

# Government's Efforts to involve the Private Sector in the Implementation of the National Anti-Corruption Strategy and Actions Plans

By

*Edward G. Hoseah, Director of Investigations, PCB*

Paper Delivered on Public Forum Organized by TRACE on the theme "Private Sector Participation in Development and its Role in Fighting Corruption on 23<sup>rd</sup> June, 2003 at Karimjee Hall, Dar es Salaam

## 1. **INTRODUCTION:**

The seriousness of the Tanzania Government to root out corruption began in earnest with the appointment of the Warioba Commission immediately after the Hon. President Benjamin William Mkapa came into power in 1995.

The government of Tanzania has undertaken several measures to up-root the scourge in our society, inter alia, is the legal framework, namely the anti-corruption laws.<sup>1</sup> The other measures are the on-going reforms in public sector.<sup>2</sup>

The National Anti-Corruption Strategy and Action Plans is the result of the collective efforts from the Government, civil society, private sector and the Media. Also the International Community had contributed immensely in this process. In November 1999, the Cabinet discussed the Strategy and endorsed it.

The major characteristics of the Strategy are three-fold: analytical, proactive and integration. By analytical, we mean to emphasis on institutional reforms. Whereas by proactive we focus on raising public awareness and by integration we mean to bring together all

---

<sup>1</sup> Permanent Commission of Enquiry Act, 1996, The Prevention of Corruption Act, 1971, The Economic and Organized Crime Control Act 1984, The Leadership Code Ethics, 1995.

<sup>2</sup> Health Sector Reforms, Civil Service Reforms, Financial Sector Reforms, Local Government Reforms, FILMUP, Education Sector Development Program, Privatization, TRA Tax Reforms etc

stakeholders who share common cause to uproot corruption in our midst.

## 2. **THE FOCUS OF THE STRATEGY**

The strategy has focused on seven critical areas that have to be addressed by the stakeholders because the fight against corruption is an inclusive process that required our shared effort and strength.

These seven areas are:

- Rule of law and legal framework
- Financial discipline and Management
- Procurement
- Public education, awareness and sensitization of people's Rights.
- Public Service Reforms
- Whistle Blowers and witness protection and
- The media

We had started by translating the National Anti-Corruption Strategy and Action Plan into sector specific action plans.

On July 25<sup>th</sup> through 30<sup>th</sup> October 2000 all twenty-two ministries participated in developing sector-specific action plans, which focused on the concrete realities that pertaining in their respective Ministries. About 800 Senior and middle level public servants were

involved in developing Ministries' specific action plans which addresses the weaknesses that promote corruption in those Ministries.

The process had gone further by encouraging each Ministry and independent government departments to focus on issues of transparency, simplified procedures, simplified rules and information accessibility to the general public. This will help the users of government services to readily access those services without the unnecessary bureaucratic red tape, which is one of the major hindrances to the peoples' accessing public services.

The second move of the strategy is to broaden the coalition building by inviting the Civil Society and the Media as specific constituencies to develop their sector specific action plans which will address the burning issues that fuel corruption. These issues include, licencing, permits, passports, tax evasion, fake certificates etc.

The third process, is to build a sustainable capacity at the local government level and their entities such as wards through the local government reforms and this strategy by developing their specific action plans that would address the problem of corruption realistically. The measures that one would like to see happening must be specific, measurable, attainable, relevant and time-bound.

The fourth undertaking is to engage the private sector in this process by having its membership develop and attain interest in articulating sector specific action plans. The private sector has crucial role to play as it in a significant way continue to contribute on the supply side of the corruption equation.

It is therefore, clear to me, which at the end of the above described process, no one segment of our social fabric will be left out to wander about without a purpose and a sense of direction.

In summary, the strategy that is in place is holistic and seeks to achieve among others:

- Awareness raising
- Reduction incentives for corruption by strengthening law enforcements, particularly the PCB and Judiciary
- Increasing the Media publicity
- Encourage whistle blowers and witnesses
- Increase transparency and accountability
- Instilling ethical values and code of ethics.
- Improving the living wage of public servants.

### 3. **AFTER THE WARIOBA REPORT: NACSAP<sup>3</sup> EMERGED**

The Presidential Commission Against Corruption commonly known as the Warioba Commission<sup>4</sup> carried out its inquiry on the state of corruption in the country and after its diagnostic inquiry, it proposed a range of reforms and improvements to be effected particularly, on the leadership and public sector in general.

The NACSAP emerged as a clear commitment by the government to concretely and coherently address the deep-rooted problem of corruption in the country.

The Government of Tanzania has openly declared that the fight against corruption as a "Crusade" and made it as the top priority. The aim is to prevent corruption through administrative, institutional and legislative mechanisms. It is therefore in this direction that the government has developed and adopted a comprehensive National Anti-Corruption Strategy and Action Plans. The strategy was prepared through a participatory approach and which took into consideration interests of various stakeholders in our society. The implementation of the strategy has started to give out results through implementation of the strategy has started to give out results through implementation of the legislative and

---

<sup>3</sup> NACSAP – National Anti-Corruption Strategy and Action Plans

<sup>4</sup> In November 1996, the Commission produced one of the most respected analyses of corruption in Africa and Developing World in general and is highly commended for its reach ness and frankness of the exposition of the subject matter

administrative reforms that aim at promoting greater transparency and accountability in Public Institutions.

In July 2001 the government established the Good Governance Coordinating Unit under the Chief Secretary. The role of the Unit is to support the Chief Secretary in Coordinating of good governance programmes and especially the implementation of National Anti-Corruption Strategy and Action Plans NACSAP.

Since the establishment of the Good Governance Coordination Unit in 2001, a number of important accomplishments have been made.

- The NACSAP Inter-Ministerial Committee (IMC) has facilitated the development and implementation of sector specific Action Plans. 26 plans for key Ministries, Departments and Agencies (MDAs) were collectively approved by the Cabinet. A printed volume of the approved plans, entitled "The Anti-Corruption Strategy and Sector Specific Action Plans for all ministries and Independent government departments (2001 – 2005)" was produced in September 2001 and the implementation of the plans started.
- The MDA anti-corruption focal persons have been trained in strategic planning and reporting. The Plans have been continuously improved and updated versions are now ready for printing in a new volume of NACSAP.

- A strategic reporting system has been designed for NACSAP and anti-corruption focal persons have been trained in its use. Reports for the first two quarters of 2002 have been printed out and circulated. The third quarter for the year 2002 is with the printer.
- Two workshops on the progress of anti-corruption initiatives for members of Parliament have been conducted. An APNAC Action Plans to curb corruption has been developed and shall form part of the NACSAP.
- A National Integrity Fund, located at the ministry of finance, has been established and provided with Tshs. 800m of Government funds for 2001/02 financial year. The procedures and guidelines for the use of NIF monies have been established. The funds have been transferred to respective MDAs, based on requests upon satisfactory progress report on action planning for funding of NACSAP activities for MDAs. With the above accomplishments the Government is now posed to scale up the implementation of NACSAP and further raise the public profile of its anti-corruption campaign. In order to achieve this, the following will be done.

### ***Regular production of NACSAP Quarterly Reports***

The production of quarterly will play several important functions in the implementation of NACSAP. They will facilitate reporting on the



individual MDAs' implementation of NACSAP, which in turn will enable an oversight to ensure that things are moving according to plan. When summarized and compiled, the NACSAP quarterly progress report also provides an effective means of informing the stakeholders of the National actions against corruption. This in turn will foster public confidence in the Government's Strategy and enables public participation in the implementation of NACSAP, as well as providing added incentive for the MDA's to perform and to meet their targets.

### **NACSAP – Sector specific action plans**

Since the publication of the NACSAP sector specific action plans in September 2001, all plans have been revised and updated. The new plans have now been compiled in a new NACSAP volume and will be released to all stakeholders shortly. The narrative introduction of the volume will shed light on the further development of NACSAP in the year 2002 and provide an overview of the present implementation arrangements, including the reporting system and NIF financing.

### **Resource mobilization – national Integrity Fund Manual**

As stated above, the NIF manual with the procedures and guidelines for use of the fund has been prepared, approved, printed, distributed and the

use of the fund has started.

The (NIF) has been closely modeled on the Performance Improvement Fund (PIF) under the PRSP, and it is designed to satisfy the most stringent criteria of transparency and objectivity.

### **The Way Forward**

The IMC Society GGCU will be conducting three projects that will enlist the participation of the Civil Society, Private Sector and Media.

The emphasis will be on networking amongst civil society organization (NGOs, CBOs, etc) to be focused on specific issues pertaining to anti-corruption activities (such as tenants, consumers, environmentalists, gender based etc).

On private sector, inter alia, the focus will be on corporate governance and social responsibilities. For the Media, the emphasis will be on investigative journalism and responsible reporting as opposed to reckless media. The right to information and public participation in the NACSAP process will be highlighted and streamlined.

The NACSAP has made a difference and will continue to impact upon our society as long as coalition building will continue to rally the participation of all stakeholders. Our motto should now be "*the building of an integrity Tanzania Society*" For an integrity to exist and be sustainable one has to practice the three cardinal ethical principles "***Don't steal, Don't cheat and Don't lie***". If all

segments of our society fabric start implementing the three principles of an ideal and integrity personality, then corruption will be of the past.

#### **4. THE ROLE OF PRIVATE SECTOR IN THE NACSAP**

The Private Sector has a special role to play in fostering our country's integrity and prosperity. The government is releasing itself controlling the economy and thus the introduction of market based economy after a considerable period of experimenting African socialism and self-reliance.

Companies exist to make profit for their shareholders and given the challenges posed by corruption and the fact that in a corruption transaction, it takes the two to tangle, the private sector is thus a party to the pandemic problem of corruption.

The concept of corporate governance has emerged to ensure that corporate bodies and personalities exercise restraint in engaging themselves in corruption by practicing social responsibility.

Corporate governance and social responsibility entails inter alia, the culture of legal compliance that is responsive to corporate wrongdoing. In corporate wrongdoing the demand for corporate accountability becomes inevitable.

The private sector interface with public sector has uncovered that corruption is a reality and has become a social disease to which no one is immune.

Corruption has led to the enrichment of a few at the expense of impoverished majority. It distorts economies and thwart growth and compounds the challenges of the on going reforms. It is now evidently clear that business ethics and corruption risk management are becoming more critical as globalization accelerates at higher speed.

The old thinking that corruption oil the wheels of commerce, is now being replaced with the new understanding that corruption is the sand that halts economic growth engines and stifles democracy and social development.

The even growing demands for transparency and accountability by the community has led to the exposure of projects that are tainted by corruption, particularly in tendering and procurement areas.

In Tanzania, time has come that the corporate entities should now introduce business ethics and code of conduct for their companies in order to deal with the deleterious effects of corruption.

Disclosures conflict of interest by corporate members is key to disinfecting corruption in companies' staff attitudes and behaviour are often influenced by the examples set senior set by senior

management. Staff looks to managers for guidance and support. It is important that senior staff should be role models of ethical behaviour to their subordinates and their clients. An ethics committee could be a way forward to organization and cooperate bodies on adjudication of conflict of interest and assist to decide what appropriate course of action to take.

The private sector in its increasing role of providing essential goods and services, many of which for many years, have been the preserve of government agencies, improved corporate responsibility is a powerful tool in fighting corruption.

The emerging role of whistleblowers is also being recognized as important in protecting the public interest. Employees who raise matters of public concern that arise in the course of their employment, but which their employers may be trying to hide, must be protected. Examples include the health risks of company products such as expired drugs or fake ones.

The following are the major areas where private sector bribery occurs:

- Procurement
- Distributorship Licences

- Retail Display space (sales representatives of consumer goods manufacturers commonly bribe store managers to provide favourable display space for their products).
- Proprietary technical and Commercial Data. (competitors bribery technical and market employees to obtain copies of propriety information such as manufacturing drawings, pricing information etc)
- Sports (inappropriate gifts, rigging results)

Jeremy Pope clearly puts it:

*Private sector companies feel the pressure to bribe, on the grand corruption scale, in three areas. The first concerns certain countries particularly in the developing world, where it can be very difficult for anyone to win a major government or parastatal contract without paying a large bribe ...*

*The second ... is that off-shore bribery generally condoned "because everyone does it" it may even be morally defended on the grounds that the resulting business is saving jobs, regardless of the fact that it may be costing jobs elsewhere ... many company Directors also feel entitled to shelter behind their ignorance of the company's operations, particularly its foreign operations<sup>5</sup>*

---

<sup>5</sup> Jeremy Pope, T.I Source Book 2000, T.I office London, 2000, p.142

The above demonstrates that there is a dire need for the private sector in Tanzania to understand the costs of corruption I business and the economy in general and develop ethical standards that will further corporate governance and responsibility in the country.

5. **CONCUSION:**

The government through MDAs sector specific action plans as discussed above has started the process that is intended to be a preventive mechanism to curb corruption in the public sector, what is now required is to bring on board the private sector, the civil society and the media as important partners within the NACSAP context and develop sector specific action plans for each sector that will address corruption holistically in our country.

For private sector to be effective in minimizing corruption, the due diligence by corporate entities must be exercised. The due diligence comprises of seven steps to be implemented.

- Compliance standards and procedures to be followed by employees that are reasonably capable of reducing the prospect of criminal conduct and corruption.
- Thee must be specific individual/individuals assigned with overall responsibility to ensure compliance with the above.

- The company must take due care by not allowing individuals known to have a propensity to engage in illicit activities.
- The company must have communications and training programmes in place.
- It must have reasonable steps and standards in place that would protect whistleblowers.
- The standards must be capable of being enforced consistently through appropriate disciplinary mechanisms.
- Once offence has been committed and detected, the company must have all reasonable steps taken to modify its systems to obviate repetition.