

African Anti-corruption and Transparency Conference

Corruption is one of the most evil practices affecting the society. Corruption is inherently wrong and illegal. It's a misuse of position and power which historically has had a disproportionately negative impact on the poor and disadvantaged throughout the African continent. Corruption undermines the integrity of any given venture and all those involved, and damages the DNA of the participating organizations and Governments. Corruption breeds uncertainty. In this background, there is no dearth of anti-corruption laws which many jurisdictions have promulgated to tackle corruption

The changing environment of law, regulation and enforcement makes it harder for business managers to assess, quantify and qualify the legal risks to which corruption exposes their operations. Though, there are many anti-corruption laws in place, in reality, these laws are rarely enforced thus making the practice of corruption somehow acceptable and justified as the "way of doing business". Fighting corruption in all its forms is absolutely necessary and simply the right thing to do. In Africa the evil of corruption has permeated all facets of human life and has a direct bearing on the level of poverty and inequality in the Continent. In this background, the primary aim of the conference on anti-corruption and transparency in Africa is to discuss and evolve anti corruption practices strategies at policy level and to set up mechanisms for concrete implementation of strategic course of action.

Corruption in Africa: Growing Challenges

Combating corruption is one of Africa's greatest challenges. It's a major hindrance to sustainable business and economic development throughout the continent and is corrosive on the progress of the society and the countries in the African Continent. In many parts of the world, corruption adds an additional 10% financial burden on the overall costs of doing business. The World Bank study on corruption has stated that "bribery has become a \$1 trillion industry". The impact of corrupt practices on development is very significant - it impedes economic growth, distorts competition and represents serious legal and image risks.

Corruption and Sustainable Development in Africa.

Corruption has historically played a major part in undermining the world's social, economic and environmental development. Valuable resources are often diverted to improper use and the quality of goods, services and materials seriously compromised. The impact of corruption on poorer communities struggling to improve their lives has been devastating. In addition to the financial burden on the overall cost of doing business, corruption has also led to environmental mismanagement, the undermining of labour standards, and has restricted access to basic human rights. Corruption also results in monopolisation of natural resources and energy sectors leading to inequality and also widens the gap between the rich and the poor.

Globalisation also calls for sustainable development in all spheres of social, economic and environment. Hence the evil of corruption should be eradicated to usher in sustainable development in the era of globalisation. This will help a long way in the economic development of the African countries and also conferring a dignified status of life and level playing field to the citizens of African countries

Anti Corruption Activities. Business Performance in Africa

The business community has a vested interest in the social stability and economic growth of local communities and therefore should play its part in making corruption unacceptable. For example, financial resources that were initially intended for local purchasing and development may, as a result of corruption, end up in a foreign bank account. This distorts competition and creates gross inefficiencies in both the public and private sectors. Thus the business sector has suffered, albeit indirectly, from the impact of lost opportunities to extend markets and supply chains.

The long-term sustainability of business and free enterprise depends on honest and fair competition. Furthermore, corrupt practices often accompany and facilitate international drug dealing and organized crime. Money laundering and illicit international money transfers are frequently used as support mechanisms for international terrorism. Now more than ever, global businesses have to be constantly vigilant to avoid being associated with these major international challenges.

In addition to the anti-corruption laws which aim to tackle corruption in the government actions, rapid development of corporate governance rules around the world is prompting companies to focus on anti-corruption measures as part of their governance procedures. To protect their reputation and the interests of their stakeholders, internal controls are being extended to include a wide range of ethical and integrity issues. In addition to above, a growing number of international investment managers and banks are evolving and insisting on documentation & evidence on morals and ethics.

The African Business Case- Role of corporations and related operational risks

African companies have great role in providing for sustainable social, economic and environmental development. There are many reasons why it's in any company's business interest to ensure that it doesn't engage in corrupt practices. All companies, large and small, are vulnerable to the effects of corruption with the potential for considerable legal damages . The following are some of the key reasons to avoid being involved with corrupt practices:

Legal Risks

Regardless of what form a corrupt transaction may take, there are obvious legal risks involved. Not only are most forms of corruption illegal where and when it occurs, but it also is increasingly becoming illegal for a company's to engage in corrupt practices in a foreign country. The principle making it illegal to bribe foreign officials was first established in the US Foreign and Corrupt Practices Act of 1977 and since then, this principle has gained legal standing within the whole of the OECD.

In many other countries. This principle gained universal recognition and acceptance in 2003 through the adoption of the UN Convention against Corruption.

The record of international enforcement of anti-corruption legislation has been far from inspiring. In African countries, the opportunity for corruption has been rife because of weak laws and regulation, thus making corruption an issue of significant political importance. Currently, there's a growing determination to act and to take those accused of corrupt practices to court.

However, there's still a limited capacity to handle such cases, thus necessitating the need for obtaining outside legal assistance. To this end the OECD is playing a critical role in ensuring that its member states are developing judicial capacities to enforce the prohibition against any involvement in bribing foreign officials.

The changing environment of law, regulation and enforcement makes it harder for business managers to assess, quantify and qualify the legal risks to which corruption exposes their operations. Of particular significance for many large companies is the degree to which they may be responsible for agents acting on its behalf in other countries. What may have previously and traditionally been considered an independent agent - for whom the principal company carried no responsibilities - may today be someone whose actions the principal company can indeed be legally accountable for!

Reputation and Image Risks

Companies all over the world, whose policies and practices fail to meet high ethical standards, or that take a relaxed attitude towards compliance with laws, are exposed to serious risks to its reputation and image. Often, just being accused of malpractice is enough for a corporate reputation and image to be damaged beyond repair even if a court subsequently exonerates them and gives them a clean chit. It's 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 in place adequate policies and procedures designed to prevent corruption. The old argument that though, some actions may have been against the law or international standards, it was simply the way of doing business in a particular country is no longer an acceptable excuse. Nor is it good enough to claim that other companies and competitors have engaged in similar practices.

Financial Costs

There is clear evidence that in many countries corruption adds additional 10 per cent to the cost of doing business and corruption adds another 25 % to the cost of public procurement. This undermines business performance and diverts public resources from legitimate sustainable development.

Security Risks

By engaging in corrupt practices, companies/managers expose themselves to blackmail. The security of staff, plant and other assets are put at risk. If a company engages in or tolerates corrupt practice, it will soon be widely known, both internally and externally. Unethical behaviour breeds supplementary

unethical behaviour. It erodes staff harmony and loyalty - it can be difficult for staff to see why high standards should be applied within a company when it doesn't apply in the company's external relations.

Zero Tolerance

There's growing evidence that a company is less likely to be under pressure to pay bribes if it has not done so in the past. Once a bribe is paid, repeat demands are possible and the amounts demanded are likely to rise. Conversely a company which takes a firm, absolute and principled stand against all forms of corruption will become known for this and the risk of its employees being exposed to demands will lessen. A high official in the leading international company Siemens has rightly mentioned that it is a fallacy that a business must adopt some corrupt practices to make money. Similar views were echoed when a business manager representing a large international company in China recently confirmed that despite pressures to do otherwise, his company did not accept any kinds of corruption: 'Zero tolerance is the only practical solution'.

Milestone Plan.

The brainstorming sessions envisaged in the conference will help in exchange of ideas on a global level so as to appreciate the different models of action plan deployed in the world to combat corruption in its various forms. Many lessons learnt in combating corruption in other jurisdictions may be relevant to understand the different models of regulation and courses of action.

The aim of the conference is also to pave way for ideal institutional mechanisms for implementation of strategic course of action.. The existing institutional mechanisms also can be strengthened to implement strategic course of action.

- To provide for exchange of ideas and experience between the different stakeholders in combating corruption both in business and society.
- To evolve concrete strategies to fight corruption and promote transparency
- To pave way for institutional mechanisms for implementation of strategic course of action to combat corruption

It is desirable to evolve a concrete strategy to fight corruption and promote transparency in the African continent. Such strategy should be tailor made imbibing the nuances of African continent and which promote sustainable development in the continent.

Target Groups for the results and conclusions of the conference are;

- Legislators, Executive and Members of Judiciary in the African countries.
- Regulatory bodies in the financial and banking sectors
- Stakeholders in doing business in Africa

Anti-Corruption Conference Africa



- International bodies engaged in anti- corruption activities
- National anti-corruption commissions
- National and international agencies engaged in promoting corporate governance.
- General public

Participants

World Bank, Transparency International, Organisation for economic Co-operation and Development (OECD), International Corporate Governance Network (ICGN), World corporate governance forums, African Development Bank, United Nations Development programme(UNDP) Economic commission for Africa, Council for the development of Social Science Research in Africa(CODERSIA) Securities exchange commissions, Anti corruption commissions and bodies, Financial and business institutions, Companies and corporate associations, Corporate audit and legal compliance professionals, Educationists and leading personalities in African continent and also in the international arena who are engaged in fighting corruption.

Main Topics and Themes.

- Conceptual analysis ,nuances and patterns of corruption in the African context
- Corruption as an impediment to social ,economic and environmental development in Arica
- Globalisation –Sustainable development and Anti-corruption activities in Africa
- Anti-corruption activities – National and international responses.
- Anti-corruption actions and transparency in business.
- Good governance and corporate social responsibility in combating Corruption
- Anti-corruption strategies and action plans.
- Institutional mechanisms to review progress of strategic plans

The following persons are spearheading the International Corruption Conferences

Lady Olga Maitland, CEO, Special advisor to the President and Government of Equatorial Guinea, UK

Shawn Teixeira, Vice President, Siemens AG, South Africa

Eddie R. Ouki, Auditor General, African Development Bank, Tunisia

Odell Guyton, Global Compliance Officer, Microsoft, USA

Simon Collins, Managing Director, Resources Compliance, UK

Kersi F. Porbunderwalla, Managing Partner, GRCControllers, Denmark

Dates for the conference is

❖ **14th – 18th March 2011**
❖ . Venue The Vineyard Hotel & Spa Cape Town.