

THOUGHT LEADERSHIP DIALOGUE:
**Partnering Against Money
Laundering and Corruption
in South Africa and the Subregion:
A CALL TO ACTION**

IN PARTNERSHIP WITH:



CENTER FOR INTERNATIONAL
PRIVATE ENTERPRISE

COVINGTON



KEY RECOMMENDATIONS

- To curb systemic corruption which has remained a consistent thorn in Africa's development prospects, there must be more experiments with **impact-oriented private sector-led Collective Action against corruption**. This will help move the private sector to a more active role in building accountability ecosystems and setting high standards of integrity for commercial and public finance and service.
- To effectively disrupt the cycle of illicit financial flows, we need to **prioritize collaborative partnerships between the private and public sectors**. The encouraging examples that exist in the region need to be captured so other countries can benefit and build on existing approaches and good practices.
- We understand that in order to slow down the fast-growing culture of corruption, **Business Needs to take a stand!** This means the private sector requires bold transformative and courageous leadership to fight the fight, because it is a fight against corrupt activities in the private and public sector. **Business must be champions** against corruption and not only enablers or victims of corruption.

This important event which took place on the 21st of February in Johannesburg unpacked the evolving role of business in reducing illicit financial flows in the South Africa Sub-region to boost market growth, development, and strengthening of governance systems.

As part of the solution to combating corruption in the private sector, the NBI launched the 'NBI Ethics and Anti-Corruption Course.' Find out more about what was discussed during the event below, or access the full recording [here](#).

KEY TAKEAWAYS FROM THE PANEL DISCUSSIONS

The status-quo

- Immense cost of corruption and illicit financial flows are draining the region: In South Africa, between 2021 and 2022, the country lost **1.7 billion USD** to corruption in healthcare procurement alone. This accounts for about a third of the country's health budget. Overall, South Africa loses an estimated **10 to 20 billion USD** to IFFs each year. In Africa more broadly, up to **62%** of IFFs come from commercial activity.
- Corruption is not an African problem; it exists anywhere there is human interaction. However, its **consequences** are particularly devastating here and we see its consequences in the recent strings of violent uprisings in the Southern Africa region. Tackling corruption is crucial to **rebuild trust in governments** and strengthen **democracies**.
- As the global political economy evolves and as the African Continental Free Trade Agreement (**ACFTA**) is being implemented, **Africa's role in the global economy is growing**.
- For too long, the business community has taken a passive role in fighting corruption. It now **needs to play its part**, by abiding by and complementing the law.
- In order to tackle corruption effectively, it needs both the **commitment of the government and the private sector**.

The Risk and Regulatory Landscape: Focusing on evolving regulations and risk patterns

- "**Corruption is not part of sustainable business**", and the private sector needs to be part of the discussions around the prevention and detection of corrupt practices.
- The **United States, the United Kingdom and the European** efforts to prevent and detect money laundering offer many perspectives to the Southern African region in terms of customer due diligence, beneficial ownership, sanctions, corporate criminal liability, among other topics.
- "**The world is getting smaller**" for corrupt businesses. The Southern African markets are becoming more attractive in terms of business opportunities but considering the far reach of the FCPA and the US anti-money laundering laws it is a balancing act for international companies interested in investing. Passing and most importantly **implementing effectively AML and corruption laws** can be an important step towards attracting **more sustainable foreign direct investment**.
- There is an urgent need to go beyond the passing of laws and **shift the focus to implementation and enforcement**. South Africa has taken important steps in the last years to level up their respective laws but that is just the beginning but we will not solve the problem using only legislative means.
- We need a more open and honest discussion about illicit financial flows to facilitate and **support whistleblowers** to feel safe and able to come forward.

Exploring Public-Private Partnerships in the Region: Highlighting the importance of working together to prevent money laundering and financial crime

- Money lost to illicit financial flow is **money lost for the development** of the Southern African countries.
- There is a lot of work to do to raise the level of AML/CFT Compliance in the private sector. **97% of countries** included in the latest FATAF review were found to have **insufficient or low levels** of AML compliance in their **private sector**.
- Addressing illicit financial flows is a **cross-sector and cross-border issue**. In order to address this shared responsibility, **we need to priorities the develop common approaches between the public and private sectors**.
- Financial information-sharing partnerships such as the **South African Money Laundering Integrated Taskforce** (SAMLIT) are crucial examples to highlight what is possible when the private sector and public sector come together. Located at the **South African Financial Intelligence Centre** (FIC), the Fusion Centre brings together South African law enforcement agencies, the intelligence community, and financial institutions to share information on illicit financial flows. It has notably enabled a **closer collaboration and trusted partnership** between law enforcement authorities and the banking sector. Since its establishment in 2020, identifying cases and sharing information has proven to be quicker and more efficient: “The sooner we engage, connect, and share information, the better.”
- It is not just the financial institutions that need to step up in the region. The other **gate-keeping institutions have a key role to play** as well.

Business Taking a Stand: Responsible Businesses are partnering with Law Enforcement and using best practices and tools to ensure Ethical Leadership

- **We all need to address the elephant in the room**: Too often, the private sector is perceived as an enabler of corruption and not a victim.
- **Teaching ethics is like sharpening a pencil**: It’s a leaders’ responsibility to continue to be trained, raise awareness, give the tone from the top, and lead by example.
- There is a need to **build bridges** between legal framework and actual implementation and to involve everyone who is part of the problem: **“The start is Collective Action”**.
- Core of chartered accountants and auditors is to always act in the public interest and abide by their codes of conduct with objectivity, professionalism, and confidentiality.
- There is a responsibility to each and every layer of society to root out corruption.
- The key is to act responsibly as an individual, as a company, and as a member of society.
- A **cultural shift** has to be made from the punitive legal framework to a non-punitive ethical ecosystem.

GET INVOLVED: NBI Ethical Leadership & Anti-Corruption Course

The objective of this capacity building training course is to address the current and fast-growing culture of unethical behaviour and corrupt activities within the private and public sectors. It seeks to expand opportunities for knowledge and best practice for organisations to better understand anti-corruption and unethical behaviour in the workplace.

The course module captures three main themes: **Ethical Leadership, organisational culture, behavioural.**



THE NATIONAL BUSINESS INITIATIVE PRESENTS THE ANTI-CORRUPTION AND ETHICS COURSE BUILDING ETHICAL LEADERSHIP TO COMBAT CORRUPTION

Addressing the current and fast-growing culture of unethical behaviour and corrupt activities within the private and public sectors



BACKGROUND

The National Business Initiative's (NBI) Ethical Leadership and Anti-Corruption (ELAC) Programme was established as a direct response to the 2018 Job Summit Agreement Framework and a recognition of the need to address corrupt and unethical practices and behaviours in the private sector. The programme recognises the need to critically change the dialogue on corruption by activating leadership and empowering ordinary South African employees to make the right choices.

Our ELAC training aims to address the organisational and behavioural aspects of driving ethics and anti-corruption. Over the past few years, we have learnt that despite organisations and companies putting in place compliance-driven systems and processes, unethical behaviour persists. Thus, business must be intentional about improving the quality of their ethical fitness programme and the secret ingredient lays with social behaviour. This course is the start to improving and embedding accountability within the private sector.

More information [here](#).

COURSE DEVELOPMENT ACTIVITIES:

- Landscape Mapping
- Ethics and Anti-Corruption Benchmarking
- In-Company Research Pilot
- Transparency in Corporate (TRAC) Report and Curriculum Development
- Development of Open Source Online Platform



Course Info

Online
Open Source
Case Study Based
40-60 Minutes to complete

The module captures three main themes:

Ethical Leadership
Organisational Culture
Behavioural Awareness

More Course Info

Ethical Leadership
Organisational Culture
Behavioural Awareness

WHISTLEBLOWER CYNTHIA STIMPLE AND SOUTH AFRICAN AIRWAYS CASE STUDY

Creating awareness on what whistleblowing is
A deep dive into the hardships whistleblowers endure
Responses to whistleblowers
Protecting whistleblowers

The ELAC Training seeks to expand opportunities for knowledge and best practice for organisations to better understand and establish an awareness base on anti-corruption and unethical behaviour in the workplace, whilst also aiming to provide recognisable certification for participation.

The NBI believes in collective action and collaboration to effect change; building a South African society and economy that is inclusive, resilient, sustainable, and based on trust.

FOR MORE INFO www.nbi.org.za

THIS PROGRAMME SUPPORTS:

