



**UNITED NATIONS
ECONOMIC COMMISSION FOR AFRICA**

AIDE MEMOIRE

**WORKSHOP ON DESIGNING CODES AND IMPLEMENTING
STANDARDS FOR CORPORATE GOVERNANCE**

Arusha, Tanzania, 16-18 March 2006

ECA OFFICE IN EAST AFRICA (ECA/SRO-EA)

DEVELOPMENT POLICY MANAGEMENT DIVISION (DPMD)

1. OVERVIEW

The Economic Commission for Africa (ECA), within the context of its efforts to promote private sector growth in Africa through the promotion of good corporate governance principles, will be conducting a number of workshops on designing codes and implementing standards for corporate governance throughout the five African sub-regions. This task forms part of a broader mandate of the ECA to promote good governance to spur faster economic growth, reduce poverty and contribute towards achieving the Millennium Development Goals (MDGs).

ECA has been playing an important part in promoting private sector in the continent since the adoption of the First Industrial Development Decade for Africa in November 1981 by the Conference of African Ministers of Industry (CAMI). The efforts, which include providing substantive servicing to CAMI meetings and ECA Conference of Ministers, preparing technical publications on emerging issues such as guidelines for economic and corporate governance and organizing workshops/seminars for African stakeholders in private sector development are already bearing fruit with African countries now manifestly working hard to create an environment that is conducive for investments. This is being achieved through reforms that include working to achieve macroeconomic stability, maintain rule of law; and provide basic infrastructure (power, roads, ports, telecommunications, etc.).

Despite ECA efforts, a lot more remains to be done. The private sector still remains small, and plays relatively little part in endeavors to reduce poverty. The current assignment is a continuation of re-energized efforts to revive the private sector from a corporate governance angle.

2. THE CONTEXT

A Concept Paper prepared by ECA for these seminars gives a comprehensive African context to the promotion of good corporate governance principles. Suffice it to state in this Aide Memoire that extreme poverty existing alongside huge profits being made by Transnational corporations (TNCs) involved in the extractive sectors makes a cogent case to examine how these companies are run (corporate governance) and how they view their corporate social responsibilities in countries in which they operate. The companies must or, through appropriate legislation, be made to recognize that they no longer act independently from the societies and the environment in which they operate.

Corporate governance in Africa needs to pay attention to several other areas as well. These include the need to give more attention to state-owned enterprises (SOEs), small and medium enterprises, pension funds management, development of stock exchanges, harmonization of codes and norms across countries belonging to same RECs and addressing the safety issues in the work place.

Among many areas of corporate governance, detailed attention needs to be given to legislation that promote transparency and accountability and ethical behavior of TNCs, and to ensuring that parties exercising oversight functions such as Civil Society Organizations and Parliaments carry out their tasks effectively.

As indicated earlier, while some African countries have not yet started to codify their business laws and regulations many of them already developed their own codes and standards for more transparency and accountability in the way business should be conducted in Africa. In addition, most French speaking African countries have adopted business laws and regulations developed by the Organization for the Harmonization of business law in Africa (OHADA). In Eastern Africa sub-region for instance, Rwanda has been in the process of developing its own codes and standards, Kenya, Tanzania and Uganda have their codes while DRC adopted OHADA uniform Act and has develop its own forestry code.

Taking into account the diversity of codes and standards within the sub-region and the importance of corporate governance in improving access to capital, ensuring minority shareholders rights and appropriate risk management, increasing productivity and competitiveness, and supporting the fight against corruption, an action at sub-regional level becomes critical. Indeed, Sub-regional Economic communities, ECA and the entire international community should assist African countries in harmonizing their business laws and regulations with a view to accelerating regional integration and trade.

3. SCOPE AND OBJECTIVE

Enhanced efforts to promote good corporate governance stand to benefit the ECA-client countries immensely. These efforts are also timely in light of vast natural resources the TNCs are exploiting; yet making no inroads on increasing poverty in the continent. Improved corporate governance will therefore lead eventually to poverty reduction, and contribute to the achievement of MDGs.

As stated in the *Concept Paper*, the objective of the workshop is to discuss issues related to economic and corporate governance, taking into account ongoing reforms in most countries of the sub-region. The workshop will consequently be the venue for (i) revisiting economic and corporate governance issues as they pertain to Africa in general and particularly in the Eastern Africa sub-region with a view to assessing laws and regulations for accelerating private sector development; (ii) emphasizing remaining challenges, and (iii) proposing strategies for the harmonization of business laws and diffusion of good practices.

4. THEME OF THE WORKSHOP

The theme of the workshop will address issues of corporate governance. The specific theme will be **(Corporate governance within the context of sub-regional integration: Defining and harmonizing codes and norms within Eastern Africa sub-region).**

5. FORMAT OF THE WORKSHOP

The meeting will be organized into plenary session with a view to providing opportunity to define the broad issues for in-depth discussions and recommendations on actions to address the urgent needs of the sub-region.

6. EXPECTED OUTCOME

It is expected that the workshop will recommend some measures and areas where policy makers and other parties should focus their actions in order to implement and practice good economic and corporate governance based on internationally and regionally sound and relevant codes and standards. The deliberations of the workshop will be published by the ECA and disseminated to participants and interested groups.

7. PARTICIPANTS

The primary audience for the workshop will be a mix drawn from the regulatory bodies, tax authorities, government officials, business community and civil society representatives.

8. WORKING LANGUAGE

The meeting will be in English and French.

9. VENUE AND DATE

The meeting will be held in Arusha, Tanzania from 16 to 18 March, 2006.

10. CONTACTS

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