



ECA-SA



AU-SARO

Project on “*Corruption and the Challenge of Economic Transformation in Southern Africa*”

(Regional Conference on “Corruption and the Challenge of Economic Transformation in Southern Africa” -18-20 June 2018 and Consultative Meeting of National Anti-Corruption Institutions in Southern Africa- 21-22 June 2018).

Organized By

ECA-SRO- SA, Lusaka, Zambia in partnership with AUC-Southern Africa Office, Lilongwe, Malawi

Concept Note

Introduction:

1. The SRO-SA is undertaking a project on “*Corruption and the Challenge of Economic Transformation in Southern Africa*” in partnership with the African Union, Southern Africa Office, Lilongwe, Malawi. The project has two components or parts. These are:

(i) **Organizing a Regional Conference on the theme; “Corruption and the Challenge of Economic Transformation in Southern Africa”** in which academic and policy based papers will be presented, which will provide a platform for rigorous intellectual debate and policy conversation on the issue of corruption in Southern Africa and how it could be addressed. The conference would bring together high caliber scholars, policy makers, political leaders, civil society organizations, and regional and international institutions (18th -20th June 2018).

(ii) **Convening a meeting of National Anti-Corruption Institutions in Southern Africa**, with the objective of sharing experiences, lessons and challenges, discussing anti-corruption strategies, and the way forward, and establishing a network of national anti-corruption institutions in Southern Africa through which the capacity of those institutions can be enhanced and better performance promoted (21st -22nd June 2018).

2. Background and context

The African Union has designated 2018 as the year of anti-corruption. This is not only timely but of imperative necessity. Corruption has been the bane of development and a major challenge to the goal of economic transformation in Africa. While the Continent from the 1980s has developed economic development blueprints like the Lagos Plan of Action and the Final Act of Lagos, the African Alternative Framework to the Structural Adjustment Programme (ALF-SAP), the NEPAD Document, and currently Agenda 2063, with national development plans by the different African countries, however, the goal of economic transformation remains quite elusive. Issues of policy inconsistency, governance challenges, leadership inertia, and more importantly, corruption have stalled Africa’s efforts at radical economic transformation.

The Economic Commission for Africa (ECA) in its African Governance Report IV (2016) noted that economic transformation in Africa is being undercut by compromised governance with

corruption as a key variable. The report observed that weak governance breeds corruption and corruption is amongst the major costs and obstructions to economic transformation in Africa. In its varied forms (state capture, grand and petty corruption), there is mounting evidence labeling corruption as the root of gross hemorrhage and misallocation of resources in Africa. Reports of state capture in South Africa, political and electoral corruption in the DRC, Zimbabwe and Uganda, mining tender scandals in Guinea, the passport printing tender scandal in Kenya, the Cashgate scandal of Malawi (exchequer lost nearly \$15.5 billion) and numerous shady mining deals in mineral and oil-rich DRC and Nigeria are just but a few African corruption incidences. Corruption has delayed growth and socioeconomic development via missed investment opportunity, retarded growth and worsening inequalities in Africa.

Corruption is heinous to development and economic transformation. It weakens the state and its capacity, encourages the misallocation or misapplication of scarce resources, promotes economic rent seeking, rather than productive activities and affects the delivery of social services. It is everything antithetical to socio-economic progress and development (Adejumobi, 2015)¹.

There is a renewed commitment towards the goal of economic transformation in Africa. Backed by the African Union's Agenda 2063, economic transformation is being progressively adopted by African countries to direct the deployment of factors of production to more productive sectors (industrialization). This shift is a growth strategy meant to accomplish the African dream for integration, inclusive development and prosperous communities in line with the United Nations' Sustainable Development Goals (SDGs). In this realm, Southern African Development Community (SADC)'s Heads of State and Government endorsed the SADC Industrialization Strategy in 2015 – demonstrating their readiness to spearhead economic transformation in the sub-region.

Economic transformation in Africa requires massive investment in human capital and infrastructure development. However, Africa's investment has succumbed to corruption-induced illicit financial flows. Estimates by the African Union (AU) and the ECA in the 2016 Report of the High Level Panel on Illicit Financial Flows from Africa² shows that, illicit financial flows in Africa over the past 50 years exceeds \$1 trillion (an amount nearly matching the total ODA received by Africa over the same period³). Additionally, approximately \$50 billion is lost from

¹ . S. Adejumobi, "The Political Economy of Corruption in Africa: A Theoretical Discourse", in S. Adejumobi (Ed.), *Democratic Renewal in Africa: Trends and Discourses*. (New York: Palgrave Macmillan, 2015).

² The report was commissioned at the Conference of Ministers of Finance, Planning and Economic Development.

³ These estimates understate illicit financial flows as secretive flows are not recorded.

Africa annually through illicit financial flows. These leakages are worrying given the reduced ODA directed to Africa, sluggish growth and disturbing poverty levels. Notably, research has shown that a surge in corruption by a point on a scale (calibrated 10 (very clean) to 0 (very corrupt)) reduces production by 4% of GDP and lowers net annual capital inflows by 0.5% of GDP. On account of corruption, the average African growth rate of 5% per year since 2000 remains below the 2-digit growth rate which transformed Asian economies (ECA 2016). Unfortunately, the poor are afflicted disproportionately by corruption through the diversion of investment resources, limiting governments' capacity to offer public services, propping inequality and injustice and undermining foreign aid and investment. Currently, about 40 percent of the population of the Continent still lives below the poverty line.

Noting the grievous welfare and economic effects of corruption, the United Nations enacted the United Nations Convention Against Corruption (UNCAC). At a regional level, AU has set in motion a number of initiatives meant to combat corruption (African Convention on Preventing and Combating Corruption (AUCPCC), AU Advisory Board on Corruption (AUBC), the African Charter on Democracy, Elections and Governance (ACDEG)). At sub-regional level, SADC introduced the SADC Protocol against Corruption in 2001 as a way of preventing, identifying, penalizing and stamping out corruption. At national level, nearly all Southern African countries have established bodies, institutions and legislatures meant to eliminate corruption. Despite the concerted effort, corruption in Southern Africa has continued unabatedly.

A 2017 study on the effectiveness of anti-corruption agencies in Southern Africa⁴ conducted by the Open Society Initiative for Southern Africa (OSISA) noted that corruption in Southern Africa continues to worsen and is getting sophisticated too. OSISA reports that corruption in Southern Africa obstructs transparency in government revenues and in mining contracts, allows illicit exploitation of minerals and militarization of mining, the smuggling of minerals, political patronage and clientelism, as well as political and electoral corruption⁵. Transparency International's Perception Index of 2016 shows that Southern African countries have dropped in their corruption rankings⁶. Against this background, average growth for SADC has continued to

⁴ Angola, Botswana, DRC, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe.

⁵ A country by country account of corruption made in the OSISA report

⁶ Botswana (35 down from 28 in 2015), Mauritius (50 down from 45 in 2015), Namibia (53 down from 45 in 2015), South Africa (64 down from 61 on 2015), Zambia (82 down from 76 in 2015), Lesotho (83 down from 61 in 2015), Malawi (120 down from 112 in 2015), Mozambique (142 down from 112 in 2015), Madagascar (145 down from 123

fall in the recent past (2.3% in 2015 and 1.4% in 2016). Also, the manufacturing sector which is tipped to be the engine behind economic transformation in SADC has been sliding since 2010 (4% in 2010 and 2.6% in 2016). This evidence confirms that endemic corruption in Southern Africa is linked to the poor showing of the economy thus more need to be done to spur economic transformation through addressing corruption.

Reflecting on this background, the AU 30th Assembly of Heads of State and Government ¹ held in Addis Ababa (22nd – 29th of January 2018) launched 2018 as the African Anti-Corruption Year themed **“Winning the Fight against Corruption: A Sustainable Path to Africa’s Transformation”**. Coincidentally, the United Nations Economic and Social Council (ECOSOC) during its 7th Economic and Social Council Youth Forum held on the 31st of January 2018 in New York had a theme on **“The Role of African Youth in Winning the Fight Against Corruption: A Sustainable Path to Resilient Urban and Rural Communities.”**⁷ Also, the inception of a plethora of methodologies to quantify the gravity of corruption⁸ signifies a unified agenda and need for sweeping and radical measures to arrest corruption at regional, sub-regional and national levels.

In this African Anti-Corruption Year, the United Nations Economic Commission for Africa, Sub Regional Office for Southern Africa (UNECA SRO-SA), SADC and the African Union Southern Africa Regional Office (AU-SARO) are undertaking a major project on “Corruption and the Challenge of Economic Transformation in Southern Africa.” With two major component parts- organizing a regional conference on theme in Southern Africa in order to promote intellectually rigorous but policy based debate on the problematic of corruption in the region, with a view on making well informed policy recommendations, and creating a critical mass of different stakeholders- academics, policy makers, civil society actors and business community in engaging the drive towards zero corruption tolerance in Southern Africa. Second, is to convene a meeting of National Anti-Corruption Institutions in the region, with a view to sharing experiences, lessons and challenges and establishing a network of national anti-corruption institutions for Southern Africa.

in 2015), Zimbabwe (154 down from 150 in 2015), Democratic Republic of Congo (156 down from 147 in 2015), and Angola (164 down from 163 in 2015).

⁷ The traction of the forum was bent on proposing ways of fighting corruption as a means of promoting sustainable rural and urban communities.

⁸ Corruption Perceptions Index, World Governance Indicators, Ibrahim Index of African Governance and the Afrobarometer.

3. Objectives of both the Regional Conference and Meeting of Anti-Corruption Institutions

The war against corruption in Southern Africa requires unified effort from RECs, Governments of Member States, Civil Society Organizations (CSOs) and non-governmental organizations (NGOs), the judiciary and legislature, corruption agencies, political parties, academia, research institutions and the private sector. As such, the two broad dual objectives of the two key activities are; to through the regional conference promote knowledge, policy debate and recommendations on addressing the problem of corruption in Southern Africa; and to through the meeting of national anti-corruption institutions promote the sharing of experiences, lessons, best practices and establish a Network of National Anti-Corruption Institutions in Southern Africa.

For the Regional Conference, broadly outlined, the objectives are:

1. Promote robust intellectual policy debate and discussions on the problem of corruption in Southern Africa;
2. Identify the scale, magnitude, dimensions and manifestations of the problem of corruption in Southern Africa, and its implications for sustained economic growth, transformation and development in the region;
3. Examine the effects of corruption on the weak and vulnerable in society and its implications for social transformation and building inclusive societies;
4. Examine the national, regional, continental and international policy frameworks and responses to the problem of corruption, and how adequate are they;
5. Provide key policy recommendations on how the problem of corruption can be addressed;
6. Provide a basis for the mobilization of different stakeholders and constituencies- academics, public officials, private sector and civil society in fight against corruption in Southern Africa.

For the Meeting of the National Anti-Corruption Institutions, the outlined objectives are;

1. To provide a basis and platform for sharing of ideas, experiences, and lessons on their work in combating corruption in their respective countries;

2. To compare and review the national legal and institutional frameworks establishing national anti-corruption institutions in Southern Africa and their conformity to regional and international standards;
3. To discuss how different stakeholders- national, regional and international can better support the work of the national anti-corruption institutions in the region;
4. To examine the SADC Protocol on corruption and how it reinforces the work of national anti-corruption institutions in fighting corruption in the region;
5. To establish a network of National Anti-Corruption Institutions in Southern Africa.

4. Dates and Venue:

The two major activities will take place in June 2017 back to back in Gaborone, Botswana. The first meeting will take place from 18-20 June 2018 and the second, 21- 22nd June 2018.

5. Key outcomes of the Two Activities (Regional Conference and Meeting of National Anti-Corruption Institutions) are:

- Better knowledge and understanding of the problem of corruption and policy recommendations at addressing it in Southern Africa;
- Conscientizing and mobilizing key stakeholders in the sub-region on the challenges economic transformation is facing given the incidence of corruption thereby harnessing the support of governments, civil society, private sector, legislature and the public in fighting corruption;
- Policy proposals on how national, regional and international frameworks can be implemented in the fight against corruption in Southern Africa;
- Outstanding and selected research papers presented at the Conference as well as the conference report will be published and shared regionally thereby feeding into the 2018 AU theme **“Winning the Fight Against Corruption: A Sustainable Path to Africa’s Transformation”**.

- Establish network and partnership amongst national anti-corruption institutions in the sub-region that would enhance their capacity and performance and facilitate continued engagement and interaction into the future.

6. Key Outputs of the Two Activities (Regional Conference and Meeting of National Anti-Corruption Institutions) are;

- a. About 60 research papers presented at the regional conference;
- b. Publication of selected papers into a book and other good quality papers considered for publication in the ECA-CODESRIA Journal: *Journal of African Transformation*.
- b. Outcome statement of the conference;
- c. A comprehensive report of the conference;
- d. Report of the Meeting of National Anti-Corruption institutions
- e. Agreement or Declaration for the establishment of a network of national anti-corruption institutions in Southern Africa

7. Structure of the Regional Conference and the Meeting of National Anti-Corruption Institutions

The conference will assume an interactive form. Presentations of research papers from different perspectives on corruption shall be followed by a discussion of the same as directed by the chairperson. There would also be roundtables and breakout sessions in order to address and discuss in-depth different aspects of corruption in the region. There would be roundtables for the private sector, civil society and media to engage the problem of corruption from different perspectives.

The Meeting of National Anti-Corruption Institutions will also be interactive but focused on how those institutions can better perform their activities through experience sharing and establishing a network.

8. Participation

Participants at the regional conference will include academics, high-level government officials from Member states, members of the private sector, CSOs, NGOs, political parties, research institutions, some invited legislators, regional and international institutions.

Participants at the meeting of the national anti-corruption institutions will be heads of national anti-corruption institutions, ECA, AU, SADC, COMESA and some other key stakeholders.

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