



## PRESS RELEASE

### PANAMA LEAKS REVEAL THE COMPLICITY OF THE PRIVATE SECTOR

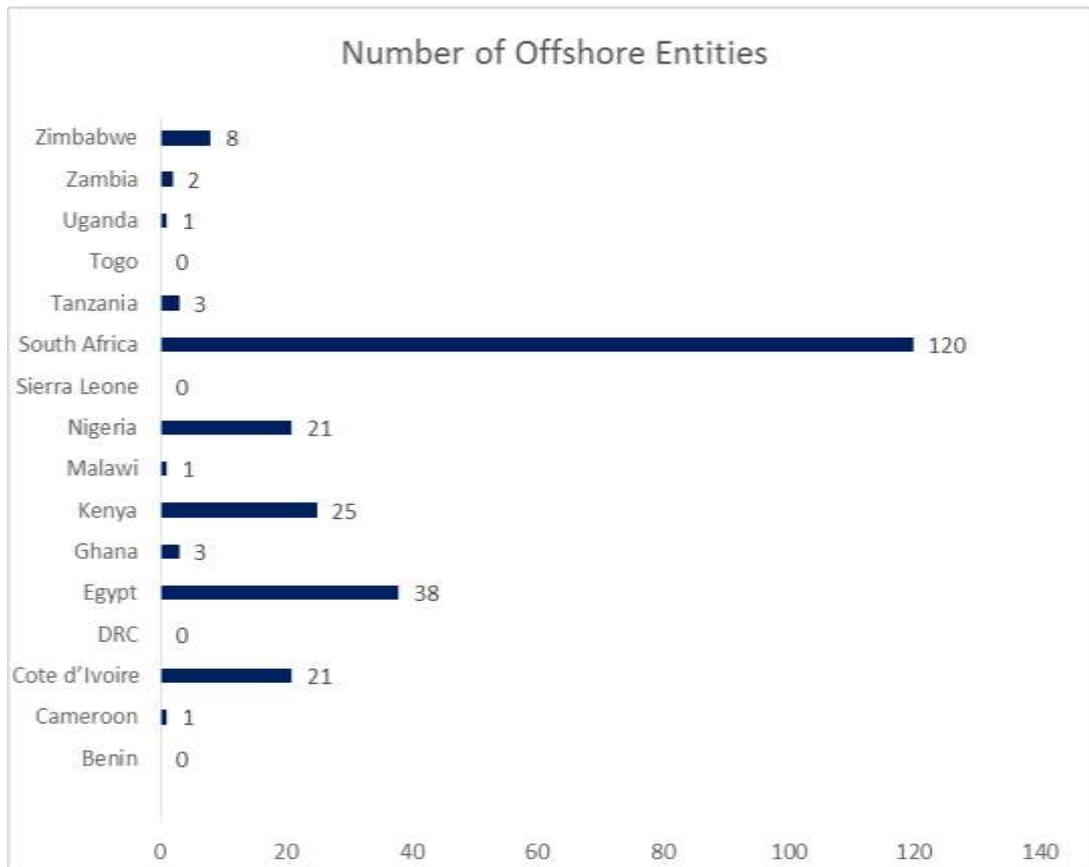
#### **Exposé discloses massive involvement of the private sector in Africa's vicious cycle of corruption and poverty**

**NAIROBI, 13<sup>th</sup> May 2016** – In its release of a second expose in a series of investigations the [International Consortium of Investigative Journalists \(ICIJ\)](#) discloses a multitude of individuals and companies involved in the propagation of poverty and gross inequalities across the world through a duplicitous scheme of tax evasion.

The second wave of Panama information came out this week – this time in the form of a searchable database. As TNJ-A, we were interested to see what picture was painted for our members and this new release. The bar graph below shows the countries represented in our membership and the number of offshore entities associated with them. The data begins to point us in the right direction – gives us an idea of where we should be looking, what addresses to follow up on and who to look up at national company registries. The task ahead of us is huge, but we have begun and we are looking forward to more detailed work coming from our partners.

***“It will take years, possibly decades, for the full extent of the firm’s sordid acts to become known.”*** ~ John Doe (Panama Leaks source)

The searchable database can be found [here](#).



#### Why is this data important?

Currently Africa loses approximately USD 50 billion annually in illicit financial flows according to the [High Level Panel Report on Illicit Financial Flows](#). This pillage occurs through a web of corrupt activity mostly in the extractives industry through the use of anonymous shell companies, money laundering and illegal tax evasion. This in turn means massive losses in terms of infrastructure, healthcare and education for the majority of people who are reliant on the provision of basic services by their governments. It also means that there are fewer opportunities for employment especially for the youth who make up a significant portion of the population in many African countries.

Dubbed the 'Panama Papers', the exposé follows 40 years of operations (1977- 2015) of Panamanian law firm, Mossack Fonseca, which is alleged to have enabled dubious corporate practices through 200,000 offshore entities across 21 tax havens. With the spotlight cast on the private sector following this second release, the Tax Justice Network-Africa continues to campaign for increased transparency in beneficial ownership information of companies.

Among those indicted by the exposé include the Government of Ghana, Press Trust Corporation (owned by the Government of Malawi), Kodjo Annan (son to former UN- Secretary General Koffi Annan), Africa's wealthiest man- Aliko Dangote- and a host of high-powered law firms across the continent.

## **The vicious cycle of corruption and poverty**

*“The release of the second part of the Panama Papers only serves to reiterate the complicity of the private sector in the theft of vital resources from developing countries. Tax Justice Network-Africa calls upon governments especially in Africa to take measures to ensure that this propagation of corruption and plunder. It is a cycle that only serves to keep people trapped in poverty,”* says Alvin Mosioma, the Executive Director of Tax Justice Network- Africa.

While much of the focus has been into the dealings of dictators and corrupt regimes around the world, the Panama Papers have also shone a spotlight on criminal activities. Prominent Africa-based law firms are also on the spot for their role in aiding and abetting the transfer of illegally acquired funds to tax havens.

Global Financial Integrity (GFI) further estimates that Sub-Saharan Africa lost over USD 675 billion between 2004 and 2013 in IFFs. For a continent that faces a range of challenges such as poor infrastructure, severe poverty and insecurity, this figure is substantial and is further magnified by the revenue constraints facing many countries on the continent. The Panama Papers corroborate the fact that the entire international financial system is geared and supportive of this exploitation and the need to shed light on the supply side of the corruption debate.

## **Need for greater transparency**

TJN-A has repeatedly urged for the national implementation and push for global commitment to making publicly available [beneficial ownership](#) registries. While countries such as South Africa have committed to ending the secrecy and establishing beneficial ownership registers, many more are yet to do so creating an enabling environment for corrupt politicians, tax evaders, and terrorists who use shell corporations to conceal their identities and activities. *“Illicit flows out of Africa are on the rise and governments need to be proactive and aggressive in the measures they take to tackle them. South Africa leading the way will provide the much-needed impetus for other African governments to take the same step,”* adds Mosioma.

## **About Tax Justice Network- Africa:**

Tax Justice Network-Africa (TJN-A) is a Pan-African initiative established in 2007 and a member of the Global Alliance for Tax Justice. It is a network of 29 members in 16 African countries. Through its Nairobi Secretariat, TJN-A collaborates closely with these member organizations in tax justice activities at the national and regional level. TJN-A seeks to promote socially just and progressive taxation systems in Africa, advocating for pro-poor tax policies and the strengthening of tax systems to promote domestic resource mobilization. TJN-A aims to challenge harmful tax policies and practices that favour the wealthy and aggravate and perpetuate inequality

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