



CBC- BAAC Annual Report 2011

1. Programme Identification Details:

GTF Number	GTF 272
Short Title of Programme	BAAC
Name of Lead Institution	Commonwealth Business Council
Start date	08/08/2008
End date:	31/03/2013
Brief Summary of Programme:	<p>Locations: Up to 10 African countries including Botswana, Cameroon, Ghana, DRC, Lesotho, Malawi, Nigeria, South Africa, Tanzania and Zambia</p> <p>Key Words: Corruption; good governance; corporate governance; public Financial Management</p> <p>The CBC's project is a public-private initiative aimed at tackling corruption and supporting growth and improved services for 200 million citizens. Each of the national programmes will set up consultative working structures to implement nationally defined strategies especially `improving public services, business climate, and standards of leadership behaviour. It will develop continental governance norms and implementation mechanisms, and strengthen capacity.</p> <p>The key outputs will be (i) 10 joint public-private national anti-corruption programmes; (ii) the development of continental standards in cooperation with regional/continental structures such as SADC and African Peer Review Mechanism and; (iii) capacity building, communication and advocacy using civil society and the media.</p>
List all countries where activities have taken or will take place	Botswana, Cameroon, DRC, Ghana, Lesotho, Malawi, Nigeria, South

	Africa, Tanzania and Zambia
Target groups- wider beneficiaries	The scope of BAAC is Pan-African and aims to identify and implement “winnable reforms” in 10 African countries to help support growth and improved services for up to 200 million of the continent’s most vulnerable citizens.
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2. List of Acronyms

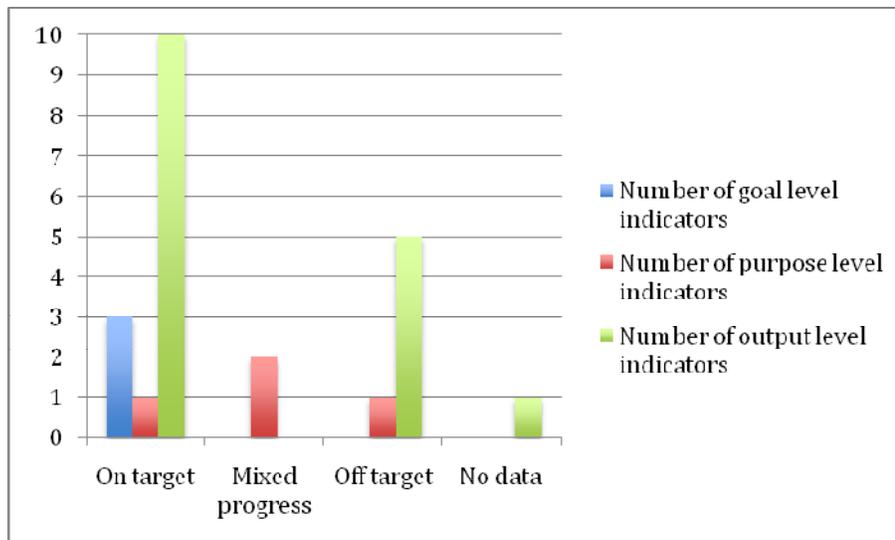
ACRONYM	DESCRIPTION
AICC	African Institute of Corporate Citizenship
APRM	Africa Peer Review Mechanism
BAAC	Business Action Against Corruption
BOCCIM	Botswana Chamber of Industry and Manpower
CBC	Commonwealth Business Council
CBI	The Convention on Business Integrity
DCEC	Directorate on Corruption and Economic Crime
DCEO	Directorate on Corruption and Economic Offences
DFID	Department for International Development, UK
GACC	Ghana Anti-Corruption Coalition
HURIDETSA	Human Rights and Development Trust of Southern African
NEPAD	New Partnership for Africa’s Development
SADC	Southern Africa’s Development Community
SAFAC	Southern African Forum Against Corruption
SMMEs	Small, Medium and Micro Enterprises
SMEs	Small and Medium Enterprises
SOEs	State-owned Enterprises
WABA	West Africa Business Association

3. Executive Summary

Major progress has been made over the past year, with new country chapters started. Following are the highlights/issues

Performance Summary of BAAC:

Figure 1: Summary of BAAC performance 2008 - 2010



Goal level:

The BAAC is fully on target against three goal level indicators with an improving investment climate and decreased corruption in a number of BAAC countries between 2008 and 2010.

Purpose level:

The BAAC is on target against one purpose level indicator with two indicators showing mixed progress and another one showing no results due to a lack of data. The performance on business regulatory environment and quality of public administration are stagnating in practically all 10 BAAC countries and no progress could be detected between 2008 and 2010. BAAC countries are on track in terms of codified business principles while they fall short in progress in rule of law and Institutional agreements between the private and public sector with the private sector taking the lead.

Output level:

Out of the fifteen measures at the output level, ten are on target, one lacks data and five show a set-back for BAAC countries.

All three indicators for Output 1 (Support Establishment of 10 joint private-public national anticorruption programmes with defined strategies) show that BAAC countries are on target. Output 2 (Recognition of the need for benchmarking in corporate governance and description of corruption risk in BAAC countries) show progress in some areas (4 indicators) and set-backs in others (2 indicators), reflecting a mostly positive performance. The same applies to Output 3 (Enhanced capacity of civil society, media and oversight bodies to address corruption) with 3 indicators being on target and two off target. Insufficient data is available to report on one indicator.

Country Updates:

Nigeria:

In the period under review, BAAC has worked to support strengthened accountability framework and practices in Nigeria including:

(a) More capable, accountable and transparent public service

Progress was made on the piloting of specific approaches of projects holding government accountable leading to the identification of replicable models in the 12 months ended June 30, 2010.

(b) Improved corporate governance standards in public and private sector

To improve corporate governance standards in Nigeria, BAAC took the approach of working with the UNODC and about 30 other organizations including business membership organizations.

(c) Improved conditions for doing business

As a baseline for the BAAC intervention through the creation of an independent public feedback mechanism, a set of reporting templates have been provided to the Public Complaints Commission by BAAC Nigeria which it has adopted and its formations across the 36 states in Nigeria are beginning to put the required information together.

AICC Malawi:

Throughout the last 12 months BAAC Malawi experienced considerable success. It increased the number of signed up member companies. Collected membership fees went up by 400 % and the initiative's visibility and credibility was improved. These developments occurred in an increasingly difficult political environment in which civil society activities are under pressure and donors are publicly blamed as 'stupid' by the state president. It has become difficult to pursue any agenda that might seem to correct the government. Against this background BAAC Malawi has become a true success story recognized by various stakeholders inside the country and regional activities from Sub-Saharan Africa. The Malawi chapter received a number of invitations to African countries in order to help establishing similar initiatives and to share knowledge and experiences.

HURIDETSA:

In collaboration with other partners is implementing the BAAC initiative in Zambia, Botswana, Tanzania and Lesotho. During the year under review, it was encouraging to see public sector institutions in the region engaging in the promotion of corporate governance, anti-corruption strategies, development of codes of conduct and integrity rating frameworks to tackle corruption which is commendable and very encouraging.

Sub-chapters

Botswana, a stakeholder meeting to review the draft code of conduct was held on 16th February 2010 in Gaborone, Botswana. The main purpose of this meeting was to give an opportunity to the various private sector companies, institutions and organizations to input into the draft codes of conduct for the Botswana Private sector.

Zambia a number of consultative meetings were held in Lusaka, Zambia during the period under review. Meetings with the private sector and the public sector institutions revealed that there is a keen interest and positive reception to the BAAC initiative.

Tanzania the consultative meetings during 2009 sought to discuss and develop a consensus on the possibility of the establishing of a BAAC National Chapter in Tanzania. One of the major outcomes of the meetings was the agreement that the BAAC initiative would fit in well with the provisions of the Tanzania Anti-corruption Strategy and Action Plan Phase II and particularly Goal 4 of the Strategy, that makes provision for the engagement of the private sector through mainstreaming and empowering the private sector into anti-corruption initiatives and strategies.

Lesotho: Consultative meetings and one-on-one meetings were held in the Kingdom of Lesotho on 7-8 December 2010 and March 2011 respectively. A number of Chief Executive Officers were also consulted on the formation of a BAAC Chapter in Lesotho. These consultations also went a long way in pointing out what strategies are currently in place to tackle corruption, challenges faced, and what can be done to improve the current status quo. De Speville and Associates, an international consultancy firm hired by the government to help redefine Lesotho's anti-corruption strategy, this week started consultations with stakeholders. The firm has been tasked to provide expert advice on ways to strengthen the institutional capacity of the Directorate on Corruption and Economic Offences (DCEO), Lesotho's government-funded corruption watchdog

Ghana:

Strategies towards the fight against corruption over the years focused more on the public sector. Though it is believed that the supply side of corruption is mostly from the private sector, very little or no conscious efforts had been made to involve the sector in the fight against corruption. Ghana Anti-Corruption Coalition (GACC) as one of its strategies in the fight, with the

support from the Commonwealth Business Council (CBC) organised a Pre-forum workshop for key private sector industry experts during the Africa Investment Forum in February 2010 to foster partnership with the private sector in the fight against corruption. As a follow up to the Pre-Workshop forum and recommendations, GACC with support from the CBC has initiated the project, “**Improving Business Integrity**” which aims at bringing businesses together to build a self monitoring mechanism for the promotion of transparent and accountable business sector in Ghana.

Cameroon:

Opening workshop for the Business Coalition Against Corruption was launched February 16 and presided by VPM Min of Justice Ahmadou Ali. The following interventions have been identified and work in progress:

- Recruitment and consolidation of existing membership
- Accompaniment program for businesses in the learning curve to raise their integrity standards
- Strong and lively networking / benchmarking / sharing of best practices
- Measurement and evaluation and labelling
- Reinforcement of the various partnerships with public bodies and NOGs
- Up scaling the BCA organizational design and effectiveness to fit the new challenges induced by the coalition (permanent resources –people & budget & infrastructure)

South Africa

DRC:

In recognition of the risks associated with poor governance, instability and corruption to their enterprises coupled with a social responsibility to contribute to a stable, peaceful and prosperous country, leading businesses in the DRC are taking the lead in the fight against corruption with coordination and technical support from the African Institute of Corporate Citizenship (AICC) Malawi, Ethics Institute of South Africa (EthicsSA), and the United States Institute of Peace (USIP).

Benchmarking Corruption:

The project is being driven by the BAAC and the Commonwealth Business Council (CBC) in conjunction with key official African institutions, including the African Development Bank (AfDB), the Economic Commission for Africa (ECA) and the New Partnership for Africa’s Development (NEPAD) and its African Peer Review Mechanism (APRM). The Pan-African Anti-corruption forum on “Public-Private Strategies to Improve Governance”, hosted by the Kingdom of Lesotho (22 - 23 March 2011) also recommended the development of a new continental approach to measuring governance performance and supporting reform efforts through the APRM, through a wider and deeper measure to benchmark and measure progress on tackling

corruption, as important building blocks towards promoting private sector growth as well as the long term growth and competitiveness of the continent.

A reference document is attached that constitutes the Project Charter and Work Plan for the Project for the period remaining regarding the BAAC's 2011 – 2012 fiscal year (May/June 2011 to end of March 2012).

Resources:

A significant number of reports and publications have been produced. The website www.baacafrica.org has been completely redesigned and is live.

Significant investment has been made in fundraising for new resources to address sustainability. A competitive bid to Siemens for \$1m has been successfully effectuated in Nigeria starting February 2011.

BAAC Forum on 'Public-Private Strategies to improve governance' was convened successfully in Lesotho in March this year that attracted Public sector figures, Official African institutions and the private sector for a two-day forum. The forum report will be sent by post.

4. Programme Management

CBC acts as the convenor of the BAAC Project Management Group and accounting officer for expenditure.

CBC has had a strong interface with its implementing partners through

- Quarterly Financial and narrative reports
- Quarterly BAAC Board Meetings
- Regular Teleconferencing

The Project Director is Prof. Steve Godfrey and Dr. Achim Engelhardt, International Consultant, Lotus M&E Group has been appointed as our M&E Consultant.

The Program Administrator is Rohit Badhwar replacing Sunayna Sethi, currently on maternity leave.

5. Working with implementing partners

The following table indicates the roles and responsibilities of new implementing partners within the BAAC Project.

Agency	Current Programme Responsibilities	Management/Functional Responsibilities	New Country Programmes
Blandford Consulting	Benchmarking	Benchmarking Initiative	
Directorate on Crime and Economic Offences	Lesotho Chapter	BAAC Lesotho	Lesotho

Directorate on Corruption and Economic Crime	Botswana Chapter	BAAC Botswana	Botswana
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Detailed information is provided in the work plan attached.

The following change has been made and funding will not be continued:

Agency	Current Programme Responsibilities	Management/Functional Responsibilities	Country Programmes
AICC	South Africa	Hub Link to SADC	South Africa

There has been a lack of satisfactory delivery, particularly over the last six months in the South Africa national programme. This is in part because there are many overlapping initiatives around corruption within the private sector, and it is felt that that AICC lacks the capacity to drive a unique BAAC programme.

6. Risk Assessment

The overall project design is considered robust, effective and applicable to the achievement of goal and purpose level outputs. However, the reduced value of sterling is a significant change affecting the value of the GTF investment but mitigated by raising funds from other sources.

Below are the risk assessment matrices for our new country chapters and for those countries where there has been a change in risk profile.

Nigeria:

<i>Risk</i>	<i>Potential impact</i>	<i>Probability</i>	<i>Mitigation measures</i>
Protracted political unrest in Nigeria	H	M	Ensure Independent Public Feedback Mechanism is launched as now planned for October 2011 to give people an avenue to vent pent up frustrations
PCC not able to scale up their capacities sufficiently by October 2011	M	M	Provide extensive training for their executives and staff over the summer
The public does not use the independent public feedback mechanism	H	L	Ensure stakeholder blocks (such as the influential group of legal advocates) endorse the system publicly at launch
The Business Principles are not adopted widely	H	L	Get Corporate Affairs Commission to require a sign up to the principles by all new companies being registered and all existing companies filing annual returns. Get the tax authorities to make it a criterion for accessing tax rebates for SMEs.

Malawi:

Project	Risk	Likelihood (H/M/L)	Impact (H/M/L)	Management
BAAC Malawi	Problem to identify and recruit suitably qualified staff; relatively weak basis in terms of staff due to limited funding	H	H	Experienced and qualified Malawian hired as successor to the current program manager.
	Decrease in member companies' commitment	M	H	Thorough activity plan to assure ongoing stakeholder contact and delivery of services which add value to the member companies (Training, Ratings...)
	Decrease in membership fee collected	M	H	Service delivery of services which add value. Fee collection as an ongoing management task
	Down-turn in donor commitment	M	M	Regular contacts with key donors (CBC, GIZ...). Understanding their interests and their program design and assuring BAAC fits their expectations
	Political pressure on civil society	H	M	Sensitivity in operations. Close links within the network as well as to the Anti-Corruption Bureau
	Political pressure on donors and diplomats (British High Commissioner deported)	H	M	Sensitivity in operations. Close links within the network as well as to the Anti-Corruption Bureau
	Political pressure on Anti-Corruption			Inclusion of the

	Bureau	H	M	Bureau in major activities while clearly showing distance to the institution
	Private sector managers hesitate to speak up	H	H	Promoting the underlying idea of BAAC: to join the voice of business leaders.
Project	Risk	Likelihood (H/M/L)	Impact (H/M/L)	Management
DR Congo	Working group doesn't understand the necessity of ongoing activities and consequently faces a downturn in momentum	M	H	Personal discussion and using the Malawi BAAC chapter as a role model
	No or only limited political support (in particular Ministry of Justice)	H	M	Sustained personal consultations especially with the Minister of Justice as well as with a group of MPs which showed interest in the initiative
	Risk of not getting a critical number of member companies on board to sign up to the recently launched code of ethics	M	H	Cooperation with the working group members which are high level top executives from major companies. Attracting further companies to join the initiative by personal consultations
	Unclear long-term commitment of key donors (USIP, GIZ, CBC)	H	H	Developing a comprehensive strategy including an activity plan which meets donors' expectations and aims at achieving quantifiable goals

Ghana:

<i>Risk</i>	<i>Potential impact</i>	<i>Probability</i>	<i>Mitigation measures</i>
Late in joining the network thus although the project is bound to be successful, its major impact might be realised after the term of GTF	M	H	GACC is utilizing the partnership it has with a few companies on other local projects to get project implemented. Business Associations such as the Chamber of Mines, and Chambers of Commerce are on board for effective implementation.
Lack of trust between the business sector and anti-corruption agencies whether state or non-state is causing delay in mobilizing private sector for initial consultations	M	H	GACC has adopted the strategy of moving along the few organisations who are prepared to be on board now but will continue to invite other private sectors to participate in activities to learn from them
Most Private Sector multinational need to seek permission from global offices before entering into any form of discussion with partners	H	L	BAAC to leverage from multinationals who have signed on to international anti-corruption agreements such as the UN Global compact and PACI to facilitate the process.
Market Competition seems to hinder sharing of information and learning among private sector companies	M	L	This will only be managed during the implementation of the project and the credibility of GACC in keeping market confidential information is key. However most private sector institutions will now

			realise that anti-corruption strategy in private sectors are also marketing tools.
Upcoming Elections 2012 and the issue of campaign finance which relates to the private sector	H	H	A number of the project outlines will be implemented this year so that the election campaign. More over this is one of the key issues affecting the private sector and it will be positive for a collective action to be built on this issue, Media campaign will also be utilised to address the negative effect of this upon the private sector. Members of GACC will collectively take a stand with the Private Sector to sustain and depoliticize this issue.
Limited Staff on Project	H	H	GACC will adopt more innovative ways of engaging Consultants to speed up implementation for effective result
Lack of concurrent programs such as ethics training is needed for the private sector to see how the projects relates to their work	H	H	BAAC will have to mobilize funds to include other beneficiary projects to the Private Sector. GACC will also collaborate with other Business Associations on the possibility of running training programs on anti-corruption for the Business Sector

Botswana:

Risk	Likelihood (H/M/L)	Impact (H/M/L)	Management
Lack of commitment by the private sector to support the BAAC initiative.	<u>L</u>	<u>H</u>	Multi Stakeholder approach and efforts underway to ensure stakeholders buy in and support the initiative. These efforts have included consultative meetings and the next phase has focus on awareness building and sensitization of the business community on the BAAC initiative.
Lack of financial resources to support BAAC activities and more after the project cycle.	<u>L</u>	<u>H</u>	Interventions identified will be infused into institutional work-plans to ensure budgetary support and sustainability of the initiative beyond the project cycle. To date there has been commitment shown by the key stakeholders to support this initiative and such have included sensitization meetings that have been funded by BOCCIM and DCEC; workshops to roll out codes developed; solicitation for funding outside the GTF support to continue with programming under BAAC.
Effective Implementation of the Codes developed and also the extent to which they interface with the public sector codes that are also under review	M	<u>H</u>	The codes have been successfully developed and efforts are underway to get buy in and support for their implementation. Meetings have been held and consensus on the use of the codes has been met.

Zambia:

<u>Risk</u>	<u>Likelihood (H/M/L)</u>	<u>Impact (H/M/L)</u>	<u>Management</u>
Multiplicity of business associations and this will have effect on successful implementation of the initiative.	<u>H</u>	<u>H</u>	Involvement of all key stakeholders and coordination by interface organization (Zambia Business Forum). However following the launch of the BAAC programme in Zambia, there seems to be a high level of appreciation of the initiative and consensus that the business

			community rally behind and support this initiative. ZBF has taken the lead and is working in collaboration with the anti-corruption commission of Zambia.
Non Compliance to Codes Developed leading to ineffectiveness of the project.	M	H	Efforts are underway that support regulatory mechanisms and laws that compel compliance. To date codes of conduct have been developed that regulate the operations of small and medium enterprises and these are guided by the existing statutory instruments that are in place to ensure good corporate governance and high levels of accountability especially within business.
Staff – turnover within interface organization and this impacts on institutional memory.	L	H	Encouraging partner organisation to have more than one person involved in the BAAC initiative so as to retain organisational memory and knowledge about the BAAC initiative.

Tanzania:

<u>Risk</u>	<u>Likelihood (H/M/L)</u>	<u>Impact (H/M/L)</u>	<u>Management</u>
Decrease in political will to combat corruption as initiative is linked to the implementation of national anti-corruption strategy	L	H	BAAC is to become platform through which the GOAL 4 of national anti-corruption strategy will be implemented and involvement of private sector enhanced.
Lack of support by private sector to implement BAAC initiative and lack of support for implementation of codes of conducted.	L	H	Encouraging the involvement of all key stakeholders through wide consultations and involvement of SME associations. To date this is a work in progress and a steering committee has been established by the private sector that will drive the process in Tanzania.

<u>Risk</u>	<u>Likelihood (H/M/L)</u>	<u>Impact (H/M/L)</u>	<u>Management</u>
<u>Lesotho - Risk</u>			
Lack of political will and confidence in the BAAC initiative	<u>H</u>	<u>H</u>	Efforts are underway to gain the confidence and support of the business sector in Lesotho be part of the BAAC process. In the past there has been lack of confidence in the anti-corruption efforts within the country but BAAC has provided the opportunity to address this concern. Consultative meetings that have brought together key public sector institution that have a direct working relationship with the private sector have been held. These include the revenue authority, ministry of finance; immigration department and the Directorate on Corruption and Economic Offences. Recently a pan African anti-corruption forum was held in Lesotho at the behest of the Government of Lesotho and the main purpose was showcase continental efforts to support public-private partnerships that can also be emulated within Lesotho.
Support and sustainability of the initiative	<u>H</u>	<u>H</u>	There is need to ensure that the high demand for the programme is sustained and impact achieved. So far, the demand is there although the only challenge that maybe there is budgetary support for the initiatives that may be identified to roll out the programme within Lesotho

There have not been any significant differences or change on the Risk Assessment Matrix over the last year for Cameroon.

7. M&E Arrangements

There has been no change in the M&E arrangement. The personnel, resources and activities set out in the Inception report remain the same.

8. Logframe Changes

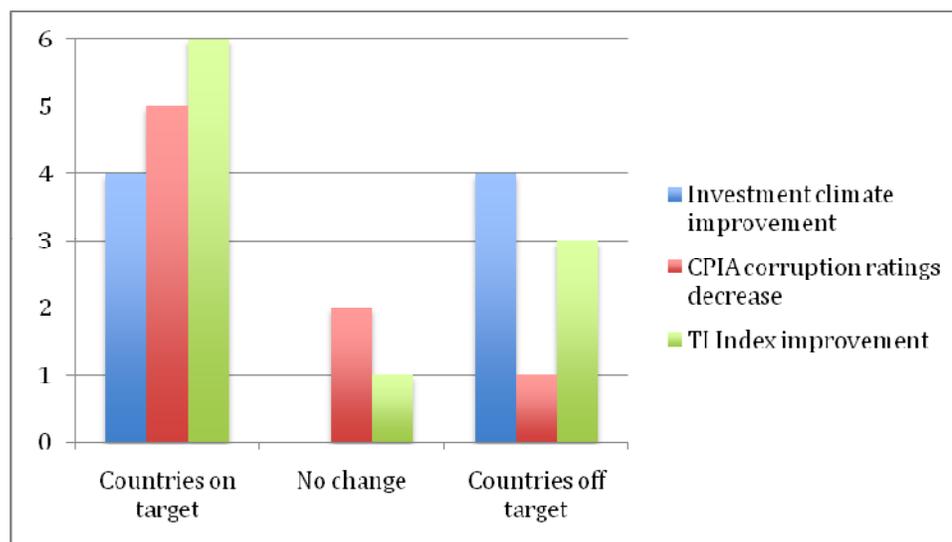
A revision of a selection of Logframe indicators is proposed. The content and relevance of a number of indicators linked to the CBC Business environment survey changed and relevant data is no longer available for BAAC monitoring: 1 impact level indicator and 3 purpose level indicators are affected. Similar indicators using alternative data sources have been identified. A BAAC strategic planning retreat in May 2011 was used to thoroughly discuss the BAAC performance indicators leading to a number of additional proposals for the modification of indicators as explained in more detail in the following sections.

Goal level

The investment climate is improving in 4 out of 10 BAAC countries: Botswana, Ghana, Nigeria and Tanzania (milestone: 3 countries); World BANK CPIA Corruption ratings have decreased in 5 BAAC countries: Cameroon, Malawi, Nigeria, Tanzania and Zambia (milestone: 3 countries) and 6 countries improved on the Transparency International Corruption index: DRC, Ghana, Lesotho, Malawi, Nigeria and Zambia (milestone: 3 countries).

Figure 2 captures the BAAC performance against goal level indicators.

Figure 2: Detailed performance of BAAC against goal level indicators



Overall the performance of most BAAC countries against the goal level indicators is very encouraging. In this extremely challenging environment all BAAC countries show progress in fighting corruption as expressed against one or another goal level indicator. South Africa constitutes the only exception: levels of corruption seem to increase with a direct effect on the investment climate and the country's economic development.

Table 1 shows the proposed new goal level indicator replacing the one where data is not available any longer.

Table 1: Proposed changes in goal level indicators

Original BAAC goal level indicator	Proposed replacement
CBC investment surveys (BES) showing improved investors confidence	Mo Ibrahim Index: Investment climate

Purpose level

“**Codified business principles**” existed in 6 BAAC countries in 2011 (Botswana, DRC, Ghana, Malawi, Nigeria and Zambia) while no data was available from BAAC chapters. Hence the BAAC exceeded the milestone of 4 countries.

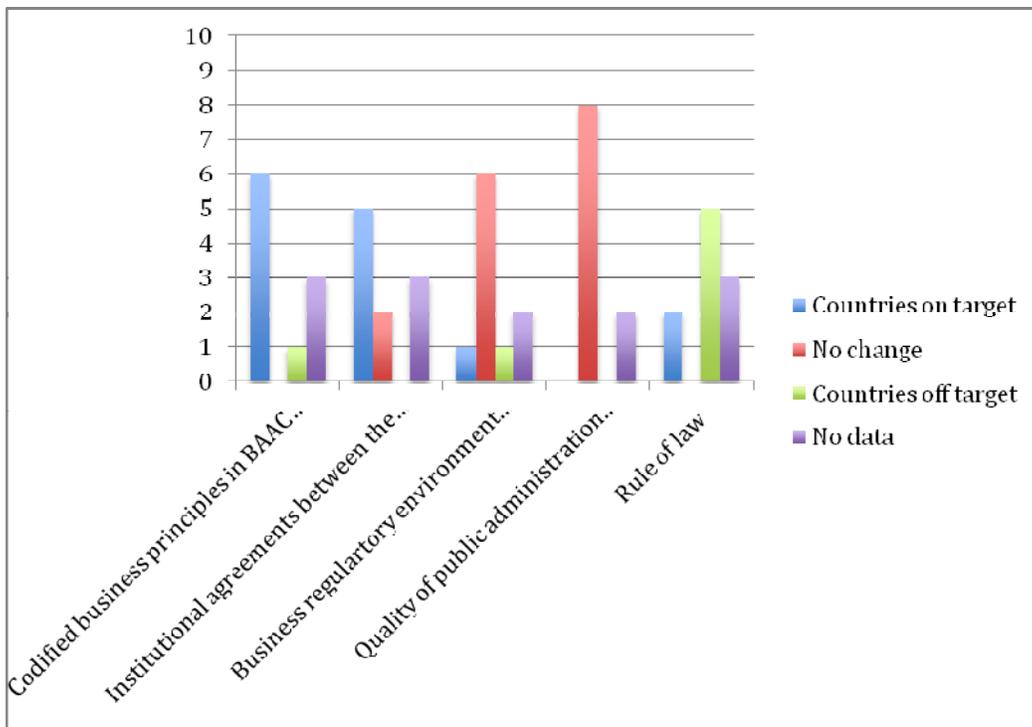
The code of conduct established in the DRC can be directly contributed to BAAC’s facilitation role in this highly strategic country in Central Africa.

“**Institutional agreements between the private and public sector with the private sector taking the lead**” existed in 5 countries in 2011 (Botswana, Malawi, Nigeria, Tanzania and Zambia) and the milestone of 4 countries was exceeded.

The BAAC falls short of achieving its milestone of 3 countries showing progress in the **business regulatory environment**. In fact the business regulatory environment improved between 2008 and 2010 only in Nigeria, while it worsened in Zambia. In all other BAAC countries no changes were detected¹.

Figure 3 shows the detailed performance of the BAAC against purpose level indicators.

Figure 3: Detailed performance of BAAC against purpose level indicators



¹ With the exception of Botswana and South Africa (no CPIA data).

The **quality of public administration** remained unchanged in all BAAC countries² and the BAAC falls short of its milestone of “three countries showing improvements in the quality of public administration”.

The BAAC falls short of the improvements in **rule of law**. Only Ghana and South Africa managed to improve the rule of law while Botswana, Cameroon, Malawi, Tanzania and Zambia are confronted with set-backs³.

The purpose level indicator on **business environment in terms of tax policy** has been deleted, as the original data source is no longer available and no appropriate replacement could be identified.

Following a strategic planning retreat in May 2011, BAAC members decided to delete the following two purpose level indicators due to a lack of pertinence for their BAAC chapters:

- **Improvement of property rights and rule-based government;**
- **Foreign and domestic direct investment.**

An overview of proposed new purpose level indicators is provided in Table 2.

Table 2: Proposed changes in purpose level indicators

Original BAAC purpose level indicator	Proposed replacement
CBC indicator: Business environment improving in terms of reliable justice in BAAC countries	Mo Ibrahim Index: Rule of law
Improvement of property rights and rule-based government	Lack of relevance for BAAC chapters
Foreign and domestic direct investment	Lack of relevance for BAAC chapters
Business environment improving in terms of tax policy in BAAC countries	No replacement proposed as no adequate indicator covering sufficient BAAC countries identifiable

Output level

Output 1: Support Establishment of 10-12 joint private-public national anticorruption programmes with defined strategies

Under output 1 the BAAC shows overall a good performance.

The BAAC has developed two operating models, the “Malawi model” and the “Nigeria model” and is already close to its 2013 target of developing three BAAC models. Hence the BAAC is fully on target.

The BAAC is on target with replicating the Malawi BAAC model in Botswana, Tanzania and Zambia. In terms of leverage of funding, the BAAC is also on

² ibid

³ The MO Ibrahim Foundation does not provide data on this indicator for DRC, Lesotho and Nigeria

target as funding for the BAAC in Nigeria has been secured from the Siemens Integrity Fund, following a joint application of the Commonwealth Business Council and its BAAC counterpart in Nigeria, CBI.

Output 2: Recognition of the need for action for benchmarking in corporate governance reforms – the African Peer Review Mechanism (APRM), adoption of Codes of Conduct and Company Rating System

The BAAC shows a mixed performance for this output. The main successes are the “Agreement of Guidelines for Ratings System” in five countries: Ghana, Malawi, Nigeria, Tanzania and Zambia. Here the BAAC’s performance is beyond the milestone of one country. In addition, “agreements of codified business principles framework at national levels” were signed in Botswana, Ghana, Malawi, Nigeria, Tanzania and Zambia and the BAAC has already achieved its final target of 5 countries. The BAAC is also on track with regard to “Codified business principles applied and compliance reported on”. The milestone of 2 countries has been exceeded in 2011 (Malawi, Nigeria, Tanzania and Zambia).

Participation of multinational companies and SMEs in Company Ratings System was registered in Ghana, Malawi, Nigeria, Tanzania and Zambia. Again, the BAAC has already achieved its final target of 5 countries.

Indicators where the BAAC is off target are: Company Ratings System applied, Certification company rating system leading to annual awards/public recognition and Adoption of benchmarking criteria in APRM at country level.

Output 3: Enhanced capacity of civil society, media and oversight bodies to address corruption

The BAAC has exceeded the milestone for capacity building (50 people passing through peer learning events in 3 countries). The following number of people benefited from BAAC peer learning events: Botswana: 38; DRC: 80; Malawi: 75; Nigeria: 602, Tanzania 30 and Zambia 30.

The BAAC also exceeded the milestone for mentoring (10 people mentored in 3 countries). In the DRC 80 trainees were mentored, in Malawi 81 and in Nigeria 100.

Increased commitment towards anti-corruption initiatives could be measured by payment of BAAC fees: in Malawi \$57.000 were raised and in Nigeria \$15.000, exceeding the milestone of a total of \$70.000. The increase of BAAC fees in Malawi is spectacular: in 2008 no fees had been collected yet, in 2009 fees of already \$8.500 were raised, leading to the above mentioned \$ 57.000 in 2010.

However, the BAAC fell short in achieving its milestone for the production of policy/research papers and mentees participating in BAAC campaigns or starting their own.

Insufficient data is available on feedback from participants in peer learning events.

The boxes below showcase the increased commitment towards anti-corruption initiatives in Nigeria by the creation of ownership and functioning working group meetings

Creation of ownership

At the inauguration of the US/Nigeria Bi-National commission, the Manufacturers Association of Nigeria presented the Business Principles developed by CBI as part of its work which is to prove that the Association had taken ownership of what we started. Also the chief Compliance Officer of Oando PLC presented a paper in Lesotho on what they are doing in Nigeria to combat corruption and their activities included BAAC activities.

Functioning working group meetings

Prior to a meeting with regulators, about \$15,000 was provided by members of the collective action within 2 weeks to cover for the expenses. In addition, members of the group wrote to regulators and ensured their attendance. In another instance, MTN Nig. a member of the collective action persuaded the Diageo Brands owners of Guinness to join the collective action before any input from us. After the inauguration of a working group, the first meeting recorded 80% in attendance in February 2011.

Methodological issues

Why the BAAC performance for 2010 appears disconnected between the goal, and purpose level?

For the BAAC logframe high-level goal indicators like the World BANK CPIA Corruption Index and the Mo Ibrahim Index are followed at the purpose level by a selection of sub-indicators composing those indices. For example CPIA corruption ratings are composed by a range of indicators in the areas of a) economic management; (b) structural policies; (c) policies for social inclusion and equity; (d) public sector management and institutions.

While the World BANK CPIA Corruption Index overall shows improvements for 4 out of 10 BAAC countries and the indicators for economic management and policies for social inclusion and equity are also mostly positive, indicators relevant for the BAAC in the areas of structural policies and public sector management and institutions have shown no change at all.

A similar picture presents itself for the Mo Ibrahim Index at goal level and the sub-indicator used for the BAAC at the purpose level

Hence the small but relevant selection of indicators for the BAAC comprising indices like the World BANK CPIA Corruption Index and the Mo Ibrahim Index vary in their detailed sector results from the overall results of those indices for BAAC countries. This is not a methodological shortcoming but an issue with a clear statistical explanation.

9. Emerging impact on governance and transparency

Short articles attached in Annex A9 featuring Private Sector inclusion in development cooperation in Malawi and Government policy decision influenced in Nigeria.

10. Cross-cutting issues

1. Creation of ownership

At the inauguration of the US/Nigeria Bi-National commission, the Manufacturers Association of Nigeria presented the Business Principles developed by CBI as part of its work which is to prove that the Association had taken ownership of what we started. Also the chief Compliance Officer of Oando PLC presented a paper in Lesotho on what they are doing in Nigeria to combat corruption and their activities included BAAC activities.

2. CBI Nigeria

In furtherance to the Good Governance and Regulatory Leadership Forum on the 14-15 May in Abuja, Nigeria with an objective to create the framework and provide the tools to enable regulators, directors and senior management of Nigerian entities to upgrade their standards and practices of corporate governance, ultimately to world class standards. CBC/CBI in collaboration with the SEC to develop a programme to strengthen corporate governance standards by:

a) Providing training for directors, through a developed curriculum including basic fiduciary duties of directors, developing codes of business integrity, the SEC code of corporate governance etc.

c) Linking this to the regulation and oversight system for corporate governance being developed by the SEC., and integrity systems being developed in the private sector – specifically the proposed Corporate Governance Index and the Integrity Rating of Companies

d) One specialised component of the programme could include training SEC approved external assessors (as well as SEC's own inspectors) who can verify levels of business integrity and levels of compliance with the SEC code of corporate governance, and a crop of investigative journalists to strengthen the oversight system

11. Progress towards sustainability

The sustainability of multisectoral programmes on governance is complex and has a number of separate dimensions:

- (a) The umbrella BAAC project
- (b) The national arrangements/campaigns and networks
- (c) The anti corruption arrangements

Siemens:

- CBC has effectuated an initiative under the Siemens Integrity Initiative for \$ 1m in Nigeria.

BAAC Malawi:

- BAAC Malawi collected approximately 8.5 Million MWK (approximately 54.000 US-Dollars) in 2010
- The Malawi chapter received a number of invitations to African countries in order to help establishing similar initiatives.
- In particular the German GIZ – are heavily interested in the unique aspects which made BAAC Malawi a successfully implemented Public Private Partnership comprised of NGO (AICC), donor agency (GIZ, DFID/CBC) and the private sector (member companies from Malawi).
- It is necessary to include top representatives from the business sector to get their ongoing commitment to the initiative and its key goals. BAAC Malawi has attracted Dr, Mathews Chikaonda, CEO of Press Corporation, as the chairman of the BAAC
- The initiative's **broad focus on CSR**, rather than only on anti-corruption helped to develop a comprehensive activity plan. On this basis, an understanding of why and how corruption can be reduced is possible and refers to sustainability.

These developments occurred in an increasingly difficult political environment in which civil society activities are under pressure and donors are publicly blamed as 'stupid' by the state president. It has become difficult to pursue any agenda that might seem to correct the government. After a short period of encouraging political signs during 2009 and partly 2010, a slowdown in support of all kinds of civil society activities occurred and is still prevailing (2011).

DRC:

The AICC with support from BAAC and the German Technical Cooperation (GTZ) Centre for Cooperation with the Private Sector (CCPS) organised and facilitated an international workshop focusing on private sector collective action on anti-corruption. The workshop held in July 2009 drew 50 participants from the key sectors of the DRC economy such as mining, telecommunications, forestry and financial, senior government officials led by

the minister of justice and representatives of the ministries of industry, trade and national economy, local and international civil society organisations including Greenpeace Africa, Transparency International, the Ethics Institute of South Africa and Extractive Industry Transparency Initiative (EITI-DRC).

Ghana:

GACC in collaboration with the Ghana Journalist Association hosted media program on the National Television and a Local Language Radio Station, Adom Fm to educate the business sector on “Doing Business without Corruption”

GACC made presentation on the theme of collective action involving the Business Sector to the following;

- a) Local Chapter of UN Global Compact Group
- b) The Ghana Business Code Secretariat
- c) The Chamber of Mines
- d) Ghana National Chamber of Commerce and Industry
- e) Newmont Ghana Ltd. – Mining Company
- f) Institute of Chartered Accountants

There exists a great opportunity in terms of linkage of the project to the outcomes of Ghana’s Midterm National Development Plan. The Private Sector is expected to be the engine of growth of the economy. However, they cannot do this unless corruption is minimized. Further the emerging oil and gas industry poses serious challenges as well as an opportunity to intensify and sustain such projects involving the Private Sector. Emerging issues such as contract disclosure has become a key issue in ensuring that the oil and gas sector becomes more transparent and accountable, and the Private Sector is a key to this. In addition the Private Sector needs to build trust and confidence in the public to enable it get the free environment within which they can operate. Working with civil society on this front has become an important consideration for most companies recently.

However, challenges such as the sustainability of such efforts are very relevant and it can be resolved if the Private Sector itself take the lead in implementation of such collaborative efforts that affects them.

12. Innovation

CBi Nigeria:

BAAC challenged the Public Complaints Commission over the fact that in a country of 150 million people they were receiving only 20,000 complaints per annum despite the levels of public anger over the degree of corruption and poor government service delivery. The Public Complaints Commission (PCC) entered into a 3 – year agreement with the Convention on Business Integrity (CBi) - BAAC Implementer to be assisted to improve the quality and transparency of their public reporting, develop capacity to handle complaints

via the web and short message system (sms) and for this a baseline of their current position has been developed. 2009 report developed and 2010 underway. The electronic work system will be launched October 2011 and training has commenced.

The Public Complaints Commission (PCC) as public Ombudsman is being strengthened. The ultimate beneficiaries are all the citizens of Nigeria.

Creation of ownership:

At the inauguration of the US/Nigeria Bi-National commission, the Manufacturers Association of Nigeria presented the Business Principles developed by CBI as part of its work which is to prove that the Association had taken ownership of what we started. Also the chief Compliance Officer of Oando PLC presented a paper in Lesotho on what they are doing in Nigeria to combat corruption and their activities included BAAC activities.

Functioning working group meetings:

Prior to a meeting with regulators, about \$15,000 was provided by members of the collective action within 2 weeks to cover for the expenses. In addition, members of the group wrote to regulators and ensured their attendance. In another instance, MTN Nig. a member of the collective action persuaded the Diageo Brands owners of Guinness to the join the collective action before any input from us. After the inauguration of a working group, the first meeting recorded 80% in attendance in February 2011.

13. Learning from GTF

In Nigeria:

Process for rating companies has kicked off in Nigeria. Press releases are being circulated and companies have been requested to self-report on their activities to start off the process in Nigeria. The self-reports are due in July 1, 2011.

A Collective Action Project has been launched in Ghana in partnership with the Ghana Anti-Corruption Coalition and in Senegal in partnership with the World Bank Institute (this is a fully funded project, the link with BAAC is around sharing of experience and best practice). These projects are at the baseline development stage and will include a declaration, set of principles, certification/ratings scheme and use of integrity pacts – in other words, a roll-out of lessons learned in Nigeria.

- 1.1. In line with the plan to develop the capacity of Public Complaints Commission, some Staff of Public Complaints Commission have been trained on the use of the first part of the Public Feedback Mechanism (CIVITAS) in Abuja (in a Train-the-trainer mode). About 13 officers were trained in April 2011 at Abuja. The trained officers also trained other staff of PCC in the states to enable them use the Short Message Service (SMS) part of the system on a trial monitor of the Presidential elections and give feedback. The broader proposal submitted to train the Public Complaint Commission (PCC)

staff was put on hold because of uncertainties relating to the elections. The training conducted is the first of a series of trainings to take them from a manual reporting system to an automated feedback and reporting system. We are currently discussing on the best time to conduct more trainings. The field tests of the sms system is displayed at <http://ipfm.tradewize.net/new>

In Tanzania:

Public and private sector buy in for the BAAC initiative is very sound. The initiative has been endorsed by the public and private sector bodies in Tanzania. On the other hand, Tanzania has created a political arena which seeks to support anti-corruption reforms and enhance joint initiatives at national level. The Tanzania Private Sector Foundation is leading the coordination and establishment of BAAC in Tanzania. Work is in progress to develop a work-plan for the activities that will see the establishment of a BAAC Chapter in Tanzania.

In Botswana:

The BAAC project has been well received by the private sector in Botswana and the development of the generic code of conduct is a clear illustration of this position. The private sector of Botswana is looking forward to the launch of the codes of conduct. It is also envisaged that both the private and public sector institutions will sign up to these codes once they are officially launched this year. There is also wide consensus amongst these sector that have a rating framework in the form of a standardized rating tool will go a long way in reviewing the performance of countries and assessing their level of commitment to fighting corruption.

In summation:

The BAAC national programmes are developed through consultative structures at national level. These structures are home grown and will be implemented by the private and public sectors as a joint initiative. The network is positive about the whole process and geared towards implementing the work plan for the following year.