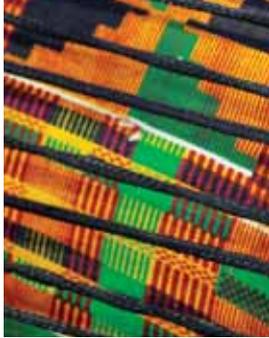


# BUSINESS ACTION AGAINST CORRUPTION

*AN AFRICAN INITIATIVE TO COMBAT CORRUPTION*





# BUSINESS ACTION AGAINST CORRUPTION (BAAC)

AN AFRICAN INITIATIVE TO COMBAT CORRUPTION

Corruption is a global problem and a serious drain on economic and human development in Africa. Business Action Against Corruption (BAAC) is founded on the view that corruption can only be tackled if co-operative alliances are built involving business, government and civil society, and if these are driven by key stakeholders inclusive of Africa's business and government leadership.

The specific aim of the initiative is to identify and implement "winnable" reforms in 15 African countries to help support growth and improved services for up to 200 million of the continent's most vulnerable citizens. It is also working with continental structures to strengthen the role of the private sector in improving governance.

BAAC therefore emphasises the importance of good corporate governance practices and tackling critical areas in the business environment which allow corruption to flourish. Its work examines the entire corporate, regulatory and stakeholder framework that ensures 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, the movement of goods, and the operations of the courts.

## How BAAC Works

Each BAAC national programme develops consultative working structures through which nationally defined strategies can be implemented to improve public services, prevailing business trends and standards of leadership behaviour. BAAC is also developing continental governance norms and implementation mechanisms, and strengthening capacity. BAAC is formed from previously independent initiatives devised by civil society organisations including businesses and NGOs. Demand led, it has political buy-in from governments, which ensures supply-side impact and improvement of key governance indicators (Capability, Accountability and Responsiveness).



The fight against corruption has become more urgent than ever. As our knowledge of the phenomenon expands, we realise the extent of the harm it causes. Corruption undermines growth and development by diverting resources away from development programmes thus increasing poverty, inequality and underdevelopment.

**Mr M R Baloyi**  
Minister for the Public Services and Administration, South Africa. Chairperson of the 5th Pan African Conference of Ministers of Public/Civil Service

In 2008, the Commonwealth Business Council (CBC) launched the US\$ 5million Business Action Against Corruption (BAAC) programme awarded by the Governance and Transparency Fund of the Department for International Development (DFID). HE Ephraim Inoni, Prime Minister of the Republic of Cameroon 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.

## Where is BAAC Working?

The scope of BAAC is Pan-African and it is already working in Botswana, Cameroon, Malawi, Nigeria, and Zambia and will expand to 12- 15 countries by 2012.





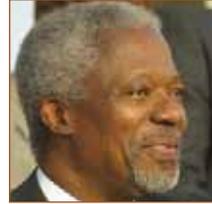
# WHY CORRUPTION MATTERS

Corruption is consistently recognised as a key contributor to poor governance and one that contributes directly to inefficient resource allocation in national economies. In addition corruption significantly restricts legitimate investment and obstructs competitive practice.

Corruption disempowers citizens and is a major cause of poverty. This effect is greatest in economies where government holds a dominant share in economic life, as is the case in most African countries. Corrupt practice diverts state and private resources away from the poor; undermines economic growth, and results in substandard public service delivery in key areas such as education, health and the provision of public amenities.

The political and administrative culture of many African countries is permeated by corruption, resulting in parallel systems of decision-making. This subverts public policy, decision-making and accountability and marginalises citizens. Tackling corruption is essential to democratisation, improving good governance and the achievement of the Millennium Development Goals (MDGs), which in turn will improve quality of life of the poor.

Efforts to develop a coherent African strategy to deal with the aforementioned issues have proved to be challenging. Donor and government strategies have largely been focused on supply-side measures, such as funding reforms of the legal system, funding anti-corruption commissions and oversight bodies and legal reforms. These strategies have often lacked the necessary political support or leadership within to initiate sustainable change. An additional structural problem is that “demand-side” work of NGO and independent anti-corruption work has historically lacked strong local ownership. Many African governments are concerned that this work is directed by foreign governments or agencies, and is over reliant on performance assessment measures such as perception indices.



“Corruption hurts the poor disproportionately by diverting funds intended for development, undermining a government’s ability to provide basic services, feeding inequality and injustice and discouraging foreign investment and aid.”

**Kofi Annan (former UN Secretary General), during the adoption by the General Assembly of the United Nations Convention Against Corruption**

It is now generally accepted that reliance on supply-side reform measures often leads to failure due to a lack of public pressure and engagement. This enables the opponents of reform within the state to block or subvert change, isolating reformers. A multi stakeholder approach is required to drive through sustainable change.

The BAAC model seeks to address this situation analysis by building practical coalitions of interests between business, civil society and government, while exploiting political will for reform to build cooperative strategies between business, civil society and government to reduce corruption.





# DEVELOPMENT OF BAAC

BAAC is a private/public/civil society initiative whose main object is to reduce corruption across Africa. BAAC forms a working partnership between governments, civil society and business in the area of governance. It grew from a CBC initiative on corruption mandated by Commonwealth Heads of Government (CHOG). CHOG accepted the analysis that corruption puts a serious impediment on investment, and undermines growth and poverty reduction, and called on business and government to work together to remedy the situation.

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. The Codes are now being prepared for legislation.

In the two years following the project, the strategic approach of BAAC was adopted by the Southern African Forum Against Corruption (SAFAC) – the body that links the Southern African Development Community (SADC) anti-corruption commissions. SAFAC is supported by the Human Rights Development Trust of Southern Africa (HURIDETSA - formerly SAHRIT), a leading regional human rights NGO. It has since become a continent-wide private-public coalition against corruption which has brought together previously isolated initiatives from across Africa, including programs under the Convention on Business Integrity in Nigeria and the continental organisation the African Institute of Corporate Citizenship (AICC), as well as new country programmes in Cameroon and Malawi. BAAC now includes countries from southern, central and west Africa.

Government buy-in is sound. BAAC has been endorsed by: the government of Nigeria, the President of Malawi HE Dr. Bingu wa Mutharika, and the Prime Minister of Cameroon HE Ephraim Inoni.



**“I am delighted that Business Action Against Corruption has started a programme with the Government in Cameroon. BAAC’s commitment to work in partnership with Government is a critical part of our strategy”**

**H.E. Ephraim Inoni**  
**Prime Minister of the Republic of Cameroon**

## Some progress to date

In Nigeria, the Convention on Business Integrity (CBI) has pioneered and implemented an Integrity Ratings System for the private sector and is now developing an Ombudsman System for the public to strengthen accountability in the public and private sector.

In Malawi, a new National Code of Conduct has been developed and endorsed by government and the private sector and is being implemented across the country. BAAC Malawi is developing a Ratings Framework in conjunction with the Society of Chartered Accountants in Malawi (SOCAM) which will provide a standardised corruption rating tool against which different organisations can be monitored and compared in a consistent way to ensure that there are tangible benefits pertaining to the Code of Conduct. BAAC Malawi is also driving a capacity building programme for Ethics Officers in the country.

In Cameroon, the private sector is developing a reform package for company law in cooperation with the Prime Minister’s Investment Council towards strengthening transparency and accountability in the public and private sectors.

In Botswana, Codes of Conduct dealing with disclosures of interest have been drafted by BOCCIM and the Economic and Financial Crimes Commission.



# HELPING TO PLAN AND MEASURE PROGRESS IN THE FIGHT AGAINST CORRUPTION

BAAC is undertaking a project to develop a comprehensive benchmarking system for measuring progress regarding anti-corruption in Africa in support of the African Peer Review Mechanism (APRM) process. The project is being led by the AICC which is a member of BAAC.

There has been increasing pressure for the development of a specific instrument or tool on corruption to support the APRM questionnaire and the provision of a specific device for measuring anti-corruption progress that takes the African context into account.

In response to this call from several stakeholders, the project aims to strengthen the APRM process through

**“Business Action Against Corruption is innovative with its emphasis on practical results and seeking out coalitions that involve business forming partnerships with government to combat corruption in its various forms.”**

**H.E. Dr Bingu wa Mutharika**  
President of the Republic of Malawi

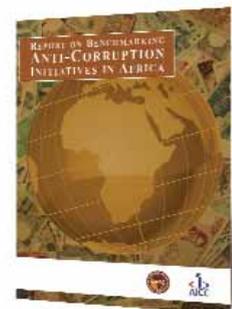
the development of a continental benchmarking system on corruption that takes cognisance of the circumstances and issues affecting the African continent and provide a tool to support national and sectoral anti-corruption strategies.



*Dr Mohan Kaul at the BAAC session during the East African Investment Forum with HE Paul Kagame, President of the Republic of Rwanda (centre).*

## Research and best practice

AICC in conjunction with the implementing partners of BAAC undertook a research project benchmarking anti-corruption best practice initiatives in Africa on behalf of the South African Government and the African Union Commission (AUC). The findings of this research project, which profiled twenty-six African countries and presented sixteen case studies, informed the African Forum on Fighting Corruption (AFFC) and the Fifth Global Forum on Fighting Corruption, which were hosted by South Africa in 2007.





# THE BAAC IMPLEMENTING PARTNERS

**The African Institute of Corporate Citizenship (AICC)** is an NGO committed to being a centre of excellence on social responsibility in Africa. AICC promotes the role of business in building sustainable communities through facilitating multi-stakeholder partnerships, advocacy, research and capacity building as well as communications technology. AICC has a strong track record of successfully implementing projects and is committed to advancing responsible growth in Africa by changing the way companies do business for the benefits of people, the economy and the environment. As a Pan-African NGO, the organisation is staffed with sustainable development experts from around the world who have extensive experience on (i) promoting good governance and eliminating corruption; (ii) influencing the CSR agenda and architecture in Africa and globally; and (iii) facilitating partnerships, innovation and promoting responsible business practices in Africa.

**The Commonwealth Business Council** is a not-for-profit business organisation. It is the private sector arm of the Commonwealth aiming to promote trade,

investment and good governance. It reports to the Commonwealth Heads of Government and is financed and governed by business.

**The Southern African Forum Against Corruption (SAFAC)** was established in 1998 as a representative body of anti-corruption institutions and units in the SADC region. SAFAC, though an informal forum operates with the necessary endorsement of SADC Heads of State. HURIDETSA as the Secretariat of SAFAC continues to facilitate the strategic partnerships and networks of SAFAC to work with the public sector, private sector, civil society and media. In 2002 the SAFAC AGM agreed to participate in the first pilot of BAAC in Botswana, and has expanded its involvement since.

**The Human Rights and Development Trust of Southern Africa (HURIDETSA)** formerly SAHRIT implements national and regional programmes for the promotion and protection of human rights, democracy and good governance. HURIDETSA played a pivotal role in the development, adoption and lobbying for ratification of the SADC Protocol



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.



# THE BAAC IMPLEMENTING PARTNERS CONT.

against Corruption. HURIDETSA took the lead in the development of the SADC Regional Anti-Corruption programme, which is the framework that provides guidelines for the implementation of the SADC Protocol Against Corruption for a five year period running 2005-2010, and acts as the SAFAC Secretariat.

**Business Action Against Corruption (BAAC) Malawi** is a network composed of members from business sectors that coordinates the contributions of business sector to fight against corruption in Malawi. The main objective is to eliminate corruption by building alliances to promote the private sector and state enterprise response to this end. Following the launch of the network in 2005, BAAC has partnered with a number of stakeholders in the fight against corruption including, the Anti-Corruption Bureau (ACB), civil society and government ministries, and published a Business Code of Conduct for Combating Corruption in Malawi.

**West Africa Business Association Cameroon** was formed in 2005 as a branch of WABA London,

established in 1957 to support investments in West Africa. WABA Cameroon seeks improvement in the investment climate of Cameroon by championing good corporate governance, business ethics and leading the public-private dialogue on corruption. Membership consists of CEOs from major national and international companies, and small and medium enterprise (SME) associations. WABA Cameroon was instrumental in the creation of the Prime Minister's Investment Council in 2006.

**The Convention on Business Integrity (CBI)** in Nigeria is a not-for-profit company limited by guarantee established in 1997 with the mission of promoting ethical business practices, transparency and fair competition in the private and public sectors. Signatories of the Convention undertake to observe 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. Current signatories include both private companies, like the Lagos Business School and government bodies like the Federal Capital Territory Administration.



Launch of the East Africa International Business Forum, 29-30 October, Kigali, Rwanda. HE Paul Kagame, President of Rwanda present at the Opening Ceremony



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