



THE REGIONAL WORKSHOP TO DEVELOP THE EAC BUSINESS CODE & ETHICS

27TH MARCH 2014

**LAICO HOTEL
NAIROBI, KENYA**

REPORT OF THE WORKSHOP

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REPORT OF THE MEETING

1.0 INTRODUCTION

The East African Business Council (EABC) is the apex body of business associations of the private sector in East Africa. EABC membership consists of national private apex associations, national manufacturers' associations, national employers' associations, national chambers of commerce, sector based associations and corporations from all five EAC Partner States.

Founded in 1997, EABC's mission is to advocate for trade and investment competitiveness of EAC Private Sector both at regional and global level. In order to deliver on this mission, EABC is focusing on building the institutional capacity that will sharpen its competitive advantage and allow it to effectively deliver the products and services to its members and other stakeholders in the community.

As a regional private sector advocacy body, EABC's success depends on its reputation, integrity and transparency. Both regionally and globally, a clear business case has repeatedly been underscored for businesses to behave in a manner that promotes ethical business practices, transparency and fair competition in the private sector for the benefit of their companies; the economy, the citizenry and the environment.

Against this background EABC organized the first workshop in pursuit of developing a code of conduct and ethics for business community in EAC. This Code of Conduct/Ethics shall ensure compliance with legal requirements and standards of business conduct. The Code will set out responsibilities and values to guide business operations and relationships. The business community will be expected to serve as role models by visibly demonstrating support and by regularly encouraging adherence to the set standards.

The Code shall guide the conduct of the private sector with respect to provision and acquisition of services from one another, and from business facilitating institutions and government agencies. The draft Code has incorporated key themes that are internationally recognized as basic principles for responsible global citizenship for any business. Such principles as conflict prevention and resolution, human rights and labor standards, the environment, and corruption are all considered into the draft code.

In attendance were key participants from private sector across the East Africa, mainly from national business associations, national manufacturers associations, selected corporate in each partner State, representative of small and medium enterprises. The list of participants is attached as **Annex I**.

1.1. OBJECTIVE OF THE WORKSHOP

The objectives of this workshop were to:-

- A. Sensitize the private sector members on compliance with legal requirements and standards in business operations.
- B. Present the East African Community Code of Conduct for Businesses and
- C. Provide opportunity for the participants to discuss the scope, structure and implementation plans of the EAC Code of Conduct

2.0 OPENING REMARKS

2.1 Remarks by Mr. Andrew Luzze, Executive Director EABC

In his remarks the Executive Director welcomed the participants to the workshop geared towards the development of a regional EAC Business Code of Conduct. He underlined the importance of enhancing compliance among the private sector members due to the fact that this goes a long way in facilitating trade and business.

The Executive Director pointed out that businesses should be mindful of the environment, labour standards, human rights and bribery tendencies as they carry out their day to day businesses and trading.

He further indicated that the Code of Conduct yet to be developed has to be realistic to enable its implementation be meaningful to the region's business community.

Lastly, he commended GIZ – EAC Program and GIZ Kenya for the financial and technical support provided towards the realization of the workshop.

2.2 Remarks Madam Christine Vonharrach Manager Module 3 – EAC – GIZ Programme on Regional Integration

Ms. Christine, pointed out that the idea of the coming up with a regional business code of conduct is a noble initiative towards the enhancement of compliancy among the members of the private sector.

She stressed that reasonable time has to be given to the development of the code in order to allow sensitization of members of the private sector be carried out effectively. In addition, Ms. Christine emphasized the importance of developing a realistic and meaningful code of conduct with a clear implementation plan.

3.0 PRESENTATION ON EXISTING CODE OF CONDUCT FRAMEWORKS

Two presentations were made by Mr. Peter Kaddu who was representing the Uganda Manufacturers Association and Mr. Kennedy Mohochi representing Kenya Association of Manufacturers. The two presentations were case studies of their respective Code of Ethics for Business in Kenya and Uganda, specifically focusing on the role of private sector in fighting against corruption.

Session I: Key Points from the Case Study Presentations

1. *The Process of Formulation the Code:* Both KAM and UMA codes have gone through the same phases and involved stakeholders all across the board (big and small, good and bad boys!) who expressed their commitments (manufacturing, telecommunication, hospitality, SMEs and Services) to the code.
2. The 2 codes define the modalities of engagement with the regulators and relevant Institutions at national level. For instance Kenya has 2 level engagements, one with stakeholders and another by industry-to-industry.
3. The Case of industry-industry engagement, where players in the edible oil industry, have come together to set the standards and compliance measures, they meet periodically and monitor the implementation and compliance to the set standards.
4. A public statement is issued to denounce the non-adherence to the code. However, to mitigate the likely negative response from non-adherents', Kenya applies a calculated diplomatic approach, where each firm is individually engaged other than being denounced publically.

Key points from the discussions

1. Participants suggested that once the theme is identified within the code, industry players/tenants falling under the code theme should be identified, in the sense that each theme should have its tenants.
2. The participants suggested that it should be the role of each industry to identify non-adherence to the code
3. About the question of firms signing the code, Experience from Kenya and Uganda indicated the signing the code is voluntary.
4. The participants indicated that the code should state clearly the expected benefits to the firms.

Session II: Presentations from GIZ and BAS (Development Partnership Instrument and Global Business Ethics)

The presentations in this session were made by **Aregash Asfaw** representing GIZ Nairobi Office, who presented the Development Partnership Instrument and **Katharina Felgenhaur** representing BASF East Africa Limited/Africa Market Development. The presentations presented a partnership model, and global code and standards.

Key points

1. The proposed development partnership instruments takes into account the existing advantage of potential synergies between Public Private Partnerships.
2. The GIZ supported instrument is all across the sectors (except drugs and arms)
3. The Instrument provides for the criteria to select potential partners
4. Currently, there is national integration pact for collective actions (public and private sectors) against corruption.
5. The current partnership is in Kenya, where partnership arrangements are being implemented.
6. There is potential for partnership to be up scaled to regional level.

Lessons from the Global Business Ethics

There are things to take into account when developing the code:-

- a) Firms that already have commitment with the international standards
- b) Firms already committed to National Codes

But why do firms need code?

- a) To minimize risks to the firms
- b) Create value to the firms

The significance of the Code

- a) Promotes compliance with national laws and regulations
- b) Advances respect to internationally agreed principles and standards for responding business conduct
- c) Voluntary commitments

The purpose of signing to the Code of Conduct by the firms

- a) Expressing commitment to the laid down principles
- b) Aspiring to benefit the firm from the code principles
- c) Therefore, code of conduct requires public announcement/declaration

Code formulation phases

- a) Public commitment (policy)
- b) Assessment of risks and sphere of influence (impact assessment)
- c) Control, training, grievances, remedies (integration)
- d) Monitoring and Reporting on performance (tracking)

How to make the code relevant to firms/stakeholders

- a) Awareness arising
- b) Attractive to business firms
- c) Practical and easy to adopt
- d) Ensure sustainable impact

4.KEY POINTS FROM THE GROUP DISCUSSION

Group I

Group I discussed the review of the code with intention of incorporating national and international good practice. During the discussions the following points were highlighted as important for consideration:-

1. There is need to have a common definition of terms in the code
2. There is need to undertake awareness for the private sector to understand well the scope of the code and its relevance in mitigating risks in business
3. Private sector/firms need to declare and subscribe to the values and standards in the code (stating why)
4. There is need for EABC to initiate campaign with a clear call out to whoever this code intends to support/impact
5. There is need to determine if the EAC Code should be broad or specific
6. The language should be positive; avoid negative language in prescribing the statements.

Group II

Group II focused on the means of implementing the Code (Determining what is required to implement the EAC Code of Conduct)

1. **Coordination:-** The EAC code should define and assign responsibility for the oversight, implementation and monitoring/tracking implementation.
2. The participants also suggested that EABC should take the responsibility, in organizing and partnering with National Key Associations and industries to monitor implementation of the code
3. **Partnerships:** - EABC should take a lead in identifying key stakeholders in each industry, regulators, and identify big lobby groups in the region. Once identified, EABC should facilitate industry-to-industry peer reviews; and industry-regulatory monitoring
4. **Implementation tools:-** EABC should initiate the awareness campaign at regional level (training and awareness) to sensitize stakeholders about the importance of the code
5. The Code should detail the **Monitoring/Tracking Mechanism** for the compliance to the code standards and values.

Group III

Group III discussed about the implementation of the EAC code of conduct/ethics and the following were key points raised:-

1. The Regional Code should harmonize with existing national codes and should be tailored to reflect the industry's particular risks, circumstances, national business cultures.
2. There is need for training stakeholders about the importance and relevance of this code
3. EABC should initiate and provide platform for the industry to engage with National Governments on issues of mutual concern- especially bribery, corruption and illicit trade.
4. There is need to mobilize the regional firms to commit and sign the Regional Code
5. In-house training and due diligence of each identified industry
6. Communicate code of conduct with suppliers

5. RECOMMENDATIONS

1. EABC should mobilize resources to scale up the code of conduct to regional level.
2. EABC need finalize the code, by taking into account the value and standards of existing National Codes
3. EABC should involve the already identified partners in each Partner State in communicating and disseminating the contents of this Code, risks it intends to mitigate and expected benefits

4. EABC will need to further identify other partners, industry and stakeholders and start awareness campaign, in partnership with identified partners, about the need and expected benefits of the code
5. Once the partner are identified, EABC should go ahead and organize training at national level (training of firms – starting from those countries where the code of conduct is yet to be introduced)
6. EABC should provide the roadmap for finalizing the Code, plans of its implementation and define the role each stakeholder will play in implementing the code.
7. EABC and its partners should come up with an action plan to implement this code.
8. EABC should take the responsibility, in organizing and partnering with National Key Associations and industries to monitor the implementation of the EAC code

4.0 CLOSING REMARKS OF THE MEETING

Mr. Andrew Luzze, Executive Director of EABC thanked all participants and the presenters for their dedicated efforts and the fruitful deliberations towards the development of a regional business code of conduct and ethics.

He further, commended GIZ – EAC programme and Nairobi office for the financial and technical support.

END