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POLICY BRIEF

AUCPCC IMPLEMENTATION GAPS, POLICY REFORMS AND IMPLEMENTATION RECOMMENDATIONS: REFLECTIONS FROM FOUR EAST AFRICAN COUNTRIES.





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1. The Corruption Challenge in East Africa

Corruption remains one of the most persistent obstacles to sustainable development in the East African Community (EAC). The scale of the problem is staggering. Africa loses between \$50 billion² and \$88.6 billion annually through illicit financial flows,³ equivalent to 3.7% of the continent's GDP. Within East Africa, Kenya alone has lost an estimated \$1.51 billion through trade misinvoicing,⁴ while corruption drains approximately \$10 billion annually from African economies collectively. These losses exceed many national health and education budgets combined, directly undermining development efforts. The human cost of these financial losses is profound. The High Level Panel on Illicit Financial Flows from Africa documented that these outflows divert crucial resources from healthcare, education, and infrastructure development. Survey data from this study confirms that women-owned enterprises, which constitute 48% of MSMEs and contribute approximately 20% to Kenya's GDP, face disproportionate barriers in accessing public procurement opportunities due to corruption.⁵ When procurement fraud adds 20-25% to project costs, as documented across the region, it means fewer schools, hospitals, and roads for communities that desperately need them.

Recent performance on corruption indices reveals the varying severity of the challenge across East Africa. According to Transparency International's Corruption Perceptions Index 2024, Rwanda ranks 43rd out of 180 countries globally (score 57/100), Tanzania 82nd (41/100), Kenya 121st (32/100), and Uganda 140th (26/100).⁶ These scores, where 100 represents very clean and 0 highly corrupt, demonstrate that while some progress has been made, serious corruption challenges persist across the region. The African Union Convention on Preventing and Combating Corruption (AUCPCC), adopted in 2003, provides a comprehensive pathway for addressing these challenges. The Convention recognises that effective anti-corruption efforts require more than isolated interventions: they demand an integrated approach that combines transparency, accountability, asset recovery, and citizen participation. Four provisions of the AUCPCC are particularly critical for creating this integrated anti-corruption architecture:

- i. **Access to Information** ensures that citizens can monitor government activities and hold public officials accountable. When implemented effectively, it transforms governance from a closed system to an open one where decisions must withstand public scrutiny. The MIT GOV/LAB study in Tanzania found that 67% of information requests are denied,⁷ while Uganda's performance is even worse with 81% of requests receiving no response within statutory timeframes.⁸
- ii. **Asset Recovery** mechanisms enable states to reclaim stolen resources and return them to public use. This not only recovers lost funds but also serves as a powerful deterrent to would-be corrupt actors. Kenya's Ethics and Anti-Corruption Commission recovered KES 2.9 billion (approximately \$20 million) in FY2023/24,⁹ while Uganda recovered only UGX 1.17 billion (approximately \$328,000) between 2017-2018, representing just 10% of proceeds of crime orders issued.¹⁰
- iii. **Beneficial Ownership Transparency** reveals who ultimately controls and benefits from companies, particularly those engaging in public contracts. This transparency is essential for preventing conflicts of interest and detecting illicit financial flows. Currently, 70% of Ugandan companies have submitted beneficial ownership information, though verification remains weak, while all four countries rely on self-declaration without systematic validation.

1 Note: This policy brief synthesises findings from 'The Implementation of the AUCPCC in East Africa: A Comparative Analysis of Kenya, Uganda, Tanzania, and Rwanda' a comprehensive study commissioned by Transparency International Kenya and authored by Lyla Latif.

2 Mbeki Panel Report: https://au.int/sites/default/files/documents/40545-doc-IFFs_REPORT.pdf

3 <https://unctad.org/es/isar/news/curbing-illicit-financial-flows-finance-sustainable-development-africa>

4 <https://vellum.co.ke/africas-trillion-dollar-loss-combating-illicit-financial-flows-through-policy-and-advocacy/>

5 <https://kippra.or.ke/empowering-women-through-information-strengthening-the-implementation-of-access-to-information-laws-2/>

6 <https://www.transparency.org/en/cpi/2024>

7 MITGOV/LAB (2018) 'Testing Access to Information in Tanzania with Mystery Shoppers', Research Brief/2018

8 Africa Freedom of Information Centre (2024) Access to Information in Uganda: Prospects and Hurdles, <https://www.africafoicentre.org/access-to-information-in-uganda-prospects-and-hurdles/>

9 <https://eacc.go.ke/en/default/high-impact-investigations-and-asset-recovery-eaccs-new-focus-annual-report-for-fy2023-2024-shows/>

10 CIFAR (2021) Understanding Uganda's Asset recovery Policy, <https://cifar.eu/understanding-ugandas-asset-recovery-policy/#:~:text=More-over%2C%20in%20its%202019%20Policy,South%20Africa%20leading%20the%20way.>

- iv. **Whistleblower Protection** safeguards those who report corruption, creating an early warning system that can prevent massive losses before they occur. Without protection for those who speak up, corruption thrives in silence. The research documented that African countries lose an estimated 5-10% of tax revenues to frauds that could be prevented with effective whistleblower protection, yet Kenya's Anti-Corruption Court operates with only one voice distortion machine for witness protection.

For these provisions to effectively combat corruption, they must be thoroughly integrated into national legal and regulatory systems, supported by well-resourced institutions, and backed by consistent enforcement. Legal frameworks alone are insufficient, they must be accompanied by institutional capacity and political will to translate laws into action.

2. Study Overview and Methodology

Recognising the critical importance of understanding how well East African countries have implemented these AUCPCC provisions, Transparency International-Kenya commissioned a comprehensive study to assess implementation levels across Kenya, Rwanda, Tanzania, and Uganda. This assessment aimed to move beyond anecdotal evidence to provide systematic, comparative analysis of anti-corruption frameworks in the region. The study employed a mixed-methods approach combining three complementary research strategies:

- i. **Documentary Analysis** involved systematic review of legal instruments, constitutional provisions, primary legislation, subsidiary regulations, judicial decisions, and institutional reports from 2019-2025. This desk-based research established the formal legal and institutional architecture in each country, identifying both strengths and gaps in the regulatory framework.
- ii. **Expert Interviews** were conducted with government officials from anti-corruption agencies, financial intelligence units, business registration authorities, parliament, and law enforcement. In Kenya, three respondents were interviewed from anti-corruption and oversight institutions. In Uganda, eight respondents were interviewed from various government departments through a focus group discussion. In Tanzania, three respondents were interviewed: a parliamentarian, senior legal officer and the Financial Intelligence Unit. In Rwanda, three respondents were interviewed: a banker, a procurement officer and an officer from the Financial Intelligence Centre. These interviews provided insights into practical implementation challenges that may not be evident from documentary sources alone.
- iii. **Stakeholder Surveys** captured broader perspectives from 12 participants across the four countries, with 6 from Kenya, 2 each from Rwanda, Tanzania and Uganda. The survey achieved a 67% response rate and included representatives from international organisations, law enforcement, academia, civil society, media, and government. The survey instrument included both quantitative assessments of implementation levels and qualitative questions about barriers and opportunities for strengthening anti-corruption efforts.

The importance of combining these research methods cannot be overstated. Documentary analysis alone might suggest robust implementation based on the existence of laws and institutions, while interviews and surveys reveal the practical realities of limited resources, political interference, and cultural barriers that prevent effective implementation. For instance, while Kenya's Commission on Administrative Justice reports processing 246,760 information requests with 92.8% granted, interviews revealed that many government websites lack functional telephone numbers and most records remain in analogue format, creating practical barriers to access.¹¹

3. Study Objectives and Structure

The study pursued six primary objectives:

1. To assess the extent of implementation of the four key AUCPCC provisions across Kenya, Rwanda, Tanzania, and Uganda, providing a baseline for current anti-corruption capacity.
2. To conduct detailed country-by-country analysis of how the convention has been incorporated into domestic legal and institutional frameworks.

¹¹ <https://www.talkafrica.co.ke/journalists-still-face-roadblocks-while-accessing-information-despite-passage-of-kenya-access-to-information-act/>

3. To identify patterns, commonalities, and divergences in implementation approaches across the region.
4. To highlight critical gaps and challenges that undermine the effectiveness of anti-corruption efforts.
5. To examine the implications of implementation patterns on domestic resource mobilisation and vulnerability to illicit financial flows.
6. To develop evidence-based policy recommendations for strengthening anti-corruption frameworks at both national and regional levels.

The remainder of this analysis presents detailed findings on each country's implementation of the four AUCPCC provisions, explores how these findings illuminate challenges to domestic resource mobilisation, identifies vulnerabilities to illicit financial flows revealed by implementation gaps, and provides targeted recommendations for strengthening anti-corruption frameworks in the context of both national development and regional integration through the African Continental Free Trade Area.

4. Country-Specific Findings

4.1. Kenya: Strong Laws, Selective Enforcement

Kenya demonstrates the most comprehensive legal framework among the four countries studied, with dedicated legislation addressing each of the four AUCPCC provisions.

The Access to Information Act 2016 operationalises constitutional guarantees of information access, while the Proceeds of Crime and Anti-Money Laundering Act provides robust asset recovery mechanisms. Beneficial ownership disclosure requirements have been established through company law amendments with a 10% threshold, and whistleblower protection is addressed through multiple legislative instruments. The scale of Kenya's anti-corruption efforts is significant. The Commission on Administrative Justice has received 246,760 information requests since the Act's implementation, granting 229,054 (92.8%) and declining only 242.¹² Between 2020-2021, public institutions received 77,845 information requests, disclosing 77,579 (99.66%). However, implementation reveals significant selectivity and practical barriers.¹³

Kenya leads the region in documented asset recovery cases, with over 50 published High Court forfeiture rulings.¹⁴ The Ethics and Anti-Corruption Commission's recent performance is particularly notable: in FY2023/24, EACC filed 47 new civil suits to recover assets estimated at KES 9.2 billion and successfully recovered assets worth KES 2.9 billion. The Commission traced unexplained and illegally acquired public property worth KES 6.63 billion currently in the recovery process. During the same period, EACC filed 62 civil suits targeting assets estimated at KES 8.73 billion in private hands. Procurement irregularities represented the largest recovery targets.¹⁵

The beneficial ownership register, operational since October 2020, requires disclosure at a 10% threshold. Companies face substantial penalties: initial fines of KES 500,000 for non-compliance, followed by daily penalties of KES 50,000. Officers who fail to file amendments face personal fines of KES 2,000 plus KES 100 daily for continued default. Despite these provisions, the register remains closed to public scrutiny, limiting its effectiveness.

Whistleblower protection remains particularly weak. The Anti-Corruption Court operates with severely limited resources, only one voice distortion machine serves the entire court. EACC forwarded 126 investigation files to the Director of Public Prosecutions with prosecution recommendations, but documented cases of retaliation go unprosecuted, creating a chilling effect.¹⁶

12 Ibid.

13 <https://www.opengovpartnership.org/members/kenya/commitments/KE0029/>

14 All cases available here: <https://assetsrecovery.go.ke/wp-content/uploads/2023/07/ARA-Case-Digest-Booklet-Volume-1.pdf>

15 <https://eacc.go.ke/en/default/high-impact-investigations-and-asset-recovery-eaccs-new-focus-annual-report-for-fy2023-2024-shows/>

16 Ibid.

4.2. Rwanda: Digital Innovation, Limited Transparency

Rwanda's approach reflects its broader governance model emphasising digital innovation and performance management. The country has integrated anti-corruption measures into its digital governance infrastructure, with beneficial ownership requirements incorporated into online business registration systems and access to information facilitated through the Irembo e-government platform, which citizens rate as highly efficient. Despite comprehensive legal frameworks, including Law No. 04/2013 on access to information, Law No. 75/2019 on AML/CFT, and Law for Protection of Whistleblowers No. 44/2017, enforcement data remains scarce. No publicly documented asset recovery cases exist under the StAR Initiative, contrasting sharply with Kenya's experience. The Financial Intelligence Centre operates under the National Bank of Rwanda, but coordination with prosecution authorities appears limited.

The beneficial ownership framework evolved significantly with Law No. 007/2021 governing companies, which mandates disclosure of control structures. Rwanda successfully implemented a functional, operational beneficial ownership register through the Rwanda Development Board, integrated into its digital business registration platform. However, verification relies solely on national identification numbers without biometric components, and the register remains inaccessible to civil society.

Access to information faces significant constraints despite digital infrastructure. A Thomson Foundation study¹⁷ found that a significant portion of access to information requests were either unanswered or resulted in institutional silence. The U.S. Department of State's human rights report¹⁸ notes credible reports of serious restrictions on freedom of expression and media, inevitably impacting citizens' confidence in requesting sensitive information.

Whistleblower protection laws remain untested. Despite the 2017 law establishing comprehensive safeguards, no reported cases exist of whistleblowers successfully using these protections. Searches of official databases and secondary commentary reveal no judgments addressing retaliation, remedies, or admissibility of whistleblower disclosures.

4.3. Tanzania: Progress Amid Resistance

Tanzania presents a mixed picture, with recent beneficial ownership advances constrained by deep-rooted transparency challenges. The country achieved a significant milestone by establishing a live beneficial ownership register through BRELA, following the Companies (Beneficial Ownership) Regulations 2023 which require disclosure at a 25% threshold. Recent judicial enforcement strengthens this framework, the High Court's 2024 decision in *Bhesania v Chaggar*¹⁹ invalidated concealed ownership structures, demonstrating judicial willingness to enforce transparency.

Asset recovery shows moderate progress. The Prevention and Combating of Corruption Bureau recovered TZS 30.19 billion in 2023/24.²⁰ The prosecution success rate increased to 76% from 67.7% in the previous year, with 334 successful prosecutions out of 440 corruption cases.²¹

However, access to information implementation faces severe obstacles. The 2018 MIT GOV/LAB mystery shopper study across 26 districts found only 33% of information requests fulfilled, with 67% denied.²² The Media Council of Tanzania's 2020 study showed even worse performance: only 10% of information seekers received all requested information. Most concerning, 57% of requests failed to receive responses within the statutory 30-day timeframe.²³

17 <https://www.thomsonfoundation.org/latest/empowering-investigative-journalism-in-rwanda-through-the-right-of-access-to-information/>

18 <https://www.state.gov/reports/2021-country-reports-on-human-rights-practices/rwanda/>

19 TANZLII: <https://tanzlii.org/akn/tz/judgment/tzhccomd/2024/4/eng@2024-01-15>

20 Amani, N.P. (2021) 'Informal Amnesties in Asset Recovery Practices in Tanzania: Examining Criminal Justice Challenges', EALR Vol. 48, No. 1.

21 Ibid.

22 MITGOV/LAB (2018) 'Testing Access to Information in Tanzania with Mystery Shoppers', Research Brief/2018

23 Media Council of Tanzania (2020) 'Do We Get Information: Report of the Study On The Efficacy Of The Access to Information Act, 2016'

The Access to Information Act contains 11 exemption categories, including provisions allowing withholding of information that could 'hinder or cause substantial harm to the Government to manage the economy.' Studies revealed that 63% of information seekers were inappropriately interrogated about their reasons for requesting information, contrary to regulations, while 76.7% of offices lacked published procedures for handling requests.²⁴

Cultural factors particularly undermine whistleblower protection. Despite the Whistleblower and Witness Protection Act 2015, reporting corruption is often viewed as 'fitina' (malicious gossip). The Prevention and Combating of Corruption Bureau, while designated to receive reports, faces cultural resistance where whistleblowing is perceived as betrayal rather than civic duty.

4.4. Uganda: Comprehensive Frameworks, Systemic Failures

Uganda possesses some of the region's oldest anti-corruption legislation, including the Access to Information Act 2005 and Whistleblower Protection Act 2010. Recent additions include the Companies (Beneficial Ownership) Regulations 2023, establishing disclosure requirements with significant penalties: daily fines of 500,000 Ugandan Shillings per director and per company for non-compliance.

Yet implementation statistics reveal systemic failures. Asset recovery performance is particularly poor:

- UGX 1.17 billion recovered (2017-2018), approximately \$328,000
- UGX 69 million in 2019/2020, representing only 10% of proceeds of crime orders
- Total recoveries over nine years: UGX 71 billion (approximately \$20 million) from over 200 cases²⁵

The Inspector General of Government noted in 2019 that asset recovery laws 'lack specific procedures to follow on recovery of proceeds of crime' and contain no timeframes for realising illicitly acquired assets.

Beneficial ownership implementation shows concerning vulnerabilities. While approximately 70% of registered companies have submitted ownership information, verification failures are severe. The Uganda Registration Services Bureau acknowledged cases where 'individuals have been listed as directors without their knowledge.' The system uses National Identification Numbers through NIRA but lacks biometric verification, and information remains accessible only to government agencies.

Access to information requests face the worst performance in the region. The Africa Freedom of Information Centre's 2019 report tracked 4,059 requests: only 9% were partially successful, 81% remained unanswered beyond the statutory 21-day response period and many institutions failed to submit mandatory annual reports to Parliament.²⁶

Whistleblower protection remains largely theoretical despite the 2010 Act. A comprehensive 2018 study documented severe implementation failures: a whistleblower who exposed fraud worth US\$ 8,647,602,417 had their identity revealed and lost their job, a 2013 case involved a reporter investigating Universal Primary Education funds who was found dead, a whistleblower who exposed fraud leading to recovery of US\$ 5.4 billion never received the statutory 5% reward, and 9.9% of survey respondents indicated reluctance to report due to fear of victimisation.²⁷

The Financial Intelligence Authority's successes in cases like *Uganda vs Kamyra Valentino*,²⁸ recovering UGX 8.4 billion embezzled from the Swedish Embassy, demonstrate capacity exists but is rarely utilised effectively.

24 Ibid.

25 CIFAR (2021) Understanding Uganda's Asset recovery Policy, <https://cifar.eu/understanding-ugandas-asset-recovery-policy/#:~:text=More-over%2C%20in%20its%202019%20Policy,South%20Africa%20leading%20the%20way>.

26 Africa Freedom of Information Centre (2024) Access to Information in Uganda: Prospects and Hurdles, <https://www.africafoicentre.org/access-to-information-in-uganda-prospects-and-hurdles/>

27 Tumuramyé, B., Ntayi, JM., Muhwezi, M (2018) 'Whistle-blowing intentions and behaviour in Ugandan public procurement' *Journal of Public Procurement*, Vol. 18 Issue: 2, pp.111-130

28 <https://fia.go.ug/aml-cft-judgments>

5. Implications for Domestic Resource Mobilisation

The implementation gaps identified across all four countries in the study create multiple pathways through which public resources are systematically drained from development purposes. These losses occur through four interconnected channels that compound each other's effects.

When beneficial ownership remains unverified and hidden, governments lose billions in tax revenues through sophisticated schemes that exploit this opacity. Companies with concealed ownership systematically shift profits to low-tax jurisdictions through transfer pricing manipulation. For instance, a company in Kenya (with its 10% disclosure threshold) can sell goods at inflated prices to its hidden subsidiary in Tanzania (with a 25% threshold), artificially shifting profits to wherever taxes are lowest. Without knowing who ultimately owns these companies, tax authorities cannot detect these related-party transactions that drain corporate tax revenues.

This opacity enables massive procurement fraud across the region. The Kenya Medical Supplies Agency scandal during COVID-19 illustrates how companies with hidden beneficial owners secured contracts worth KES 7.8 billion through inflated pricing, depriving hospitals of essential supplies while enriching anonymous individuals.²⁹ This pattern repeats across all four countries, with procurement fraud adding an estimated 20-25% to every government contract. When a road should cost \$1 million but the government pays \$1.25 million, that extra \$250,000 disappears into pockets of those whose identities remain hidden behind shell companies.

Multiple forms of tax evasion flourish when ownership structures remain opaque. Companies evade corporate income tax by shifting profits offshore to entities they secretly control. They submit fraudulent VAT invoices between related companies, reclaiming taxes never paid, costing 5-10% of total VAT revenue.

At borders, they mis-declare imports and exports to avoid customs duties. When selling assets, complex ownership structures hide capital gains from taxation. The scale of these losses is staggering: Kenya alone lost an estimated \$1.51 billion through trade misinvoicing,³⁰ while telecommunications fraud costs the country \$44,000 monthly.³¹ These figures hint at the massive scale of revenue losses across the region, particularly in countries with weaker enforcement mechanisms.

Restricted access to government information compounds these losses by creating blind spots where corruption flourishes unchecked. When citizens, journalists, and oversight bodies cannot access tender documents, bid evaluation reports, or final contracts, corrupt officials systematically inflate prices without fear of detection.

Tanzania exemplifies this problem, with 67%³² of information requests denied, communities cannot even verify if the schools, clinics, or roads supposedly built in their areas actually exist. Uganda's 81%³³ non-response rate to information requests creates near-total darkness where phantom projects multiply.

Without access to project implementation reports, corrupt officials can claim completion of infrastructure that exists only on paper. They pocket entire budgets for ghost hospitals while mothers die in childbirth for lack of medical facilities. They invoice for schools never built while children study under trees. When budget execution reports remain secret, funds allocated for medicines mysteriously fund luxury vehicles, and teacher salary budgets somehow end up building private mansions. These diversions continue unchecked, depriving essential services of resources while enriching the corrupt.

Even when corruption is detected and stolen assets identified, weak recovery mechanisms mean these resources remain unavailable for development. Kenya, despite leading the region, has KES 6.63 billion in traced assets stuck in legal proceedings beyond the KES 2.9 billion recovered.³⁴ Uganda recovers merely 10% of identified proceeds of crime,³⁵ with cases dragging on for 5-10 years.

29 <https://www.citizen.digital/news/ksh78-billion-kemsa-tender-haunts-mutahi-kagwe-in-cs-vetting-n355834>

30 <https://villum.co.ke/africas-trillion-dollar-loss-combating-illicit-financial-flows-through-policy-and-advocacy/>

31 <https://humanipo.com/news/142/sim-box-fraud-new-headache-for-africas-mobile-operators/>

32 MITGOV/LAB (2018) 'Testing Access to Information in Tanzania with Mystery Shoppers', Research Brief/2018

33 Africa Freedom of Information Centre (2024) Access to Information in Uganda: Prospects and Hurdles, <https://www.africafoicentre.org/access-to-information-in-uganda-prospects-and-hurdles/>

34 <https://eacc.go.ke/en/default/high-impact-investigations-and-asset-recovery-eaccs-new-focus-annual-report-for-fy2023-2024-shows/>

35 CIFAR (2021) Understanding Uganda's Asset recovery Policy, <https://cifar.eu/understanding-ugandas-asset-recovery-policy/#:~:text=More-over%2C%20in%20its%202019%20Policy,South%20Africa%20leading%20the%20way.>

Tanzania achieves 76% prosecution success but struggles to actually recover assets due to stringent evidence requirements. Rwanda, despite comprehensive laws, shows zero documented recoveries sending a clear signal that assets moved there face no real threat.

Time becomes the enemy of justice as cases drag through courts. Properties deteriorate without maintenance, vehicles become obsolete, and financial assets erode through inflation typically losing 15-20% value annually. A mansion worth \$1 million when frozen might be worth only \$800,000 by the time courts finally order its sale five years later. Beyond depreciation lies opportunity cost: money frozen in contested accounts cannot build hospitals or schools, representing development deferred and lives that could have been improved but weren't.

Perhaps most damaging is how failed whistleblower protection creates a culture of silence that allows all other forms of corruption to metastasize unchecked. African countries lose an estimated 5-10% of tax revenues to frauds that whistleblowers could expose if they felt safe. In telecommunications alone, SIM box fraud costs Kenya \$44,000 monthly and drains \$150 million annually from African governments.³⁶ These schemes require insider knowledge to detect, but insiders remain silent when speaking up means risking everything. When whistleblowers face retaliation, small corruption schemes grow into massive scandals before eventual discovery. Uganda's USh 8.6 billion procurement fraud started small but expanded over years because the employee who first noticed irregularities calculated that reporting meant certain job loss.³⁷ By the time the fraud was exposed through other means, the losses had multiplied a hundredfold.

The documented violence against whistleblowers: including suspicious deaths in Uganda and forced exile from Kenya, sends a chilling message to anyone considering reporting. When 9.9% of Ugandan survey respondents explicitly cite fear of victimisation as why they don't report corruption, it reveals how violence creates silence, and silence enables impunity. Every silenced whistleblower represents not just one unreported crime but potentially years of future corruption that could have been prevented.

These four channels: opacity-enabled tax losses, information blackouts, failed asset recovery, and enforced silence, do not operate in isolation. They reinforce each other in a vicious cycle. Hidden ownership enables procurement fraud, which thrives in information darkness, producing stolen assets that cannot be recovered, while those who could expose the schemes face death for speaking up. The cumulative drain on public resources is staggering. Every dollar lost to corruption is a dollar not spent on development. It represents vaccines not purchased, teachers not trained, roads not maintained. In human terms, it means mothers dying in childbirth in ghost hospitals, children condemned to illiteracy in phantom schools, farmers unable to reach markets on unbuilt roads, and communities trapped in poverty while their resources enrich the corrupt.

Breaking this cycle requires addressing all four weaknesses simultaneously. Transparency without protection achieves nothing if whistleblowers still face retaliation. Asset recovery without beneficial ownership verification cannot trace stolen funds. Access to information without enforcement mechanisms merely documents problems without solving them. Only integrated reform across all four areas can stem the haemorrhage of resources that perpetuates underdevelopment across East Africa.

6. Vulnerabilities to Illicit Financial Flows

The implementation weaknesses identified across East Africa also create specific vulnerabilities that facilitate illicit financial flows, which drain an estimated \$50-88 billion annually from the continent. Corruption and money laundering exist in a symbiotic relationship: corruption generates dirty money that must be cleaned, while money laundering techniques enable corrupt actors to enjoy their ill-gotten gains without detection.

Every bribe taken, every procurement contract inflated, every tax payment evaded produces illicit funds that must be disguised before they can be safely used. The money laundering process: placement into the financial system, layering to obscure origins, and integration into the legitimate economy, transforms corrupt proceeds into apparently clean assets.

³⁶ <https://humanipo.com/news/142/sim-box-fraud-new-headache-for-africas-mobile-operators/>

³⁷ Tumuramyé, B., Ntayi, J.M., Muhwezi, M (2018) 'Whistle-blowing intentions and behaviour in Ugandan public procurement' *Journal of Public Procurement*, Vol. 18 Issue: 2, pp.111-130

Understanding how East Africa's anti-corruption gaps enable each stage of this laundering cycle reveals why addressing these vulnerabilities is essential for combating both corruption and illicit financial flows. These vulnerabilities manifest at each stage and risk being amplified by the African Continental Free Trade Area if not addressed urgently.

The most fundamental vulnerability lies in how easily illicit funds enter the financial system through unverified beneficial ownership structures. Since all four countries rely on self-declaration without validation, creating anonymous shell companies is remarkably simple. These corporate vehicles serve as the primary infrastructure for money laundering, enabling criminals to open bank accounts, win government contracts, and conduct transactions while concealing their true identities. The shells can layer ownership through multiple jurisdictions, creating complexity that frustrates investigation while maintaining an appearance of legitimacy.

Certain economic sectors prove particularly vulnerable to these schemes. In real estate, properties are routinely purchased through untraceable companies, effectively converting illicit cash into seemingly legitimate assets. As one Tanzanian official noted, there is entrenched 'resistance from mining and real estate sectors where complex ownership has been the norm for decades.

The extractives sector faces similar challenges, with the same official observing that it 'has historically lost significant revenue through opaque ownership structures' that facilitate tax avoidance and profit shifting. Public procurement across all four countries remains especially vulnerable, with contracts regularly awarded to companies whose true owners remain hidden, enabling kickbacks and inflated pricing without accountability.

This vulnerability is compounded by professional enablers who exploit weak whistleblower protection to facilitate illicit schemes without fear of exposure. Lawyers structure complex ownership arrangements designed to obscure beneficial ownership. Accountants prepare fraudulent invoices and tax returns. Company formation agents create shells on demand. These gatekeepers possess intimate knowledge of regulatory gaps and use this expertise to maximise opacity for their clients. In an environment where whistleblowing can lead to death, these professionals operate with virtual impunity.

The different implementation levels across the four countries create additional vulnerabilities through regulatory arbitrage. Companies actively exploit these differences by structuring their operations to minimise transparency. For instance, they maintain ownership just below disclosure thresholds: holding 9.9% in Kenya to stay under the 10% requirement, or 24.9% in Tanzania to avoid its 25% threshold. By splitting ownership across multiple entities and jurisdictions, they avoid triggering disclosure requirements while maintaining effective control. Corrupt actors can also route transactions through jurisdictions offering maximum opacity. They can channel sensitive dealings through Tanzania, which maintains eleven broad categories of information exemptions. They can move assets to Rwanda, where zero documented asset recovery cases signal minimal enforcement risk. They can exploit Uganda's 9% information request success rate to conduct business in near-total darkness. This forum shopping extends to choosing where to incorporate based on asset recovery effectiveness specifically avoiding Kenya's more robust enforcement and seeking jurisdictions where political protection can be purchased.

Once illicit funds have been placed and layered, weak implementation enables their integration into the legitimate economy through multiple channels. Trade-based money laundering thrives when customs data remains inaccessible. Companies systematically over-invoice imports and under-invoice exports to shift money across borders. Kenya alone lost \$1.51 billion through such trade misinvoicing. They create phantom shipments that exist only on paper, or deliberately misdescribe goods to manipulate values. Without access to trade documentation, detecting these schemes becomes nearly impossible.

Real estate provides another integration mechanism. Unverified beneficial ownership enables criminals to purchase properties that hide illicit wealth while generating seemingly legitimate rental income. These properties can later be sold to realise capital gains without revealing the criminal origin of funds, or used as collateral for loans that further distance money from its illicit source. The opacity of ownership makes it impossible to distinguish legitimate property investment from money laundering.

The financial sector's limited verification capacity creates additional integration opportunities. Shell companies open bank accounts and investment portfolios that obscure true ownership. Insurance products are purchased with illicit funds, creating apparent legitimacy through premium payments and eventual payouts. Mobile money systems, particularly transfers below reporting thresholds, enable rapid movement of funds with minimal scrutiny. Each of these mechanisms exploits the gap between know-your-customer requirements and actual verification capacity.

The impending implementation of the African Continental Free Trade Area threatens to magnify these vulnerabilities dramatically. The projected 52% increase in intra-African trade by 2030³⁸ will generate transaction volumes that current monitoring systems, designed for much lower levels, cannot possibly handle. Manual verification processes that already struggle will be completely overwhelmed. The pressure for trade facilitation under AfCFTA may further weaken already inadequate controls. Simplified documentation requirements, while beneficial for legitimate trade, reduce opportunities to detect illicit transactions. Mutual recognition agreements between countries may proceed without adequate verification mechanisms. The push for expedited processing could bypass crucial checks that might identify suspicious patterns. The political imperative to demonstrate AfCFTA's success may override concerns about integrity.

AfCFTA will create new arbitrage opportunities as free movement of goods and capital expands options for jurisdiction shopping. Complex multi-country transaction chains will make tracing ultimate beneficiaries even more difficult. Determining tax obligations across multiple jurisdictions will challenge already strained revenue authorities. Without pre-emptive strengthening of anti-corruption frameworks, these new freedoms risk being exploited primarily by those seeking to move illicit funds rather than legitimate traders.

The current capacity constraints visible across all four countries will intensify under AfCFTA. Manual verification systems lack the scalability to handle increased volumes. Limited inter-agency coordination, already problematic, will break down entirely when transactions span multiple countries. Resource constraints will become more acute as transaction volumes multiply. Political will for enforcement may weaken as countries compete to attract investment by offering the least scrutiny.

These vulnerabilities are not merely technical deficiencies; they represent fundamental weaknesses that enable billions in illicit flows while undermining development. Every dollar that enters through anonymous shells, moves through opaque transactions, and integrates through unmonitored channels is a dollar stolen from health, education, and infrastructure. Without addressing these vulnerabilities comprehensively and urgently, East Africa risks having AfCFTA become a superhighway for illicit financial flows rather than the engine of legitimate prosperity it was designed to be.

7. Key Recommendations

Based on the comprehensive findings of this study, several critical recommendations emerge for strengthening anti-corruption frameworks across East Africa.

Strengthening National Legal and Institutional Frameworks

- i. All four countries should prioritise opening their beneficial ownership registers to public scrutiny in compliance with national data protection laws. Currently, these registers exist but remain restricted to government agencies, severely limiting their effectiveness in combating corruption. Public access, with appropriate privacy safeguards for personal information, would multiply oversight capacity by enabling civil society, journalists, and citizens to identify conflicts of interest and suspicious ownership patterns. This reform requires minimal cost as the infrastructure already exists, only access restrictions need removal. Verification systems must move beyond self-declaration to incorporate biometric identification linked to national databases. The current reliance on unverified declarations renders all four countries vulnerable to nominee arrangements and shell companies. Rwanda's digital infrastructure provides a foundation that could be adapted regionally, while Kenya's experience with integrated financial systems offers implementation lessons.

38 <https://www.africanleadershipmagazine.co.uk/how-africa-is-transforming-global-trade-agreements/>

- ii. Each country should establish transparent asset management systems for recovered assets, with clear rules directing resources toward visible social development programs. Kenya's relative success in asset recovery, with KES 2.9 billion recovered in FY2023/24, demonstrates what's possible with political will. However, even Kenya lacks clear frameworks for managing recovered assets post-recovery. Non-conviction based forfeiture provisions should be strengthened across all countries to address cases where criminal prosecution proves impossible but illicit assets can be identified.
- iii. Proactive information disclosure should become the norm rather than exception. Governments should mandate automatic publication of procurement documents, budgets, and project implementation reports in machine-readable formats. This would reduce the burden of individual information requests while creating systematic transparency. The current situation where Tanzania denies 67% of requests and Uganda fails to respond to 81% represents an unsustainable drain on accountability.
- iv. Whistleblower protection requires urgent strengthening through independent reporting channels managed by bodies separate from the institutions being reported on. The current situation where Kenya's Anti-Corruption Court operates with one voice distortion machine, and Uganda has never successfully prosecuted a retaliation case, demonstrates severe under-resourcing. Legal frameworks should include specific provisions for compensation and career restoration for whistleblowers who suffer retaliation, creating positive incentives for reporting corruption rather than the current climate of fear.

Regional Coordination Mechanisms

The East African Community should establish three critical regional mechanisms to address the cross-border nature of corruption and illicit financial flows.

- i. First, an EAC Beneficial Ownership Exchange should be created as a secure platform for sharing beneficial ownership information across member states. This exchange would enable rapid identification of cross-border corruption networks and tax evasion schemes that currently exploit regulatory differences. The exchange should be housed within the EAC Secretariat's Directorate of Customs, Trade and Monetary Affairs, leveraging existing customs cooperation mechanisms. This placement within trade infrastructure rather than creating new institutions would reduce political resistance while capitalising on established information flows.
- ii. Second, Regional Asset Recovery Networks should be formalised through the East African Police Chiefs Cooperation Organisation (EAPCCO), which already facilitates cross-border law enforcement cooperation. This would involve creating dedicated liaison officers in each country, standardised information sharing protocols with 30-day response requirements, and joint investigation teams for complex cross-border cases. The current bilateral approach, where simple requests take years, enables asset dissipation and frustrates recovery efforts.
- iii. Third, Regional Peer Review Mechanisms should be established through the East African Legislative Assembly (EALA), with civil society organisations serving as permanent observers. This would create positive competitive pressure for reform while ensuring democratic oversight and reducing risks of political capture. Countries would evaluate each other's anti-corruption frameworks annually, sharing best practices and identifying areas requiring technical assistance.

Building Civil Society and Media Capacity

- i. Sustainable anti-corruption efforts require vigilant civil society and independent media. Formal networks linking civil society organisations across the four countries should be established specifically to monitor implementation of the four AUCPCC provisions. These networks should operate under existing umbrella organisations like Transparency International chapters to leverage established infrastructure.
- ii. Each network should use standardised monitoring protocols based on the assessment methodology developed in this study, enabling consistent data collection and comparative analysis. Given that beneficial ownership transparency emerged as having significant legal frameworks but weak verification mechanisms, civil society should receive targeted training in corporate structure analysis, cross-border ownership tracing, and public procurement monitoring.

- iii. Media capacity for investigative journalism should be strengthened through specialised training programs, protection protocols for journalists investigating corruption, and sustainable funding mechanisms possibly derived from recovered assets. The partnership between civil society and media proved crucial in exposing corruption scandals that led to reform in several countries.
- iv. A formal partnership with the African Union Advisory Board Against Corruption should be established to integrate civil society assessments into official monitoring mechanisms. This would ensure that independently collected data drives both targeted technical assistance programmes and structured peer learning initiatives across the continent.

AfCFTA Dimension: Opportunities and Challenges

The implementation of the African Continental Free Trade Area presents both significant opportunities and substantial risks for anti-corruption efforts in East Africa. Without coordinated anti-corruption measures integrated into AfCFTA protocols, economic integration may inadvertently facilitate rather than constrain illicit financial flows. Therefore:

- i. East African countries should advocate for minimum transparency standards within AfCFTA implementation protocols. This includes establishing a 10% beneficial ownership disclosure threshold for all companies engaged in cross-border trade, integrating beneficial ownership information into certificates of origin, and creating automated verification systems that operate in real-time across borders.
- ii. The digital infrastructure being developed for AfCFTA should incorporate anti-corruption features from the outset. Trade documentation systems should automatically flag suspicious patterns such as unusual pricing, frequent ownership changes before major contracts, or transactions involving entities in high-risk jurisdictions. Customs cooperation mechanisms should extend beyond trade facilitation to include intelligence sharing on potential corruption schemes.
- iii. AfCFTA's dispute resolution mechanisms should explicitly recognise corruption as grounds for challenging trade agreements or contracts. This would create legal avenues for addressing corruption in cross-border transactions while building jurisprudence that strengthens enforcement. Countries demonstrating strong anti-corruption compliance could receive trade preferences, creating positive incentives for transparency.
- iv. A dedicated monitoring unit should track trade-based money laundering risks as AfCFTA implementation accelerates. This unit would coordinate with national financial intelligence units, analyse trade patterns for anomalies indicating illicit flows, and provide early warning of emerging corruption schemes that exploit increased trade volumes.

8. Conclusion

The comprehensive assessment of AUCPCC implementation conducted across Kenya, Rwanda, Tanzania, and Uganda reveals a troubling reality: two decades after adopting Africa's landmark anti-corruption convention, implementation remains stuck at moderate levels across all four countries.

While every nation has established legal frameworks for access to information, asset recovery, beneficial ownership transparency, and whistleblower protection, the average implementation score of 3.0 out of 5.0³⁹ demonstrates a significant gap between commitment and action. Kenya leads with relatively stronger asset recovery mechanisms, yet restricts public access to crucial ownership data. Rwanda's digital innovations have not translated into enforcement, with zero documented asset recovery cases.

Tanzania denies 67% of information requests despite having the laws in place, while Uganda's 81% non-response rate and minimal recoveries reveal the widest implementation gaps. This moderate implementation level has profound consequences: it enables illicit financial flows of \$50-88 billion annually from Africa, perpetuates procurement fraud that inflates costs by 20-25%, and silences those who could expose corruption.

³⁹ The implementation assessment employed a three-dimensional evaluation framework scoring each country on: (1) Legal Framework Robustness: the comprehensiveness and clarity of laws; (2) Institutional Arrangements: the existence and resourcing of implementation agencies; and (3) Enforcement Effectiveness: documented evidence of laws being applied in practice. Each dimension was scored on a 1-5 scale where 1 = minimal implementation, 2 = below expectations, 3 = moderate implementation, 4 = advanced implementation, and 5 = excellent implementation. The composite score for each anti-corruption provision was calculated as the average of these three dimensions, providing a quantifiable measure of overall implementation levels.

Until East African countries move from moderate to robust implementation, they will continue haemorrhaging resources desperately needed for development, undermining their own prosperity while enriching the corrupt.

The recommendations identified in the study address both immediate vulnerabilities and longer-term systemic requirements for effective anti-corruption frameworks. Implementation requires political will more than financial resources, as most proposals involve better utilisation of existing systems rather than creating entirely new infrastructure.

The evidence from this study demonstrates that when political commitment exists, as shown by Kenya's asset recovery successes and Tanzania's beneficial ownership enforcement, significant progress is possible. The interconnected nature of the four AUCPCC provisions means that strengthening must occur across all areas simultaneously.

Beneficial ownership transparency without whistleblower protection leaves corruption detection to chance. Asset recovery without access to information prevents public oversight. Each element reinforces the others in creating an environment hostile to corruption and conducive to development. Beyond the technical aspects of implementation, this study underscores that effective anti-corruption frameworks are fundamentally about good governance, human rights, and sound business practice:

- Good governance emerges when citizens can access information about their government's activities, when those who expose wrongdoing are protected rather than persecuted, and when stolen resources are recovered for public benefit. These are not merely administrative improvements but essential elements of the social contract between states and citizens.
- The human rights dimension is equally critical. Access to information is a fundamental right that enables citizens to participate meaningfully in democracy. When corruption diverts resources from healthcare and education, it violates citizens' rights to health and education. When women-owned enterprises, representing 48% of MSMEs in Kenya, are excluded from public procurement due to hidden ownership networks, it perpetuates gender inequality. When whistleblowers face death for exposing corruption, it violates the most basic human right to life and security. Strengthening anti-corruption frameworks is therefore not just about recovering money, it is about protecting human dignity and enabling all citizens to realise their full potential.
- From a business perspective, robust anti-corruption frameworks create the predictable, transparent environment that legitimate enterprises need to thrive. When beneficial ownership is transparent, honest businesses can compete fairly without being undercut by politically connected shells. When procurement processes are open, innovative companies can win contracts based on merit rather than bribes. When assets can be recovered swiftly, it signals that crime doesn't pay, encouraging ethical business practices. The 20-25% procurement inflation caused by corruption represents not just stolen public funds but also a hidden tax on honest businesses that must compete in rigged markets.

As East Africa moves toward greater economic integration through AfCFTA, the imperative for strengthened governance intensifies. The choice is clear: implement these recommendations to create robust anti-corruption frameworks, or risk AfCFTA becoming a vehicle for increased illicit flows rather than legitimate prosperity. Good governance, respect for human rights, and ethical business practices are not constraints on development, they are its essential foundations. The evidence base exists, the frameworks are in place, and the pathways forward are clear. What remains is the political will to transform these foundations into the lived reality of transparent, accountable governance that serves all citizens equally.



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