

THE IMPACT OF PANAMA PAPERS ON AFRICA - Nuhu Ribadu

I thank members of this committee for inviting me to be part of this hearing.

I have worked in anti-corruption for a significant part of my working life, first as a police officer and prosecutor, and later as pioneer chairperson of Nigeria's premier anti-corruption body, the Economic and Financial Crimes Commission.

Even after I exited that organisation, I have continued to speak on the impact of corruption, money laundering, tax evasion and anti-corruption efforts around the world.

So you can understand how excited I was when the Panama Papers story broke last year. As far as I am concerned, it is perhaps the most impactful revelation ever regarding the misuse of corporate secrecy, tax evasion and hidden wealth around the world.

The revelation has triggered resignations of top officials around the world, while also sparking investigations in several jurisdictions.

The impact of the revelation has been far reaching in Africa, my home continent, which has bled severely for decades as its leaders and their collaborators loot public treasuries without let or hindrance. Mine is a continent that loses at least 50 billion U.S. Dollars annually, in illicit financial flows, according to the Thabo Mbeki Panel on illicit financial flows from Africa.

The Panama Papers series exposed a high number of African political and business leaders as having used Mossack Fonseca to either launder money, avoid tax, conceal assets or carry out other shady deals. In my country, Nigeria, at least 120 individuals and companies were identified by PREMIUM TIMES newspaper as

having hired the Panamanian law firm to operate offshore shell companies in tax havens. The list include some of Africa's richest business persons and some of the nation's most powerful politicians.

According to the African Network of Centers for Investigative Reporting (ANCIR), which coordinated the Panama Papers reporting in Africa, companies in 52 of Africa's 54 countries used offshore companies created by Mossack Fonseca. The report said in 44 of those countries, offshore companies were used to assist oil, gas and mining deals and exports.

In fact as I was preparing to travel here for this hearing I engaged Musikilu Mojeed, the editor-in-chief of PREMIUM TIMES in an informal discussion, he made a shocking revelation. He said almost all Africa's richest personalities listed by Forbes Magazine in 2016 were found in the leaked data to have used offshore entities.

Several other revelations were made by the reporting. For instance, the files revealed how James Ibori, a former Nigerian governor, who recently completed jail term in the U.K., constructed a scheme that helped him steal his oil-rich state blind. According to ANCIR, there were also new details about the middleman at the centre of a probe into hundreds of millions of dollars in suspected bribes paid for oil and gas contracts awarded in Algeria.

The files also revealed the offshore assets, including a luxury yacht and jet, of a Nigerian aviation and oil magnate reportedly close to a former oil minister and who has recently had his assets frozen as part of a \$1.8 billion probe into oil sales.

Two Namibian businessmen with ties to an arms deal scandal in South Africa were also identified as clients of Mossack Fonseca

The database, according to ANCIR reporting, also showed that a massive agricultural development deal in Mozambique might end up benefiting only a select few, while leaving 100,000 Mozambicans displaced.

The family of Egyptian business tycoon, Salah Diab, were also shown to have used a corporate network of local and offshore companies in an oil field development deal it signed with the Egyptian government.

IMPACTS

Since the reporting broke, revealing how politicians and businessmen around the world employed anonymity to shield their business ownership and their wealth in tax havens, international organisations and civil society groups have pushed for countries to tackle anonymous ownership in businesses by establishing beneficial ownership registers. The African Union panel on illicit financial flows called for firm and comprehensive action against the world's tax havens and financial secrecy jurisdictions.

The Chair of the AU Panel and former South African President, Thabo Mbeki, said the global outrage over the leak indicated the need for concerted global action to end illicit financial flows, tax havens and financial secrecy jurisdictions.

The South African government immediately announced the opening of public registers to help tackle the issue of hidden ownership of companies and to promote accountability and transparency in its financial system.

At the Open Government Partnership Africa Regional meeting in May 2016, the South African government unfolded a National Action Plan (NAP) that included a commitment to collect information on beneficial owners of companies incorporated in the country.

In May 2016, President Muhammadu Buhari of Nigeria, during an anti-corruption summit in London, expressed the commitment of his administration to create a public registry of beneficial owners of companies in the country.

Ghana has amended its Company Act to make provision for beneficial ownership while the country submitted a beneficial ownership road map to the Extractive Industry Transparency Initiative (EITI) Secretariat in December 2016.

A two-day workshop was convened in Accra in February by the Ghana Integrity Initiative (GII), Transparency International (TI) Secretariat, the Civil Society Legislative Advocacy Centre (CISLAC), Nigeria and Transparency International (Kenya) with funding from the UK Department for International Development (DFID).

A communique issued at the end of the workshop indicated that participants discussed the extent of the challenges posed to Africa by non-disclosure of Beneficial Ownership Information of companies.

Participants from Ghana, Kenya, Nigeria and different parts of the world also enumerated the efforts being made by their governments towards establishing a legal system that collects and publishes crucial corporate information.

The Panama Papers may have triggered a firestorm of activism that may deliver a more corruption free and transparent world.

However, I like to call on African governments to urgently prosecute those so far found to have violated the law in their use of offshore entities. We have heard of endless investigations, but we are yet to hear of any prosecution or conviction. There is need for action.

Thank you.