



THE CASE FOR COOPERATION: **Experiences in Collective Action** **against Corruption in Africa**



ABOUT THE UNITED NATIONS GLOBAL COMPACT

The United Nations Global Compact is a call to companies everywhere to voluntarily align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate policies and practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with over 8,000 companies and 4,000 non-business signatories based in 160 countries.

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This publication has been developed by Tagbo Agbazue, Ditebogo Diale and Sada Vlok from Influence Africa under the guidance of the UN Global Compact's Anti-Corruption Team.

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I call on business leaders worldwide to denounce corruption and to back their words with strict prohibitions against it. They should adopt anti-corruption policies in line with the United Nations Convention and put in place the necessary checks to strengthen integrity and transparency. I also urge corporations to work more closely with the United Nations on this issue. In particular, they should consider joining the UN Global Compact, the world’s largest corporate sustainability initiative, which provides participants with tools to fight all forms of corruption, including extortion and bribery.

”

– His Excellency, **Mr. Ban Ki-moon**,
Secretary-General of the United Nations,
“Corporate Sustainability with Integrity: Organisational Change
to Collective Action”, page 5,
Global Compact, New York, 2012



FOREWORD

by

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Corruption is no longer considered an acceptable method of conducting business. It significantly and negatively impacts economic growth, and causes serious legal and reputational risks to companies. It is now widely understood that long-term financial success is achieved through sustainable business practices and accountability. As more companies shift towards transparency and integrity, it is imperative that they work collectively in the fight against corruption in order to achieve meaningful impact.

Working collectively is not new to Africans. A Yoruba proverb says “*Agbajoowoni a fi nsoya*” meaning “complete success is achieved by collective efforts”. The African concept of “*umutungumutungabantu*” or “*ubuntu*” (one’s personhood is dependent on one’s relationship with others) underscores how important it is for companies to recognise that they cannot continue to act independently of each other and of their operating environment if we are to achieve integrity in business conduct. The solution is for all key actors to join efforts and work together.

Collective Action involves companies partnering with governments, like-minded peers, civil society and other organisations to improve the way they conduct business, and promote transparency and accountability. By collaborating, all stakeholders can

contribute to fighting bribery and corruption, and discovering viable new sustainable business practices.

This publication highlights the efforts of collective action initiatives in various countries in Africa, including those of the UN Global Compact funded through grants from Siemens Integrity Initiative. These initiatives have achieved considerable success in engaging critical stakeholders in public-private dialogue and action against corruption on the continent. Further, this publication provides practical examples of how African businesses can engage in collective action.

Africa is indeed rising. Its economy is growing faster than any other continent and its markets are being transformed. However, Africa can only rise and continue to rise if business, governments and civil society take joint action against bribery and corruption, a cross-cutting issue. It is our hope that this publication will assist companies and other stakeholders to take tangible steps towards collective action against corruption.

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Table of Acronyms

Acronyms	Meaning
ADB	African Development Bank
AIA	Angolan Industrial Organisation
AICC	African Institute of Corporate Citizenship
APRM	Africa Peer Review Mechanism
AGI	Association of Ghana Industries
AU	African Union
AUABC	African Union Advisory Board on Corruption
BAAC	Business Action Against Corruption
BACSA	Business Against Crime South Africa
B2G	Business to Government
BOCCIM	Botswana Confederation of Industry and Manpower
BUSA	Business Unity South Africa
BSPS	Business Sector Programme Support
CBC	Commonwealth Business Council
CBi	Convention on Business Integrity
CBPI	Clean Business Practice Initiative
CCIA	Angolan Chamber of Commerce and Industry
CEA	Centre for Ethics in Angola
CESA	Consulting Engineers South Africa
CEO	Chief Executive Officer
CHOG	Commonwealth Heads of Government
CGRS	Corporate Governance Rating System
COPs	Communication on Progress
COSATU	Congress of South African Trade Unions
CSR	Corporate Social Responsibility
CIT	Cash in Transit
DANIDA	Danish Embassy
DCEC	Directorate on Corruption and Economic Crime
DPSA	Department of Public Service and Administration
DFID	UK Department for International Development
ECOWAS	Economic Community of West African States
ECRC	Egyptian Corporate Responsibility Centre
EJB	Egyptian Junior Business Association
EMSG	Expert Multi-Stakeholder Group
EOSS	Edible Oils Sub-Sector
FATF	Financial Action Task Force
FCPA	Foreign Corrupt Practices Act

GACC	Ghana Anti-Corruption Coalition
GEA	Ghana Employers' Association
GHBC	Ghana Business Code
GIFF	Ghana Institute of Freight Forwarders
GIZ	German Federal Enterprise for International Co-operation
GNCCI	Ghana National Chamber of Commerce and Industry
GPHA	Ghana Ports and Harbours Authority
GTF	Governance Transparency Fund
HURIDETSA	Human Rights Development Trust of Southern Africa
HQ	Headquarters
IAG	International Advisory Group
ICMM	International Council on Mining and Metals
IMS	International MeTA Secretariat
IBP	Improving Business Practice
KAM	Kenya Association of Manufacturers
KEBS	Kenya Bureau of Standards
KEPSA	Kenya Private Sector Alliance
KRA	Kenya Revenue Authority
MBSA	Master Builders Associations of South Africa
MeTA	Medicines Transparency Alliance
MMB	MeTA Management Board
NACF	National Anti-Corruption Forum
NACS	National Anti-Corruption Strategy
NAP	National Anti-Corruption Programme
NBI	National Business Initiative
NEPAD	New Partnership for Africa's Development
NESG	Nigerian Economic Summit Group
NSE	Nigerian Stock Exchange
OECD	Organisation for Economic Co-operation and Development
PACI	Partnering Against Corruption Initiative
PSC	Public Service Commission
PSACS	Public Service Anti-Corruption Strategy
SADC	Southern African Development Community
SAFAC	Southern African Forum Against Corruption
SAFCEC	South African Forum of Civil Engineering Contractors
SBC	Sustainable Business Circle
SME	Small and Medium Enterprise
SII	Siemens Integrity Initiative
SIU	Special Investigating Unit
UNCAC	United Nations Convention against Corruption
WHO	World Health Organisation



Business leaders, UN and Government convene at the African Sustainable CEO Business Roundtable Forum in Lagos, Nigeria, (19 January 2015) as a high-level event that marked the finale of the Siemens collective action project in Nigeria. (Photo by NES Group)

About this Publication

This publication aims at documenting and analysing the use of collective action against corruption in Africa. It presents key initiatives, trends, common challenges and emerging best practice with regards to the use of collective action in Africa to combat corruption.

The publication presents case studies from a number of business associations and companies across Africa, highlighting key industry initiatives regarding Collective Action against corruption, and the experiences of the private sector. The publication specially features the activities and experiences of some Global Compact Local Networks in Africa (Egypt, Kenya, Nigeria and South Africa), including the collective action projects that are being implemented under the Siemens Integrity Initiative (SII) in Egypt, Nigeria and South Africa.

Through the cross-pollination of knowledge, experience and learning, this publication stimulates learning within the business sector and facilitates dialogue towards helping companies meet the legal, competitive, economic and ethical challenges posed by corruption. This publication provides hands-on practical advice on key pertinent areas that are relevant for fighting corruption through the implementation of Collective Action in Africa.

Objectives

The objectives of this publication are as follows:

- ❑ To provide companies with an overview of existing anti-corruption measures on the continent.
- ❑ To inspire African companies to fight corruption collectively.
- ❑ To provide steps on how to undertake Collective Action in Africa.

Methodology

This report was developed pursuant to the UN Global Compact's strategy for business engagement for sustainable development in Africa, which involves promoting the use of Collective Action as a veritable tool for fighting corruption on the continent.

The approach undertaken is primarily based on desktop research in formulating the publication. This was supported by submissions from Global Compact local networks in the profiled countries, using a structured questionnaire. These submissions were strengthened and supported by the engagement with business associations and companies in the profiled countries, which involved telephonic and physical meetings with key stakeholders.

Overview of this publication

The Introduction discusses the fight against corruption in Africa, including the current legal frameworks and the efforts of the UN Global Compact in this area. *Chapter One: The Business Case for Anti-Corruption*, discusses the business case for companies to mainstream integrity in business practice. Using the UN Global Compact Management Model, it provides hands-on practical guidance on mainstreaming business integrity within a company.

In *Chapter Two: The Business Case for Anti-Corruption Collective Action*, the publication explains Collective Action, its forms, stakeholders and benefits, demonstrating that the private sector can be part of the solution to prevent and combat corruption. The chapter also discusses incentives for companies to become more actively involved.

Presented in *Chapter Three: Multi-Country Initiatives*, are key initiatives on Collective Action against corruption in Africa that cut across multiple countries, including: the Business Action Against Corruption (BAAC), which is a regional public-private initiative and the pharmaceutical and healthcare sector's Medicines Transparency Alliance (MeTA).

Chapter Four: National Collective Action Initiatives, provides examples of country-level initiatives in terms of Collective Action against corruption. The chapter highlights key Collective Action projects and initiatives in Angola, Egypt, Ghana, Kenya, Malawi, Nigeria and lastly South Africa. Each case study is explored, to fully unpack best practices, challenges and key lessons in the prevention of corruption through Collective Action. This chapter also showcases country-level initiatives that are supported under the Siemens Integrity Initiative (SII).

Finally, *Chapter Five, Conclusion and Recommendations* present closing remarks. The publication also provides additional tools and resources on Collective Action for companies and other stakeholders (Annexure I), as well as a guide on how to undertake Collective Action in practice (Annexure II).

Over the past two decades, the African continent has become the fastest growing region in the world, both in population and economic terms. Businesses are in the position, as a primary driver of socio-economic growth on the continent, to ensure that markets, commerce, technology and finance advance in ways that benefit the economy and society in an inclusive and sustainable way.



Photo: Derek Bacon/Alamy (The Economist)

Introduction

Corruption is now recognised to be one of the world's greatest obstacles to socio-economic development, and is a key hindrance to long-term growth, competitiveness and sustainability. Despite Africa's vast human and natural resources, corruption is a major challenge that impacts the realisation of the continent's potential. It has adverse impacts on sustainable development, with a disproportional impact on poor communities. In the last few years, the spotlight has been on the private sector, in terms of the expanding discourse on corruption. The rise in the development of corporate governance regulations in Africa and at the global level, is also prompting companies to focus on anti-corruption.

This chapter outlines the elements and the most internationally accepted definition of corruption, and explores how corruption impacts Africa's overall development and society. This chapter indicates how legal frameworks, in the form of laws and conventions that companies have to adhere to; can contribute to the reduction of corruption on a global scale and promotion of anti-corruption collective action in Africa.

There is no single universal definition of corruption. Transparency International defines corruption as the “abuse of entrusted power for private gain.”¹ Simply stated, corruption means any misuse of a position of trust in order to gain an undue personal or private advantage. Corruption can take many forms that vary in degree from a minor use of influence to institutionalised bribery. The United Nations Convention against Corruption (UNCAC), for instance, does not define corruption, but instead classifies corruption under various forms, such as bribery, embezzlement, abuse of office, trading in influence, and illicit enrichment. Those are some of the issues falling into an inexhaustible list of the types of corruption in the market place.²

Corruption is disastrous for Africa’s development. The African Union (AU) estimates that 25% of the GDP of African states, amounting to \$148 billion, are lost to corruption every year.³ When considering that sub-Saharan Africa received \$22.5 billion in aid in 2008, these figures indicate that African countries lose far more to corruption than they receive from foreign aid, hindering the continent’s overall development. Anti-corruption efforts could therefore have a very large impact on development financing.

Using Transparency International’s most recent Corruption Perception Index (CPI) figures,⁴ it is seen below that every African country mentioned in this publication ranks poorly in terms of its perceived levels of corruption.

Country	CPI ⁵	Rank
Angola	19/100	161
Egypt	37/100	94
Ghana	48/100	61
Kenya	25/100	145
Malawi	33/100	110
Nigeria	27/100	136
South Africa	44/100	67
Uganda	38/100	85
Zambia	38/100	85

According to Transparency International’s assessment, 92% of sub-Saharan African countries score below 50 on its CPI, and the average CPI score of sub-Saharan African countries in 2014 was 33/100. Somalia (8/100), South Sudan (15/100), Eritrea (18/100), Guinea-Bissau (19/100), and Angola (19/100) ranked particularly low. This indicates that corruption in Africa, through diverting assets away from their intended use, is perceived to be both widespread and costly.

Corruption has a considerable impact on the private sector, as it impedes economic growth, distorts competition and represents serious legal and reputational risks. Furthermore, it is very costly for business, due to the added financial burden to the costs of doing business. It was estimated in 2011 that developing countries lose close to \$1 trillion annually due to fraud, corruption and improper business transactions, as well as corruption, which can cost a country up to 17% of its GDP.⁶

Corruption’s impact on society at large is also ruinous. At the household expenditure level, the African Development Bank estimates that lower income households in Africa spend on average 2-3% of their income on bribes, while rich households spend an average of 0.9% of their income.⁷ Further, a 2013 study by Transparency International found that, where there is more bribery in countries, fewer children are educated (e.g. nearly two out of every five people in Ghana’s education system report having paid a bribe, leading to distorted educational outcomes and increasing the obstacles facing the poorest in society). The study also shows higher maternal mortality rates and less access to clean water and sanitation (i.e. in Sierra Leone, a one per cent rise in the rate of bribery correlates with a half percentage point reduction in access to public sewers and basic latrines).⁸

¹ Transparency International Website “Corruption Perceptions Index” <http://www.transparency.org/cpi2014> accessed 26 April 2015

² UN Global Compact (2013) “Stand Together Against Corruption: A Practical Guide To Help Prevent Corruption In The Supply Chain” https://www.unglobalcompact.org/docs/issues_doc/supply_chain/StandTogether.pdf

³ OECD (2014) “Clean Gov Biz: Integrity in Practice” <http://www.oecd.org/cleangovbiz/49693613.pdf>

⁴ Transparency International Website “Corruption Perceptions Index” <http://www.transparency.org/cpi2014> accessed 26 April 2015

⁵ Rating of the corruption perception of a country: 0 being highly corrupt, 100 being very clean.

⁶ UNDP (2014) “Global Anti-Corruption Initiative 2014-2017” http://www.undp.org/content/dam/undp/library/Democratic%20Governance/Anti-corruption/globalanticorruption_final_web2.pdf

⁷ African Development Bank (2013) “African Economic and Financial Brief” http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Market_Brief_-_Africa_Economic_Financial_Brief_16-20_September_2013.pdf

⁸ Transparency International (2013) “Global Corruption Barometer” <http://www.wingia.com/web/files/news/61/file/61.pdf>

Legal Frameworks against Corruption in Africa

The international and national legal frameworks that companies face are evolving rapidly, with advances occurring in both legal frameworks and internal corporate practices to prevent corruption. Specifically, international conventions, new national laws, increased enforcement of existing laws, and voluntary initiatives against corruption all contribute to growing global support for the fight against corruption.⁹

At country-level, local criminal legislation against corruption exists in most countries across Africa, often to meet their respective countries' commitments under the UN Convention and AU Conventions. Examples of such legislation are: South Africa's Prevention and Combating of Corrupt Activities Act of 2004; Kenya's Anti-Corruption and Economic Crimes Act of 2003; and Tanzania's Prevention and Combating of Corruption Act of 2007.¹⁰

These national legislations are often modelled after international legal frameworks include the UNCAC. Approved in 2003, the UNCAC is the first global instrument to be built from a broad international consensus, by preventing and combating corruption. In so doing, UNCAC advocates for the development of substantive preventive measures. Those include the development of codes of conduct for public officials that prevent private sector corruption and money laundering, as well as corruption in companies' supply chains. UNCAC covers five other areas intended for both the public and private sector: criminalisation and law enforcement; international co-operation; asset recovery; technical assistance and information exchange; and mechanisms for implementation of anti-corruption initiatives.¹¹ UNCAC's criminalisation and law enforcement chapter also contains a set of provisions that require States that are party to the Convention to criminalise

various forms of corruption in the private sector.

Other related anti-corruption instruments relevant to Africa include: the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997) and the AU Convention on Preventing and Combating Corruption (2003).¹²

In addition to the AU Convention, there are also protocols against corruption at the sub-regional level in Africa, including the ECOWAS Protocol on the Fight Against Corruption (2001) and the SADC Protocol Against Corruption (2001). The New Partnership for Africa's Development (NEPAD) mainstreams the issue of corruption as a cross-cutting theme within the four focus areas (economic and corporate governance, socio-economic development and political governance) of NEPAD's Africa Peer Review Mechanism (APRM), in terms of which countries acceding to the APRM are evaluated towards developing cogent actions.¹³

International statutes that have extra-territorial jurisdiction, particularly where they are supported by strict enforcement, have impacted the legal framework in Africa. This includes the US Foreign Corrupt Practices Act (FCPA) (1977) and the UK Bribery Act (2010), both of which possess a wide scope of application and under which it is an offence to bribe a foreign official.¹⁴ From an emerging markets perspective, Brazil recently passed the "Clean Company Act" (Federal Statute No 12,846/2013),¹⁵ mainly in response to the Brazilian public's demand for increased government transparency and integrity. The Clean Company Act, which took effect on January 29, 2014, holds companies responsible for employees' acts of corruption. While it applies to Brazilian companies with respect to domestic and

⁹ World Bank Institute (2008) "Fighting Corruption through Collective Action: A Guide for Business" http://info.worldbank.org/etools/docs/antic/Whole_guide_Oct.pdf

¹⁰ Economic Commission for Africa (2010) "Assessing the Efficiency and Impact of National Anti-Corruption Institutions in Africa" www.uneca.org/sites/default/files/publications/anti-corruption_document.pdf

¹¹ UNCAC Website: "About the UNCAC" http://uncaccoalition.org/en_US/about-the-uncac/ accessed on 20 December 2014

¹² United Nations Office of Drugs and Crime (2004) "United Nations Convention Against Corruption" http://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf

¹³ Agbazue, T. (2008) "Report on Benchmarking Anti-Corruption Initiatives in Africa. African Institute for Corporate Citizenship and Business Action Against Corruption" http://www.baacfrica.org/m/files/fs/aicc_antikorruption_report_en.pdf

¹⁴ Norton Rose Fulbright "Differences between the UK Bribery Act and the US Foreign Corrupt Practices Act" <http://www.nortonrosefulbright.com/knowledge/publications/52195/differences-between-the-uk-bribery-act-and-the-us-foreign-corrupt-practices-act> accessed 20 April 2015

¹⁵ Association of Corporate Counsel "A Comparison of the New Brazilian Anticorruption Law, the FCPA, and the UK Bribery Act" <http://www.acc.com/legalresources/quickcounsel/cnbalfuba.cfm> accessed 20 April 2015

foreign bribery, it also extends to Brazilian subsidiaries of foreign organisations, and non-Brazilian companies present in Brazil.

In China, Africa's largest single trade partner (see table right¹⁶) anti-corruption provisions have come into existence and are largely contained in the Anti-Unfair Competition Law (No 33/1993) as well as the Criminal Law of China (No 83/1997) respectively. The Anti-Unfair Competition Law prohibits, *inter alia*, commercial bribery punishable by economic and administrative sanctions, while the Criminal Law prohibits giving and receiving property to obtain an undue benefit. Serious offences may be subject to criminal investigation, with extensive punitive measures that include fines, the confiscation of property, imprisonment and even the death penalty.¹⁷

Trade Partners	Sum of Africa's Trade in 2012 (Billion USD)
EU 27	360.3
China	200.0
India, Brazil, Korea, Turkey and Russia	147.8
USA	99.9
Intra-African	132.0

Every company, regardless of its size, industry or country of operation, is exposed to the risk of corruption. With the development of legislation aiming to crack down on corruption, there has been a realisation that, aided by the public sector, the private sector can mobilise itself in the fight against corruption by adopting a strategic approach to reducing risk and opportunities for corruption. As such, a strong business case for anti-corruption has emerged and is discussed in the next chapter.

¹⁶ African Economic Outlook (2014) "Global Value Chains and Africa's Industrialization" http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/2014/PDF/Chapter_PDF/01_Chapter1_AEO2014_EN.light.pdf

¹⁷ Business Anti-Corruption Portal Website "Chinese Anti-corruption Laws" <http://www.business-anti-corruption.com/about/about-corruption/chinese-anti-corruption-laws.aspx> accessed 20 April 2015



Launch of the UN Global Compact's Africa Strategy, Addis Ababa, Ethiopia, June 2014 (Photo by Influence Africa)

Chapter One:

The Business Case for Anti-Corruption

There is a growing awareness about the challenges posed by corruption in the market place, and the need for promoting a level playing field and fair competition. Most efforts to combat corruption have focused on government enforcement and steps taken by individual companies to improve their internal systems and controls. In addition, companies are increasingly developing the practice of sharing their internal policies, experiences and success stories with external stakeholders.

The business community can, and should, play its part in making corruption unacceptable. All companies, large and small, are vulnerable to corruption and the risk of financial damage is considerable. There are many reasons why it is in any company's business interest to ensure that it does not engage in corrupt practices. As such, a clear business case has emerged for anti-corruption. This chapter provides the reader with the benefits, as well as the steps to preventing corruption using the UN Global Compact's Management Model.

Corporate sustainability refers to a company's ability to create long-term financial, social, environmental and ethical value for stakeholders. This often includes policies and actions taken by the company to eradicate corruption.

1.1 The Business Case – Risks and Opportunities

There is growing research and anecdotal evidence supporting the business case for companies to mainstream integrity in business operations. There exist a number of key reasons for companies to avoid being involved in corrupt practices. These reasons are discussed below.¹⁸

a. Legal risks

Through its various forms, corruption implies a number of legal risks. Aside from being illegal where it occurs, it is now increasingly becoming illegal for companies to engage in corrupt practices outside of their own countries. The principle that it is illegal to bribe foreign officials was first established through the US Foreign and Corrupt Practices Act (FCPA) of 1977. Similarly, the UK Bribery Act (2010), Brazil's "Clean Company Act" (2014) and China's Anti-Unfair Competition Law (1993) also apply to multinational companies operating in Africa that are listed or have activities in those jurisdictions.¹⁹

While the enforcement of anti-corruption legislation extraterritorially has been relatively poor, this particular area is evolving. Developing countries and emerging markets, at high risk to corruption exposure, have seen corruption become part of national political agendas. Furthermore, there is a growing resolve to act and to bring those accused of corruption to court.²⁰

Developing countries with limited capacity to handle such cases are increasingly seen to obtain external legal assistance. The OECD

has taken on an important role in ensuring that its member states build the judicial capacity necessary to prosecute those involved in bribing foreign officials.

The evolution of the anti-corruption regulatory environment has motivated business managers to assess and quantify the legal risks to which corruption exposes their operations. Large companies are now becoming increasingly responsible for the parties (e.g. agents, consultants, joint venture partners etc.) representing them in other countries. Someone who previously may have been considered an independent agent, for whom the principal company carried no responsibilities, now may be someone whose actions the principal company can be legally held accountable for. In Brazil, as a recent example, state-run oil company Petrobras was involved in a colossal corruption scandal, in which bribes were allegedly paid to politicians for lucrative contracts with the company. As part of their role in the scandal, even former Petrobras executives and contractors were convicted of money laundering and racketeering, for actions committed while still at the company. Partner organisations, also involved, were held accountable for their role in the scandal.²¹

b. Reputational risks

Based on the experience of recent years, companies whose policies and practices fail to meet high ethical standards, or that take a relaxed attitude to compliance, are exposed to serious reputational risks. In South Africa, a number of companies' reputations became seriously dented following accusations of bribery, fraud and other irregular practices.²² Two prime examples of this are Leisurennet and Fidentia. At the time, Leisurennet's two senior executives were both sentenced to 7 years imprisonment, and the Leisurennet gymnasiums were eventually acquired by the Virgin Group, making Leisurennet obsolete.

Fidentia's reputation was damaged following an untraced funds scandal, which alleged that the CEO ran a pyramid scheme and

¹⁸ UNGC website "Principle 10" <https://www.unglobalcompact.org/aboutthegc/thetenprinciples/anti-corruption.html> accessed 20 April 2015

¹⁹ Flesch, E et al (2014) "Brazil's Clean Company Act: How U.S., U.K., and Global Models May Influence Enforcement" Baker and Mackenzie, http://www.bakermckenzie.com/files/Publication/fcd0ffb-eb39-4650-8b39-44fe871b6a64/Presentation/PublicationAttachment/17886a68-ec84-46f1-821f-6a4a1ba585a4/AL_Global_CorruptionRiskWorldCup_Jul14.pdf

²⁰ Di Girólamo, S. (2007) "Political Decisions to Corporate Practice" <http://www.digirolamo.com.br/ingles/globalcompact.html>

²¹ Haynes, B (2014), "Brazil targets Petrobras contractors as corruption probe expands" <http://www.reuters.com/article/2014/12/03/us-brazil-petrobras-idUSKCN0JH2HT20141203> accessed 20 April 2015

²² Tai, T (2015) "The business of business should be ethics, not business" <http://www.psychologyafrica.com/2015/01/the-business-of-business-should-be-ethics/> accessed 20 April 2015

used investors' funds for his personal gain, including the acquisition of luxury cars and beach houses. The company was subsequently placed under curatorship, and the company's CEO was prosecuted for fraudulent activities.²³

Often, the reputation of a company suffers as a result of being accused of malpractice, even if a court subsequently determines that they have not been involved in corrupt practices. Famously, the hacking scandal involving the News of the World, a British tabloid paper in production since 1843, effectively tarnished its reputation to the point where its production ceased entirely, although the CEO was neither charged nor found guilty of fraud.²⁴

It is of critical importance for a company to be able to quickly quash any unfounded allegations, by demonstrating that it acts in a transparent manner and has policies and procedures designed to prevent corruption in place.

c. Financial costs

There is now clear evidence that investing in a "relatively corrupt" country is approximately 20% more costly than investing in an "uncorrupted" country.²⁵

While relying on empirical studies conducted by McKinsey & Company in 2002, Armstrong argues that where industries and companies are dependent on external finance, as is usually the case in Africa, corporate governance is at the 'heart of investment decisions' with investors considering corporate governance *pari-passu* with financial indicators when evaluating investment

decisions.²⁶ Armstrong further argues that the McKinsey study shows that institutional investors in Africa and Eastern Europe are willing to pay premiums averaging 30% to own well-governed companies, and that an overwhelming majority of investors are prepared to pay a premium for companies exhibiting high governance standards, and that poor governance practices might lead investors to actually avoid investing in companies and geographical regions.²⁷ In addition, research by an ABN/AMRO study showed that Brazilian firms with above-average corporate governance achieved returns on equity that were 45% higher, and net margins that were 76% higher than those with below-average governance practices.²⁸

Added costs undermine business performance and divert public resources from legitimate sustainable development.

d. Erosion of internal trust and confidence

If a company engages in or tolerates corrupt practices, it is likely that this will become widely known internally and externally. This can be prevented through the reporting of unethical behaviour to fraud prevention services and organisations.²⁹ Unethical behaviour erodes loyalty to the company, and it can be difficult for employees to recognise why ethical standards should be applied within a company when they are not applied externally. It may also become more challenging to hire and retain highly skilled employees.

e. 'Known as clean' and repeat demands

Companies which have not previously paid bribes are seen to be less likely to do so. This is due to the influence of repeat demands and the potential for rising bribe amounts.³⁰ Conversely, a company taking a firm stand against corruption will develop a

²³ Steenkamp, P (2007) "Fidentia: A Strategic And Corporate Governance Analysis" http://ir1.sun.ac.za/bitstream/handle/10019.1/802/Steenkamp_Fidentia_2007.pdf?sequence=1 accessed 20 April 2015

²⁴ Hartwick, K "Tapping into Scandal" <https://kathyhartwick.wordpress.com/portfolio/case-studies/case-study-murdoch-phone-tapping-scandal/>

²⁵ Corruption Watch Website "Economic Impact of Corruption" <http://www.corruptionwatch.org.za/content/economic-implications> accessed 20 April 2015

²⁶ McKinsey & Company (2002) "Global Investor Opinion Survey, cited in Armstrong, P. (2005) Status of Corporate Governance in Africa" pages 13-14.

²⁷ *Ibid*, page 14

²⁸ Philip Armstrong (2005) Presentation at the 3rd Pan African Consultative Forum on Corporate Governance Dakar, Senegal

²⁹ Corruption Watch Website "Who can help" <http://www.corruptionwatch.org.za/content/who-can-help> accessed 20 April 2015

³⁰ UN Global Compact (2011) "Business Against Corruption: A Framework for Action" https://www.unglobalcompact.org/docs/news_events/8.1/bac_fin.pdf

reputation as a non-corrupt organisation, and the risk of its employees being exposed to demands will decrease.

f. Companies have a vested interest in sustainable social, economic and environmental development

Corruption has played a major part in undermining the world's social, economic and environmental development. Resources have been diverted for personal gain and the quality of services and materials allocated towards sustainable development have been compromised.

The impact of corruption on poor communities struggling to improve their lives has been devastating, in many cases undermining the very fabric of society. Corruption has led to environmental mismanagement, undermined labour standards and restricted the realisation of basic human rights.

Business has a vested interest in social stability and in the economic growth of local communities. Businesses have therefore suffered, albeit indirectly, from the impact of lost opportunities to extend markets and supply chains.

Corruption distorts competition and creates gross inefficiencies in both the public and private sectors. The long-term sustainability of business depends on free and fair competition. In certain cases, corrupt practices accompany and facilitate drug dealing, organised crime, money laundering and international terrorism, notably through bribery.

g. Blackmail, no recourse and security risks

When information about illicit activities by companies leaks to the public, their reputation and stakeholder trust may

become significantly damaged. In some cases, this may also render them liable for legal action, including criminal and/or civil. When companies engage in corrupt practices, their managers expose themselves to the risk of blackmail, which could jeopardise the security of staff, their facilities and other assets.³¹

h. Opportunities and incentives

There are a number of opportunities associated with engaging in anti-corruption. These include the following:

- ☐ Material incentives, such as tangible rewards.
- ☐ Purposive incentives, such as the accomplishment of a significant goal for the common good.
- ☐ Reduced costs of doing business through the creation of a level playing field.
- ☐ Attraction and retention of highly principled employees, and the improvement of employee morale.
- ☐ Competitive advantage by attracting ethically oriented investment and becoming the preferred choice of ethically concerned customers/consumers.
- ☐ Improved level of public trust.³²

"Businesses should work against corruption in all its forms, including extortion and bribery." Global Compact Principle 10

³¹ UN Global Compact (2013) *A Guide for Anti-Corruption Risk Assessment*. http://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/RiskAssessmentGuide.pdf and Di Girólamo, S *op cit*

³² SAP (2005) *Collective Action in the Fight Against Corruption: The Case of Nigeria* <http://www.oecd.org/investment/investmentfordevelopment/34571040.pdf>

1.2. Practical Steps for Fighting Corruption using the UN Global Compact's Management Model³³

The UN Global Compact is both a policy platform and a practical framework to assist the private sector in developing and implementing sustainability policies and practices, through 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption. It introduced its 10th Principle to drive the private sector towards sharing responsibility in the fight against corruption. The 10th Principle against corruption, introduced in 2004, commits UN Global Compact participants not only to avoid bribery, extortion and other forms of corruption, but also to develop policies and concrete programmes to address corruption. Companies are challenged to join peers, Governments, UN agencies and civil society to realise a more transparent global economy.³⁴

The UN Global Compact developed a six-step tool, the "UN Global Compact Management Model", to help companies improve their sustainability efforts. This Management Model is a valuable resource in fighting corruption and implementing the Ten Principles. The Management Model guides companies through the process of formally committing to, assessing, defining, implementing, measuring and communicating a corporate sustainability strategy. Companies are encouraged to constantly refine their management processes and procedures, and to view their actions as a cycle of continual improvement, in addition to setting their sights on an end goal of eliminating corruption.

The Management Model embodies this idea as an unbroken circle. Companies should regularly re-commit themselves to the process and follow each of the steps. Circumstances may change and company leadership may change, but the commitment to fighting corruption should never flag.

a. Commit

As with most management challenges faced by companies, leadership is essential if a company is to ensure that it and its agents are not engaging in corrupt practices. It is important that the top management does not send mixed signals: on the one hand to urge company managers and representatives to apply stringent codes and high standards against corruption, while on the other hand to make it clear that these codes are open for interpretation, often with reference to the importance of adapting business practices to the local environment.

The first step any company should take in fighting corruption, is to have its leadership commit to zero tolerance of bribery and to mainstream anti-corruption policies into its daily operations. Companies should ensure that an oversight of anti-corruption measures is provided by transparent governance structures within the company.

b. Assess

With a firm commitment to fighting corruption in hand, companies should assess the risks and opportunities, both in financial and extra-financial terms, related to corruption, as well as the impact of their operations on the fight against corruption and vice versa. By understanding the context and risks under which they operate, companies can gain a more comprehensive view of the scope of the problem and the areas of greatest concern and importance, and thus set ambitious but realistic goals achievable over a certain time period. Companies should continually re-assess, as circumstances change and as policies and procedures are shown to be effective or ineffective.

³³ UN Global Compact (2010) "UN Global Compact Management Model – Framework for Implementation" https://www.unglobalcompact.org/docs/news_events/9.1_news_archives/2010_06_17/UN_Global_Compact_Management_Model.pdf and UNGC (2013) Promoting Anti-Corruption Collective Action through Global Compact Local Networks https://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/AC_CAP.pdf

³⁴ UNGC (2011) "Business Against Corruption: A Framework for Action" https://www.unglobalcompact.org/docs/news_events/8.1/bac_fin.pdf

The UN Global Compact Management Model



c. Define

Once a company has a comprehensive understanding of its context, it should set high but realistic goals to adhere to anti-corruption; address corruption risks and pursue opportunities. As part of this step, companies should determine which indicators they will use to measure their progress and to determine whether a particular policy or programme is successful. After a company has defined its goals, it should construct and adopt strategies and policies to achieve them. Such policies may include an ethics code aimed at capturing the values that underpin an organisation.

Voluntary compliance with internal codes of business principles and ethics, with external guidelines such as the Business Principles for Countering Bribery, which were developed by a multi-stakeholder approach, led by Transparency International, and the UN Global Compact's 10th Principle, has the added effect of

strengthening day-to-day compliance with law and regulation.³⁵

When companies set and reinforce high standards of behaviour as the norm, incidents of non-compliance are reduced and are easier to identify and correct.

d. Implement

Principles and codes of conduct are rarely sufficient in themselves; they have to be accompanied by training and follow-up, ensuring that an ethical culture is developed within a company through a consistent strategy. Continuous efforts need to be made to ensure that principles and codes of conduct are integrated into other management systems.

Companies should engage their business partners and empower them to address corruption-related issues and, where appropriate, to meet specific goals set by

³⁵ UN Global Compact (2010) "UN Global Compact Management Model – Framework for Implementation" [op cit](#)

the company. By ensuring a clean supply chain, companies not only help themselves to avoid potential liability, but also strengthen anti-corruption efforts beyond themselves.

The management of a company may go to great lengths to ensure that the company is compliant with anti-corruption laws and that ethical codes are adopted and implemented. However, nothing can guarantee that wrongdoing will not happen. To combat this, management can ensure that appropriate systems, internal communication plans and reporting mechanisms, which assure that they will be the first to know of any potential or actual problems, are in place. If no such reporting procedures exist, it is more likely that malpractice will go unnoticed.

e. Measure

Not all policies will work equally for all companies. Often, what works in a small company will not work in a large company, and what works in one part of the world may not work in another. Thus, measurement and monitoring of impacts and progress are essential if companies are to be effective in combating corruption. Only then can companies amplify their successes and replace policies that do not work in their context of operation. While defining goals, companies are encouraged to set key indicators they will use to measure progress. Companies should use this information in continual reassessments of their management systems.

An internal reporting programme may consider the following: ³⁶	
Consideration	Explanation
Communication	Make the programme known to all employees
Accessibility	Make the programme available throughout the organisation
Cultural appropriateness	Adapt the programme to suit local cultures
Openness	Make the reporting system available to suppliers, consultants and customers
Screening	Provide safeguards against frivolous or malicious reports
Collect data	Monitor reports, track them over time and identify weaknesses
Remedial action & feedback	Take action and provide feedback to those who report
Management visibility	Report to the audit committee, or similar functions
Employee protection	Protect reporting employees (including "whistle-blowers")
External communications	Report to shareholders and other interested parties on actions taken and results achieved

f. Communicate

Reporting on anti-corruption offers a number of benefits to companies. By fostering a culture of transparency, the management sends a strong signal that it is an open organisation with nothing to hide. By reporting, not only does management hold itself accountable internally, but the company also holds itself accountable for its external actions.

Accountability will ensure that successes are celebrated and, where appropriate, changes are made.

³⁶UN Global Compact (2010) "UN Global Compact Management Model – Framework for implementation" [opcit](#)

Transparency International Six-Step Implementation Process³⁷

Transparency International has developed a Six-Step Implementation Process based on the Business Principles for Countering Bribery. This practical guide assists companies in developing and implementing an anti-bribery policy, and should be used as a more specific supplement to the Management Model in formulating an anti-corruption strategy.

STEP	1	2	3	4	5	6
ACTION	Decide to adopt a no bribes policy	Plan the implementation	Develop detailed anti-bribery Programme	Implement Programme	Monitor	Evaluate and improve
PRIMARY RESPONSIBILITY	Owner of company/board/ CEO	Appointed senior manager/Project Team	Appointed senior manager/heads of department	Appointed senior manager/ support functions/ business partners	Ethics/compliance officer Internal and external auditors	Owner of company/board/ CEO/audit committee
PROCESS	Obtain commitment to no-bribes policy "from the top"	Define specific company risks/ review current practices	Integrate no-bribes policy into organisational structure and assign responsibilities	Communicate anti-bribery Programme - internal/external	Regular reviews of the system	Receive feedback from monitoring
	Decide to implement an anti-bribery Programme	Review all legal requirements	Review ability of service functions to support new Programme	Run training courses for all employees and business partners	Capture knowledge from incidents	Evaluate effectiveness of Programme
	Decide extent of any public disclosure	Write no-bribes policy, develop and write anti-bribery Programme	Develop detailed implementation plan to include: <ul style="list-style-type: none"> ■ adapt HR policies ■ communications ■ training programmes 	Ensure capabilities are in place of specialist functions up to speed: internal audit, finance, legal department	Use external Verification Providers	Develop improvements to Programme
			Prepare for incidents	Review role of Project team	Review use of issues (whistle-blowing) channels	Report to management
TIME SPAN	One Month	Three to six months	Three to six months	One year	Continuous	At least annually
						Board review and sign-off on Programme
						Publish Programme process and results (optional)

The Implementation Process can be modified to take into account the size of a company and its ability to complete the steps within the suggested time frame. Further details are available on the Transparency International website: www.transparency.org.

³⁷Transparency International Website "Business Principles for Countering Bribery"
http://www.transparency.org/whatwedo/tools/business_principles_for_countering_bribery accessed 20 December 2014
and UN Global Compact (2011) "Business Against Corruption: A Framework for Action"
<https://www.unglobalcompact.org/resources/162>



Chapter Two:

The Business Case for Anti-Corruption Collective Action

Collective Action is a process of co-operation between various stakeholders, with the aim to jointly counter corruption. Through such an alliance of like-minded organisations, the problem of corruption can be approached and resolved from multiple angles, and the impact of individual action can be increased. Collective Action means that companies, governments and civil society organisations join forces in order to improve transparency in business.

Collective Action promotes a fair and competitive situation, in which a transparent process based exclusively on market economic criteria (such as quality, price, innovation and service) ensures that the contract is awarded to the best bidder. It prevents competition from being distorted and destroyed by corruption, and ensures that companies acting honestly and ethically are not disadvantaged. This chapter describes collective action, its various forms, benefits and stakeholders. It also describes the role played by the UN Global Compact in promoting Anti-Corruption Collective Action.

2.1. Understanding Collective Action against Corruption³⁸

Defining Collective Action

Collective Action is defined as a “collaborative and sustained process of co-operation among stakeholders.”³⁹ Collective Action provides opportunities for businesses to act collectively, by engaging with stakeholders within the business environment (including other companies, civil society and the public sector) to develop new initiatives to tackle systemic corruption.

Although business managers may recognise that corruption is a problem, they may not consider it their role to change the business culture. In addition, there may be the perception that corruption (from petty bribery and so-called facilitation payments to large-scale corruption cases) is so much part of the local culture that there is no remedy for the individual company despite its internal (committing to, assessing, defining, implementing, measuring and communicating) and external measures against corruption (publicly communicating company standards and policies).

In essence, however, Collective Action is not an alien concept for Africa. It is, in fact, embedded in African culture through the concept of *Ubuntu*, which is based on the premise that one is respected as a result of cordial co-existence with others.⁴⁰

With the increase of societal pressure on companies to act as responsible corporate citizens, the concept of *Ubuntu* gains relevance and can be applied as an example of best practice in the area of corporate governance through the enhancement of corporate values to include co-cooperativeness and solidarity.

Under these circumstances, Collective Action against corruption, with other companies and stakeholders, provides one of the key solutions for tackling corruption in the market place.

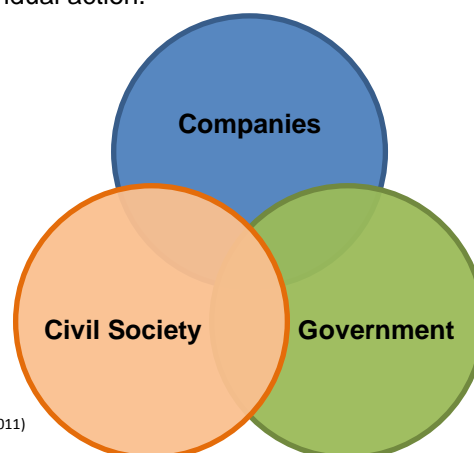
Collective Action increases the impact and credibility of individual action and brings vulnerable individual players into an alliance of like-minded organisations. In some instances, it may also complement, or temporarily substitute for and strengthen, weak local laws and anti-corruption practices.

Collective Action is applicable in a variety of industry sectors (e.g. energy and construction) and conditions in both emerging and in developed markets, as well as high-risk areas and sectors.

Collective Action Stakeholders

The aim of collection action is to mitigate the impact of corruption and to improve the business environment through partnerships and constructive engagement with stakeholders. The basis for Collective Action is shared principles, and may take the form of common commitments, mutual support, information sharing, co-ordinated campaigning, and the pooling of stakeholders’ resources towards the reduction of corruption.

Relevant stakeholders, as seen on the diagram below, may include companies, civil society organisations and governments. Collective efforts with all stakeholders increase the impact and credibility of individual action.



³⁸ UN Global Compact (2010) “A Guide for Anti-Corruption Risk Assessment” and UN Global Compact (2011) “Business Against Corruption: A Framework for Action” [op cit](#)

³⁹ World Bank Institute Working Group (2008) “Collective Action – Building a Coalition Against Corruption” www.unglobalcompact.org/resources/279

⁴⁰ Institute of Directors Southern Africa (2002) “King II Report On Corporate Governance For South Africa”

Forms of Collective Action against Corruption

Collective Action can be initiated and driven through various channels. There are various types of Collective Action, which include:⁴¹

- ☐ Industry-specific codes of conduct and compliance pacts
- ☐ Integrity pacts for individual procurement transactions
- ☐ Joint measures implemented as part of a long-term initiative to raise a country's public awareness and tighten up its regulatory system and procurement guidelines.

a. Codes of Conduct and Compliance Pacts⁴²

Compliance pacts are industry or sector-specific contractual agreements between companies. A group of companies operating in the same industry launches an initiative with defined compliance principles or requirements to which its members must adhere. They are particularly suitable for use in high-risk industries and oligopolistic markets. Their success depends on extensive market coverage. These codes of conduct include business principles that reject bribery and corruption.

The signing organisations commit to ethical business conduct, such a compliance pact that can be based on existing principles. The Principles for Countering Bribery of the World Economic Forum Partnering Against Corruption Initiative (PACI), and the 'Business Principles for Countering Bribery' initiated by Transparency International are examples of these compliance pacts. There is no legal enforcement, but signatories will be held accountable by the general public and the media. In order to avoid any anti-trust issues, a neutral mediator (e.g. an industry association, a chamber of commerce or NGO) must be involved in the preparation of the compliance pact.

b. Integrity Pacts

Integrity pacts are formal agreements, which are externally monitored and aim at creating fair and transparent bidding in public procurement related to specific projects.

Key criteria are:⁴³

- ☐ A formal written contract between the contracting public entity (customer) and all corporate bidders, which commit to refrain from corrupt practices.
- ☐ It is introduced in pre-tender phase.
- ☐ Its principles are transparency, fair business conduct and no corruption or bribery.
- ☐ Sanctions, that are fact-based, apply in case of infringement of contract. This is to ensure the overall commitment of all signatory stakeholders and to increase the credibility of Collective Action.
- ☐ An independent monitor is appointed to oversee compliance with the Integrity pact. The ideal monitor is an expert in the subject matter, who has no conflicts of interest and is trusted by all stakeholders.

c. Long-term initiatives⁴⁴

An important tool in the fight against corruption is co-operation, through joint efforts between key stakeholder groups, such as the public sector, the private sector and civil society, aimed at creating a deep-rooted anti-corruption culture in a country or sector. Such long-term initiatives create the fundamental conditions for project-specific integrity pacts and industry-specific compliance pacts to be effective in the long-term.

Long-term initiatives can include the promotion of Collective Action methods by companies, the organisation of business roundtables, best practice sharing, information campaigns and anti-corruption training by local chambers of industry and commerce or NGOs, as well as the co-operation with local anti-corruption authorities on regulatory reform.

⁴¹World Bank Institute Working Group (2008) "Collective Action – Building a Coalition Against Corruption" [op.cit](#)

⁴²World Economic Forum (2005) "Partnering against Corruption Principles for countering bribery" http://www.weforum.org/pdf/paci/PACI_PrinciplesWithoutSupportStatement.pdf

⁴³World Bank Institute Working Group (2008) "Collective Action – Building a Coalition Against Corruption" [op.cit](#)

⁴⁴Zindera, S. (2010) "Collective Action – Der gemeinsame Kampf gegen Korruption in Handbuch Compliance Management (Ed. Prof. Wieland, Dr. Steinmeyer, Prof. Grüninger) <http://actoolkit.unprme.org/wp-content/resourcepdf/CollectiveAction2010.pdf>

2.2 The United Nations Global Compact's Involvement in Anti-Corruption Collective Action

The UN Global Compact has been promoting anti-corruption Collective Action through its local networks as a more efficient alternative to unilateral action. In December 2010, the UN Global Compact launched its Collective Action Project as part of the SII in partnership with Global Compact Local Networks in India, Nigeria and South Africa, and partner organisations in Brazil and Egypt. These four-year projects seek to:⁴⁵

- ❑ Facilitate on-going dialogue between the private and public sectors.
- ❑ Offer an opportunity for a range of stakeholders to explore how Collective Action efforts can create incentives for ethical business performance.
- ❑ Scale up existing anti-corruption efforts in the five target countries.
- ❑ Provide business participants and other stakeholders with knowledge, skills, strategies and resources to promote ethical business practices and transparency in business operations within each of the five countries.

Each of these five country-level Collective Action Projects have achieved significant results, particularly in engaging key stakeholders and strengthening collaborations to pave the way for greater Collective Action against corruption. The projects have also contributed to raising awareness of the value of on-going dialogue and joint efforts in the fight against corruption, as well as on the benefits of responsible, ethical business practices.⁴⁶

Brazil – Ethos Institute⁴⁷

The UN Global Compact, with the Ethos Institute, aims to promote transparency and integrity in infrastructure investment during the 2016 Olympic Games.

Egypt – Egyptian Junior Business Association

The UN Global Compact, with the EJB, seeks to develop public-private dialogue on anti-corruption, in order to develop Collective Action in the long term in the form of regional and international partnerships.

India – Global Compact Society India

The UN Global Compact, with the Global Compact Society India, seeks to address corruption-related challenges in environmental sustainability, in order to help create a link between anti-corruption and environmental sustainability.

Nigeria – Nigerian Economic Summit Group (NESG)

The UN Global Compact, with the NESG, aims to develop a forum for private and public sector agency leaders, with the aim of developing successful long-term Collective Action and establishing a culture of anti-corruption.

South Africa – National Business Initiative (NBI)

The UN Global Compact, with the NBI, seeks to establish platforms for dialogue between the private and public sectors on anti-corruption in order to achieve long-term institutional change.

Through its Anti-Corruption Collective Action Hub, the UN Global Compact also offers a platform for Collective Action through bringing stakeholders together to undertake Collective Action efforts and to improve business practices.⁴⁸

⁴⁵ UN Global Compact Website (2011) "Collective Action"
https://www.unglobalcompact.org/issues/transparency_anticorruption/collective_action.html accessed 05 January 2015

⁴⁶ Ibid

⁴⁷ Ibid

⁴⁸ UN Global Compact Website "Business Partnership Hub"
<https://businesspartnershiphub.org/anti-corruption/> accessed 20 April 2015



Strategically, using Collective Action is a tangible way of demonstrating a company's commitment to many of the principles underlying corporate sustainability and effective compliance programmes.

There are several other benefits of tackling corruption collectively, which include:⁴⁹

- ❖ Public trust in authorities and business is improved.
- ❖ It can help to avoid the misallocation of resources.
- ❖ Bids are awarded only with respect to their level of innovation and quality.
- ❖ It avoids overpaying for products and services, which might be of inferior quality.
- ❖ It can help to influence future laws and regulations.

All stakeholders benefit from Collective Action:⁵⁰

Stakeholders	Benefit
Companies	Companies will appreciate fair and equal market conditions i.e. a "level playing field". Companies bidding on major projects have an increased chance of fair selection as a supplier and enhanced access to markets. They also save money formerly paid as bribes.
Customers	They benefit from enhanced competition in the bidding process and avoid time-consuming lawsuits. Instead, they can focus on building business relationships and improving reliability of goods and services.
Governments	Helps them strengthen the rule of law and increase their own credibility, as well as enhance capacity to attract more investment from domestic and foreign investors.
Society	Society gains improved access to essential services, such as health care and education. They also benefit from improved enforcement of regulations.

⁴⁹World Bank Institute Working Group (2008) "Collective Action – Building a Coalition Against Corruption" [op cit](#)

⁵⁰Ibid.



*BAAC Session at the launch of the East Africa International Business Forum, 29-30 October 2010, Kigali, Rwanda
HE Paul Kagame, President of Rwanda present at the Opening Ceremony(Photo by BAAC)*

Chapter Three:

Multi-country Initiatives

In order for Collective Action to be mainstreamed in the fight against corruption on the continent, dialogue needs to be facilitated between the public and private sector, and should offer an opportunity for a wide range of stakeholders to explore how Collective Action can create incentives for ethical business performance, and to discuss areas for further improvement.

This chapter profiles two interesting initiatives that promote Collective Action against corruption between several countries in Africa: the Business Action Against Corruption (BAAC) and the Medicines and Transparency Alliance (MeTA). These initiatives are aimed at scaling up existing anti-corruption efforts in their respective target countries, and provide business participants and other stakeholders with knowledge, skills, strategies and resources to promote ethical practice and transparency in business operations, using international collaboration as a key leverage.

3.1. Business Action Against Corruption (BAAC)



Countries of operation: Pan African

Sector: Multi-sector

Collective Action Type: Long-term initiative, codes of conduct.

Stakeholders: Commonwealth Business Council (CBC), UK Department for International Development (DFID), governments, companies, African civil society, including African Institute for Corporate Citizenship (AICC), Convention on Business Integrity, Nigeria (CBi) and Ghana Anti-Corruption Coalition (GACC) etc.

Website: <http://www.baacafrika.org>

Background

BAAC is a working partnership between governments, civil society and business in the area of governance, with the objective of reducing corruption in Africa.⁵¹

As part of a mandate by the Commonwealth Heads of Government (CHOG), the BAAC developed from an anti-corruption initiative by the CBC, which sought to bring business and government together to fight corruption. BAAC has been endorsed by the government of Nigeria, the President of Malawi, and the Prime Minister of Cameroon.

BAAC has since become a continent-wide, public-private coalition against corruption, which has brought together previously isolated initiatives by several civil society organisations from across Africa.

The BAAC is being implemented in ten African countries: Botswana, Cameroon, DRC, Ghana, Lesotho, Malawi, Nigeria, South Africa, Tanzania and Zambia.

Aims and Objectives

The BAAC model seeks to find common ground between the interests of businesses, civil society and government, with the aim of building co-operative strategies to reduce corruption.

The specific aim of the initiative is to identify and implement reforms in several African countries, to help secure transparent processes around expenditures on development and improved services, thereby improving the lives of up to 200 million of the continent's most vulnerable citizens. It is also working with continental structures, such as the African Development Bank (ADB) and the African Union Advisory Board on Corruption (AUABC), to strengthen the role of the private sector in improving governance.

BAAC's approach emphasises the importance of good corporate governance practices, and tackles critical areas in the business environment, which allow corruption to flourish. Its work examines the entire corporate, regulatory and stakeholder framework to ensure effective governance including new voluntary and mandatory codes and company law, as well as developing joint government-business strategies, in areas such as tax and revenue collection, tenders, permits and licenses and the movement of goods.

⁵¹ Business Action Against Corruption
Website <http://www.baacafrika.org> accessed 20 December 2014

Structure and Features

The implementing partners of the BAAC include the Southern African Forum Against Corruption (SAFAC) – the body that links the anti-corruption commissions of the Southern African Development Community (SADC), CBI, AICC and GACC.

BAAC is led by a Steering Committee, mainly comprising representatives from the implementing partner organisations. Each BAAC national program develops consultative working structures that involve key stakeholders from government, business and civil society, through which nationally defined strategies can be implemented to improve public services, prevailing business trends and standards of leadership behaviour. All BAAC national chapters come together on a bi-annual basis, to share experiences with the more established national chapters providing mentorship to upcoming chapters, towards mainstreaming best practices that emerge from the implementation of the BAAC model.

Initially, the implementing partners supported their respective anti-corruption programmes. However, in 2008, they launched the US\$ 5 million BAAC programme awarded by DFID's Governance

And Transparency Fund. The Prime Minister of the Republic of Cameroon at the time, HE Ephraim Inoni, along with other senior Pan African officials from the private and public sectors, inaugurated the programme on the 4th of July 2008 at the G8 Africa Business Forum, in London.

Programmes and Activities

Pilot work commenced in Botswana in 2003 at the invitation of then President of Botswana, HE Festus Mogae. The one-year project was jointly organised by the Botswana Confederation of Commerce Industry and Manpower (BOCCIM) and the Directorate on Corruption and Economic Crime (DCEC), and led to the drafting of new Codes of Conduct to deal with disclosure of interest for politicians, civil servants and business leaders; an issue critical to improving the transparency of government contracting.

On 26th September 2011, the Business Code of Conduct for Botswana was launched. The launch was held at a business ethics workshop jointly organised by the DCEC and BOCCIM, with support from the Southern Africa Trust Hub. Over ten companies signed up to the code during the launch.



Announcement of DFID Funding Support, African Business Forum, London, July 2008. From left: Emmah Gweshe, HURIDETSA, Daisy Kabalame, BAAC Malawi, Dr. Mohan Kaul, Director General and CEO, CBC, Bothlale Makgekgenene, Assistant Director, Corruption Prevention at the Directorate on Corruption and Economic Crimes, Botswana, Peter Kerby, Head, Civil Society Department, DFID, Pascal Dozie, Chairman, Diamond Group, Koosum Kalyan, Shell International, Director, MTN & Chair, G8 Business Action Against Corruption in Africa, HE Prime Minister Ephraim Inoni, Republic of Cameroon, The Hon. Henry Mussa, MP, Minister of Trade and Industry, Malawi, Hon. Hage Geingob, Minister of Trade and Industry, Namibia, Sean de Cleene, YARA. (Photo by BAAC)

In Nigeria, the CBI has pioneered and implemented an Integrity Ratings System for the private sector and an Ombudsman System for the public to strengthen accountability in the public and private sector.

BAAC Malawi developed a National Code of Conduct, which has been endorsed by government and the private sector and is being implemented across the country.

In Cameroon, the private sector prioritised developing a reform package for company law in co-operation with the Prime Minister's Investment Council towards strengthening transparency and accountability in the public and private sectors.

At the regional level, BAAC is undertaking a project to develop a comprehensive benchmarking system for measuring progress regarding anti-corruption in Africa. BAAC and the CBC in conjunction with key official African institutions, including the ADB, Economic Commission for Africa and the AUABC, are driving the project. The aim of the project is to develop a benchmarking tool that is able to identify gaps and measure progress regarding anti-corruption regimes and processes. This will be done at a national level in a properly contextualised manner, thereby reducing reliance on purely perceptual measures.

Lessons Learned

BAAC has played a critical role in fostering partnerships between governments, civil society and business, with regards to the fight against corruption in Africa. BAAC platform has provided a good opportunity for facilitating engagement among business leaders and senior government officials on practical strategies to combat corruption. While providing tangible tools for fighting corruption, such as codes of conduct, BAAC has also provided a good opportunity for knowledge exchange and capacity-building amongst anti-corruption programmes of key civil society organisations on the continent.

Since 2013, BAAC has faced significant funding challenges, which has impacted its work and visibility. Since funding from DFID's Governance and Transparency Fund was ceased, BAAC has yet to secure additional funding to support the initiative, including that from within the continent.

As a result, with the exception of BAAC Nigeria, several country chapters of the BAAC have been discontinued. Some of the civil society organisations that have been driving BAAC have struggled with their sustainability. For instance, the Human Rights Development Trust of Southern Africa (HURIDETSA), which managed the SAFAC secretariat and was based in Zimbabwe, has since ceased to exist.



BAAC session during the East African Investment Forum with HE Paul Kagame, President of the Republic of Rwanda (first right)

(Photo by BAAC)

3.2. Medicines Transparency Alliance (MeTA)



Countries of operation: Netherlands (HQ), with pilots in Jordan, Kyrgyzstan, Philippines, Peru and three African countries: Ghana, Uganda and Zambia

Sector: Pharmaceutical and healthcare

Collective Action Type: Long-term initiatives towards creating new industry-specific standards

Stakeholders: Governments, pharmaceutical companies, civil society; DFID, World Bank, World Health Organisation (WHO)

Website: <http://www.medicinestransparency.org/>

Background

MeTA was founded in the Netherlands. It is an initiative based on an alliance of governments, pharmaceutical companies, civil society and other stakeholders. MeTA commenced with pilots in seven countries (including three from Africa: Ghana, Uganda and Zambia) in order to increase access to essential medicines for people in developing countries.⁵² Transnational trade in medicines is often poorly understood, weakly regulated and opaque, resulting in corruption and excessive pricing, inefficient markets and poorly performing systems, which is why this initiative is relevant.

Status of the trade of medicines:⁵³

- ❖ The price of medicines can increase as much as 300% from port to patient through taxes, tariffs, wholesaler, supplier and retailer charges, transport and other costs, and also through corruption and fraud.
- ❖ Up to a third of medicines on the market in developing countries are fraudulent. One study in SE Asia found that almost a third of malaria drugs tested contained no active ingredient.
- ❖ Theft of quality medicines from the public sector is widespread. In Uganda, in early 2008, the Minister of Health announced to the media that 50% of the medicines purchased by the government for use in the public health system were being siphoned off.

Aims and Objectives

MeTA's main objective is to increase transparency in the medicine supply chain, by bringing stakeholders from government, the private sector and civil society together, to tackle inefficiency, corruption and fraud, and with this, increase access to medicines for vulnerable populations. MeTA provides data where there were gaps in information, such as availability, price, promotion and use of medicines, and possible ways of overcoming information gaps.

Structure and Features⁵⁴

The structure of MeTA consists of three main bodies. The International MeTA Secretariat (IMS) was established to co-ordinate, organise, promote and support the implementation of the initiative at all levels. It has channelled technical and financial support to the pilot countries, whilst maintaining contact with all national stakeholders, strengthening capacity, and organising global and regional meetings of working groups.

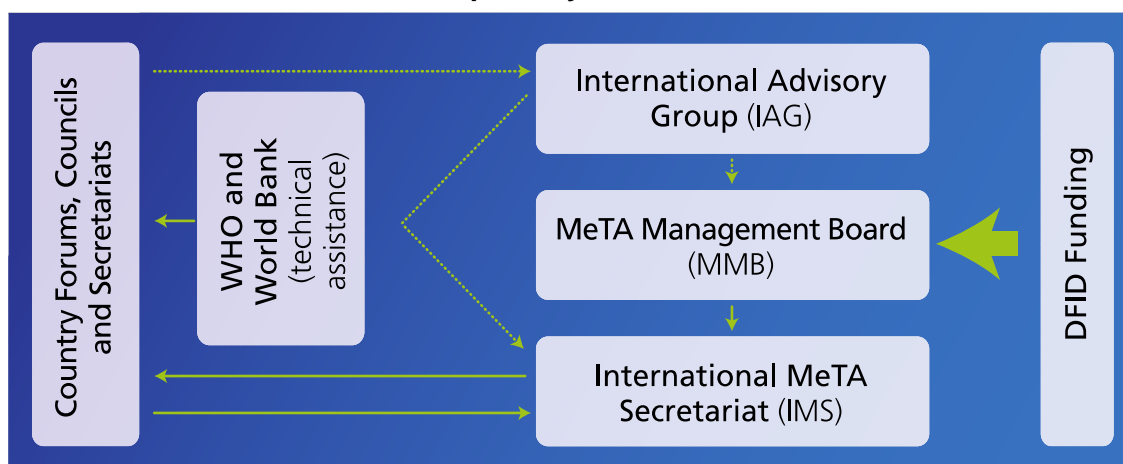
The MeTA Management Board (MMB), which is chaired by DFID, consists of the core group of the founding partners (DFID, WHO and the World Bank). The MMB provides overall guidance for the programme and provides support to participating countries through the IMS.

⁵² MeTA website <http://www.medicinestransparency.org/> accessed 20 December 2014 and B20 Collective Action Hub: "MeTA profile" <http://www.collective-action.com/initiatives-detail/160> accessed 20 December 2014

⁵³ MeTA (2008) "Questions and Answers for the Medicines and Transparency Alliance Launch" <http://www.medicinestransparency.org/fileadmin/uploads/Documents/MeTAQandA.pdf>

⁵⁴ MeTA (2010): "Medicines and Transparency Alliance: A Review of the Pilot" http://www.medicinestransparency.org/fileadmin/uploads/Documents/MeTA_review_pilot.pdf

Structure of the Medicines Transparency Alliance



Source: *Medicines and Transparency Alliance: A Review of the Pilot*

Finally, the International Advisory Group (IAG) supports the overall work of MeTA by promoting its transparency and accountability goals. It consists of elected representatives from each pilot country and a number of experts drawn from international organisations, academia and the private sector.

In addition, there are national MeTA Councils that are established in each of the seven pilot countries as multi-stakeholder groups, comprised of representatives from government, the private sector and civil society. This has been critical in building trust and confidence, facilitating technical knowledge and allowing the planning and development of country policies to happen in a more open and effective way.⁵⁵ This bringing together of different interest-groups is a key element in the MeTA approach.

Programmes and Activities

Each MeTA Council developed a work plan that outlines the factors limiting access to essential medicines. This then helped to determine the country program, priorities, actions and policies needed to tackle these factors in the respective pilot countries. The specific goals agreed by the individual MeTA Councils have been wide-ranging, as can be discerned from the activities in Ghana, Uganda and Zambia below.

MeTA Ghana⁵⁶

- ❖ In order to strengthen quality assurance of essential medicines, MeTA Ghana and the World Bank have funded and worked with the Ghana Food and Drugs Board to test the quality of antibiotics and other medicines, using minilabs at sentinel sites around the country. This work has contributed to prompt intervention by the regulator, through the identification and recall of some substandard antibiotics and withdrawal of unregistered medicines from the market.
- ❖ MeTA Ghana Civil Society Group has focused on raising public awareness (about the price, quality and availability of medicines) and advocacy capacity – taking the country's significant regional, cultural and linguistic diversity into account with a diverse network of more than 100 Civil Society Organisation representatives, covering all ten regions of the country.
- ❖ MeTA is working alongside the National Health Insurance Authority to jointly collect and analyse data that will help to inform evidence-based policies and help regulators to enforce existing laws and guidelines of the Ministry of Health.

⁵⁵ B20 Collective Action Hub: "MeTA profile" [opcit](#)

⁵⁶ MeTA (2010) "Medicines and Transparency Alliance: A Review of the Pilot" [opcit](#)

MeTA Uganda⁵⁷

- ❖ MeTA Uganda supported the National Drug Authority in building the database of registered medicines available on its website. The database has been advertised in the newspapers along with the Short Message Service (SMS) information service whereby clients can inquire about the registration status of a drug, pharmacy or manufacturer.
- ❖ Through MeTA, the private sector now has access to information that was not easily obtainable, such as the price of medicines or the three-year rolling procurement plan of the Ministry of Health.
- ❖ The “Stop the Stock Outs!” campaign – led by the CSOs – was extremely successful in raising public awareness and driving the issue through the political agenda. As a result, a Drug Monitoring Unit has been established in the President’s Office.

MeTA Zambia⁵⁸

- ❖ In order to raise the public’s awareness of their rights as patients and their entitlement to good quality, affordable medicine, MeTA Zambia initiated outreach programmes in two districts of the rural North Western province in August 2009. In early March 2010, three ‘road shows’ were also taken into local rural communities, and received important feedback from the communities. MeTA Zambia has also embarked on a national media campaign including radio and TV broadcast programmes.
- ❖ A motion in parliament in March 2010 enabled the Parliament to debate all matters pertaining to the availability, accessibility, quality and pricing of medicines and, consequently, raised the MeTA Zambia profile with the policy-makers and the general public.

MeTA Zambia has now become part of the National Medicines Review process.

Lessons Learned⁵⁹

Overall, MeTA has helped to develop and strengthen tools for the promotion of widespread access to medicines in low-income countries, and a core set of new information has been gathered, collated, analysed and disclosed in each pilot country.

It has combined the local approach with an international perspective, through the involvement of stakeholders operating at global level.

Key lessons from its pilot countries include:

- ❑ MeTA deals with complex political and technical issues. Over the course of the pilot it has become clear that, for the project to be sustainable in each country, the specific challenges and output needed to be identified and agreed by the national Councils on the basis of sound evidence and solid relationships.
- ❑ There is the need for Collective Action initiatives to include a rigorous mapping of key stakeholders, in order to understand their respective constraints and priorities. This is an important step towards developing the right incentives for them to participate in the initiative.
- ❑ It is important for Collective Action initiatives to be mainstreamed as part of official decision-making structures at the national level.
- ❑ A key success factor for MeTA has been the creation of a level playing field by providing resources to facilitate the participation of those who would not normally be able to join in, and to build their skills to play an effective role in the partnership.
- ❑ There should be effective and regular monitoring and evaluation processes in place to measure outputs and eventual impacts.

⁵⁷ MeTA (2010) *Medicines and Transparency Alliance: A Review of the Pilot* [op cit](#)

⁵⁸ [ibid](#)

⁵⁹ [ibid](#)

Chapter Four:

National Collective Action Initiatives

A number of Collective Action initiatives have developed over the years, and various approaches have been identified on the continent. These include long-term awareness-raising initiatives through workshops, dialogues and trainings, which are intrinsic focus areas in a number of the African collective action initiatives addressed in this publication.

In turn, such awareness-raising initiatives (including those driven by Global Compact Local Networks) are helping companies to improve their internal mechanisms, structures and processes towards fighting corruption. Other initiatives, such as those structured through integrity pacts and codes of conduct, are also helping companies to put measures in place to reduce the risk of corruption.

This chapter profiles a number of national Collective Action initiatives for the promotion of Collective Action against corruption in Africa. These initiatives are aimed at scaling up existing anti-corruption efforts in their respective target countries, namely Angola, Egypt, Ghana, Kenya, Malawi, Nigeria and South Africa. They also provide business participants and other stakeholders with knowledge, skills, strategies and resources to promote ethical practices and transparency in business operations, using collaboration with key stakeholders at the country level as a key leverage.



The Angolan Capital Luanda(Photo: Stephane de Sakutin/AFP via Getty Images)

4.1. Principles of Ethical Business in Angola

On 15 May 2012, a business ethics seminar took place in Luanda, Angola - the first of its kind in the country. A key outcome of the event was the adoption of a resolution towards designing a national private sector ethics standard, which resulted in the development of the Principles for Ethical Business for Angola. Another outcome was the establishment of a Centre for Ethics in Angola to assist companies and other entities to manage and implement ethics into their organisations.

The objectives of the Centre for Ethics in Angola and the Principles of Ethical Business in the country are to: improve responsible business practices in Angola, to reduce corruption, improve the reputation of the country and attract foreign investors.

Principles for Ethical Business Practice

Centre for Ethics in Angola

Sector: Multi-Sector

Collective Action Type: Long-term initiative and code of conduct.

Stakeholders: Angolan and multinational companies, Angolan Chamber of Commerce and Industry (CCIA), Angolan Industrial Organisation (AIA).

Website: www.centroeticangola.co.ao/en/

Background

In efforts to further engage Angolan companies in Collective Action, the Centre for Ethics in Angola (CEA), along with the Principles of Ethical Business in Angola⁶⁰, were launched in 2013. The Centre seeks to provide assistance to the Angolan public and private sector in establishing ethics management within their organisations. In this regard, the Principles will serve as an important tool to enhance competitiveness and better market access opportunities for Angolan firms, through demonstrating commitment to ethical business practices.⁶¹

Aims and Objectives

The objectives of the CEA and the Principles of Ethical Business in Angola are to: enhance the competitiveness of Angolan companies, provide Angolan companies with easier access to world markets, make Angolan companies and the Angolan market more attractive to international investors, reduce the cost of doing business in Angola, foster business sustainability and prevent unethical behaviour and corruption.

Structures and Features

The Principles are based on five key pillars: respect, fairness, responsibility, truthfulness and care. A company commits to the Principles by signing a letter of engagement that can be obtained from the CCIA. A list of companies that have signed up is made publicly available on the website of the different Angolan business associations.

Programmes and Activities

Companies that have signed the commitment letter are expected to adhere to the Principles, make their commitment to the Principles public, visibly promote responsible business conduct, convince other companies to also commit to the Principles, instil the Principles within the company, and attend workshops and seminars on the implementation of the Principles.

When a signatory company contravenes the Principles, the business associations involved will engage with the company at the highest level to assist them in resolving the problem. In the event that the company is found guilty by the relevant authority of any corruption or unethical conduct, partnering business associations will release a public statement expressing moral disapproval of the transgression. Further, the business associations involved will continue engaging with the offending company, so as to assist them in improving their ethics management practices.

Lessons Learned

The creation of the CEA as a central hub for mainstreaming business ethics in Angola is an important milestone for Collective Action against corruption in the country. A key strength of the Principles has been the local ownership by the business associations (CCIA and AIA), which play a key role regarding conformance by their members. This initiative successfully attracted the business sector.

However, a key challenge brought to light through this initiative is the ability to get government and public sector institutions fully involved.

⁶⁰ Centro Etica Angola website www.centroeticangola.co.ao/en/ accessed 20 December 2015

⁶¹ B20 Collective Action Hub Website "Centre of Ethics for Angola" <http://www.collective-action.com/initiatives-detail/336> accessed 20 December 2015



*Cross-section of participants during a training event organised by the Egyptian Corporate Responsibility Centre
(Photo by ECRC)*

4.2. Driving Business Integrity in Egypt

In recent years, Egypt has witnessed deep political change and several uprisings, which have had a major effect on the country's economy and investment climate. While the government has aimed to contain corruption through several initiatives and efforts, corruption still remains a problem.

Collective Action against corruption in Egypt is a relatively new concept, as companies mainly focus on the internal approach, such as assessing corruption risks, implementing anti-corruption policies as part of an overall corporate compliance program, and providing specific guidance to managers. There are, however, some Collective Action initiatives in the country, many of which have focused on anti-corruption declarations, integrity pacts and long-term efforts geared towards raising awareness and providing in-focus training.

This chapter profiles two key Collective Action initiatives in the country: the Sustainable Business Circle initiative of the Egyptian Corporate Responsibility Centre, as well as the Egyptian Junior Business Association's Integrity Pledge for Small and Medium Enterprises.

Sustainable Business Circle

Egyptian Corporate Responsibility Center

Sector: Multi-Sector

Collective Action Type: Long-term Initiative

Members: Over 90 Egyptian companies, civil society, UN Global Compact and German Federal Enterprise for International Co-operation (GIZ)

Website: <http://www.ecrc.org.eg/>



Background

The Egyptian Corporate Responsibility Center (ECRC)⁶², with more than 90 Egyptian companies involved, was established in 2008 as the result of an initiative between the Egyptian Ministry of Investment and the UNDP⁶³, to facilitate learning about corporate sustainability by the private sector, as well as multi-stakeholder engagement and Collective Action against corruption. As the focal point for the UN Global Compact in Egypt, ECRC's mission is to empower businesses to develop sustainable business models and to improve the capacity to design, apply and monitor Corporate Social Responsibility (CSR) policies.

Since June 2003, the ECRC has instituted the Sustainable Business Circle (SBC), which is a long-term Collective Action initiative facilitated in conjunction with the GIZ.

Aims and Objectives

The SBC is geared towards raising awareness and facilitating multi-stakeholder round table discussions on specific anti-corruption themes. This is done with the purpose of building capacity to implement and design anti-corruption tools. The SBC model is driven by the need to fight corruption collectively, with opportunities for sector specific approaches to combat corruption.

Structures and Features

The SBC is structured as an agreement between the Egypt Global Compact Local

Network and the GIZ, having activities on a monthly basis, with a long-term outlook. The sessions, which are hosted and facilitated by the Global Compact Local Network and GIZ, involve diverse speakers from different sectors, such as governmental, private sector and consulting. These speakers are selected on a thematic basis. As a multi-sector platform, the SBC has the participation of key business sectors and industries, which include cement, packaging, petrochemical and banking.

Programmes and Activities

The main activities for the SBC include educational programmes, consultations and discussions, which are open to both members and non-members of UN Global Compact. SBC programmes and activities are determined by the evaluation outcomes of each discussion circle, as well as feedback from companies and recommendations by the local network.

Lessons Learned

The SBC is playing an important role as a convening platform that enables participants to learn about key anti-corruption tools from a variety of speakers and experts with the facilitation of the ECRC, across a wide array of business areas.

The engagement with the business community facilitated by ECRC has also helped to build the business case for ethical practice in business, particularly in terms of countering certain culturally embedded norms that do not promote business integrity. In this regard, the ECRC is also planning to strengthen its outreach through the use of media platforms.

⁶² Egyptian Corporate Responsibility Centre website <http://www.ecrc.org.eg/> accessed 20 December 2015

⁶³ Maastricht School of Management (2014) "Corporate Social Responsibility supporting SMEs: Lessons Learned from Egypt" <http://www.msm.nl/resources/uploads/2014/09/MSM-WP2014-25.pdf>

Egyptian Junior Business Association

The Integrity Network Initiative

Supported through the Siemens Integrity Initiative

Sector: Multi-Sector

Collective Action Type: Long-term Initiative, Integrity Pledge (code of conduct and compliance pact), multi-stakeholder network

Members: Egyptian Junior Business Association (EJB), civil society, businesses

Partners: UN Global Compact and Humboldt Viadrina School of Governance

Website: <http://www.ejb-act.com/>

Contact: info@ejb-act.com

Background

The importance of Small and Medium Enterprises (SMEs) for Egypt's socio-economic development is considerable, as they account for approximately 80% of Egypt's domestic economy and provide up to 75% of all private sector jobs⁶⁴.

Unfortunately, SME's are not immune to corruption, and often lack the necessary resources to develop anti-corruption measures, notably in terms of financial capacity.

Under the Siemens Integrity Initiative, the UN Global Compact and the EJB are working together to provide a new way of tackling the issue of SME-related corruption in Egypt.

Aims and Objectives

This initiative aims to develop anti-corruption policies and procedures for companies, with special emphasis on Small and Medium Enterprises (SMEs). It also focuses on enhancing transparency and integrity in business to government (B2G) transactions. The main emphasis of this work stream is government procurement.

The initiative is based on the view that simply requiring SMEs to refrain from corruption because it is legally required or because it is the right thing to do ("moral

case") may not be enough to convince SMEs that try to survive in an economically challenging environment with high levels of corruption. Such companies need to be supported in their efforts for more integrity and they need to be offered a viable alternative to corrupt business practices by showing that fighting corruption can make good business sense ("business case").

Structures and Features

The initiative follows a two-fold approach:

- ❖ Increase integrity among SMEs.
- ❖ Build a surrounding network of partners to support SMEs, to advance integrity in the business environment and raise public awareness.

The initiative is based on the belief that when companies establish internal practices individually and collaboratively engage in a sustained process of co-operation with other stakeholders, real "on-the-ground" impact can be achieved in the business landscape of Egypt.

Programmes and Activities

The initiative has focused on a number of activities. With regards to the first goal, an Integrity Pledge, which draws on international good practice standards but is tailored to match SME- and Egypt-specific requirements, is drafted in consultation with SMEs.

⁶⁴ Egyptian Junior Business Association website <http://www.ejb.org.eg/> accessed 20 December 2014

The overall implementation plan of the Integrity Pledge is structured into three phases:

- I- Commitment and Policy**
- II- Implementation and Improvement**
- III- Assessment and Participation**

In support of this, guidance, training and capacity-building material is provided, which is necessary to facilitate the implementation of the Pledge. This includes the development of a Guidance Manual that outlines practical steps that SMEs can take to integrate anti-corruption policies and practices into their operations and, with this, implement the Pledge. The initiative also provides capacity-building activities, such as Senior Management and Ethics and Compliance Manager training, to support participating SMEs. With regards to the second goal, a first group of larger companies (Egyptian and multinational) has signed on to the network to provide

support and incentives to SMEs that have demonstrably adopted the Pledge, and to strengthen the initiative's profile publically.

Lessons Learned

Innovative anti-corruption initiatives, such as the EJB's Integrity Pledge for SMEs, have proven to be useful in sensitising SMEs in the fight against corruption and enabling them to collectively commit to adopting ethical business practices.



SME senior management training session (Photo by EJB)



SME (MediNeeds) signing the Integrity Pledge in a public signing ceremony (Photo by EJB)



Group of early adopters of the initiative (Photo by EJB)



CEO Round Table on Corporate Sustainability in Ghana hosted by the Global Compact Network Ghana, February 2014.
(Photo by UN Global Compact Ghana Local Network)

4.3. Fighting Corruption in Ghana as part of Corporate Sustainability

The practice of CSR is increasingly becoming popular in Ghana, as a number of initiatives are taking place in the country, with the aim of broadening the notion of corporate sustainability. One of the initiatives is the Ghana Business Code, inspired by the UN Global Compact principles, and designed to urge corporations in the country to take a strong stand against corruption and to act jointly against it. The Ghana Business Code (GHBC) was introduced as a solution to the corruption challenges inherent to globalisation and trade liberalisation.

The Global Compact Network Ghana presently has a total of 75 organisations as signatories to the Global Compact in the country. It provides an advocacy platform for local companies, subsidiaries of international corporations, business associations, UN agencies, NGOs and trade unions, to learn about and promote corporate sustainability and ethical business standards in the country, using the GHBC as one of its key resources.

Fighting Corruption as part of Corporate Sustainability



Sector: Multi-Sector

Collective Action Type: Long-term initiative, code of conduct

Members: The Association of Ghana Industries (AGI), Ghana National Chamber of Commerce and Industry (GNCCI) and Ghana Employers Association (GEA) under the Danish International Development Agency (DANIDA) funded project: Improving Business Practice (IBP), sub-component of the Business Sector Programme Support (BSPS).

Background

The Ghana Business Code (GHBC), inspired by the UN Global Compact principles, was launched in Ghana in October 2006. The GHBC was developed through the initiative of three key business associations in Ghana: AGI, GNCCI and GEA, with funding support from DANIDA.

Aims and Objectives

The GHBC emphasises the triple bottom line with regard to People, Profit and Planet⁶⁵. Through this initiative, the Ghana business community recognises increased international attention on corporate sustainability and the 'triple bottom line' that emphasises corporate measurement of social, environmental and economic performance. The GHBC was developed through a unique participatory process, to provide a unique product and to offer unique possibilities for businesses operating in Ghana.

Structures and Features

The GHBC is a series of principles, based on UN Global Compact principles relating to human rights, labour standards, the environment and transparency in business operations. It is the first code ever designed to apply to all segments of the Ghanaian business community.⁶⁶

Programmes and Activities

Since its launch, the GHBC has been promoted publicly with the aim of increasing its number of signatories. A number of training and awareness-raising activities

have also been conducted at company level,⁶⁷ some of which were facilitated by the Global Compact Network Ghana. In the first two years following the launch of the GHBC, its enforcement was largely dependent on self-reporting by the companies in terms of compliance with the code. However, in future, the project aims to design a certification program to monitor compliance according to procedures and guidelines.

Lessons Learned

Similar to BAAC, the business code, though very laudable, unfortunately did not have further funding for continuation after the project phase ended.

The GHBC's implementation has taught the code's founding organisations that the code can only become a true vehicle for ethical practices through continued communication and collaboration.

Experience also shows that the best results are reached when partners carefully consider what they would like to achieve through the partnership. Through collaboration, actors can strengthen their efforts to achieve individual objectives by leveraging, combining and capitalising on complementary resources, strengths and capabilities. With such partnerships, results that businesses could not have achieved on their own are made feasible.

Through Global Compact Network Ghana's efforts towards sensitising the market place, many companies are developing strict policies to ensure business integrity within their operations. These include policies on 'do's and don'ts', public procurement, gifts and hospitality and the promotion of more transparent and accountable business practices.

⁶⁵The Triple bottom line approach is a concept introduced in 1994 to take into account the full cost of doing business, in order to measure the financial, social and environmental performance of a corporation over a period of time.

⁶⁶Ghana Business Code (2006) "Doing Business Right"
http://investinkumasi.com/wp-content/uploads/2013/09/ghana_business_code.pdf

⁶⁷COWI Website "Improving business practice, Ghana"
<http://www.cowi.com/menu/project/EconomicsManagementandPlanning/Organisationaldevelopmentandsocialstudies/Pages/Improvingbusinesspractice,Ghana.aspx> accessed 20 December 2014



Launch of the Code of Ethics in Kenya by the Former Minister for Justice and Constitution Ms. Martha W. Karua (Photo by Kenya Association of Manufacturers)

4.4. Making a Difference through Collective Action in Kenya

More and more Kenyan companies have instituted diverse ways of dealing with bribery and corruption, which include: the development of policies to address bribery and corruption risks, instituting governance mechanisms to combat the risk of bribery and corruption, conducting due diligence on their suppliers, vendors, agents and other third parties, conducting risk assessments and taking disciplinary actions on those found to not be compliant with the business code of conduct.

Kenyan companies that are signatories to the UN Global Compact have set up various programmes to ensure that they honour their commitments to the UN Global Compact's 10th Principle against corruption. They are making annual disclosures to their stakeholders on their anti-corruption efforts. In addition to individual efforts, some companies are collaborating in their respective industry sectors through Collective Action efforts and are also persuading the government to support them.

Kenya Association of Manufacturers (KAM)



Code of Ethics for Business in Kenya

Sector: Multi-Sector, Edible Oils

Collective Action Type: Long-term initiative, code of conduct

Stakeholders: Kenya Association of Manufacturers (KAM), Kenya Private Sector Alliance (KPSA), UN Global Compact Network Kenya, companies and government agencies- Ethics and Anti-corruption Commission, Kenya Revenue Authority, Kenya Bureau of Standards, CSO-Transparency international

Website: <http://www.kam.co.ke/>

Background

Collective Action is a relatively new approach being used by companies in Kenya in the fight against corruption. As Kenyan companies are realising that their individual efforts in the fight against corruption are not always sufficient, they are increasingly relying on Collective Action to curb corruption. Kenyan companies that are signatories to the UN Global Compact have set up various programmes to ensure that they honour their commitments to the UN Global Compact's 10th Principle against corruption. They are making annual disclosures to their stakeholders on their anti-corruption efforts. In addition to individual efforts, some companies are collaborating in their respective industry sectors through Collective Action efforts and are also persuading the government to support them.

In 2012, the business community of Kenya, under the auspices of KAM and KEPSA, initiated the development of an industry-wide Code of Ethics for businesses operating in Kenya. ⁶⁸By adopting this voluntary Code, a business commits itself to conduct clean business with all its stakeholders (including shareholders, employees, government, consumers, environment, society, suppliers, contractors and agents). Based on the UN Global Compact principles, the commitments revolve around the key areas of anti-corruption, environment, human rights and labour standards.

The Code is a long-term initiative for the business community in Kenya that has the potential to evolve, depending on changes in the country's business environment.

Aims and Objectives

The Code is intended to enable a cogent level of commitment by business to contribute to building a globally competitive and prosperous Kenya. The adoption of the Code by the private and public stakeholders in Kenya is part of efforts towards Collective Action against corruption. Collective Action is pertinent to deal with the high prevalence of corruption in the country, believed to be fuelled by government and the private sector. Through the Code, a huge network of ethical commercial enterprises lends credence and strength to the business advocacy agenda.

Structures and Features

The development and promotion of the Code was made possible through partners including GIZ and the British High Commission in Kenya. There are currently 58 signatories to the Code, in addition to 50 other organisations that are committing to the fight against bribery and corruption by committing to the UN Global Compact principles. The signatories to the Code are accountable to their stakeholders by way of annual disclosures, which demonstrate their efforts against bribery and corruption in their operations, including the supply chain. KAM monitors this, and ensures that these disclosures are made on time. However, contents of disclosures are not verified by KAM.

The Global Compact Local Network in Kenya, hosted by KAM, manages the initiative on behalf of the business community, and offers capacity support and facilitates partnership on behalf of the signatories.

⁶⁸KAM Website <http://www.kam.co.ke/> accessed 20 December 2014

Programmes and Activities

The Global Compact Network Kenya focuses on providing capacity development support, through training and awareness creation, in order to help companies to translate their commitment into action, and on lobbying with industry peers and government to support the initiative.

Lessons Learned

The Code has enabled a critical mass of businesses with the same interests to come together towards creating transformative change. In Kenya, companies have realised that Collective Action is a more efficient method to fight corruption, compared to individual action. This has amplified the voice of the private sector against corruption, and changed the perception that corruption is an accepted and normal business practice. The Code has also provided the opportunity for businesses to engage with the public and their stakeholders about their commitment to sustainability.

Companies in Kenya have benefited from capacity-building activities (trainings, seminars, awareness, peer exchange forums, mentoring etc.) that have been planned under this initiative. This has enabled companies to better manage legal risks and costs. Companies can be change agents, as illustrated by current

signatories to the Code, who have been instrumental in further increasing its uptake amongst their supply chain.

From the experience of the Global Compact Network Kenya, Collective Action has proven to be a useful approach in fighting corruption in contexts where corruption is entrenched and widespread. The Code has also acted as a foundation for the edible oil sub-sector approach, where businesses within the sector are collectively fighting the corruption undermining the competitiveness of the sector.

Due to constraints, managing and following up with signatories has been a challenge to the widespread uptake of the Code. In addition, Collective Action efforts are not sufficiently supported by society. This requires greater sensitisation of the general public through media channels.

The results of a survey commissioned by KAM and the Global Compact Local Network in 2014 (*"Business against corruption case study report on Anti-bribery and corruption in Kenya"*), indicate that despite the Code, there is still a lack of specific stand-alone policies dealing with bribery and corruption. Local companies have tried to internally institute structures and processes to handle ethics and integrity but these are still at an initial stage.⁶⁹

Launch of the Case Studies on Business Against Corruption by the British High Commissioner to Kenya Dr Christian Turner (right) along with Betty Maina, Chief Executive of the Kenya Association of Manufacturers (left)

(Photo by KAM)



⁶⁹ KAM Press Release *"Business against corruption case study report on Anti-bribery and corruption in Kenya"* (26 June 2014, Nairobi)

Collective Action in Practice: Stopping the Influx of Unaccustomed and Uncertified Edible Oils in Kenya



Sector: Edible Oils

Collective Action Type: Long-term initiative, joint activities, code of conduct

Stakeholders: KAM, Edible Oils Sub-Sector manufacturers (EOSS), government regulators (such as Kenya Revenue Authority, Kenya Bureau of Standards and Department for Weights and Measures) and GIZ

Website: <http://www.kam.co.ke/>

Background

EOSS manufacturers have been raising concerns regarding the importation of cheap sub-standard edible oils into the country.

⁷⁰This is seen to pose unfair competition to processors that manufacture edible oil products according to set standards. As a result, edible oil products manufactured by the members of the KAM–EOSS have been losing market share due to illicitly imported oils.

In addition, there are also challenges of “dollop scooping” from bulk packages,

undertaken by unscrupulous traders in the black market, who purchase the edible oils in bulk and re-package them into smaller containers. These products are then resold at cheaper rates, whereby the traders avoid regulatory taxes also compromise on quality and food safety standards requirements. The tax avoidance by these illicit importers ultimately affects the price competitiveness of local manufacturers in the market.

Furthermore, there have been concerns that, while some regulators harass KAM–EOSS members, they protect illicit traders, who do not comply with the national import, manufacturing and export regulations or the Kenyan quality standards.



To buttress their collective action aspirations, KAM–EOSS members together have signed and upheld the Code of Ethics for Business in Kenya as well as the Ten Principles of the UN Global Compact.

Left: Members of the Edible Oils Sub-Sector signing up to the UN Global Compact (Photograph by KAM)

⁷⁰Ongwae, E (2014) “Cheap substandard imports hurting local manufacturers”, IPSOS http://www.ipsos.co.ke/NEWBASE_EXPORTS/Unilever/140930_Daily%20Nation%20-%20Tuesday_41_867d4.pdf

Aims and Objectives

The members of KAM–EOSS believe that collectively fighting corruption will contribute to a level business field, and enable an environment for private-sector growth and competitiveness within the edible oils industry.

The KAM–EOSS initiative aims to have regulators take action to stop the import of illicit edible oils, which distorts fair trade and competition.

In this regard, the objectives of the Collective Action initiative include:

- ☐ Sharing information with regulators.
- ☐ Monitoring illicit imports.
- ☐ Assisting individual members with trade-related issues.
- ☐ Facilitating trainings and seminars, as well as sensitising the general public through radio, TV broadcast and road shows.

Structures and Features

To demonstrate the commitment of KAM–EOSS members, a secretariat was established in 2011, to monitor unethical behaviour in the edible oils sub-sector supply chain, and to guide and champion the sub-sector's objectives. Individual KAM–EOSS members contribute financially towards the activities of the secretariat.

To substantiate their commitment, members of KAM–EOSS have collectively signed to uphold the Code of Business Ethics for Business in Kenya and the UN Global Compact principles.

Programmes and Activities

The members of KAM–EOSS have carried out several media campaigns (including adverts in daily newspapers) to highlight the malpractices inherent to the sector.

KAM–EOSS engages with the Government to stop illegal imports that are flooding the market as a result of corrupt officers allowing counterfeit, unaccustomed and substandard imports into the market.



Nitin Shah,
CEO,
Kapa Oil
Refineries
Ltd.

“Kapa Oil Refineries Limited has experienced corruption, both internally and externally in varying degrees, and at different levels in the course of doing business. The internal cases are handled through the Company's set policies and procedures as outlined in the Code of Business Conduct. In dealing with the corruption cases outside Kapa Oil, the Company has joined hands with other stakeholders such as the Kenya Association of Manufacturers (KAM) under the Edible Oil Sub-Sector (EOSS) umbrella.

So far, these Collective Action measures against corruption have benefited our company greatly, as Government agencies have improved the fight against counterfeit products, tax evasion by importers and as such, have ensured a level playing field.”

The Kenya Bureau of Standards (KEBS) surveillance team joined hands with KAM–EOSS in identifying these unscrupulous traders. KEBS made a commitment to carry out more public sensitisation campaigns on the unhygienic nature of re-packing, to identify the places where the re-packing was being done, and to ensure that goods that were not compliant with the standard requirements did not enter the market.

The Kenya Revenue Authority (KRA) joined hands with KEBS to ensure that all edible oil importers are subject to appropriate taxation processes. KRA took the responsibility to safeguard importer compliance with clearance procedures and the payment of relevant duties through the approved system. These measures taken by the KRA help to ensure that all edible oil importers pay taxes.

KEPSA and KAM engaged with the Parliamentary Committee on Finance, Planning and Trade on the looming closure of edible oil manufacturing companies in Kenya. The private sector highlighted counterfeits and poor protection of intellectual property rights, which have subjected manufacturers to unfair competition, as threatening the closure of local companies. KEPSA highlighted the poor performance of key regulators with regard to the enforcement of standards, including the failure to protect the intellectual property rights of various companies. Thus far, there has been a positive response from various government agencies to increase the enforcement of regulation.

Lessons Learned

The KAM–EOSS experience is an example of companies in a sector that came together to combat corruption when their sustainability and competitiveness were threatened by corruption caused mainly by bureaucratic bottlenecks, inadequate legal frameworks and a lack of enforcement. It is now recognised that Collective Action is a powerful tool for the members of KAM–EOSS to safeguard their industry from internal and external threats, including illicit imports and trading, extortion and bribery.

KAM–EOSS has not, however, been without challenges. This includes bringing all members to the discussion table and keeping them there. The need for more funding deepens and widens the scope of the services provided by the KAM–EOSS secretariat. These challenges impact the reach and effectiveness of the initiative in the long term.



Vimal Shah,
CEO,
Bidco Oil
Refineries Ltd.

“Bidco Oil Refineries Limited has implemented a set of comprehensive anti-bribery and corruption compliance policies, which have been designed to mitigate the risk of bribery and corruption within the business and across the supply chain.

While we have put measures and mechanisms in place at a company level to respond to ethical concerns, there is a need for concerted efforts by all sectors to fight the vice. More so, public and private sector collaboration is needed to seal the loopholes that arise as a result of the interaction of the two sectors.

Bidco Oil is committed to the UN Global Compact’s Ten Principles and was also involved in developing the Code of Ethics for Business in Kenya. Bidco Oil is also an active member of KAM–EOSS.”

Going forward, KAM–EOSS intends to seek political support (to have more public condemnation of corruption with corresponding action); and to use the media to educate the public and expose corruption avenues in the sub-sector.



Ethics Officer Training in Mangochi, Malawi, facilitated by BAAC Malawi (Photo by African Institute for Corporate Citizenship)

4.5. BAAC–Malawi: A Public–Private Partnership Against Corruption

Corruption remains a huge hindrance in the development of the country. The Malawi Chapter of Business Action Against Corruption (Malawi–BAAC) was launched in 2005 as a multi-stakeholder coalition involving government, private sector, civil society, donor agencies and the media, to tackle corruption and to implement the 10th Principle of the UN Global Compact in the country.

This national multi-stakeholder negotiation process produced a broad-ranging action plan to combat corruption in the public and private sectors. The African Institute for Corporate Citizenship (AICC) acted as the Secretariat for the Malawi BAAC, to ensure effective implementation of the action plan and systematic eradication of corruption in Malawi.

African Institute for Corporate Citizenship

Malawi Business Action Against Corruption



Sector: Multi-Sector

Collective Action Type: Long-term initiative, code of conduct

Stakeholders: AICC, BAAC, GIZ, DFID, Malawi Anti-Corruption Bureau, companies, CSOs

Website: www.aiccafrica.org

Background

Corruption remains a huge hindrance to the development of Malawi. The Malawi Chapter of Business Action Against Corruption (Malawi-BAAC) was launched in 2005 as a multi-stakeholder coalition involving government, private sector, civil society, donor agencies and the media, to tackle corruption and implement the 10th Principle of the UN Global Compact in the country. BAAC-Malawi is a public-private partnership platform for enhancing ethical business practices and fighting corruption.

BAAC-Malawi is the country chapter of the continental BAAC initiative, and draws its expertise and mandate from the extensive involvement of BAAC in programs to fight corruption in several African countries through promotion of good business practices. This national multi-stakeholder negotiation process produced a broad-ranging action plan to combat corruption in the public and private sectors. AICC acted as the Secretariat for the Malawi BAAC, to ensure effective implementation of the action plan and systematic eradication of corruption in Malawi.

Aims and Objectives

The main objective of BAAC-Malawi is to engage the business community to collectively fight corruption in Malawi. BAAC-Malawi facilitates Collective Action amongst government, business and civil society and contextualises this in line with Malawi's National Anti-Corruption Strategy (NACS), which recognises the important role of the private sector as an engine for economic growth.

Structures and Features

BAAC-Malawi is structured as a public-private partnership involving companies, civil society and government agencies in Malawi, with the AICC acting as the Secretariat that manages BAAC Malawi.

The programmatic activities of BAAC-Malawi are developed through consultation with national stakeholders and guidance from the BAAC Steering Committee, which also supervises the annual work plan. BAAC-Malawi appoints working groups, comprised of members and external experts for key programme areas, including the Ratings Framework⁷¹ on anti-corruption.

BAAC-Malawi is membership based. In servicing its membership, the secretariat for BAAC-Malawi employs various programmes: monthly newsletters, research on best practices, direct consultations with members, participation in conferences and meetings, induction of new members, and fundraising.

Funding for BAAC-Malawi is primarily provided through membership fees, which are augmented by quarterly disbursements from the regional BAAC, based on the approved annual work plan of the DFID grant. This is in addition to project-based grants and contributions from other donors and non-members, for the organisation of events such as trainings and symposiums.

Programmes and Activities

Since 2005, BAAC-Malawi has been involved in the following activities:

⁷¹BAAC Malawi's Rating Framework, developed in conjunction with the Society of Chartered Accountants in Malawi (SOCAM), provides a standardised corruption rating tool against which different organisations can be monitored and compared in a consistent way. This helps to ensure that there are tangible benefits pertaining to the BAAC Code of Conduct.

- ❑ The development of a business code of conduct, which has been adopted by 34 leading companies in Malawi;
- ❑ Trainings on ethics and corporate governance and convening events such as business symposiums, towards facilitating a better understanding amongst businesses about the NACS of 2008, the Companies Act of 1984 and the Corrupt Practices Act No 17 of 2004;
- ❑ Supporting the initiatives of member companies against corruption, such as assisting in the development of whistle-blowing processes and structures.
- ❑ The development of a ratings framework, in consultation with member companies. The ratings framework is a tool for measuring the commitment of companies to business ethics (against their counterparts) of which the main focus is to eliminate all forms of corruption in business transactions.
- ❑ Conducting surveys amongst members of BAAC–Malawi to collect views and opinions about its activities and future programmes.
- ❑ Outreach activities on the regional BAAC platform to share information, engaging with official African institutions and supporting other country chapters and/or activities (e.g. DRC, Ghana, Kenya, Tanzania, Uganda and Zambia) towards establishing joint anti-corruption initiatives.

Lessons Learned

- ❑ Through its structure as a public-private membership-based partnership, BAAC has been able to engage in fundraising and to provide services to its members. Drawing on other countries' experiences, the initiative has allowed for greater discourse between government, businesses and civil society organisations.
- ❑ Nevertheless, BAAC–Malawi has experienced several challenges. Internally, BAAC–Malawi needs continuous funding for its operations. This is an on-going task, which requires close and sustained contact with donor organisations as well as co-operation with member companies.
- ❑ Externally, motivating CEOs to continuously consider anti-corruption issues and maintaining discussions with the public sector remains a priority for BAAC–Malawi.
- ❑ The experience of AICC indicated that corruption remains a challenge in Malawi, which requires Collective Action from various sectors. In light of political interference and funding constraints, there is a need for donors and funding agencies to continue supporting efforts geared towards enhancing transparency and accountability in Malawi.



*The Director-General of the Nigerian Economic Summit Group addressing Company Representatives on Collective Action
(Photo by NESG)*

4.6. Strengthening the Business Climate in Nigeria through Collective Action Against Corruption

With vast human and natural resources, Nigeria is Africa's largest economy in terms of GDP. However, Nigeria's huge potential has been circumvented by widespread corruption, which affects the enabling business environment and the country's capacity to advance on its development agenda.

While several companies in the country are putting requisite internal structures and processes to avoid the risk of corruption within their operations in place, the business community is increasingly exploring Collective Action with other sectors, including government, civil society and the media, to jointly fight the scourge of corruption in the country.

Nigerian Economic Summit Group

Facilitating Collective Action Against Corruption in Nigeria



Siemens Integrity Initiative

Sector: Multi-Sector

Collective Action Type: Long-term initiatives

Stakeholders: Nigerian Economic Summit Group (NESG), UN Global Compact, major local and multinational companies, Government Agencies (Economic and Financial Crimes Commission and Independent Corrupt Practices and Other Related Offences Commission), civil society and media

Website: <http://www.nigerianeconomicsummit.org/>

Background

With vast human and natural resources, Nigeria is Africa's foremost economy in terms of GDP, and enjoys favourable economic forecasts for the years to come. However, Nigeria's huge potential has been circumvented by widespread corruption, which affects the enabling business environment and the country's capacity to advance on its development agenda (Millennium Development Goals (MDG) expire 2015)⁷². While several companies in the country are putting requisite internal structures and processes to avoid the risk of corruption within their operations in place, the business community is increasingly exploring Collective Action with other sectors, including government, civil society and the media, to jointly fight the scourge of corruption in the country.

Under the Siemens Integrity Initiative, the NESG, which functions as the focal point for the Global Compact in Nigeria, and the UN Global Compact have implemented a Collective Action project over the course of four years, from February 2011 to September 2014.

Aims and Objectives

With the Siemens Integrity Initiative in Nigeria, the project's mission has been to mobilise stakeholders in business and government to act jointly against corruption

towards creating a sustainable business environment in the country.

The initiative is designed towards:

- ☐ Creating awareness among business, civil society, media and economic actors in Nigeria around the UN Global Compact.
- ☐ Global Compact 10th Principle against Corruption as well as consciousness about Collective Action.
- ☐ Mobilising business, civil society and government actors to engage in anti-corruption dialogue.
- ☐ Facilitating good and sustainable practices within business and organisational processes.
- ☐ Building the capacity of companies to identify and handle corruption risks in business processes, including supply chains.
- ☐ Enlightening businesses on appropriate engagement or interface with government procurement systems.

Structures and Features

The implementation of the initiative started with a stakeholder mapping exercise, to identify the relevant actors to be involved in the Collective Action platform. Under the initiative, the NESG convenes leaders from the private and public sector and other stakeholders, to establish platforms for

⁷² UN Website <http://www.un.org/millenniumgoals/> accessed on 17 June 2015

dialogue in Nigeria. To contribute to addressing Nigeria's corruption challenges, the Collective Action project focuses on building alliances of like-minded business and public officials with the aim of creating platforms for collaboration and capacity-building. The initiative also helps to raise awareness about corruption in the country, including the elimination of corruption in procurement processes. The initiative has increased dialogue on issues of fraud and corruption in the sector between key actors in the oil and gas industry, one of Nigeria's largest industry sectors. It also explores the challenges and opportunities around Collective Action in the country and how to bring about greater transparency and integrity in business.

Programmes and Activities

The NESG has thus far been involved in various activities, which include the following:

- ❑ Policy dialogues, seminars and workshops on anti-corruption (e.g. the Extractive Industry Dialogue on Corruption and the National Consultation on Sports Sponsorship and Hospitality which both took place in 2013).
- ❑ Media engagement and interaction.
- ❑ Training and capacity-building for companies and their ethics and compliance officers (e.g. training on anti-corruption risk assessment with practical do-it-yourself exercises).

Lessons Learned

The impacts of the NESG's activities have resulted in largely positive results, through:

- ❑ Increased levels of awareness about corruption in businesses, as well as equipping organisations with the skill sets to detect and mitigate its impacts.
- ❑ Companies in Nigeria beginning to advertise their Codes of Engagement with suppliers.
- ❑ Nigerian companies increasingly developing and publicly sharing their Gift Policies in the mass media.
- ❑ Increased adoption of anti-corruption practices (including the development and implementation of company

ethical business codes) by businesses operating in Nigeria.

Overall, the implementation of the project provided a platform for the public and private sector to engage on pertinent issues that have to be addressed in order to achieve sustainable economic development in Nigeria. These include supply chain transparency and business sustainability, as well as the post-2015 development agenda.

The implementation of the Collective Action project in Nigeria has provided a number of lessons, which include the following:

- ❑ Long-term anti-corruption initiatives play an important role in generating increased awareness about transparency and integrity in business in Nigeria.
- ❑ The NESG's convening prowess has allowed for dialogue and engagement between key industry actors towards developing strategies for eliminating corruption within the market place.
- ❑ The involvement of the media in NESG's activities has provided the opportunity for the sensitisation of the media sector and the general public.
- ❑ NESG has devoted significant effort towards publishing the outcomes of its policy dialogues, workshops and seminars, which provide good reference materials for both participants and non-participants.
- ❑ The spread of NESG's activities on promoting Collective Action against corruption, over a four-year period, has enabled the issue of corruption to be continuously evaluated by business stakeholders in the country.

In spite of the above, the co-operation of public sector agencies has been low, and deep engagement with the public sector at top executive level needs to be ensured in future anti-corruption Collective Action activities.

The Convention on Business Integrity

A Unique African Model



Siemens Integrity Initiative

Sector: Multi-Sector, listed companies

Collective Action Type: Principle-based, certifying business coalition and integrity pact initiative

Stakeholders: Government, Civil Society and Business

Website: <http://www.cbinigeria.com/>

Background

The recognition of the private sector's role in reducing the supply side of corruption in Nigeria led to the establishment of the CBI in 1997. The CBI has the mission of promoting ethical business practices, transparency and fair competition in the private and public sectors. Signatories of the Convention apply the values of the Code of Business Integrity, both within their own organisations and in their dealings with customers and partners. The code includes both sanctions and incentives for the organisations involved.⁷³

Aims and Objectives

The CBI's primary objective is to use Collective Action to improve corporate integrity⁷⁴ and to reduce corruption in the Nigerian business environment. It also aims for its signatories to be able to:

- ☐ Attract socially responsible business.
- ☐ Enhance their business reputation.
- ☐ Reduce uncertainty and risks.
- ☐ Minimise their risk of criminal and civil sanctions.
- ☐ Protect shareholder assets.
- ☐ Heighten employee awareness of corporate policy.⁷⁵

⁷³CBI website <http://www.cbinigeria.com/>

Accessed 10 December 2015

⁷⁴Which drives its interest and work in Corporate Governance

⁷⁵Ibid.



Soji Apampa,
Executive Director,
CBI Nigeria

“Nigeria needs a response that corrects the inadequacies of self-regulation by companies; inadequacies of government regulation; and inadequacies of stakeholder activism, whilst strengthening the overall system at the same time.”

Structures and Features

The underlying philosophy and ensuing structure of the CBI, reflected in its accreditation and integrity rating processes, borrowed from the traditional method of saving and borrowing in Africa (called Ajo, Esusu, Adashe etc.), whereby members of a community agree to pool money together on agreed terms. The rate of credit defaulting in these schemes has been proven to be low, relative to more formal arrangements, because they operate through a mutual accountability mechanism. Each member is subject to peer reviews and peer pressure.⁷⁶

⁷⁶Ibid.

Similarly, by constituting an equally accountable network, the CBI has developed a shared credibility system, which applies peer review and peer encouragement, like the traditional revolving credit system.

Signatories may execute a peer review by, for instance, raising a concern regarding the behaviour and performance of another signatory. Peer encouragement is applied through social and material sanctions, which can involve temporary or permanent public exclusion of the defaulting signatory. Recently, these principles were scaled up as a standard for the Nigeria Stock Exchange (NSE), where it is being applied on a mandatory basis, starting from companies qualified to be quoted on the new Premium Listing segment and then for the market as a whole.

CBI's model consists of corporate governance compliance verifications, certification of directors as understanding their fiduciary responsibilities, expert multi-stakeholder focus groups (to ensure expert opinion is taken into account) surveying of stakeholders on the compliance record of companies to arrive at a score (or compliance milestone attained).

This initiative is sustained through a mixture of membership dues, grants, and fees raised from services provided to members and third parties. However, establishment of an endowment fund is being considered as the initiative grows.

As of 2015, the CBI has twenty-three corporate signatories and one public sector signatory. Its stakeholders include companies, civil society, media and regulatory bodies.



Signing Ceremony by UBA onto CBI: L – R: Mr. Phillips Oduoza, Group Managing Director, UBA Plc.; Amb. Joe Keshi, Chairman, UBA Plc.; and Mr. Soji Apampa, Executive Director, CBI, during the ceremony to formalize UBA's membership of CBI, in Lagos, Nigeria.

Photo by CBI and UBA



Official launching of Corporate Governance Rating System L – R: Mr. Soji Apampa, The Executive Director of CBI, Mr. Oscar N. Onyema OON, Chief Executive Officer, The Nigerian Stock Exchange (NSE), OON; Mr. Aigboje Aig-Imoukhuede CON, President, The Nigerian Stock Exchange (NSE), and Alhaij Aliko Dangote GCON, immediate past President, NSE, at the launch of the Corporate Governance Rating System (CGRS) in Nigeria recently. *Photo by CBI and UBA*



UBA Plc.; Mr. Phillips Oduoza, Group Managing Director, Chairman, UBA Plc, Amb. Joe Keshi; and, Mr. Soji Apampa, Executive Director, Convention on Business Integrity, CBI, during the ceremony to formalize UBA's membership of the Convention on Business Integrity (CBI), in Lagos, Nigeria. *Photo by CBI and UBA*

Programmes and Activities

The CBI also coordinates the Nigerian chapter of the BAAC. The CBI's main undertakings include outreach activities (e.g. media publications and lectures on business integrity), workshops (e.g. training of ethics & compliance officers), the development of integrity pacts (it just concluded the elaboration of an integrity pact between the Private Sector Anti-Corruption Coalition and the Customs and Revenue Services of the Government of Senegal) and the development of certification schemes for SMEs based on procedures to prevent corruption risks. CBI is a member of the UN Global Compact Working Group on the 10th Principle (Anti-Corruption)

In November 2014, the CBI, in partnership with the NSE, developed the Corporate Governance Rating System (CGRS), a long-term initiative being rolled out in 2015. Some companies qualified to be in the new Premium Listing have already been rated (2014) ahead of the launch in 2015. The rest of the market also follows suit in 2015. The CGRS is intended to assess all listed Nigerian companies on the levels of their corporate integrity and corporate compliance. The CGRS will raise the bar on national corporate governance and encourage investor confidence.

The CBI has also established a recognised and business-endorsed auditable process for rating the standard of behaviour for the approximately 220 listed companies in Nigeria.⁷⁷

Lessons Learned

Overall, through its Collective Action initiatives, the CBI has continued to gain support and followers in Nigeria, and to be recognised globally as a very innovative and positive contribution from Africa to global best practices in relation to the promotion of good governance.

An important lesson is that the element of timing affects the building of successful Collective Action initiatives, and careful study of the environment should be done to determine if there would be support for it, given the political economy. Stakeholder mapping and analysis early on helps with the identification of allies, to speed up the process of building critical mass.

Despite the gains of the CBI, there remains a long-term battle to promote business integrity in a country riddled with pervasive, systemic corruption. Furthermore, the systemic nature of corruption in such an environment has shown that finding the right incentives can greatly contribute towards creating change. ,



Ms. Olajobi Makinwa Chief: Transparency & Anti-Corruption and Africa, UN Global Compact presenting a paper at a CEO Roundtable in Nigeria (photo by NESG)

⁷⁷ The convention of Business Integrity Website: www.cgrsng.com accessed 21 May 2015



Doing business in South Africa (Photo: Nedbank Capital)

4.7. Partners for Change: Facilitating Collective Action in South Africa

South Africa is an emerging market with an abundant supply of natural resources, well-developed financial, legal, communications, energy, and transportation infrastructure, and a stock exchange that is the 16th largest in the world. However, corruption remains a major national issue.

In South Africa, there are a number of national initiatives involved in promoting Collective Action against corruption. This chapter will highlight the activities of the National Business Initiative, which hosts the Global Compact Local Network South Africa, in addition to the National Anti-Corruption Forum, Business Unity South Africa and a banking sector initiative.

Global Compact South Africa: National Business Initiative

Facilitating the Use of Integrity Pacts



Siemens Integrity Initiative

Sector: Multi-Sector, public works

Collective Action Type: Long-term initiative, integrity pact

Stakeholders: Government, Civil Society and Business

Website: <http://www.nbi.org.za/Pages/default.aspx>

Background

The Global Compact Local Network in South Africa has provided business with a platform and a strategic framework for implementing, reporting, scaling up and leading on sustainability issues since 2007, through the National Business Initiative (NBI). The Global Compact Local Network South Africa plays an important role in enabling signatories to localise action, and to collectively shape business performance in the country, in line with the UN Global Compact principles.⁷⁸ The Local Network Anti-Corruption Collective Action Project began in partnership with UN Global Compact in January 2011, funded by the Siemens Integrity Initiative. Through this project, the Global Compact Network South Africa has strengthened its anti-corruption programme towards building the capacity of business to implement anti-corruption processes and structures.

As part of the Collective Action project, the Global Compact Local Network South Africa has been involved in facilitating dialogues on Collective Action in South Africa, particularly driving the use of integrity pacts.

Aims and Objectives

The Collective Action project aims to reduce corruption levels in South Africa through business-led practical Collective Action initiatives.

The project is geared towards building long-term Collective Action through public-private dialogue. In particular, the project has focused on fostering the creation of robust norms for transparency in business transactions, engaging with the government to foster the implementation of integrity pacts, and aligning with procurement regulations. As such, the project promotes the use of integrity pacts for transparency in both public and private sectors during procurement processes in public works projects.

Potentially, integrity pacts could also be a vital trust-building mechanism for the public procurement process, as well as for the general public. In addition, the integrity pacts will also create more efficiency within the procurement process, while saving government money and enhancing competitiveness.

⁷⁸ National Business Initiative Website
<http://www.nbi.org.za/Pages/default.aspx> accessed 20 December 2014

Global Compact Network South Africa through NBI:

- ❖ Brings together participants for Collective Action against corruption.
- ❖ Acts as a bridge between business signatories and other key players, such as government, academic institutions and civil society organisations.
- ❖ Promotes transparency and sustainability across value chains.
- ❖ Encourages corporate sustainability leadership through a regular CEO roundtable.
- ❖ Assists signatories with UN Global Compact Communication on Progress (COPs).
- ❖ Creates a trusted platform for peer learning, sharing, training and networking.

Structures and Features

As part of the Collective Action project, the Global Compact Local Network South Africa initially focused on an awareness-raising programme, which included training workshops and stakeholder engagement, such as bilateral meetings with high-level government officials. South African President Jacob Zuma alluded to these meetings in one of his State of the Nation addresses.

A number of consultations with key stakeholders, including government, business and civil society organisations were also organised. The consultations, which were initially bilateral, then expanded to small groups of like-minded stakeholders who would ultimately become the champions of these integrity pacts once established. This necessitated engagement with several business associations, including Business Unity South Africa (BUSA), South African Forum of Civil Engineering Contractors (SAFCEC), Consulting Engineers South Africa (CESA) and Master Builders Associations of South Africa (MBSA). The CEOs of these associations have led the discussion and engagement on the development of integrity pacts in the country. Going forward, the Global Compact Local Network South Africa is aiming to facilitate a pilot project that is selected in line with national priorities on anti-corruption issues.

Programmes and Activities

The Global Compact Local Network South Africa's activities have included the hosting of a number of roundtables and forums, such as the Open Forum on Collective Action in 2012.

The Local Network is currently working on implementing an integrity pact pilot project. The pilot project focuses on the infrastructure sector, which is a key sector for South Africa (considering the size of the projected government expenditure for the sector in the medium to long-term). If the use of integrity pacts is successfully mainstreamed within this sector, it would demonstrate that these pacts can work in the country, with multiplier effects across other sectors.

Lessons Learned

By consulting all key stakeholders and raising awareness through workshops and publications, the Global Compact Local Network South Africa aims to lay an important foundation for the uptake and buy-in of key stakeholders once the integrity pacts have been established.

However, the Global Compact Local Network South Africa has grappled with some key conceptual and technical challenges during the development process of the project. The first challenge was the appointment of external monitors and their terms of reference and accountability structure. The second challenge was mainstreaming the use of sanctions without overriding applicable laws (international and local), as well as the criminal justice system. The issue of sanctions needed to be proactively addressed and stipulated upfront. The third dilemma related to whether to structure the pilot project as an integrity pact for a specific project, sector or on a countrywide basis. The experience of Global Compact Local Network South Africa suggests that integrity pacts may work better on a project-by-project basis depending on the sector (i.e. road projects are different from military procurement initiatives).

Business Unity South Africa



South African Charter of Ethical Business Practice

Sector: Multi-Sector

Collective Action Type: Long-term, principle-based initiative

Stakeholders: Business organisations, including chambers of commerce and industry, professional and corporate associations.

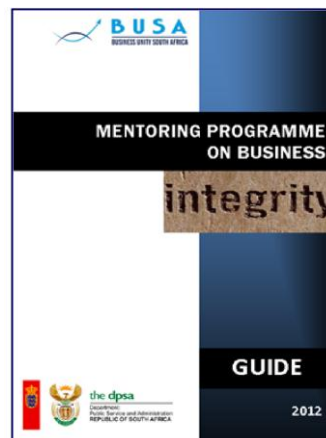
Background

BUSA represents South African businesses on macro-economic and high-level issues that affect them at national and international levels.⁷⁹ BUSA has developed and launched a variety of projects on anti-corruption, as evidenced by its Business Anti-Corruption training and awareness project. This 3-year project was developed and implemented by BUSA, the Department of Public Service and Administration (DPSA), and Special Investigating Unit (SIU), and was funded by the DANIDA. Its main objective was to increase awareness, good governance, transparency and accountability in the business sector by fighting corruption. BUSA has also established the South African Charter of Ethical Business Practice.⁸⁰

Aims & Objectives

BUSA and its Charter of Ethical Business Practice aim to ensure the competitiveness of the South African business environment. BUSA's primary objective is to play a role in the country's economic growth, development and transformation, by helping to foster an environment in which businesses of all sizes and in all sectors can thrive, expand and compete.⁸¹ In addition, the charter aims to promote ethical business practices in South Africa. It is supported by a large number of businesses, following resolutions adopted at its third National Anti-Corruption Summit held in 2008, in Johannesburg:

- ☐ To reaffirm that sectors and professional bodies must adopt sector and profession-specific codes of conduct and/or ethics, as well as a training and communications regime to support their application.
- ☐ To implement effective anti-corruption communication and awareness programmes at community level, within the business sector and across civil society.



BUSA's
Mentoring
Guide on
Business
Integrity

⁷⁹BUSA (2013) *Transnet National Ports Authority Tariff Application For Financial Year 2014/15*.
http://www.portsregulator.org/images/documents/BUSA_SUBMISSION_ON_TRANSNET_NATIONAL_PORTS_AUTHORITY_Comments_14-15.pdf

⁸⁰BUSA (2012) *Evaluation Report of the Business Anti-Corruption Training & Awareness Project conducted by Business Unity South Africa*.

⁸¹Ibid

Structures & Features

A number of international ethical business standards and reference documents were consulted for the drafting of the charter, including the Caux Round Table Principles for Responsible Business,⁸² the UN Global Compact, and the Harvard Global Business Standards Codex.⁸³ The charter's principles are based on the following four aspirational standards: responsibility, integrity, respect and fairness.

BUSA promotes the charter amongst its members. Since business associations do not possess the mandate or resources to regulate their members, it was proposed that the document be an aspirational standard, as opposed to an enforceable set of rules,⁸⁴

The onus thus remains on the will of businesses to align themselves with the standards proposed by the Charter.

Programmes and Activities

Companies that have adopted the charter are expected to publicly indicate their stance on unethical practices that might occur in South African business from time to time. This is done through:

- ☐ Organised business (BUSA and/or the relevant member body) releasing a public statement expressing their disapproval of the act.
- ☐ Business associations engaging with the offending companies at the highest level (board level if applicable) to discuss steps which the companies will take to prevent recurrence of the unethical events.

Lessons Learned

The establishment of the South African Charter of Ethical Business Practice has led to the following lessons being learnt:

- ☐ Providing ethics guidelines drawn from international standards and applied within a local context has allowed for a holistic and focused approach to issues relating to ethical business practices in South Africa.
- ☐ By designing the Charter to be an aspirational standard rather than a stringent code, BUSA is able to provide South African businesses with guidance, the voluntary option to support the charter and voice their disapproval of unethical acts.
- ☐ The higher the level of buy-in within a company (e.g. appropriate tone at the top by the board of directors), the more likely that unethical practice can be successfully prevented.



BUSA: Setting the Table for Collective Action
(Photo by Influence Africa)

⁸² Caux Round Table website www.cauxroundtable.org accessed 20 December 2015

⁸³ Harvard Business Review (2005) "Up to Code: Does Your Company's Conduct Meet World-Class Standards?" <http://hbr.org/2005/12/up-to-code-does-your-companys-conduct-meet-world-class-standards/ar/1>.

⁸⁴ BUSA (2009) "BUSA Charter of Ethical Business Practice" http://www.nacf.org.za/busa_workshop/BUSA_Charter_of_Ethical_Business_Practice.pdf

The South African National Anti-Corruption Forum



Sector: Multi-Sector

Collective Action Type: Long-term, Declarations/Joint Activities

Stakeholders: Government, Civil Society and Business

Website: <http://www.nacf.org.za/>

Background

The first Public Sector Anti-Corruption Conference in South Africa was held in Cape Town, on 10-11 November 1998. At this conference, a call was made for national anti-corruption efforts, which would include all sectors of South African society. Consequently, a National Anti-Corruption Summit was convened in April of 1999.

At the summit, a resolution was passed, calling for a national anti-corruption forum to be established. Two years later, after much debate and preparation, the National Anti-Corruption Forum (NACF) was launched in Cape Town by the Deputy President of South Africa on 15 June 2001.⁸⁵

Aims and Objectives

The NACF was established to prevent and combat corruption, to build a culture of integrity and to raise awareness. The main role of the NACF is to contribute towards the establishment of a national consensus through the co-ordination of sectorial strategies against corruption. The Forum advises the government about national initiatives on the implementation of strategies to combat corruption.

The NACF aims to share information and best practice on anti-corruption work across different sectors. In addition, the Forum is mandated to advise sectors on the improvement of sectorial anti-corruption strategies.⁸⁶

Structures and Features

The NACF comprises three sectors, namely civil society, business, and the public sector. Ten members, who are nominated by their constituencies, represent each sector. Ten delegates represent the business sector from the Business Unity South Africa (BUSA). The work of BUSA on the NACF is co-ordinated by Business Against Crime South Africa (BACSA). Civil society is represented on the NACF by ten organisations including The Congress of South African Trade Unions (COSATU), Transparency SA (T-SA) and the South African National NGO Coalition (SANGOCO) along with ten government departments. Significantly, nine of the ten members of the public sector are Ministers or Deputy Ministers. The tenth is the chairperson of the Public Service Commission (PSC), which assists the forum by providing a secretariat for administration.

Programmes and Activities

One of the major activities implemented by the NACF was the development of the National Anti-Corruption Programme (NAP). The emphasis was on the adoption of the 27 resolutions, which highlighted that practical outcomes needed to be realised for the fight against corruption.

NACF focuses on a select number of joint projects, largely because of limited capacity within the NACF.

⁸⁵ South African National Anti-Corruption Forum Website
<http://www.nacf.org.za/> accessed 20 December 2014

⁸⁶ UN Global Compact (2007) "Business Fighting Corruption: Experiences from Africa; Global Compact Learning Forum
https://www.unglobalcompact.org/docs/news_events/8.1/bfc_web.pdf

The Implementation Committee identified key areas of priority that were appropriate to tackle a few high-quality projects, campaigns and initiatives. Many of the 27 resolutions impact projects that are already being implemented at the sectoral level. Each sector has its own reporting mechanisms for these projects. Government showed its commitment towards the implementation of NAP projects by making R4.5 million available for the 2006/2007 financial year.⁸⁷

Since the development of the NAP, the pace of the NACF's activities noticeably accelerated. This was largely because activities were structured with defined timelines, and sectors are held accountable for their undertakings.

The NACF has also developed the Public Service Anti-Corruption Strategy (PSACS) for the public service sector, in order to bring into effect the expressed commitment of Government to fight corruption in public service. This strategy represents a further step towards Government's commitment to establish a National Anti-corruption Strategy.

In conjunction with this, the NACF decided to publish a guide to South Africa's Prevention and Combating of Corrupt Activities Act, using simplified language, examples and illustrations. The aim of the guide is to raise more awareness about the need to fight corrupt activities.

Lessons Learned

The strength of the NACF lies in its ability to bring all relevant stakeholders, including civil society organisations, to realise the need for national initiatives to fight corruption. This goes beyond the two-prong approach of a public-private partnership to incorporate all sectors of society.

The efforts of the NACF towards developing the NAP, PSACS and the reader-friendly guide to the main anti-corruption legislation in the country needs to be highlighted, as this contributes towards bringing legislation closer to the people.

The NACF stagnated and has lost visibility due to many key challenges, including:

- ☐ The lack of internal accountability structures.
- ☐ The lack of opportunities to convene NACF government representatives (all of whom are ministers or deputy ministers) and the civil society members.
- ☐ The lack of financial or resource contribution from all stakeholders.



Delegates at a National Anti-Corruption Business Forum in Johannesburg

(Photo by Influence Africa and BUSA)

⁸⁷ UNGC (2007) "Business Fighting Corruption: Experiences from Africa; Global Compact Learning Forum" [op cit](#)



A participant proffers recommendations at a Collective Action forum in Lagos (Nigeria) (Photo by NESG)

Chapter Five:

Conclusion and Recommendations

The initiatives presented in this publication have served to describe Collective Action as a tool designed to strategically enable stakeholders, including businesses, government and civil society, in the fight against corruption and unethical business practices. When implemented successfully, Collective Action allows for a reach beyond what can be achieved through individual internal and external measures taken by companies against corruption.

The types of Collective Action initiatives reviewed (compliance pacts/codes of conduct, integrity pacts, and long-term initiatives) have demonstrated different methods to achieve the common objective of promoting ethics, integrity and transparency in the market. The case studies have suggested that effective Collective Action against corruption has the potential to promote ethical business behaviour, but that they must be tailored to local context in order to maximise their effectiveness.

The business case for companies to be proactive in fighting corruption is still growing on the continent, and Collective Action against corruption is a relatively new concept in Africa. Most companies still focus on tackling corruption through internal mechanisms and external approaches companies within particular sectors across Africa. However, companies are increasingly applying Collective Action as the realisation that corruption is a common threat to their competitiveness and sustainability, occurs.

The analysis of the case studies showcased in this publication has led to the following conclusions:

1. Africa has been increasingly recognising the fight against corruption as one of its greatest priorities in recent years. This has prompted companies to take preventative measures to reduce corruption and promote transparency and ethical business practices.

Companies are increasingly recognising the business case for eradicating corruption. This business case includes minimising its legal, financial and reputational risks that company faces due to corrupt practices. Corruption is now an extra burden on developing economies which in turn diminishes a company's growth within that region.

2. International and regional legal frameworks have helped shape local legislation.

Laws against corruption are developing in most countries across Africa, often in furtherance of international (UNCAC, OECD Anti-Bribery Convention) and regional instruments (e.g. the African Union Convention on Preventing and Combating Corruption). Examples include South Africa's Prevention and Combating of Corrupt Activities Act 12 of 2004⁸⁸; Kenya's Anti-Corruption and Economic Crimes Act of

2003⁸⁹; and Tanzania's Prevention and Combating of Corruption Act of 2007⁹⁰. Collective Action also has the potential to possibly influence future laws and regulations.

Nevertheless, an emerging challenge for Collective Action is how to make use of sanctions without overriding applicable international and local laws, as well as the relevant criminal justice system.

3. Collective Action has played a fundamental role in shaping key partnerships and levelling the playing field in Africa's private sector.

Throughout the case studies, the usefulness of Collective Action in safeguarding an industry from internal and external threats (illicit imports, extortion and bribery), and enhancing private sector competitiveness, is reflected through the creation of a level playing field for businesses. This is achieved through the formation of partnerships between stakeholders at industry, regional and national levels, and allows for trust-building among stakeholders. However, while engaging all stakeholders greatly helps in fighting corruption, the involvement of the public sector is not always optimal and it is challenging to get buy-in from the public sector.

4. Collective Action initiatives must be tailored to local context in order to derive best results.

The case studies showcased in this publication demonstrate a number of Collective Action initiatives in Africa to promote business integrity (trainings and workshops, capacity-building sessions, surveys, media campaigns, lobbying, and cross-pollination of knowledge and experience). They also establish that the strength of Collective Action initiatives lies in promoting local ownership of the initiative. Importantly, this is achieved through conducting rigorous mapping exercises in order to understand local conditions, stakeholder needs and constraints, and to

⁸⁸ Department of Justice <http://www.justice.gov.za/legislation/acts/2004-012.pdf> accessed 18 June 2015

⁸⁹ Kenya Government <http://www.kenyalawreport.co.ke/Downloads/Acts/The%20Anti-Corruption%20And%20Economic%20Crimes%20Act,%202003%28final%29.pdf> accessed 18 June 2015

⁹⁰ Tanzania Government http://www.tanzania.go.tz/egov_uploads/documents/PREVENTION_AND_COMBATING_OF_CORRUPTION_ACT_sw.pdf accessed 18 June 2015

foster an environment with the necessary incentives for Collective Action. As with Angola's CEA, local ownership of an initiative plays a key role in obtaining member buy-in and ensuring conformity with a tool such as a code of conduct.

5. A number of challenges affecting the sustainability of Collective Action initiatives remain.

Collective Action in Africa is still in its infancy. As such, a number of challenges to its development and success persist. Notably, funding remains a stumbling block. Although some initiatives are able to mobilise human and material resources, Many Collective Action initiatives have experienced a drop in their activities, due to a lack of financial contribution (BAAC, NACF). Moreover, there remains a lack of technical capacity to engage in Collective Action, caused by an absence of training and the nonexistence of facilitators. Other challenges are the lack of sound internal accountability structures, and motivating high-level stakeholders (especially from the public sector) to continuously recognise and address issues of corruption in partnerships with the business sector. Furthermore, ineptitude and acts of corruption by regulators themselves causes anti-corruption efforts to stagnate. Finally, the standard-setting and non-enforceable nature of most of the initiatives means that it is complicated to manage signatories and to follow up on their commitments.

6. Collective action initiatives in Africa are driven by the incentives they provide.

The sustainability of a Collective Action initiative also depends on the types of incentives it offers. In the case of Egypt, for instance, Multi-National Corporations (MNCs) can provide incentives to SMEs to engage in Collective Action, by providing supplier of choice status to those SMEs that conform to Collective Action requirements. Collective Action initiatives provide benefits ranging from increased competitiveness to a reduction of the loss of income to corruption.

RECOMMENDATIONS:

The case studies have helped to identify the following recommendations for the

improvement of Collective Action initiatives in Africa:

- ☐ Collective Action initiatives should have clear outputs and objectives from the onset, to enable the initiative to focus on achievable goals. Cogent effective monitoring and evaluation processes should be established to measure outputs and eventual impacts. This will ensure long-term tangible impacts. The best outcomes are achieved when partners consider carefully what they would like to accomplish through these partnerships or initiatives. This could include companies finding a common goal to work collectively.
- ☐ It is important at the onset of any Collective Action initiative that a comprehensive stakeholder mapping and needs analysis is done, to assist in building the right incentives and focusing on the correct priorities for businesses in that respective country or sector.
- ☐ It is important to mainstream African Collective Action initiatives as part of official decision-making structures at national level, in order to involve as many key stakeholders as possible. This is important to ensure that the process is not implemented in isolation, but rather feeds into regulations and policies within a country or sector.
- ☐ The issue of administrative bottlenecks and corruption by public officials should be addressed through engagement and dialogue with government actors, as well as innovative strategies that are contextualised to the local environment.
- ☐ Collective Action initiatives should have strong structures and processes that enable programmes to be effective, with clear lines of responsibility and accountability.
- ☐ It is important to seek innovative, holistic approaches towards establishing good-practice standards, through the adoption of a long-term outlook with a strong foundation of knowledge sharing and awareness-

raising between all stakeholders. This should involve not only businesses, but policy makers and the public as well.

- It is recommended that local networks of the UN Global Compact and other anti-corruption champions use collaboration as a key feature of their initiatives to strengthen their efforts by leveraging and capitalising on complementary resources, strengths and capabilities. Such partnerships result in feasible and reachable objectives being met.
- Collective Action against corruption requires continuous collaboration and communication with all key stakeholders. Collective Action programmes should also carry out media campaigns to sensitise the public about corruption, and to address issues such as corruption that arise as a result of cultural behaviour.
- It is imperative to address the challenges linked to funding by developing innovative and sustainable funding structures and models, to ensure the longevity of Collective Action initiatives. Collective Action programmes should provide resources to facilitate participation of those who would not normally be able to join. This should also include capacity-building activities for companies and other stakeholders, including civil society organisations. Similarly, MNCs should play a supporting role for their SME suppliers through capacity-building.
- It is essential for the success of the Collective Action to counter certain culturally embedded norms that tend towards accepting certain acts of corruption as a normal way of doing business.

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Annexure I: Tools and Resource

Anti-Corruption Conventions

United Nations Convention against Corruption

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African Union Convention on Preventing and Combating Corruption

http://www.au.int/en/sites/default/files/AFRICAN_UNION_CONVENTION_PREVENTING_COMBATING_CORRUPTION.pdf

OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions

<http://www.oecd.org/corruption/oecdantibriberyconvention.htm#text>

The Financial Action Task Force on Money Laundering (FATF) The Forty Recommendations

http://www.fatf-gafi.org/document/28/0,3343,en_32250379_32236930_33658_140_1_1_1_1,00.html

Economic Community of West African States Protocol on the Fight against Corruption

http://www.afrimap.org/english/images/treaty/ECOWAS_Protocol_on_Corruption.pdf

SADC Protocol against Corruption

http://www.sadc.int/files/7913/5292/8361/Protocol_Against_Corruption2001.pdf

Protocol on Amendments to the Protocol on the Statute of the African Court of Justice and Human Rights

http://www.au.int/en/sites/default/files/PROTOCOL%20ON%20AMENDMENTS%20TO%20THE%20PROTOCOL%20ON%20THE%20AFRICAN%20COURT%20-%20EN_0.pdf

Guidelines and Principles

OECD Risk Awareness Tool for Investors in Weak Governance Zones

<http://www.oecd.org/daf/inv/mne/weakgovernancezones->

[riskawarenesstoolformultinationalenterprise-s-oecd.htm](http://www.oecd.org/daf/inv/mne/riskawarenesstoolformultinationalenterprise-s-oecd.htm)

Transparency International Business Principles for Countering Bribery

http://www.transparency.org/whatwedo/pub/business_principles_for_countering_bribery

Reporting Guidance on the 10th Principle Against Corruption

http://www.unglobalcompact.org/docs/issue_s_doc/Anti-Corruption/UNGC_AntiCorruptionReporting.pdf

UN Global Compact's 10th Principle

<https://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/principle10.html>

ICC Tools for Self-Regulation

<http://www.iccwbo.org/about-icc/policy-commissions/>

OECD Guidelines for Multinational Enterprises

<http://www.oecd.org/daf/inv/mne/oecdguidelinesformultinationalenterprises.htm>

Partnering Against Corruption Initiative(PACI)

<http://www.weforum.org/issues/partnering-against-corruption-initiative>

Collective Action Against Corruption

UN Global Compact: Stand Together: Collective Action in Supply Chain

<http://www.collective-action.com/sites/collective.localhost/files/publications/standtogether.pdf>

UN Global Compact Anti-Corruption Collective Action Hub

<https://businesspartnershiphub.org/anti-corruption/>

B20 Collective Action Hub

<http://www.collective-action.com>

World Bank Institute: Fighting Corruption Through Collective Action: A Guide For Business

http://info.worldbank.org/etools/docs/antic/hole_guide_Oct.pdf

Corruption Cases and Court Rulings

The TRACE Compendium

<http://www.traceinternational.org/compendium/>

Compliance and Due Diligence

UN Global Compact: A Guide For Anti-Corruption Risk Assessment

<https://www.unglobalcompact.org/resources/411>

UN Global Compact Management Model

http://www.unglobalcompact.org/docs/news_events/9.1_news_archives/2010_06_17/UN_Global_Compact_Management_Model.pdf

Assurance Framework for Corporate Anti-Bribery Programs

http://www.business-anti-corruption.com/media/86804/fileadmin-user_upload-pdf-TI-Assurance-Framework.pdf

Business Anti-Corruption Portal Due Diligence Tools

<http://www.business-anti-corruption.com/tools/due-diligence-tools.aspx>

Business Anti-Corruption Portal Public Procurement Due Diligence Tool

<http://www.business-anti-corruption.com/tools/due-diligence-tools/public-procurement-tool.aspx>

Avoid Corruption - guide for companies, published by the Confederation of Danish Industry

<http://di.dk/english/Pages/English.aspx>

Facing up to Corruption, published by Control Risks Group

<http://www.controlrisks.com/pdf/corruption%20sequel2003.pdf>

Reporting

The Anti-Corruption Reporting

Guidance http://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/UNGC_AntiCorruptionReporting.pdf

Reporting Guidance on the 10th Principle Against Corruption

https://www.unglobalcompact.org/Issues/transparency_anticorruption/Anti-Corruption_Guidance_Material.html

The Communication on

Progress http://www.unglobalcompact.org/COP/communicating_progress.html

Global Reporting Initiative Guidelines

<https://www.globalreporting.org/Pages/default.aspx>

Sector-Specific Resources

Medicines Transparency Alliance (MeTA)

<http://www.medicinetransparency.org/>

International Federation of Consulting Engineers (FIDIC) Code of Ethics and Policy Statements

<http://www1.fidic.org/about/ethics.asp>

International Council on Mining and Metals (ICMM) Sustainable Development Charter, ICMM Ten Principles

<http://www.icmm.com/our-work/sustainable-development-framework/10-principles>

“Publish what you pay”

www.publishwhatyoupay.org

UNICORN, Trade Union Anti-Corruption Network

<http://www.againstcorruption.org/>

The Extractive Industry Transparency Initiative

www.eitransparency.org

Training

Business Anti-Corruption Portal Basic Training Development

<http://www.business-anti-corruption.com/>

GIACC & Transparency International Anti-Corruption Training Manual

http://www.giacentre.org/documents/GIACC_TRAININGMANUAL.INT.pdf

UN Global Compact and UNODC: The Fight Against Corruption: E-Learning Tool

www.unglobalcompact.org/resources/152

Whistleblowing

ICC Guidelines on Whistleblowing

<http://www.iccwbo.org/Data/Policies/2008/ICC-Whistleblowing-Guidelines/>

Annexure II: How to Undertake Collective Action

This section serves to provide readers with valuable additional information on how to undertake anti-corruption Collective Action, through a series of diagrams to help readers determine an appropriate form of Collective Action, to identify stakeholders and their roles, and to define the governance structure of the initiative and its key success factors.

Beyond a company's internal and external measures, Collective Action is an advanced step of fighting corruption and usually involves various stakeholders.

1. Internal

- ☐ Assess risks
- ☐ Implement anti-corruption policies and compliance programmes
- ☐ Provide guidance to managers

2. External

Share internal policies, experiences, best practices and success stories with external stakeholders

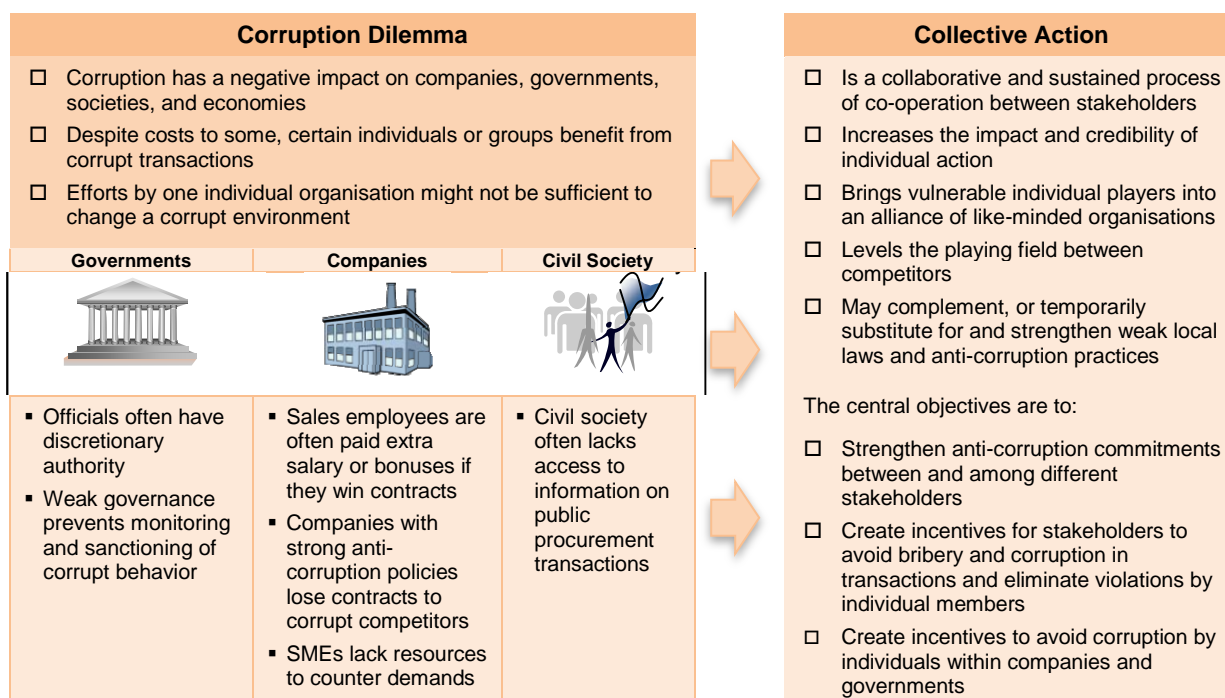
3. Collective

Reach out to industry peers, suppliers and other stakeholders via neutral facilitators and initiate joint activities to fight corruption

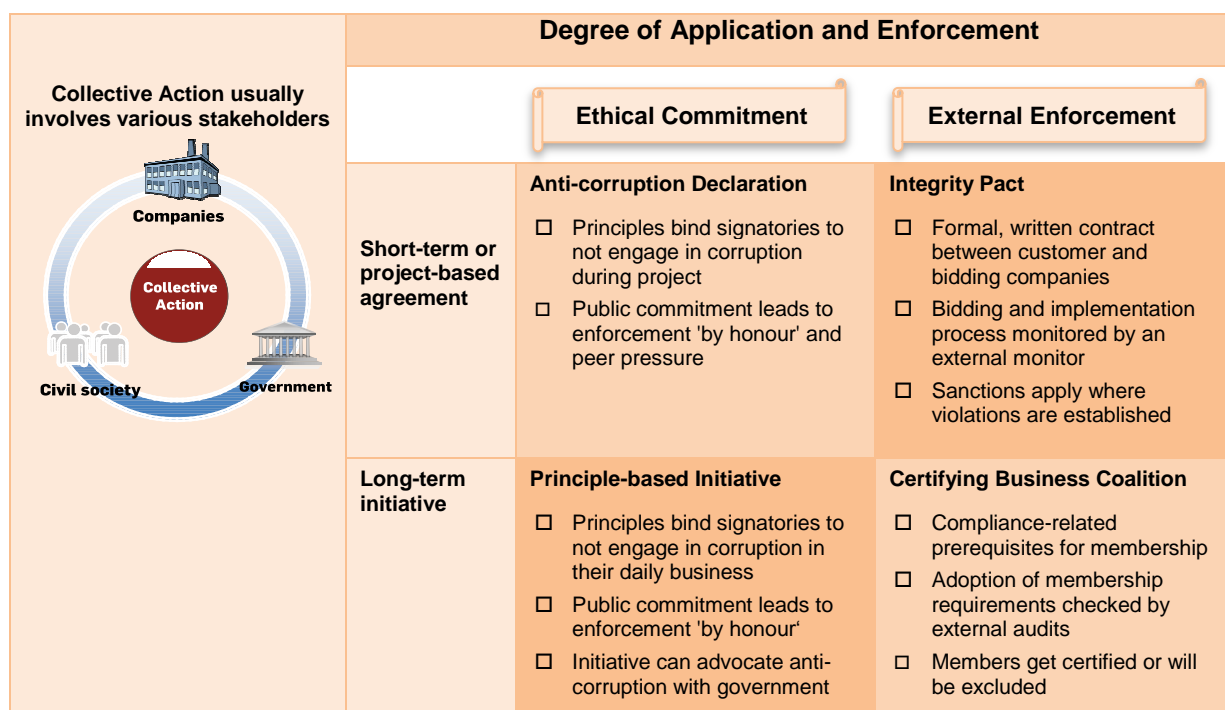


World Bank Institute: Fighting Corruption through Collective Action: A Guide for Business. Page 14. See http://info.worldbank.org/etools/docs/antic/Whole_guide_Oct.pdf

Collective Action helps to overcome corruption dilemmas by making compliance the norm and isolating bad participants.⁹¹



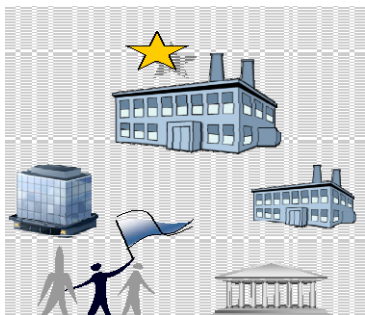
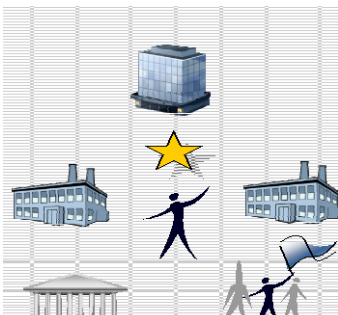
Collective Action usually involves various stakeholders, although the activities and degree of enforcement may vary⁹²



⁹¹World Bank Institute (2008) "Fighting Corruption through Collective Action: A Guide for Business" Page 23
http://info.worldbank.org/etools/docs/antic/Whole_guide_Oct.pdf

⁹²Ibid

Collective Action tends to be more successful if convened and supported by a neutral facilitator.⁹³

Model 1. One or more companies convene Collective Action	Model 2. Facilitator convenes Collective Action	Key Role Players
		Role of Facilitator <ul style="list-style-type: none"> <input type="checkbox"/> Bring stakeholders together and provide neutral platform <input type="checkbox"/> Best practice-sharing/advice <input type="checkbox"/> Nominate external monitor or auditor
<ul style="list-style-type: none"> <input type="checkbox"/> May raise anti-trust/competition law concerns <input type="checkbox"/> Leading role of one company may prevent other companies from participating <input type="checkbox"/> If only companies participate in initiative, civil society may question the outcomes 	<ul style="list-style-type: none"> <input type="checkbox"/> Individual company can indirectly initiate Collective Action <input type="checkbox"/> Facilitator has better opportunities to approach different stakeholders <input type="checkbox"/> Increased credibility of initiative 	Role of Company <ul style="list-style-type: none"> <input type="checkbox"/> "Make first move" and initiate action <input type="checkbox"/> Act as champion
		Potential Facilitators <ul style="list-style-type: none"> <input type="checkbox"/> NGOs <input type="checkbox"/> Credible individuals <input type="checkbox"/> Business chambers

Collective Action requires patience and effort. Considering certain factors in advance can improve the chances of success.⁹⁴

S/n	Key Success Factors
a.	Involve a facilitator as a neutral party in the process when initiating and implementing a Collective Action
b.	Be patient. Do not rush for success. Building trust and confidence among stakeholders takes time
c.	A well-defined and narrow scope (specific sector, specific country) increases credibility and allows for easier monitoring and audit
d.	Clarify funding of initiative at the early stages of the project
e.	Focus on achievable results and improvements to provide the foundation upon which to build more challenging initiatives later on
f.	Get the top-management commitment of participating companies
g.	Create public awareness/initiate broad communication campaign
h.	Establish certification as positive incentive for participants
i.	Agree upon clear consequences in case of violations

⁹³Ibid
⁹⁴Ibid

The Ten Principles of the United Nations Global Compact

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:

HUMAN RIGHTS

- Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2 make sure that they are not complicit in human rights abuses.

LABOUR

- Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4 the elimination of all forms of forced and compulsory labour;
Principle 5 the effective abolition of child labour; and
Principle 6 the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- Principle 7 Businesses should support a precautionary approach to environmental challenges;
Principle 8 undertake initiatives to promote greater environmental responsibility; and
Principle 9 encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.



United Nations Global Compact