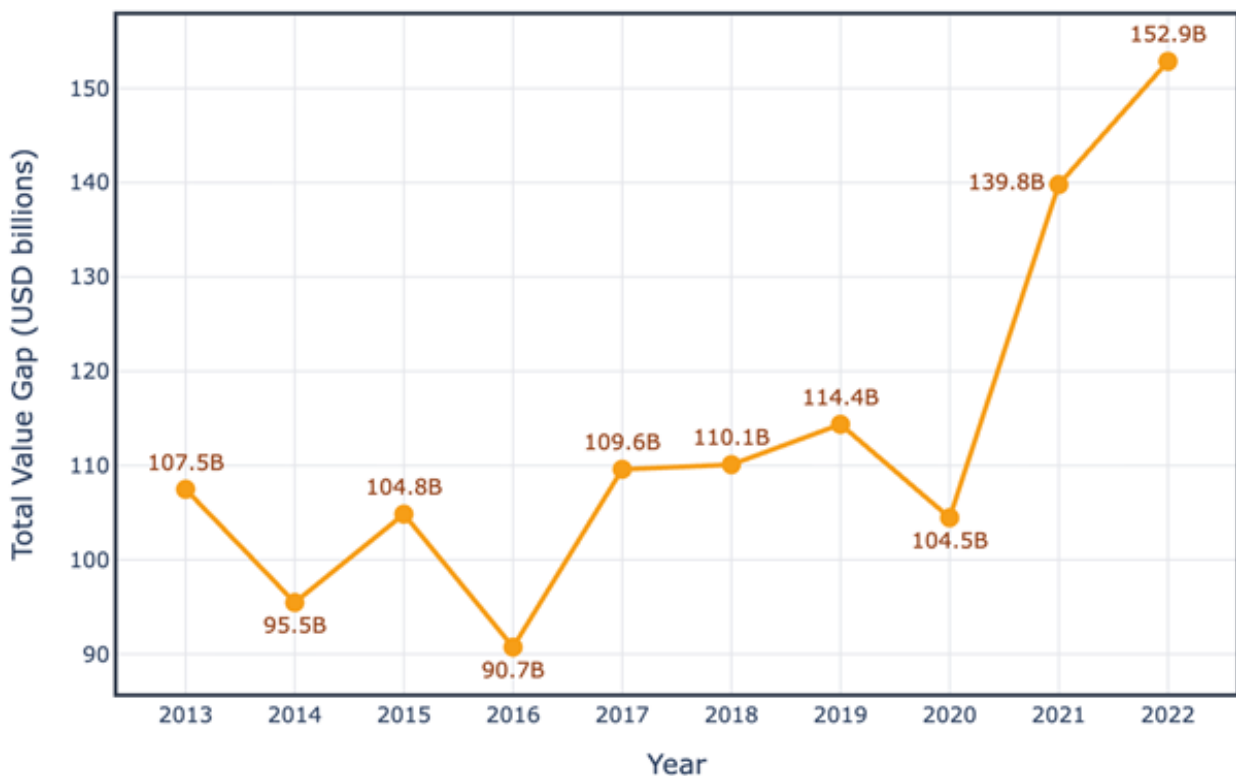


Figure 1 shows the total trade value gaps recorded between Sub-Saharan African countries and their global trading partners from 2013 to 2022. The data indicate persistently large trade value gaps throughout the period, with annual values generally ranging between approximately USD 90 billion and USD 115 billion prior to 2020. While year-to-year fluctuations are observed, there is no sustained compression of gaps during the decade, suggesting that trade misinvoicing remains a structural feature of the region’s trade with the rest of the world.

Following a modest decline in 2020, trade value gaps increase sharply in subsequent years, rising to USD 139.8 billion in 2021 and reaching a series high of USD 152.9 billion in 2022. This post-2020 escalation points to a renewed intensification of trade misinvoicing risks across the region, potentially reflecting the interaction of long-standing structural vulnerabilities with pandemic-related trade disruptions, commodity price volatility, and shifting global trade dynamics.



**Figure 2: African countries cumulative trade value gap with all its global trading partners, 2013 to 2022(USD millions)**

Sub-Saharan African Nation	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Average	Total
Angola	2901	2204	4599	3154	3298	3157	4215	3104	3569	5200	3540	35401
Benin	941	809	1130	706	953	881	1197	826	1128	1338	991	9909
Botswana	1293	1087	938	958	785	1635	2664	2520	2718	2990	1759	17588
Burkina Faso	827	877	487	659	711	762	666	602	817	1120	753	7528
Burundi	119	86	66	81	129	168	234	204	222	285	160	1594
Cabo Verde	101	69	121	169	160	200	352	252	272	288	198	1984
Cameroon	1684	1950	1773	1484	1944	1749	2233	1641	2634	3737	2083	20829
Central African Rep.	13	27	19	10	27	34	32	47	36	62	31	307
Comoros	7	28	29	79	59	56	63	43	44	56	46	464
Congo	982	1091	1024	615	653	886	639	669	882	1186	863	8627
Dem. Rep. of the Congo	N/A	N/A	3437	1789	2188	3003	4178	1724	2322	2639	2660	21280
Côte d'Ivoire	2604	3283	3538	3877	5537	5252	5370	5038	6088	7099	4769	47686
Eswatini	610	518	592	329	286	373	541	441	873	814	538	5377
Ethiopia	1749	2644	2878	2658	3176	2383	2302	1981	2324	2544	2464	24639
Gabon	1717	1867	1227	855	1469	2034	1324	1095	1537	2034	1516	15159
Gambia	51	80	95	55	229	51	166	150	121	187	119	1185
Ghana	4708	5649	5197	4710	5137	5471	5850	N/A	9071	8263	6006	54056
Guinea	534	620	554	645	N/A	N/A	N/A	N/A	N/A	N/A	588	2353
Kenya	3755	N/A	4399	4502	5179	5127	5249	6217	6393	6645	5274	47466
Lesotho	312	366	394	752	73	783	726	547	729	425	511	5107
Madagascar	902	1099	1100	1337	2100	2098	1945	2200	3049	3859	1969	19689
Malawi	686	671	572	517	735	692	567	555	739	524	626	6258
Mali	N/A	N/A	N/A	1144	843	838	787	1022	1120	1209	995	6963
Mauritius	1404	1220	1093	1200	1560	2041	2214	1527	2050	2673	1698	16982
Mozambique	2147	2248	1584	1524	1363	2485	2545	2458	3328	3610	2329	23292
Namibia	1997	2434	2165	1654	1995	1225	2734	2085	2300	2747	2134	21336
Niger	315	250	233	157	192	249	297	260	403	363	272	2719
Nigeria	9456	6300	7546	4133	5588	7423	7311	10564	9357	10048	7772	77726
Rwanda	224	189	298	254	321	482	439	387	424	634	365	3652
Sao Tome and Principe	17	20	21	23	29	37	40	25	32	39	28	283
Senegal	1407	1554	1424	1700	2438	3011	2964	2707	3895	4395	2550	25495
Seychelles	1068	703	143	167	236	283	293	187	182	223	348	3485
Sierra Leone	N/A	99	144	245	171	110	N/A	N/A	N/A	N/A	154	769
South Africa	50865	44460	45252	38883	48762	43973	44539	42918	58368	60062	47808	478082
Tanzania	2396	3635	3265	3177	2651	2815	3292	3512	4605	6147	3550	35495
Togo	1529	1597	1244	1476	1667	1457	933	972	1197	1497	1357	13569
Uganda	897	820	1004	923	1901	1657	1157	1852	1501	1780	1349	13492
Zambia	4377	3281	3721	2686	3941	3979	3284	2794	3712	4066	3584	35841
Zimbabwe	2887	1638	1533	1447	1110	1230	1020	1337	1752	2070	1602	16024
Grand Total	107483	95472	104841	90734	109594	110090	114364	104465	139793	152856	112969	1129692

**Figure 3: Top 10 African Countries by Cumulative Trade Value Gaps with all trading partners from 2013–2022 (In USD)**

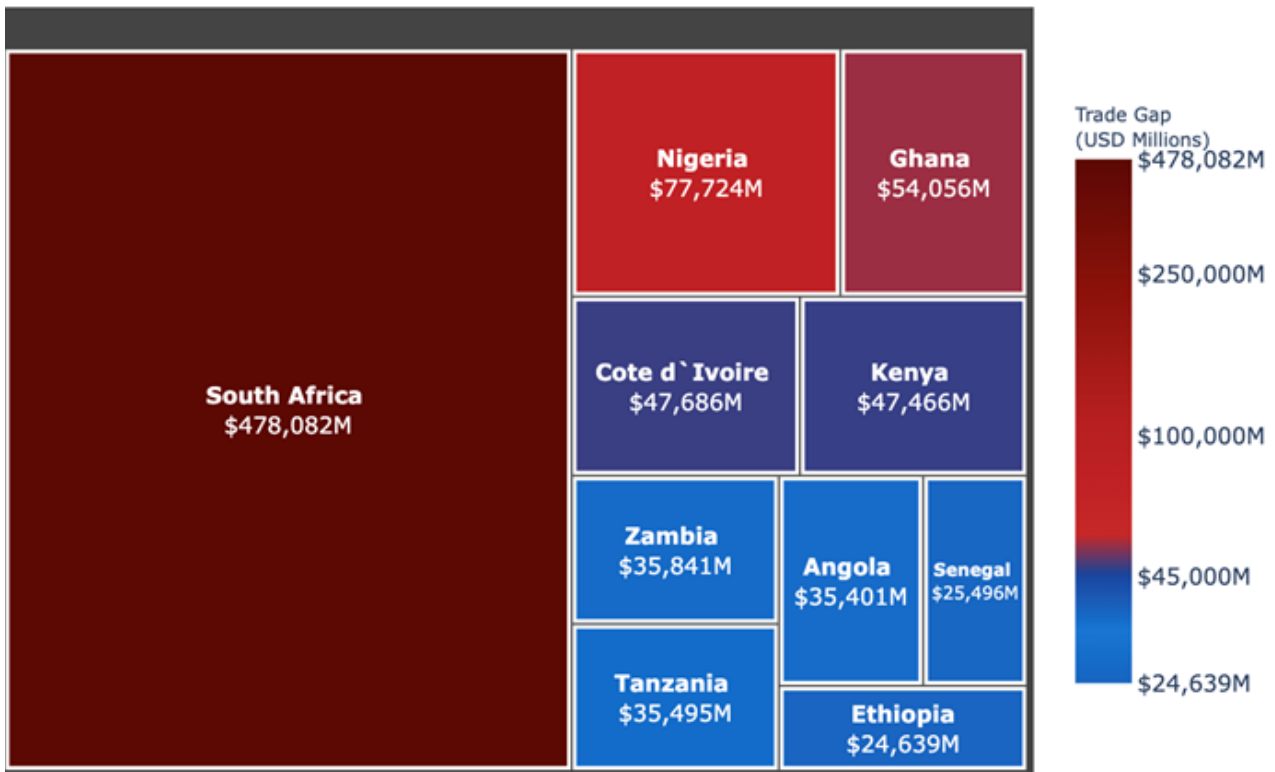


Figure 3 illustrates each country's share of total measured IFFs via trade misinvoicing. As shown, South Africa alone account for a dominant share of Africa's trade-related IFFs over 2013–2022. South Africa tops the list with an estimated US\$478.08 billion in cumulative trade value gaps with all trading partners, reflecting massive undeclared or mispriced transactions. As a share of all Sub-Saharan Africa, South Africa accounts for 42% of the region's cumulative trade-related IFFs, highlighting the high concentration of leakage among the region's largest commodity exporter.

A second tier of countries have also hemorrhaged significant sums. Nigeria (approximately US\$77.7 billion), Ghana (approximately US\$54.1 billion), Côte d'Ivoire (approximately US\$47.7 billion), and Kenya (approximately US\$47.5 billion) each accumulated tens of billions of dollars in trade value gaps over the period 2013–2022. Côte d'Ivoire and Ghana are major exporters of commodities (such as cocoa, gold, and oil), and their high IFF figures suggest substantial misinvoicing in those export industries. Nigeria, despite being the continent's largest economy and oil producer, shows a somewhat lower cumulative gap ( $\approx$ US\$77.7 billion) than South Africa possibly due to differences in trade structure or improved scrutiny in recent years. Still, Nigeria's capital flight remains among the highest in Africa, consistent with longstanding concerns about oil-sector IFFs and money laundering.

Kenya's sizeable aggregate gap (over \$47.4 billion) is notable given its more diversified economy, it likely reflects Nairobi's role as an East African trade hub, with misinvoicing occurring in both imports (e.g. undervalued goods to evade customs duties) and exports

(e.g. gold and other commodities being smuggled through Kenya). Rounding out the top ten are Zambia (US\$35.8 billion), Angola (US\$35.4 billion), Senegal (US\$25.5 billion), Tanzania (US\$35.5 billion), and Ethiopia (US\$24.6 billion). The treemap underscores that resource-rich countries, dominate in high value gaps. This aligns with earlier findings that Africa’s biggest economies and extractives exporters contribute disproportionately to illicit capital flight. Notably, in line with previous studies, the revised data for 2013–2022 indicate that Nigeria and South Africa remain the primary contributors to trade-related illicit financial flows in Sub-Saharan Africa.

**Figure 4: Top 10 African Countries Cumulative Trade Value Gap as a Percentage of Total Trade, 2013–2022 (All Trade Partners)**

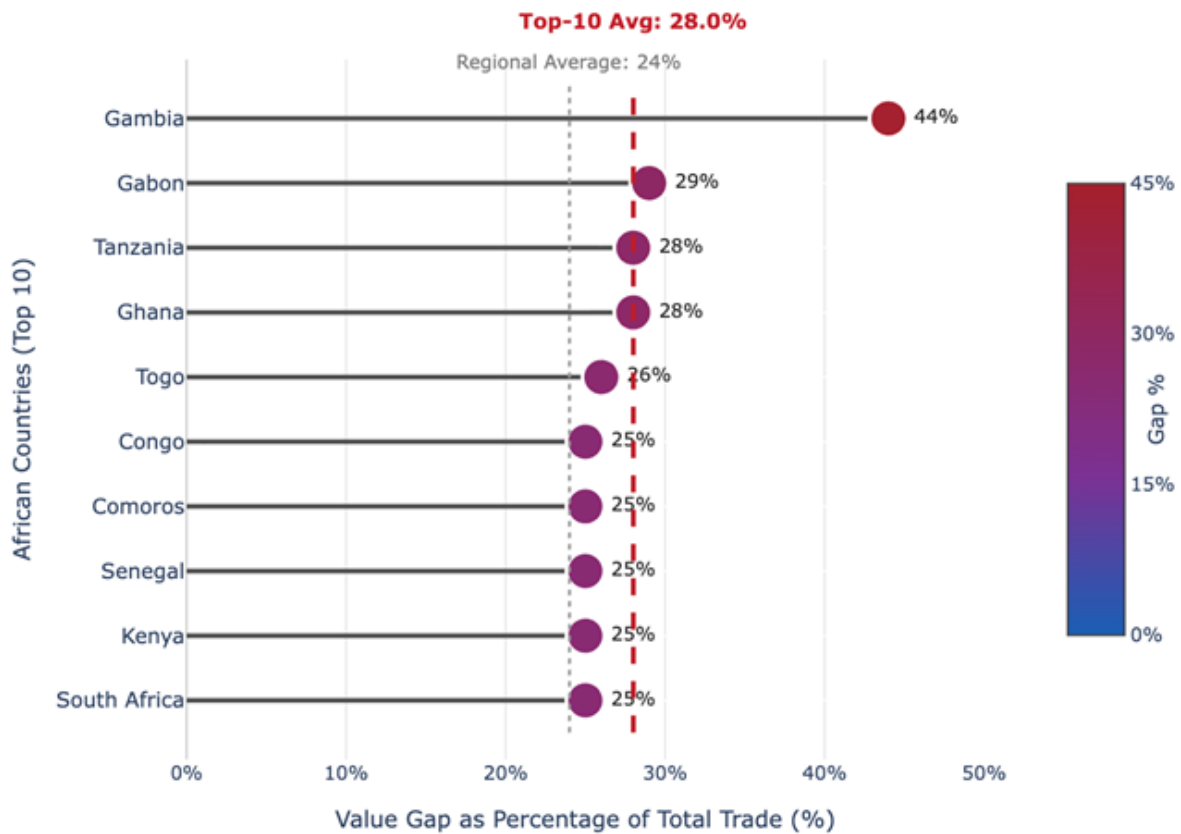


Figure 4 shifts the perspective to relative impact – the estimated value gaps as a share of each country’s total goods trade as derived from GFI’s analysis of UN Comtrade data using the mirror trade methodology. Over the 2013–2022 decade, Gambia shows the highest ratio, with trade value gaps amounting to 44% of its total goods trade, meaning nearly \$4.4 out of every \$10 in its international trade may be illicitly leaking out or going unaccounted.

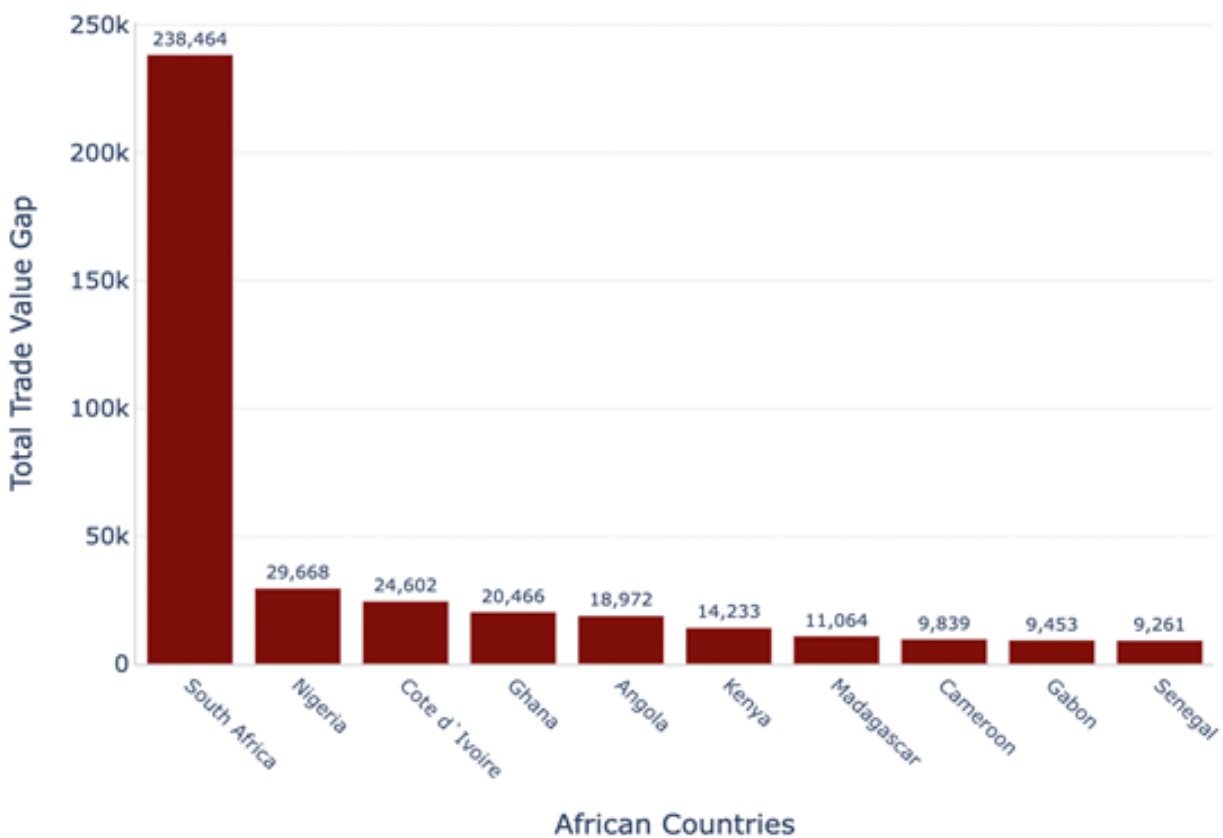
Other countries in the top ten also record elevated trade value gap ratios, including Gabon (29%), Tanzania (28%), Ghana (28%), Togo (26%), and Congo, Comoros, Senegal, Kenya, and South Africa (each at 25%), indicating that roughly one-quarter or more of total trade in these countries may be affected by misinvoicing. On average, the top 10 countries lost 28% of their total trade value, well above the regional average of 24%. Notably, these findings are consistent with UN pilot studies using new guidelines on IFF measurement, which found trade misinvoicing levels ranging from about 5% up to 30% of total goods trade in certain African countries. In short, the problem is not confined to a few large economies: a broad swath of African countries from major players like South Africa and Kenya to smaller economies like Gambia and Gabon experience significant illicit losses relative to their trade, undermining revenue collection and the benefits of trade across the continent.



The comparison of absolute and relative losses offers further insight. Countries such as South Africa, Ghana and Kenya, rank high both in total dollar volumes of trade gaps and as a share of their total trade, indicating large-scale losses that also weigh heavily relative to their trade activity. Meanwhile, smaller economies like Gambia and Comoros, despite their modest trade volumes, face some of the highest proportional risks, reflecting structural vulnerabilities. The data makes clear that misinvoicing is not confined to large players alone; it cuts across sub-Saharan Africa, undermining revenues and eroding the economic benefits of trade.

Figures 5 and 6 focus specifically on trade between African countries and advanced economies (for example, all G7 countries and other high-income trading partners). This lens is important because much of the policy discussion on IFFs emphasizes the role of developed countries as destinations for illicit capital and the need for their cooperation in curbing these flows.

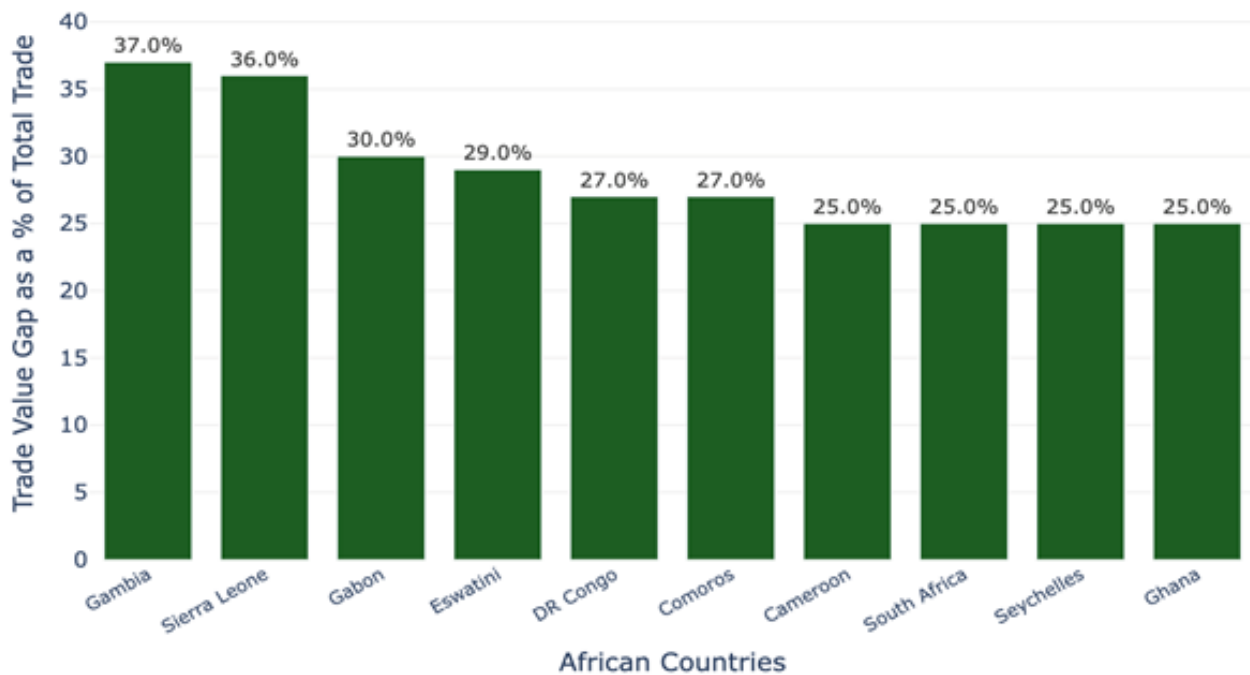
**Figure 5: Top 10 African Countries Cumulative Trade Value Gap with Advanced Economies, 2013–2022 (USD millions)**



South Africa emerges as the largest source of trade misinvoicing with advanced economies, with an estimated \$238.4 billion trade value gap in 2013–2022 (well ahead of Nigeria’s \$29.7 billion in this subset). South Africa’s top ranking in trade with developed countries underscores its extensive commerce with Europe, North America, and other advanced markets and suggests that substantial under-invoicing of exports or over-invoicing of imports is occurring in those channels (for example, in the export of precious metals or the import of high-value manufactured goods).

Nigeria is the second-largest in absolute terms with advanced economy partners (\$29.7 billion), reflecting primarily oil trade with destinations like the United States and EU. Other countries in the top 10 by cumulative trade value gap with advanced economies include Nigeria (\$29.7 billion), Côte d’Ivoire (\$24.6 billion), Ghana (\$20.5 billion), Angola (\$19.0 billion), Kenya (\$14.2 billion), Madagascar (\$11.1 billion), Cameroon (\$9.8 billion), Gabon (\$9.5 billion), and Senegal (\$9.3 billion). This list is broadly similar to the all-partners list.

**Figure 6: Top 10 African Countries Cumulative Trade Value Gap with Advanced Economies as % of Trade, 2013–2022**



When looking at relative gaps in trade with advanced economies (Figure 6), it is striking that Gambia (37.0%) and Sierra Leone (36.0%) register the highest ratios, indicating that over one-third of their trade with advanced economies is associated with valuation discrepancies. These are followed by Gabon (30.0%) and Eswatini (29.0%), while the Democratic Republic of Congo and Comoros (both 27.0%) also record notably high relative trade value gaps. Cameroon, South Africa, Seychelles, and Ghana each exhibit trade value gaps of around 25.0%, underscoring that even larger and more diversified economies face substantial relative risks of trade misinvoicing in their transactions with advanced economy partners.

The elevated relative trade value gaps observed for Gambia, Sierra Leone, and Gabon are consistent with structural trade characteristics and documented governance vulnerabilities. The Gambia's exceptionally high gaps are widely attributed to its role as a regional re-export hub, where porous borders, extensive transit trade, and weak customs enforcement facilitate under-invoicing of imports and misreporting of trade with advanced economies. Sierra Leone's large gaps are closely linked to its dependence on high-value mineral exports, particularly diamonds, where longstanding issues of smuggling, export under-reporting, and illicit mineral flows have been well documented and continue to distort official trade statistics. Gabon's elevated gaps largely reflect its heavy reliance on oil exports, a sector known to be highly susceptible to transfer mispricing, opaque trading arrangements, and export under-valuation, compounded by the country's dependence on imports from advanced economies and historically limited transparency in the extractive sector.

The comparison between Figures 4 and 6 reveals that misinvoicing with advanced economies constitutes a large portion of total IFFs for several countries, but not for all. Countries like Gambia, Gabon, and Comoros show up in both the all-partners high-percentage list and the advanced-only list with similarly high ratios, indicating that their illicit flow problems are heavily tied to trade with developed nations. However, some countries (e.g. Tanzania, Togo, Senegal) had very high overall IFF ratios but do not appear among the top 10 when looking only at advanced-economy trade gaps. This suggests their illicit flows may involve regional or South–South trade partners.

In summary, the data confirm that IFFs via trade misinvoicing are a systemic problem across Africa. A handful of countries especially large oil exporters and major economies account for the bulk of trade value gaps in absolute dollar terms, but dozens of other countries suffer very high losses relative to their trade, undermining revenue collection across the board. Both North-South trade (Africa with advanced economies) and South-South trade routes contribute to the leakage developed-country partners feature prominently in many of the largest trade discrepancies, alongside significant issues in intra-African trade and Africa-Asia commodity trade. The prominence of natural resource exporters (South Africa, Nigeria, etc.) in absolute value gaps, and of smaller economies (Gambia, Comoros etc.) as a percentage of total trade, suggests multiple drivers at play: commodity price mispricing, weak customs enforcement, fraud in re-exports, tax evasion schemes, and smuggling all contribute.

A few countries register modest reductions in their trade-value gaps, yet the overall picture remains troubling, with many others showing little improvement, and several still deep in the red. Figure 7 illustrates this uneven progress: data from 2013 through 2022 highlight how systemic misinvoicing continues to deprive governments of critical revenue. Addressing these entrenched gaps will require stronger customs enforcement, enhanced data-sharing, and the roll-out of targeted tools so African economies can keep the billions of dollars needed for their development goals.

**Figure 7: African countries trade value gap with all its global trading partners as a % of total trade, 2013 to 2022**

Sub-Saharan African Nation	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Geometric mean
Angola	21%	19%	24%	24%	20%	22%	25%	28%	23%	22%	23%
Benin	22%	17%	23%	19%	19%	19%	24%	23%	26%	26%	22%
Botswana	22%	19%	20%	22%	19%	19%	23%	23%	21%	23%	21%
Burkina Faso	24%	24%	19%	22%	20%	20%	24%	26%	26%	23%	23%
Burundi	24%	21%	19%	20%	25%	25%	20%	23%	22%	24%	22%
Cabo Verde	21%	17%	25%	26%	27%	27%	26%	27%	26%	25%	24%
Cameroon	19%	20%	22%	26%	27%	23%	27%	24%	28%	28%	24%
Central African Republic	19%	30%	20%	20%	20%	22%	23%	21%	17%	26%	22%
Comoros	16%	21%	16%	37%	28%	24%	31%	31%	24%	30%	25%
Congo	20%	26%	28%	25%	22%	27%	22%	29%	23%	33%	25%
Congo, the Democratic Republic of the	N/A	N/A	23%	20%	23%	23%	28%	26%	21%	21%	23%
Cote d`Ivoire	20%	21%	21%	22%	25%	25%	25%	26%	24%	27%	24%
Eswatini	18%	15%	22%	15%	11%	13%	15%	15%	21%	20%	16%
Ethiopia	20%	23%	23%	21%	24%	22%	25%	21%	21%	22%	22%
Gabon	20%	21%	25%	24%	35%	42%	36%	33%	30%	33%	29%
Gambia	33%	37%	38%	36%	85%	51%	46%	48%	38%	49%	44%
Ghana	25%	25%	27%	30%	28%	29%	28%	N/A	27%	30%	28%
Guinea	18%	22%	26%	27%	N/A	N/A	N/A	N/A	N/A	N/A	23%
Kenya	22%	N/A	23%	26%	26%	26%	26%	25%	25%	24%	25%
Lesotho	18%	24%	20%	29%	15%	24%	24%	22%	24%	18%	21%
Madagascar	21%	22%	23%	23%	25%	24%	24%	24%	25%	25%	24%
Malawi	23%	24%	22%	22%	27%	25%	21%	22%	23%	26%	24%
Mali	N/A	N/A	N/A	29%	23%	16%	16%	19%	18%	25%	21%
Mauritius	24%	20%	20%	22%	24%	23%	24%	24%	24%	26%	23%
Mozambique	24%	23%	19%	22%	20%	23%	23%	25%	25%	23%	23%
Namibia	24%	27%	27%	26%	21%	19%	24%	23%	21%	21%	23%
Niger	22%	24%	21%	21%	20%	19%	27%	19%	22%	25%	22%
Nigeria	24%	17%	20%	18%	17%	22%	23%	24%	21%	21%	21%
Rwanda	19%	15%	17%	14%	17%	21%	21%	15%	17%	19%	17%
Sao Tome and Principe	23%	24%	26%	27%	23%	24%	27%	20%	23%	25%	24%
Senegal	22%	24%	22%	23%	26%	26%	23%	27%	26%	29%	25%
Seychelles	58%	59%	22%	20%	24%	22%	22%	17%	14%	14%	24%
Sierra Leone	N/A	24%	44%	63%	26%	25%	N/A	N/A	N/A	N/A	33%
South Africa	25%	24%	24%	23%	25%	24%	26%	25%	26%	25%	25%
Tanzania	22%	33%	28%	29%	24%	26%	29%	30%	30%	28%	28%
Togo	35%	37%	28%	29%	37%	26%	19%	18%	20%	23%	26%
Uganda	20%	21%	21%	21%	18%	23%	19%	25%	19%	22%	21%
Zambia	26%	23%	24%	22%	29%	22%	23%	25%	22%	20%	24%
Zimbabwe	30%	23%	22%	22%	21%	20%	19%	18%	26%	25%	22%

## 6 | RECOMMENDATIONS



Curbing illicit financial flows in Africa requires concerted action on multiple fronts domestic policy reforms, improved regional coordination, and stronger international cooperation. Below are the most critical region-specific recommendations to address IFFs, focused on trade misinvoicing and related financial leakages:

### **Strengthen Trade Monitoring and Customs Capacity:**

customs enforcement and trade oversight to detect misinvoicing. This includes adopting advanced data analytics, valuation assessment and risk-based inspection systems to flag suspiciously under- or over-invoiced transactions, and investing in training for customs officers in forensic audit techniques. Building capacity in transfer pricing and trade analysis is vital. For example, the African Tax Administration Forum (ATAF) has been providing specialized training on transfer pricing, treaty abuse, and customs management, and has helped establish dedicated transfer pricing units in numerous countries. Expanding such initiatives will empower tax and customs authorities to better combat trade-related IFFs. Governments should also pursue closer real-time exchange of import/export data with major trading partners and within African regional blocs (for instance, through mechanisms under the African Continental Free Trade Area framework) to swiftly spot discrepancies and suspicious trade patterns.

### **Enhance Financial Transparency and Accountability:**

African states must increase transparency in financial flows and corporate ownership to make it harder to hide illicit gains. A top priority is establishing public beneficial ownership registries for companies, trusts, and properties, to reveal the true owners behind transactions and shell entities. Currently, only 15 countries in the region have implemented a beneficial ownership registry. Greater transparency in public procurement and contracting (especially in the extractive industries) is also needed to prevent IFFs through inflated invoices and opaque deals. International standards reinforce these steps: transparency of beneficial ownership is a key recommendation of the Financial Action Task Force, and the African Union's Special Declaration on IFFs (2015) explicitly called on member states to identify and recover all illicitly acquired assets and pledged to end secrecy around illicit flows.

Governments should implement these commitments by passing robust financial disclosure and anti-corruption laws, and by joining initiatives like the Extractive Industries Transparency Initiative (EITI) if they have not already. Embracing such transparency norms will shine light on transactions that might be facilitating IFFs and will deter the concealment of wealth.

## Promote Regional and International Cooperation:

Illicit flows are a transnational problem; African nations should work jointly and with global partners to stem these flows. Regionally, the African Union and subregional economic communities should harmonize anti-IFF strategies (for example, standardizing trade invoice verification across borders) and support cross-border investigations and prosecutions. Institutions like ATAF and the Collaborative Africa Budget Reform Initiative (CABRI) can facilitate peer learning and coordination on tax enforcement and public finance management.

Internationally, African countries need to actively participate in frameworks such as the Global Forum on Transparency and Exchange of Information for Tax Purposes. Through the Global Forum's programs (including its Africa Initiative), countries gain access to critical financial data from offshore jurisdictions including information on bank accounts, property holdings, and corporate ownership structures. Indeed, African cooperation in tax information exchange has already led to the recovery of an estimated €1.7 billion in additional taxes, by enabling authorities to uncover hidden offshore assets.

Moreover, African nations, through the G77, should actively engage with the UN's Economic and Social Council (ECOSOC) which has been tasked (through the Financing for Development mechanism) with holding a special meeting to, among other things "exchange best practices including on the use of technologies to effectively combat IFFs." During negotiations leading up to the FfD4 summit in June 2025, the G77 promoted the concept of implementing "blockchain in every port" which would enable the automatic and secure transfer of valuation data between all trading partners. Closing this data gap (no international rule mandates an exchange of trade value data) is essential for curtailing trade-related IFFs.

Further, expanding the use of Automatic Exchange of Information (AEOI) and fully implementing the OECD Common Reporting Standard will further help African treasuries retrieve funds that citizens have stashed abroad. Likewise, African states should collectively push for stronger international action against tax havens and bank secrecy. This includes advocating in global forums for stricter beneficial ownership disclosure in foreign financial centers, imposing sanctions on institutions that facilitate IFFs, and pursuing more equitable global tax rules.

## Tighten Legal Frameworks and Enforcement:

Governments need to update and enforce laws to deter illicit financial activities. This means criminalizing trade misinvoicing and related offenses (such as money laundering, tax evasion, and bribery) with meaningful penalties, and strengthening the capacity and independence of law enforcement agencies, anti-corruption commissions, and financial intelligence units. Anti-Money Laundering (AML) regulations should be fully implemented, including rigorous customer due diligence by banks and close monitoring of transactions involving politically exposed persons. More aggressive prosecution of high-profile IFF cases whether involving multinational companies evading taxes or officials siphoning funds abroad would send a strong signal that impunity is ending. Currently, enforcement

remains a weak link: even when suspicious transactions are identified, lack of investigative resources or political will often allow perpetrators to escape. Addressing this will require allocating more funding and training to financial crime units, enacting whistleblower protection, and improving judicial cooperation (for instance, through mutual legal assistance treaties to trace and confiscate illicit assets across borders).



## 7 | CONCLUSION

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Illicit financial flows represent a formidable barrier to Africa's inclusive growth and economic sovereignty. This report has highlighted how, over the last decade, vast sums have been illicitly drained from African economies largely through manipulated trade transactions at great cost to public welfare and development prospects. The Africa-specific data and analysis presented show both the concentration of this issue in certain countries, and its pervasive impact across the entire continent. Crucially, however, the insights from these findings also point to solutions. With action from tightening trade oversight to reclaiming stolen assets African nations can significantly curtail IFFs. Doing so will not only recover much-needed revenues for development, but also reinforce the rule of law and public accountability.

Ultimately, closing the channels of illicit outflows is key to Africa financing its own future. If the massive amounts of funds currently leaking from Africa annually were retained on the continent, governments could dramatically scale up investments in their people providing the foundation for sustainable development and self-reliance. The challenge of combating IFFs is great, but so is the payoff. By acting on the targeted recommendations outlined above, Africa and its global partners can begin to reverse the "hemorrhage" of capital, ensuring that Africa's wealth is harnessed for the benefit of its 1.5 billion people. In doing so, the region would take a giant step toward breaking the cycle of dependency and unlocking Africa's full potential for prosperity and social progress.



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