

# TAX JUSTICE NETWORK

## MINUTES OF A MEETING OF THE TAX JUSTICE NETWORK COUNCIL ON FRIDAY 19<sup>TH</sup> JANUARY 2007 AT THE MERIDIAN COURT HOTEL, NAIROBI, KENYA

**Participating:** See Appendix 1

**Apologies:** Raphael Calvelli, Pierre Guindja, Sony Kapoor, Lucy Komisar, Andreas Missbach, Richard Murphy, Prem Sikka, Juan H Vigueras

**Agenda:** The previously circulated Agenda was agreed, subject to a minor alteration to the order of agenda items.

### 1. Election of Chairperson for the Meeting

Sven Giegold was elected to chair the Meeting.

### 2. Election of Secretary for the Meeting

John Christensen was elected to act as Secretary for the Meeting.

### 3. Report from the Board of Directors

Sven Giegold (SG) reported that since its formation in 2002 the Network had functioned through a UK registered limited company, which has now been superseded by a Belgian registered International Not-For-Profit Association. The latter Association is now the principal institution around which the TJN is organised internationally and the UK company will be used solely as a vehicle for organising the financial and employment affairs of the International Secretariat.

SG noted that progress with organising the TJN-USA chapter had been delayed by internal problems, and steps are being taken to restructure the Steering Committee.

Little progress has been made towards organising a network in Latin America and plans for a joint civil society / governmental conference have not materialised.

On a more positive note, 2006 saw the launch of the Plateforme Paradis Fiscaux et Judiciaires (France); the Nordic-TJN; and the groundwork preparation for the launch of the Tax Justice Network for Africa. Progress has also been made towards launching Tax Justice Networks in Canada and the Netherlands in 2007.

On the campaign front, campaigns are underway at national levels in many countries, and at the international level campaigns have been launched to push for a new International Financial

Reporting Standard (in conjunction with Publish What You Pay) and for a comprehensive re-appraisal of how tax havens and offshore financial intermediaries catalyse and facilitate global corruption.

Bruno Gurtner (BG) reported that working groups have been formed to press ahead with advocacy work with a number of institutions, including the World Bank, IMF, OECD and UN ECOSOC. In 2006 submissions were made to all of the above, plus the International Bar Association, the International Accounting Standards Board, and the International Fiscal Association. Meetings were held with the World Bank, IMF, European Commission, OECD, South Centre and the International Accounting Standards Board. In addition, TJN was invited to address a fringe meeting of ECOSOC delegates to a Finance For Development Meeting in New York, and to co-organise a fringe meeting at the ECOSOC Substantive Session in Geneva in July 2006.

At the international level TJN was also actively involved in campaigning against the further uptake of flat tax proposals in Eastern Europe, and Richard Murphy's intervention at a conference in Slovenia is credited to a very large extent with persuading the government of that country to not adopt a flat tax regime.

SG reported that the Network's financial situation remained relatively precarious, with the International Secretariat operating on minimal resources and relying on grants from UK-based development NGOs and the Joseph Rowntree Charitable Trust.

#### **4. Report of the International Secretariat**

John Christensen (Director-IS) presented his report under the following headings:

1. Network building
2. Advocacy
3. Campaign activities
4. Research
5. Communications
6. Accountability

##### **Network building**

The main priority since the 2006 Council Meeting (Athens, May 2006) had been to identify a host partner for WSF events in Nairobi and an interim secretariat for the TJN 4 Africa. In October 2006 Alvin Mosioma from SEATINI was appointed on a 12 month temporary part-time contract to assist with making arrangements for the 2007 Research Workshop and the WSF, plus follow up work after the launch of the TJN 4 Africa. Alvin's appointment was made possible by a grant from Christian Aid (Kenya).

The build up to the launch of TJN 4 Africa had involved preparatory meetings with a number of organisations and was supported by various partners, including the African Community Development Foundation, which had developed the links with the University of Nairobi, and the International Budget Project, which had linked TJN to various organisations in west and southern Africa.

Little progress has been made towards developing the network in Latin America, but contacts continue with a variety of organisations, not least Social Watch which has published two papers relating to tax justice in its 2006 report '*Impossible Architecture.*'

<http://www.socialwatch.org/en/informeImpreso/tablaDeContenidos2006.htm>

The Director-IS reported that as a result of cooperation between the International Secretariat and the International Budget Project (IBP) - the latter being focussed on working with NGOs to strengthen capacity to analyse budget expenditure - new links are being made with budget focussed NGOs in many countries. A workshop organised by IBP and its partners in Accra, Ghana, in December 2006, had included a tax justice theme which introduced TJN to partners from countries in Latin America, Central Europe, Africa, and Asia.

IBP hoped to organise more of these workshops in 2007, hopefully linking TJN to a wider NGO constituency. This was strongly commended as a cost-effective means of building the network amongst financially focussed NGOs.

### **Advocacy**

In addition to the advocacy work previously summarised by BG, the Director-IS noted that after completion of the 2006 accounts for the International Secretariat, application would be made for accreditation to UN ECOSOC (two year's accounting record being a prerequisite for accreditation).

The Director-IS expressed his frustration at the lack of visible progress being made by the UN Tax Committee towards shifting to a more development oriented agenda. The current agenda remains technically focussed and there seems to be little momentum coming from the expert members of the Committee to address the wider issues raised by the Monterrey Consensus. He proposed that it might be appropriate for TJN to prepare an alternative agenda for the 2008 summit meeting at Doha with a greater emphasis on development issues.

### **Campaigns**

Three strands of campaign work are currently underway:

1. A Code of Conduct for Tax Reporting (discussed at the Essex Council Meeting in July 2006) has been drafted by Richard Murphy of Tax Research LLP on behalf of TJN and the Association for Accountancy & Business Affairs and is currently undergoing expert review. After expert review the Code will be submitted in draft form for peer review within the Network.
2. As previously mentioned, TJN is working in parallel with Publish What You Pay to promote the adoption of an International Financial Reporting Standard for country-by-country by multinational companies. Richard Murphy is the principal driver of this campaign, advising both TJN and PWYP. A dual track approach is considered necessary because the remit of PWYP is restricted to the extractive industries whereas TJN can promote a universal standard applicable to all sectors. The campaign is regarded as high priority for 2007.

3. In September 2006 the IS launched a campaign to redefine the geography of corruption to include tax havens. This campaign has generated considerable publicity and aims at persuading Transparency International to include high level corrupt practices (including tax evasion and dirty money laundering) in its perceptions based approach, and to take into consideration the corruption services supplied by tax haven based financial intermediaries. In December 2006 the Board agreed to give priority to a high level meeting with Transparency International's team in Berlin (Sven Giegold to set up the meeting in Spring 2007).

The Director-IS also noted, in the context of the campaign to focus attention on the supply side corruption services provided by tax havens, that the follow up book to *Confessions of an Economic Hitman* - titled *A Game As Old As Empire* - will be published in March 2007 with a strong emphasis on financial corruption and tax havens. The IS will be engaged in promoting the new book and will receive royalties arising from John Christensen's chapter.

## Research

Research remains the priority for developing the Network and the IS continues to seek funding for various projects which are designed to integrate tax justice issues into other economic justice issues, e.g. trade campaigns. Attempts have been made to secure sufficient funding to appoint a research director, but to date funding has not been forthcoming. This is a matter of concern because some of the major research projects that are envisaged will require a dedicated director to convene and direct multi-disciplinary teams. It was agreed that the Board will discuss this further to consider available options.

The 2007 Research Workshop (organised in conjunction with University of Nairobi, the African Community Development Foundation and the Association for Accountancy & Business Affairs) had demonstrated the strong interest in tax justice issues amongst African researchers, and the University had already stated its interest in hosting a second research workshop in September 2008.

The possibility remains open that a second 2007 research workshop will be organised by AABA and TJN at Essex University, but the preferred date in September 2007 coincides with a conference on tax evasion and avoidance organised by the UK-based Tax Research Network and it might be decided to postpone until 2008.

## Communications

The Director-IS identified the need for a new communications strategy as a priority. The Network was both widening (geographically) and deepening (covering a wide spread of researchers, activists and advocacy teams) and the existing lines of communication were not adequate for all purposes.

He identified the following priorities, some of which are already being acted on:

1. **Tax Justice Focus:** a new distribution system is being established for country-by-country distribution. This process is underway in a number of countries and more countries should engage in setting up their own distribution systems in 2007. From March 2007 the newsletter will be designed and laid out professionally. Future editions will follow the practice introduced by Jenny Kimmis in 2006 of devoting editions to specific themes, e.g. Volume 2, no.3 was designated The Africa Issue, and Volume 2, no.4 was devoted to the

theme of tax competition. John Christensen has taken over from Jenny Kimmis as managing editor, and he will invite guest editors to assist with particular themed editions.

2. **Email server:** the International Secretariat currently uses email server facilities hosted by the New Economics Foundation. This imposes constraints and is increasingly unreliable. Priority will be given to setting up a new system (using the format [forename.surname@taxjustice.net](mailto:forename.surname@taxjustice.net)) using a suitable hosted server. The Director-IS will be discussing options with The Phone Coop (a UK-based telecoms service provider which specialises in trade union and NGO support).
3. **Online research archive:** The Director-IS identified a need for an online research archive which would be available across the Network. He proposed that network members should be consulted about how such an archive might be structured and administered.
4. **Websites:** The current website has the benefit of being relatively easy to administer but lacks capacity. The new website for Tax Justice Network for Africa uses the same content management system. Both sites need regular updating and suggestions would be welcome for how their organisation can be improved upon.
5. **Intertax:** The system works well but is sometimes prone to being used as a discussion forum. SG noted that few new participants had signed up to Intertax over the past 18 months.

The Director-IS reported that a funding application has been made to the Network for Social Change (a UK-Based network of philanthropists) for a grant to pay for a part-time media and communications adviser to advise on communications strategy and to assist with international media work. The outcome of this application is expected by end-February 2007.

## Accountability

The Director-IS reported that the adoption of the new Constitution meant that Tax Justice Network International Secretariat Limited was no longer the sole incorporated body representing the Network. TJN-IS Limited now serves solely as a body for employing the Secretariat Director and for disbursing the running costs of the International Secretariat.

The International Secretariat is accountable to the Board of Directors and to the Council through the agreed requirement to make monthly written and oral reports to the Board and an annual oral report to the Council. Transparency is assured by requiring monthly financial reports to the Board and itemised reports on all meetings held between the IS and external individuals and organisations. TJN-IS Limited also prepares annual accounts which are submitted to the Board and made available on the TJN website. The 2006 accounts are expected to be completed and ready for circulation to the International Board by April 2007.

The Director-IS identified the need for new directors to join the Board of TJN-IS Limited, and noted that a firm of accountants in the UK had offered to provide external accounting services from 2007 onwards.

## 5. Subscription fees

After discussion it was agreed that as a general principle higher and lower fee rates can be negotiated by the Board acting on behalf of the Council.

There was general discussion around the need for a principles based approach to setting membership fees. The following guidelines were suggested:

- There should be transparency of the process for agreeing fees with member organisations;
- There should be voluntary or free membership for African individual members, at least at the start of the African network;
- There should be special rates to enable participation of unwaged and poor people;
- A sliding scale of standardised rates is appropriate for member organisations and individuals;
- Minimum standard rates should be fixed, but upper rates can be negotiated with larger or richer organisations;
- One proposal to be explored is for fee rates to be proportional to income, e.g. 0.25 per cent of income for individuals and 0.5 per cent of income for organisations (though it was pointed out that this would not be appropriate for high income organisations).

It was agreed that for the time being the standard subscription rate for organisations will vary between OECD and non-OECD countries.

Organisations based in non-OECD (low income) countries can pay a standardised rate of Euro30.

Organisations based in OECD countries can pay variable standard rates ranging between a standard base rate of Euro100, a standard mid-rate of Euro200 and a standard upper rate of Euro500. The Board can negotiate higher rates with larger organisations.

Individual members will pay a standard rate depending on ability to pay. The standard rate for high income individuals will be Euro60; for middle income individuals the standard rate will be Euro30; for low income individuals the standard rate will be Euro8; and for unwaged and poor people the standard rate will be Euro2.

## 6. Admission of new members and individual supporters

The following organisations were nominated for membership:

African Community Development Foundation - Kenya / UK  
Attac-Switzerland  
Centre for Informal Activities and Development - Ghana  
Centre for Budget Advocacy - Ghana  
Christian Aid - UK  
Economic Justice Coalition - Mozambique  
SOMO - Netherlands

South African New Economics Foundation  
Tax Justice Network 4 Africa  
Tax Justice Network - Jersey

The following individuals nominated themselves for supporter status:

Edward Asare - Ghana  
Vitus Azeem - Ghana  
Alex Cobham - UK  
Rihab Khalifa - Sudan / UK  
Sheila Killian - Ireland  
Roman Kuenzle - Switzerland  
John Kweri - Kenya / UK  
Emma Lochery - UK / USA  
Kati Peltola - Finland

## **7. Election of Board Directors**

The following people were elected to serve on the newly constituted Board on behalf of the related member organisations:

African Community Development Foundation, represented by John Kweri  
AllianceSud, Switzerland, represented by Bruno Gurtner  
Attac-Deutschland, represented by Sven Giegold  
Attiya Waris, representing Tax Justice Network for Africa  
Christian Aid, UK, represented by Anna Thomas  
Economic Justice Coalition, Mozambique, represented by Viriato Tamele  
Integrated Social Development Centre (ISODEC), Ghana, represented by Vitus Azeem  
Jo Marie Griesgraber, representing TJN-USA  
Kairos-Europe, Belgium, represented by François Gobbe  
Secours-Catholique, France, represented by Michel Roy

Bruno Gurtner was elected to Chair the Board  
François Gobbe was elected to serve as Treasurer to the Board  
Sven Giegold was elected to serve as Secretary to the Association

*At this stage Bruno Gurtner took over the Chair of the Meeting.*

## **8. Appointment of Auditors**

Noog Hendricks was elected to serve as Auditor to the TJN-AISBL.

## **9. Modification of TJN Declaration and Mission Statement**

No modifications were proposed.

## 10. Agreement of priorities for 2007 / 2008

The following priorities were identified for 2007/08:

### Network Building

- Support the institutionalisation of TJN 4 Africa
- Continue the process of Network development through links to the International Budget Project
- Explore the possibility of developing a youth network (to be spearheaded by Roman Kuenzler and Emma Lochery)

### High level advocacy

- Continue to explore ways of developing capacity at the South Centre
- Maintain links with the World Bank, working in conjunction with Raymond Baker's Global Financial Integrity program.
- Consider ways of using the Monterrey Plus 6 Financing for Development summit in the second half of 2008 as a means for pushing for a developmental agenda for the UN Tax Committee.

### Research

- Identifying funding for the agro-commodities trading project (organised in conjunction with the New Economics Foundation) and for the transfer pricing project (organised in conjunction with the South Centre) were both regarded as priorities since both projects identified a significant role (and funding element) for a research director.

### International campaigns

- Continue with the current identified campaign priorities.

## 11. Any other business

No other matters were raised.

## 12. Date and venue of the next Council Meeting

Decision on the date and venue of the next Council was deferred until later in the year.



**Appendix 1: List of participants attending the Tax Justice Council Meeting on 19<sup>th</sup> January 2007, giving affiliations and country of origin**

Name	organisation	Country
Femi Aborisade	CDESRA	Nigeria
Charles Abugré	Christian Aid	Ghana / UK
Nathaniel Adebayo	The Polytechnic, Ibadan	Nigeria
Adenike Adedokun	The Polytechnic, Ibadan	Nigeria
Dereje Alemayehu	Christian Aid	Kenya
Sara Andersson	Attac-Switzerland	Switzerland
Edward Asare	Centre for Informal Activities and Development	Ghana
Bob Awuor	African Community Development Foundation	Kenya
Vitus Azeem	Centre for Budget Advocacy	Ghana
John Christensen	Tax Justice Network	UK
Alex Cobham	Oxford Council for Good Governance	UK
Sven Giegold	Attac-De	Germany
Francois Gobbe	Tax Justice Network	Belgium
Bruno Gurtner	AllianceSud	Switzerland
Noog Hendricks	South African Revenue Service	South Africa
Rihab Khalifa	Warwick Business School	Sudan / UK
Sheila Killian	University of Limerick	Ireland
Matti Kohonen	Tax Justice Network	Finland
Roman Kuenzler	Attac-Switzerland	Switzerland
Joaquim Kumba		Angola
John Kweri	African Community Development Foundation	Kenya / UK
Kato Lambrechts	Christian Aid	South Africa
Margaret Legum	South African New Economics Network	South Africa

Emma	Lochery	TJN Int Sec	USA / UK
Nick	Mathiason	Observer newspaper	UK
Paul	Mbatia	University of Nairobi	Kenya
Jean	Merckaert	CCFD	France
Alvin	Mosioma	TJN 4 Africa	Kenya
Marte	Nilsen	Nordic-TJN	Norway
Ruanda	Oberholzer	University of Pretoria	South Africa
Frødis	Olaussen	Nordic-TJN	Norway
Carey	Onyango	ACDF	Kenya
Kati	Peltola	Individual	Finland
Sol	Picciotto	University of Lancaster	UK
Michel	Roy	Secours-Catholique	France
Nicholas	Shaxson	freelance journalist	Netherlands
Viriato	Tamele	Economic Justice Coalition	Mozambique
Anna	Thomas	Christian Aid	UK
Michiel	Van Dijk	SOMO	Netherlands
Attiya	Waris	University of Nairobi	Kenya
Francis	Weyzig	SOMO	Netherlands
Andy	Wynne	ACCA	UK
Matti	Ylonen	Nordic-TJN	Finland