

## PRESS RELEASE

### Tax Avoidance by Multinational Corporations Hurting Developing Countries

*The youth from resource rich communities must be proactively involved to end the human rights abuse and environmental violations by foreign managed companies*

**Nairobi, 19 November 2019** – Are we adopting policies that are impoverishing our lives? This was the motivating question from Mrs Mercy Ong’onge while addressing undergraduate students at the Technical University of Kenya on the Global Day of Action. Mrs Ong’onge a lecturer at the School of Business and Management Studies explained that the poorly drafted agreements signed between governments and Multinational Corporations (MNCs) will affect the youth more than her generation that has practically lived their better part of life. This triggered questions among the participants who are considered to have embraced a laissez-faire attitude towards government activities.

Most foreign-managed industrial mines in Africa are enclaved productive structures, which are tightly managed and whose activities are controlled internally. The communities hardly know the contents of their operational contracts and processes employed in mining. The effect of their investors’ activities may not be felt immediately but the implications are long-term and, in some cases, irreversible.

The panel of four and practitioners spoke with passion. Speaker after the other, they shot up and narrated how the extractive industry is controlled by a handful of conglomerates who are involved in abusive tax practices. The MNCs together with accounting and legal firms, gang up against the source of resources to avoid paying their fair share of taxes. The host countries do not only lose both their God-given endowment but also billions of dollars in tax that could be used for development.

In some cases, resources are found in areas where people are vulnerable, yet those who come to mine in disguise of investment, have both economic and political power.

Fred Njehu, a Senior Policy Advisor at Greenpeace Africa cited coal mining in Kenya and the community’s participation in stopping the construction of a coal mining plant in Kitui. The locals voiced their opposition to the project through a strong-worded petition to the National Assembly Energy Committee citing irrevocably damaging effects not only on their health, but the environment as well. They termed coal as ‘dirty energy’ with irreversible health and environmental side effects. “Speak out, do not watch as an entire community’s lives are being damaged” he urged the youth.

The students asked relevant questions. The panellists saw the need for more tax talks to exhaustively tackle the issues of injustice in the extractive industry. The tax talk was organised

by Tax Justice Network Africa and the Technical University of Kenya, School of Business and Management Studies.

**Contacts:** Fridah Bwari, Communications and Capacity Building Officer, Mail: [fbwari@taxjusticeafrica.net](mailto:fbwari@taxjusticeafrica.net)