



Anti-Corruption Compliance Training for Enterprises  
“Towards strengthening business integrity for SMEs in  
COMESA.”

27th- 28th February 2019

LUSAKA, ZAMBIA

CONCEPT NOTE



# Anti- Corruption Compliance Training for Enterprises

27<sup>th</sup>-28<sup>th</sup> February 2019

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## 1. BACKGROUND

Corruption in Africa remains a thorn in the flesh of public and private sector development. The cost of corruption is very high and affects productivity, with an adverse effect on the growth of enterprises. This is of grave importance to economies in COMESA and the rest of the Africa, which consists of 70% of Small and Medium sized enterprises as part of the employee base.

While growth enterprises are looking for opportunities, such as markets, financial capital, and access regional and global supply chains, the African reputation of black markets and corrupt business operations has proven to be a hindrance to their expansion into larger markets. Larger companies are increasingly demanding anti-corruption compliance from business partners and SMEs, to ensure the businesses they engage with have certain safeguards and controls that guarantee successful and fair transactions between the two parties.

Private companies can face severe reputational damage and legal costs owing to their participation in corrupt acts or other misconduct. When corruption within company is exposed, the consequences can also be devastating for the national government, the economy and society at large. It erodes the trust of citizens, companies and investors in public institutions and ultimately hinders the efficient functioning of markets.

It can also cause lasting damage to the reputation of countries as “safe” destinations for foreign investment. This leads to reputational damage resulting in missed opportunities for needed capital investments and, ultimately, growth.

Countries that score badly on the World Bank’s Doing Business Indicators also score badly on the Corruption Perceptions Index. This suggests that highly corrupt countries also have difficulty attracting resources-resources-business. IMF research has shown that investment in corrupt countries is almost 5% less than in countries that are relatively corruption-free. The World Economic Forum estimates that corruption increases the cost of doing business by up to 10% on average.

At a company level, internal fraud due to lack of anti-corruption and integrity policies and systems can be a huge and yet unnoticeable cost to most companies in Africa. Internal fraud or corrupt activities by employees or intermediaries in terms of stolen cash, assets, inventory or information theft cost companies to as high as 10% of their annual turnover. Yet most companies do not have sufficient systems in place to detect such activities.

## **2. ZAMBIA CONTEXT**

Zambia's private sector has been in the past few years highlighted for its improvement and enabling environment in Africa. In fact, Zambia's ranking in Ease of Doing Business section of the World Bank report, Doing Business 2018, ranks it 87 out of 190 countries putting it 8<sup>th</sup> in Africa. However, multiple incidences of corruption in both public and private sector spheres have put a dent in the environment and in attracting trade and investment partnerships.

Zambia has been ranked 96 out of 180 countries surveyed with a score of 37 on the latest Corruption Perception Index (CPI) compared to 38 scores in 2016 when the country ranked 87 out of the 177 countries. In Africa, it ranks number 17 in terms of the least corrupt, highlighting the need for improvement.

In terms of legislation, Zambia's Anti-Corruption Act is the principal anti-corruption law; which criminalizes attempted corruption, active and passive bribery, extortion, bribing a foreign official, abuse of office, and money laundering. Bribery of foreign public officials is prohibited by law. Private sector bribery is criminalized by the Act as well. The Prohibition and Prevention of Money Laundering Act criminalize money laundering, increases penalties for financial crimes, and requires financial institutions to report suspicious transactions. The Parliamentary and Ministerial Code of Conduct Act prohibits ministers from soliciting or accepting transfers of economic benefit other than those of nominal value, including hospitality and gifts, and gifts from family members. The Public Interest Disclosure Act provides legal protection for civil servants or private sector employees reporting cases of corruption, but the law does not adequately protect whistleblowers (ICS 2017). Whilst broadly, there is regulation covering most areas, it's the implementation that has been limited.

Zambia has also ratified the United Nations Convention against Corruption and the African Union Convention on Preventing and Combating Corruption. Zambia is also party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

The Zambia Bureau of Standards which is the national body in charge of standardization, quality assurance and metrology in the country have adopted an anti-bribery standard in line with international standards: ZS ISO 37001 Anti-bribery Management System. The standard is applicable to both public and private sectors and is designed to help business and organizations manage and combat bribery risks within their operations.

On the Business side, private sector bribery is criminalized. Some large companies have anti-bribery policies in place. Medium and Small Medium Enterprises may not have the policies and capacity to implement or institute specific anti-corruption compliance within their respective business. As such, there is need to strengthen business integrity and anti-corruption compliance systems amongst enterprises.

### 3. CBC BUSINESS INTEGRITY PROJECT

The CBC Business Integrity Project is a project of the COMESA Business Council (CBC) in partnership with the Center for International Private Enterprise (CIPE) with the objective of building the capacity of the private sector to stem corruption and enhance their participation in transparency and reform initiatives thereby achieve a good and enabling business environment.

The COMESA Business Council will be convening the CBC Anti- Corruption Compliance Training Workshop for Enterprises from the 27<sup>th</sup>-28<sup>th</sup> February 2019 in Lusaka, Zambia. The theme of the training is, “Towards strengthening business integrity for SMEs in COMESA.” The meeting is being convened in partnership with the Zambia Association of Manufactures (ZAM), Bankers Association of Zambia (BAZ) and the Zambia Bureau of Standards.

This training initially targets training of 60 businesses from Zambia. The project will use the CIPE Anti-Corruption Compliance Training aimed at improving integrity practices for businesses in line with international practices. Similar trainings have already been held in Ethiopia, Rwanda and Mauritius.

Post the training, the CBC will also develop a Regional Model Code on Anti-Corruption Compliance for enterprises, as part of the Project with the objective of providing a regional guide for anti-corruption compliance amongst enterprises with the COMESA region. The Code will be available for use and adoption by enterprises in the whole region.

#### 3.1 Training Workshop Objectives:

- The aim is to train enterprises based on global practices anti-corruption compliance measures and ensure the implementation of the same. This strengthens the ability for local enterprises to development sustainable enterprises and participates effectively in regional and global trade.
- The objective of the workshop is to ***train compliance officers or people who are in charge of compliance*** within their respective companies on mitigation of corruption within their respective companies. ***Targeted companies include SMEs, medium and a few large corporates. At the end of the workshop the Trainees will be able to:***
  - Investigate and articulate the need for corruption prevention within their business
  - Appreciate and understand the methods for mapping and developing an effective compliance program that meets international standards.
  - Operationalize components of the anti-corruption ethics and compliance program within their companies.

#### 3.2 Dates and Venue:

27<sup>th</sup> -28<sup>th</sup> February 2019

Lusaka, Zambia

### 3.3 Training Workshop Organizers

**The COMESA Business Council (CBC)** is established by the Treaty of the Common Market for Eastern and Southern Africa (COMESA), and mandated to serve as the Consultative Committee of the Business Community and is the private sector institution of COMESA. CBC is a business member organization bringing together a diverse group of businesses and Associations in the region and is the recognized regional apex body of the Private Sector and Business Community in the 19 COMESA Member States.

**The Zambia Association of Manufacturers(ZAM)** is a registered member driven Association representing the interests of the manufacturing sector in Zambia. The Association has been in existence since 1985 and has since enjoyed growth in terms of membership and recognition as an apex body for Manufacturers in Zambia by various stakeholders including the government, regional economic communities (RECs) and international organizations. ZAM is the National Focal Point organization of the CBC in Zambia and represents the interests of Zambian manufacturers in the COMESA Region.

**The Bankers Association of Zambia(BAZ)** is a membership based organisation for all licensed and registered Commercial Banks in Zambia. Currently the Association represents the interests of 19 Commercial Banks and is the voice of the banking sector, mandated to address industry issues through lobbying, policy influence, guiding transformation in the sector, acting as a catalyst for constructive and sustainable change in the sector, research and development and engaging with key stakeholders.

**The ZAMBIA BUREAU OF STANDARDS (ZABS)** is the Statutory National Standards Body for Zambia established under an Act of Parliament, the Standards Act, Cap 416 of 1994 of the Laws of Zambia for the preparation and promulgation of Zambian Standards. ZABS is a specialized organization of National importance serving the country in the field of standardization, standards formulation, quality control, quality assurance, import and export quality inspections, certification and removal of technical barriers to trade.

**The Center for International Private Enterprise (CIPE)** strengthens democracy around the globe through private enterprise and market-oriented reform. CIPE is one of the four core institutes of the National Endowment for Democracy and a non-profit affiliate of the U.S. Chamber of Commerce.

