6th Meeting of the SOE Network for Southern Africa

Thematic discussion:
Corporate Ethics and Business Integrity

24-25 November 2015
Elephant Hills Resort - Victoria Falls, Zimbabwe
Ethics & Business Integrity in Southern Africa: A Handbook for Governments as Owners and SOEs

Corporate Ethics & Business Integrity: The SOE “Business Case”

6th Meeting of the SOE Network for Southern Africa
Victoria Falls, Zimbabwe – 25 November 2015

Mary Crane-Charef, OECD SOE Unit
Overview

- The link between combatting corruption and economic growth
- The legal and regulatory framework for combatting corruption
- Examples of anti-corruption measures in Network countries’ SOE sectors
Why focus on anti-corruption and business integrity?

corruption [kə-ˈrəp-shən]  
*noun:* the abuse of entrusted power for private gain (Transparency International)

Motivations for combating corruption:

- Economic, social, and most importantly human costs of corruption (the “moral case”)
- Correlation between combating corruption and sustainable economic development
- Growing international consensus and framework for combating corruption
## Framework for fighting corruption

<table>
<thead>
<tr>
<th>Country</th>
<th>SADC Protocol against Corruption</th>
<th>AU Convention on Preventing and Combating Corruption</th>
<th>UN Convention against Corruption</th>
<th>OECD Anti-Bribery Convention</th>
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<td>Angola</td>
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<td>Swaziland</td>
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<td>Tanzania</td>
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<td>Zambia</td>
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<td>Zimbabwe</td>
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## National implementing legislation for UNCAC corruption offences

<table>
<thead>
<tr>
<th>Corruption Offence</th>
<th>Botswana</th>
<th>DRC</th>
<th>Malawi</th>
<th>Mozambique</th>
<th>Seychelles</th>
<th>Zimbabwe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active and passive domestic bribery (UNCAC Art. 15)</td>
<td>Corruption &amp; Economic Crime Act (CECA)</td>
<td>Law No. 05/006</td>
<td>Corrupt Practices Act (CPA)</td>
<td>• Law Nr. 6/2004, Anti-Corruption Law (ACL)</td>
<td>Penal Code</td>
<td>Criminal Law (Codification and Reform) Act (CLA)</td>
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<td>Active foreign bribery (UNCAC Art. 16.1)</td>
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<td>Embezzlement, misappropriation or other diversion of property by a public official (UNCAC Art. 17)</td>
<td>CECA, Penal Code</td>
<td>Law No. 05/006</td>
<td>CPA</td>
<td>(Unknown)</td>
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<td>Trading in influence (UNCAC Art. 18)</td>
<td>CECA</td>
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<td>CPA</td>
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<td>Abuse of functions (UNCAC Art. 19)</td>
<td>CECA, Penal Code</td>
<td>Law No. 05/006</td>
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<td>(Unknown)</td>
<td>Penal Code</td>
<td>CLA</td>
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<tr>
<td>Illicit enrichment (UNCAC Art. 20)</td>
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<tr>
<td>Bribery in the private sector (UNCAC Art. 21)</td>
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<td>Law No. 05/006</td>
<td>CPA</td>
<td>(Unknown)</td>
<td>Penal Code</td>
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</table>
Examples of anti-corruption measures in Network countries’ SOE sectors

• Some examples provided in the last year’s stocktaking report

• Can we provide further examples of effective practices?
Ethics & Business Integrity in Southern Africa: A Handbook for Governments as Owners and SOEs

Overview of chapters:

- Chap. 1: Boards of directors
- Chap. 2: Management
- Chap. 3: Government owners
- Chap. 4: Non-state actors
- Discussion
Conclusions and next steps

- Do we like the Handbook’s structure and messages?
- Can we add more examples of good practices, and what are these?
- Thoughts on finalizing, publishing, and disseminating the Handbook?
CHAPTER 1: THE ROLE OF BOARD OF DIRECTORS
Overview of Chapter 1

“The board of directors has the ultimate responsibility for an SOE’s performance”

- Guidelines on the Governance of SOEs in Southern Africa, VI.1

1. “Tone from the top”
2. Effective oversight of the integrity function
1.1. Setting “tone from the top”

- Boards should establish and communicate their SOE’s commitment to doing business with integrity.

- How can this be done *in practice*?
Examples of setting “tone from the top”

• Support and commitment from the board.

• Personal commitment to doing business with integrity.

• Preventing conflicts of interest.

• Equipping directors with the tools they need.
1.2. Oversight of the integrity function

- Assign responsibility of integrity oversight to a specialized committee.

- Clearly assign implementation of the integrity function at the level of management.

- Establish clear reporting lines and procedures.
THE ROLE OF MANAGEMENT

Mr. Shepherd Chimutanda
STC International Chartered Accountants
Zimbabwe
Presentation Outline

• Introduction
• Role of Management
• The Integrity Function
• Conclusion
Responsibility

Manage day to day operations of the SOE

Develop and implement, with Board approval the business integrity code, policy and programmes

Establish structures, systems, mechanisms to implement and monitor them
Training and raise awareness among employees, Board, third parties

Set up effective Risk Systems, Internal Controls to prevent, minimize integrity risk

Report to the Board on implementation of the SOE’s integrity programme or measures.
the role of executive management

implement and monitor policy and operational decisions of the board

establish, implement and ensure the on going effectiveness of internal controls, ethics and integrity programmes or measures
the integrity function

The integrity function will focus on the following:

Establishing integrity measures and policies.

Assigning responsibility for implementing the integrity function

Operationalising the integrity function.

Monitoring and enforcing the integrity function; and

Reporting on and reviewing the effectiveness of the integrity programme or measures.
Integrity programmes or measures are established and implemented in order to:

- prevent corruption
- promote business integrity

*Note:* Refer to websites of national, regional & international business principles & integrity programmes aiding corruption prevention and anti-corruption guidelines
establishing integrity policies & measures

Elements of an integrity programme:

Risk assessment
Standards of conduct/policies and procedures
Compliance oversight, commitment and resources
Education and training
Monitoring and auditing
Reporting and investigating
Enforcement, discipline and incentives
Response, prevention and improvement

SOEs should ensure that they develop a clearly articulated and visible corporate policy against corruption.
implementing the integrity function

Comments!

Feedback!

Questions?
THE GOVERNMENT AS OWNER

IGEPE’S ROLE AND INTERACTION WITH THE ANTI CORRUPTION AGENCY.
PRESENTATION OUTLINE

- Institutions with tool for Preventing and Combating Corruption in SOE’s
- IGEPE’s role
- Interaction IGEPE and SOE’s
- Interaction IGEPE and Anti-corruption Bureau (GCCC)
The Government of the Republic of Mozambique has declared the fight against corruption as a priority in its successive governance program.
Mozambican Government created institutions that are responsible for monitoring and implementation of the tools for combating corruption in SOE such as:

- Anti Corruption Agency;
  - With the function to prevent and combat crimes of corruption, unlawful economic participation, influence peddling, illicit enrichment and related, as provided by law.

- Administrative Court;
  - with the objective to ensure administrative, fiscal and customs justice for citizens as well as proper management and control of public money, and with the authority to supervise the legality of public expenditure.

- General Inspectorate of Finance;
  - is responsible for conducting inspections and audits of the various state institutions, and SOE´s.
THE IGEPE’s ROLE INCLUDE:

- To manage State shares in partnerships.
- Render support services to companies and ensure management instruments and adequate planning.
- Participate in partnerships involving public capital in the best interest of the State.
- Promote new business initiatives and Public/private partnerships.
IGEPE INTERACT WITH SOE´S THROUGH LEGAL INSTRUMENTS, GUIDES AND CODES AND OTHER LEGAL PROVISIONS, FOR EXAMPLE:

- Public Enterprises Law – Under National Directorate of Treasure (DNT)
- Statute of Public Manager;
- Regulation of Representatives of SOE.
- Status Model of SOE
- Governance Model Manual
- Corporate Governance Guide
MAIN OBJECTIVE

- Raise the standards of integrity and good practices of managers and employees from IGEPE and SOEs.

Interaction IGEPE and Anti-corruption Agency (GCCC)

MoU
To be signed (9th December 2015), in the central event of the International Anti-Corruption Day, with the testimony of the Prime Minister, Government board, diplomatic representatives, civil society, public servants and citizens in general.
GOALS OF THE MEMORANDUM OF UNDERSTANDING (SPECIFIC)

- Preventing crimes of corruption and related in IGEPE and SOEs;
- Create concrete and targeted instruments to prevent and combat corruption in IGEPE and SOEs;
- Collaborate for better performance in the repression of corruption crimes and related offenses in the State Business Sector; and
- Further promote the good practices, integrity and good governance in IGEPE and SOEs.
ACTIONS ENVISAGED BY THE MEMORANDUM

- Train employees from IGEPE and SOEs in matters of prevention and fight against corruption;
- Insert anti-corruption matters in the training programs of IGEPE and SOEs;
- To disseminate anti-corruption legislation and in particular the Public Probity Law;
- Create codes of conduct in SOEs in line with the strategies to fight against corruption;
- Create creative programs to promote integrity;
ACTIONS ENVISAGED BY THE MEMORANDUM

- Develop audiovisual materials aimed at dissemination and awareness in IGEPE and SOEs;
- Disclose information about the criminality of corruption and sanctions, as well as the numbers of hotlines in SOEs;
- Post anti-corruption messages and green lines in care public facilities, publications and websites, which belongs to the IGEPE and SOEs;
- Complete the process of creation of Ethics Committees in IGEPE and SOEs;
**Actions Envisaged by the Memorandum**

- Disciplinary and criminal empowerment of employees from IGEPE and SOEs that used to be involved in corruption acts;
- Keep the SOEs oversight mechanisms in permanent collaboration with GCCC;
- To disseminate the competences of GCCC through television, radio and websites;
- Conduct monitoring actions to IGEPE and SOEs;
- Create compliance programs;
- Create a Joint Technical Team GCCC - IGEPE; and
- Create a brochure to disseminate the activities of the MoU.
COMMENTS

- Coordinated actions between anti-corruption bodies and State shareholdings entities constitute a useful tool for the fight against corruption, since they create a necessary rapport, action platforms constantly available and result in the promotion of ethics and integrity by itself;

The anti-corruption body comes to be assumed as a sensitizer one, counselor and opinion maker in favor of ethics and integrity, and not only as repressive.
Encourages the establishment of relations between the anti-corruption body and other sectors, particularly with preventive purposes;

The continuity of these coordinated actions is pertinent, if we look to the immeasurable gains indicated in this presentation;

We encourage other members to do the same, since the gains are mutually beneficial.
Thank you for listening
CHAPTER IV – THE ROLE OF NON-STATE ACTORS

6th MEETING OF THE SOE NETWORK FOR SOUTHERN AFRICA 24 -25 NOVEMBER 2015
CHAPTER OVERVIEW

- Chapter covers the role played by non-state actors in facilitating & promoting business integrity within SOE and Ownership entities.

- The state is encouraged to forge collaborative partnerships to raise awareness of anticorruption measures in relation to SOE.

- Viewed as a clear demonstration that Government gives priority to issues relating to corruption, corporate ethics, business ethics etc.

- Non state actors may include; civil society, business organisations, professional associations, the private sector, media and the public.
AWARENESS RAISING INITIATIVES

- Governments to take advantage of civils society’s role of creating awareness on the need to prevent corruption in the public sector.

- Collective actions involving like minded companies joining forces with civil society to encourage transparency and anticorruption in business.

- Could involve networks of industry specific actions, media campaigns, public campaigns, seminars, town hall discussions.

- Non-State Actors are also generally instrumental in terms of advocacy for government accountability and setting of standards of good practice.
AWARENESS II

- Other potentially effective partners in the efforts to improve ethical conduct within the public sector and SOE include:
  - Professional organisations (Auditors, Law Societies etc.)
  - Chambers of commerce
  - Industry Associations
  - Institute of Directors

- Could be very resourceful in terms of sharing knowledge and information on best practice trends including legal requirements and risks

- Can also provide training to SOE including Boards
WORKING WITH MEDIA ORGANISATIONS

- Media can be a key partner in fighting corruption
- Very good at highlighting system failures, lapses and putting pressure on the public sector to act accordingly
- Partnerships may be forged with SOE ownership agencies and anti-corruption bodies to exchange information
- Regular engagement with media houses can be helpful in terms of exchange of information and education on the operations of public bodies
- Authorities may also benefit from tip-off and whistle blowing systems established by different media houses for detection of corruption and other unethical conduct