



TRANSPARENCY
INTERNATIONAL
ZIMBABWE

The Coalition Against Corruption!

NATIONAL BRIBE PAYERS INDEX REPORT 2013



SWEDEN

Deloitte.

Contents

List of Tables

List of Figures

Key Findings	1
Executive Summary	2
Introduction	5
Conceptual Framework	6
Methodology	7
Literature Review	7
Data Collection	8
Data Analysis	9
Response rate	9
Findings	10
Respondents by sector of company.....	10
Ownership of company	11
Company size by employee numbers.....	11
Demand for or acceptance of bribes by public officials.....	11
Business competition and bribery.....	12
Barriers to stopping bribery and corruption in the private sector.....	12
Government's effectiveness in combating corruption in the private sector.....	13
Location of company headquarters and bribery	13
Respondents by sector	14
Private sector and the public sector transactions and bribery.....	15
Low level public officials and bribery	15
Use of improper contributions and political influences	16
Effectiveness of national anti-bribery laws	18
Effectiveness of investigative journalism	19
Effectiveness of multi-stakeholder initiatives	20
Effectiveness of due diligence by business partners, governments and banks	20
Effectiveness of measures designed to address corruption	21
Internal control systems, practices and policies designed to address corruption.....	22
Inclusion of corruption prevention in companies risk management strategy.....	22
Recommendations	23
Appendix A: Survey Questionnaire	24

List of Tables

- Table 1: Distribution of respondents by sector of company **Page 10**
- Table 2: Foreign or locally owned companies? **Page 10**
- Table 3: Has your company ever failed to win a contract or gain new business because a competitor has paid a bribe during the last 12 months? **Page 12**
- Table 4: What are the main barriers to stopping bribery and corruption in the private sector in Zimbabwe? **Page 12**
- Table 5: What is your assessment of government's actions in trying to fight against corruption in Zimbabwe? **Page 13**
- Table 6: What is your assessment of government's actions in trying to fight against corruption in Zimbabwe? **Page 13**
- Table 7: How often do firms with headquarters in the countries mentioned engage in bribery in Zimbabwe? **Page 14**
- Table 8: Which of the following sectors do you have business relationships with as a competitor? **Page 14**
- Table 9: How often do firms engage in bribery of public officials? **Page 15**
- Table 10: How often do firms engage in bribery of low level public officials? **Page 16**
- Table 11: How often do firms use improper contributions to high ranking politicians or political parties to achieve influence? **Page 16**
- Table 12: How often do firms pay or receive bribes from other private firms? **Page 17**
- Table 13: How adequate are anti-corruption efforts in the sectors mentioned? **Page 17**
- Table 14: How effective are International Conventions on bribery and corruption? **Page 18**
- Table 15: How effective are national anti-bribery laws? **Page 18**
- Table 16: How effective is investigative journalism? **Page 19**
- Table 17: How effective is multi-stakeholder initiatives, involving business, government and civil society? **Page 20**
- Table 18: How effective is due diligence by business partners, governments and banks? **Page 20**
- Table 19: How effective is the inclusion of corruption risks in investors' valuation models? **Page 21**

List of Figures

- Figure 1: Company size by employee numbers **Page 11**
- Figure 2: How common is it for public officials to demand or accept bribes **Page 11**
- Figure 3: Categorized responses to effectiveness of national anti-bribery laws **Page 19**
- Figure 4: Effectiveness of anti-corruption measures **Page 21**

Key Findings

Clear evidence of corruption in the business sector in Zimbabwe

- Bribery and kickbacks are the most common forms through which corruption manifest in the business sector in Zimbabwe. These forms of corruption are most common when companies are procuring resources, seeking clearances and licenses from the state and importing business products.

Corruption in general and bribery in particular is perceived as an important feature in doing business

- Corruption is perceived as an important feature in doing business by private sector players. This perception seemed more common among the small to medium business players who are forced to bribe immigration officials, revenue collection officials and the bureaucrats. Bribery is therefore perceived as a business transaction which ensures a company survival

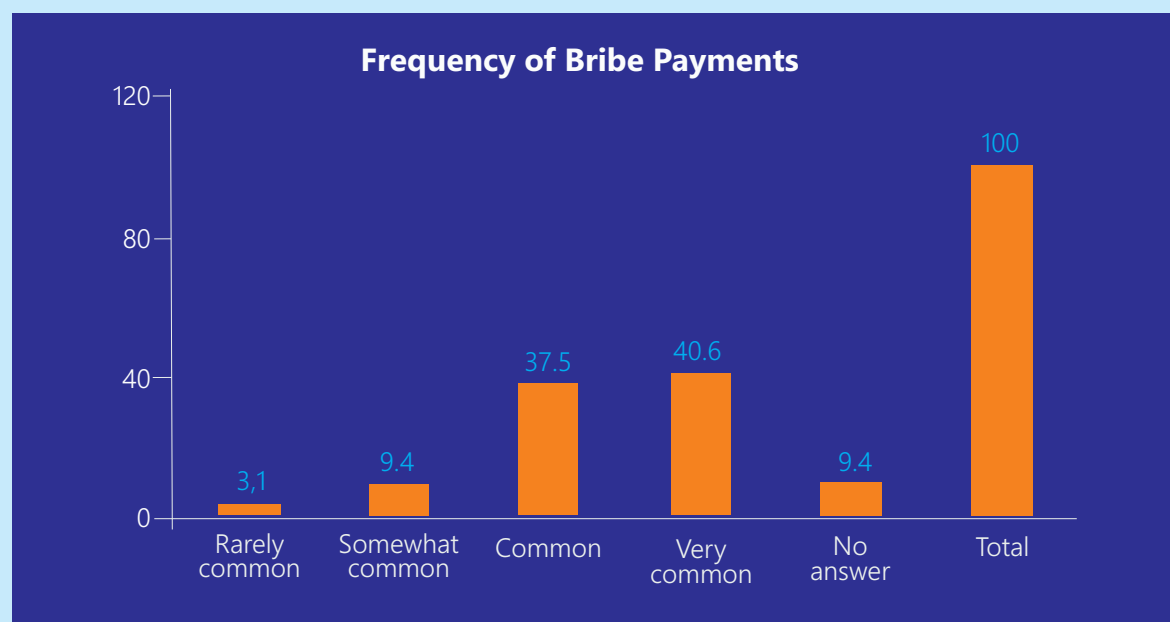
Transferability of corruption from public and political institutions to the private sector

- Most company representatives indicated that private sector corruption is being motivated by corruption in the public sector and political institutions. The lack of political willingness by the state to combat corruption, the high level of impunity and the weak policy, legal and institutional framework makes corruption a living reality where everyone is forced to be part of a corrupt transactions one way or the other.

Executive Summary

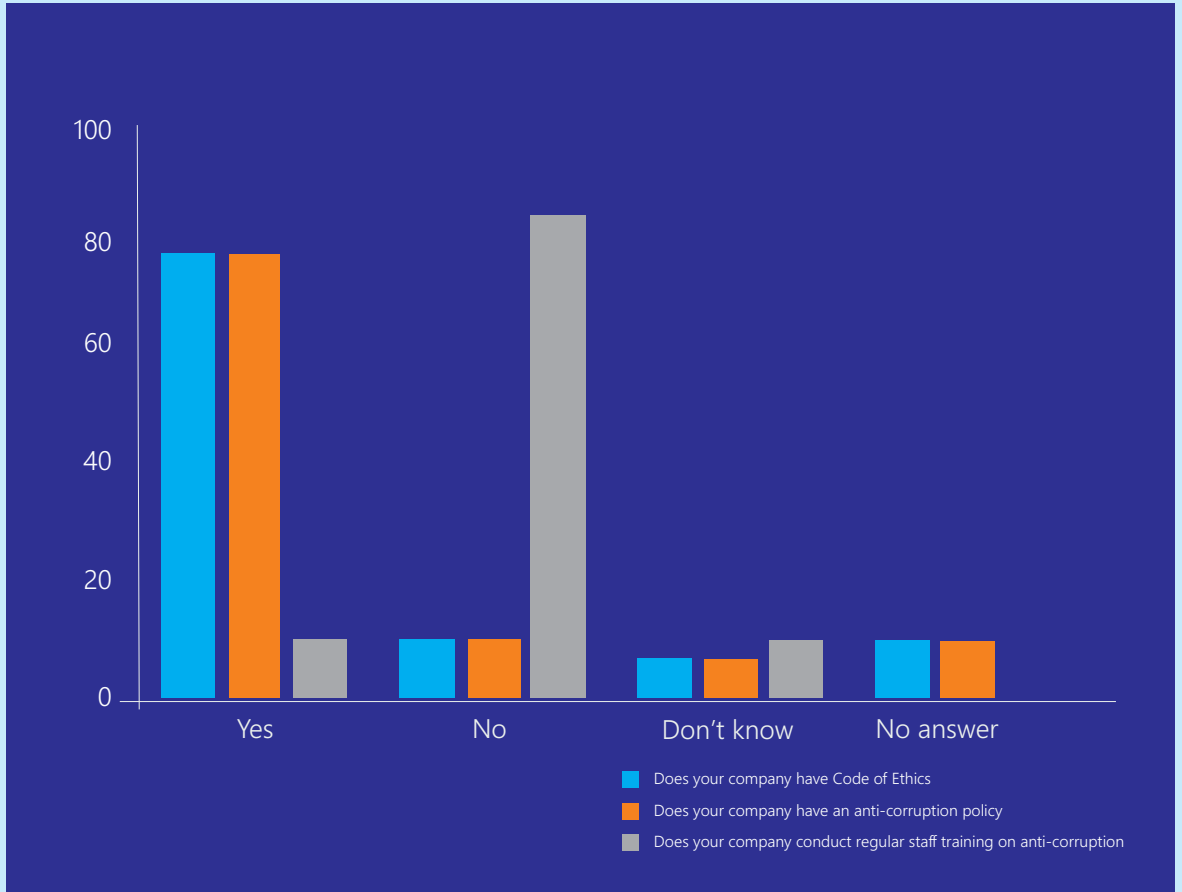
This report on the National Bribe Payers Index (2013) is the 1st report in a series by TI Zimbabwe assessing the state of integrity in the private sector in Zimbabwe. The report brings to fore findings from a survey conducted by Transparency International Zimbabwe (TI Z) in collaboration with Deloitte and Touché. The National Bribe Payers Index is an adaptation of the Bribe Payers Index (BPI) which is conducted by the TI Secretariat. As a research tool the BPI seeks to evaluate the supply side of corruption or the likelihood of firms from the world's more industrialized countries to offer bribes abroad. A bribe is the payment, in money or kind, given to or taken by the state or firm official in a corrupt relationship. It could be in the form of a kickback, sweetener or grease money. Data for this assessment was collected using purposeful sampling from 38 companies in Zimbabwe. Data was also collected through review of secondary data and key informant interviews.

The 2013 National Bribe Payers Index indicates that there is high demand for bribes in the constant business interaction between the private sector players and between the private sector and the state. The findings indicate that there is high demand for or acceptance of bribes by public officials. Most business people told the research team that "one can't do business without bribing someone". It should be noted that tendencies of bribe paying are more common at the tendering or procurement stage and when companies seek clearances and licenses from various state institutions such as Zimbabwe Revenue Authority. The table below highlights the frequency of bribe paying between the private sector and public officials

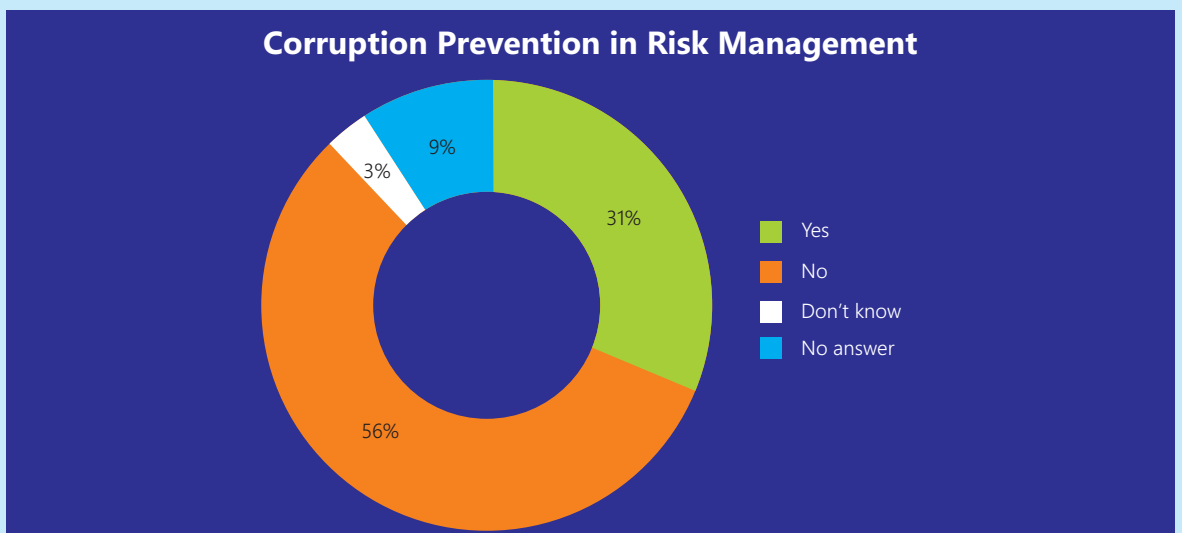


The findings of the 2013 NBPI study shows that while the majority of firms interviewed have in place codes of ethics and anticorruption policies, however there appears to be a very huge mismatch between having these policies and code of ethics and the regular training on anti-corruption which constitutes the constant reminder and reference to the policies and codes of ethics. The figure below highlights on the mismatch between having anti-corruption policies, codes of ethics and regular training on anti-corruption.

¹ Amundsen, I (1999) *Political Corruption: An Introduction to the Issues* Bergen Michelsen Institute Development Studies and Human Rights.



Despite the severity of bribery in the business sector and corruption, most firms assessed in this study they don't include corruption prevention their risk management strategy. The data in the chart below indicates that most companies (56.3%) do not have corruption prevention in their risk management strategy. Only a few companies (as highlighted by the Yes responses in the chart below) have corruption prevention in their risk management strategy. What this is reflective of is that Zimbabwean companies do not appreciate the risk posed by corruption in their operations. This explains why some of these companies are losing money as a result of corruption in the form of fraudulent activities and insider trading deals. They are no mechanism in place to curb corruption as they lack corruption preventative measures in their risk management strategies.



More so the absence of corruption prevention in the risk management strategy of most companies makes it highly unlikely for these companies to have measures in place to protect whistle-blowers. As highlighted by the table below a majority of companies (46.9%) that were assessed in this study, indicated that they do not have measures in place to protect whistle blowers. Lack of protection measures to protect whistle blowers discourages individuals from reporting corruption as a result of fear of victimization and intimidation. While the country has the Whistle-blower Protection fund, that was established by the then RBZ Governor in 2003, its a few people who are aware of this facility. The study established that most individuals who resort to whistle blowing, they do so through the Tip Off Anonymous facility that is offered by Deloitte and Tushce. It should be understood that TOA facility is not in every company as participation is voluntary. A few companies (34.4%) in particular the big companies indicated that they measures in place to protect whistle blowers.

Whistle-blower protection measures	
Yes	No
34.4%	46.9%

In light of the findings of this study, TI Z recommends the following:

- Corporate structures should be transparent including the public and transparent disclosure of all subsidiaries.
- Companies should undertake due diligence as appropriate, in evaluating prospective contractors and suppliers to ensure that they have effective anti-bribery programmes.
- Companies should also make known their anti- bribery policies to contractors and suppliers and contractually require equivalent standards.
- Companies should join anti and actively participate in collective anti-corruption initiatives and multi stakeholder processes at the societal level.
- Zimbabwe companies should empower whistle-blower who experience or witness bribery and corruption through effective whistle-blower policies and procedures.
- The state on the other hand should revise some of its laws such as the Companies Act.
- The government through its relevant institutions such as the Zimbabwe Investment Authority, Zimbabwe Anti-Corruption Commission inter alia should regularly monitor and assess bribery and corruption risk across companies `entire supply chains.

Introduction

This report on the National Bribe Payers Index (2013) is the 1st report in a series by TI Zimbabwe assessing the state of integrity in the private sector in Zimbabwe. The report brings to fore findings from a survey conducted by Transparency International Zimbabwe (TI Z) in collaboration with Deloitte and Touché. The National Bribe Payers Index is an adaptation of the Bribe Payers Index (BPI) which is conducted by the TI Secretariat. As a research tool the BPI seeks to evaluate the supply side of corruption or the likelihood of firms from the world's more industrialized countries to offer bribes abroad. A bribe is the payment, in money or kind, given to or taken by the state or firm official in a corrupt relationship². It could be in the form of a kickback, sweetener or grease money. By greasing the palms of politicians and government officials, many rich individuals, corporations and business interests are for instance able to buy political favours to acquire lucrative mining contracts, escape the full burden of taxation and trade illegally. Using the conceptual and methodological framework the research sought to understand bribery in the context of the business environment in Zimbabwe.

While previous studies by TI Z such as the 2012 National Corruption Barometer and the 2012 Annual State of Corruption Report have paid particular focus on corruption in public institutions, there is an apparent dearth in literature on policy oriented corruption research documenting bribe paying in the private sector. This is despite the fact that other studies done by the World Bank for example, have established that 0.5% of a country's Gross Domestic Product is lost through private sector bribery each year. The 2013 National Bribe Payers Index is therefore an initiative designed to stimulate policy dialogue and advocacy on private sector integrity in Zimbabwe as informed by research. The NBPI focused on bribery in the business environment Zimbabwe. The survey was motivated by the following objectives:

- To establish the nature of bribe paying amongst private sector players and the private public partnerships
- To identify private sector players paying bribes and the recipients of these bribes
- To understand the reason why private sector players are paying bribes
- To generate policy recommendations on how to curb bribe paying among private sector players

² Amundsen, I (1999)
*Political Corruption: An
Introduction to the Issues*
Bergen Michelsen Institute
Development Studies and
Human Rights.

Conceptual Framework

Corruption, defined as the abuse of entrusted power for personal gain, does not only relate to the public sector³ but it also involves the private sector.⁴ Ndikumana (2013) argues that traditionally corruption has been seen as a public sector phenomenon whereby public officials sell political commodities to private actors. While public sector agents play an important role in corruption, it involves two parties in willing-buyer willing-seller transactions that violate the law in one way or another.⁵ Thus, even in corruption deals initiated by public sector actors, private sector actors are not always innocent victims.⁶ Private sector operators not only benefit from corruption by securing contracts and business-enhancing privileges, but they also often are the initiators of bribery.⁷ As the private sector grows in importance in developing and emerging economies, many corrupt opportunities are likely to involve the private sector. It is therefore important to understand corruption within the context of the private sector.

In a country such as Zimbabwe where the corruption level has increased significantly, it is most likely that the private sector is not only a victim of corruption but rather it is also a culprit in the corruption transactions. This is so because corruption generally arises from both relations between the private sector and the public sector as well as transactions falling strictly within the private sector domain. The private sector is always dependent upon the state for it to get various services such as licenses, permits, certificates, clearances and concessions. The state through its various agencies such as regulatory bodies, ministries and institutions has the sole responsibility of ensuring that the private sector is compliant to the various pieces of legislations. This relationship might be exploited in a corrupt manner involving bribery by either of the two parties.⁸

The translation of the relationship between the private sector and the state is a service relationship to a supply and a demand side of corruption relation makes boundaries between public sector corruption and private sector corruption blurred (Ndikumana, 2013). It becomes difficult to determine who originates a corruption deal (the supplier), who is the target and whether it is a passive victim or otherwise a willing buyer (the demand side). Apart from the private sector and state relationship, the private sector is always relating amongst itself and with international investors.

This business relationship is not immune from corruption in the form of bribe paying and tax evasion. A recent report by Global Financial Integrity (2012) has indicated that Zimbabwe has lost a cumulative US\$12 billion in the last three decades (up to 2013) through illegal financial outflows ranging from *secret financial deals, tax avoidance to illegal commercial activities*. The secret financial deals, tax avoidance and illegal commercial activities that were highlighted by the Global Financial Integrity Report usually takes places between private sector players as they try to make more profits.

³ *The public sector refers to organizations that are owned and operated by the government.*

⁴ *The private sector refers to organizations that are privately owned and not part of the government.*

⁵ *Ibid*

⁶ *Ibid*

⁷ *Ibid*

⁸ *Ndikumana, L (2013), the Private Sector as Culprit and Victim of Corruption in Africa.*

Methodology

Literature Review

The focus of the document review for this research was to show key issues that have been documented to portray the context and status of corruption and bribery in Zimbabwe. The key literature review for the study included but not limited to:

The Transparency International Secretariat (TIS) questionnaire for the international level national bribe payers' index (see Annexure A) was adapted to local conditions whilst retaining the main themes and questions for the study to be comparable with other international level studies.

Doing Business Without Bribery: Anti-Bribery Training – Trainers Handbook provided the research team with key insights on understanding bribery from the perspective of how a training program can be delivered. This was beneficial in terms of understanding the subject matter: bribery.

The World Bank and the International Finance Corporation core publication Doing Business in a More Transparent World, 2012: Economic Profile of Zimbabwe was a key reference that confirms the main hurdles which business face and within this the platforms and the conditions on which bribery thrives upon. In terms of the 'ease of doing business' criteria Zimbabwe scored 171 out of 183 countries interpreted as an economy where setting up and running a business is difficult relative to seven other countries in the region. The regional average is 137. South Africa with a score of 35 was rated as better off than Zimbabwe in terms of the 'ease of doing business.'

The measurement of change(s) over in the business environment is also critical for its implications in understanding bribery and corruption as a whole. Doing Business 2012 made use of the 'distance to frontier measure.' "This measure shows the distance of each economy to the frontier," (Doing Business, 2012:9), which is a synthetic measure based on the most efficient practice or highest score observed for each Doing Business indicator across all economies and years included in the Doing Business sample since 2005. Nine areas of business regulation are covered. Zimbabwe has experienced negative growth i.e. decline in the three indicators namely starting a business; registering a property and trading across the borders. Some very limited positive changes were recorded in the indicators such as dealing with construction companies; paying taxes and enforcing contracts. All other criteria or indicators have remained almost static.

Sampling

The sampling approach used was purposeful – the study focused on the private sector, drawing out respondents from management personnel based on their individual experiences in business transactions. The results of the survey are therefore the views of individuals and not necessarily those of the firms that they represented or work for.

The starting point for identification firms from which to draw out respondents was The 2011-12 Zimbabwe Stock Exchange (ZSE). Seventy five (75) firms were identified from the list but two dropped off as they were no longer on the ZSE at the time of the research. Based on this ZSE listing of firms the research team conducted a stakeholders consultative meeting whose participants were drawn from a wide spectrum of informants that included the media, academia, representatives from industry and commerce and civil society.

The research team adapted the meeting's major recommendations summarized as follows:

Informal Sector

This was recognized as a major sector in Zimbabwe's economy. The sector is believed to contribute around 19.5% of Zimbabwe's gross domestic product or a total value added of \$1.73 billion. Therefore the study considered taking on respondents from this sector.

Significant changes in the private sector

Participants reported and confirmed reports on the closure and or low operational levels of firms during the preparatory work for the study. (Make some references). Thus field based identification of operational firms was carried out to capture those firms listed on the ZSE and those that fall in the informal sector.

Pilot survey

Through a field based inquiry the research identified an additional forty seven additional companies not on the ZSE. The survey made use of the local knowledge, experiences and business relationships of both Deloitte and Transparency International Zimbabwe. The working list (target population) then had 120 firms i.e. 73 drawn from the ZSE and 47 identified from the pilot.

Categories

The TIS survey instrument uses 19 sectors for categorizing industries (see question # 9 of the tool in Annexure A). The ZSE 2012 has 16 sectors. For purposes of standardization it was noticed that the ZSE has more refined categorizations or sectors which however still match the TIS ones. Therefore though respondents were allowed to use the refined local sectors, analysis for any special large group can still be done.

Data Collection

Actual delivery of the questionnaire was done using various channels:

The survey purposefully identified the major regulatory players for interviewing to support the adaption of the TIS survey questionnaire by providing qualitative information for understanding the survey environment and creating buy in for other processes in line with the survey.

For key contacts in Harare (the country's business hub) and within the daily lines of business such as Deloitte teams going out for audits, inventories and other consultancy services emails and hard copies were delivered to respondents after building rapport with potential respondents.

In towns like Mutare, Masvingo, Bulawayo, and Gweru the research team first called the firms through their Human Resources or Risk Officers or the equivalent for appointments followed by direct interviews or discussions prior to questionnaire completion.

Data Analysis

The research made use of Statistical Package for Social Sciences (SPSS) for the quantitative based analysis of survey data.

Typology was used for the analysis of qualitative data gathered from Key Informant Interviews and the consultative meeting conducted ahead of the data collection process.

Response rate

The response rate was only 27%. This is attributed to two main reasons, the first of which directly gives a sense of what the country's status is in terms of bribery:

- Bribery is part of daily life and is entrenched into the Zimbabwean society meaning that it is an acceptable part of life. Therefore the willingness to participate in the survey was very low.
- Respondents did not prefer direct contact with and interviewing by the research team despite assurances for confidentiality and non-disclosure of personal or firm details. Some respondents requested the research team to leave the survey instrument for completion and anonymous submission of the completed tool. Still the response remained low.

Notably there was positive response from two distinct groups of firms' namely large scale firms signed onto the Deloitte Tip Off Anonymous risk management service and the small firms who were open to point out to the challenges they face in their interaction with regulatory authorities and counterparts competing for business.

Findings

Respondents by sector of company

The findings presented in this report are based on 32 respondents (N=32 unless specified) supported by key informant information. The distribution of the respondents by sector into which their respective firms fall into is shown in Table 1.

Table 1: Distribution of respondents by sector of company

Sector of company	Frequency	Percent
Banking and Finance	9	28.1
Real Estate, Property, Business and Legal services	2	6.3
Heavy Manufacturing	2	6.3
Arms, Defence and Military	1	3.1
Public Works Contracts and Construction	2	6.3
Information Technology (Computers and Software)	2	6.3
Consumer Services (Retail, Hotels, Restaurants and leisure)	6	18.8
Light manufacturing (Including food and beverage products and household goods)	2	6.3
Mining	1	3.1
Agriculture	1	3.1
Forestry	2	6.3
Oil and Gas	2	6.3
Total	32	100

Data presented in Table 1 shows that more respondents came from the Banking and Finance sector (28.1%) and Consumer Services sector (18.3%). These high frequency rates can be attributed to the respective sectors' high business interaction levels and the requirements for them to have well documented practices to safe guard against malpractice including bribery. However, this is not in any way a measure of their levels of bribery.

Ownership of company

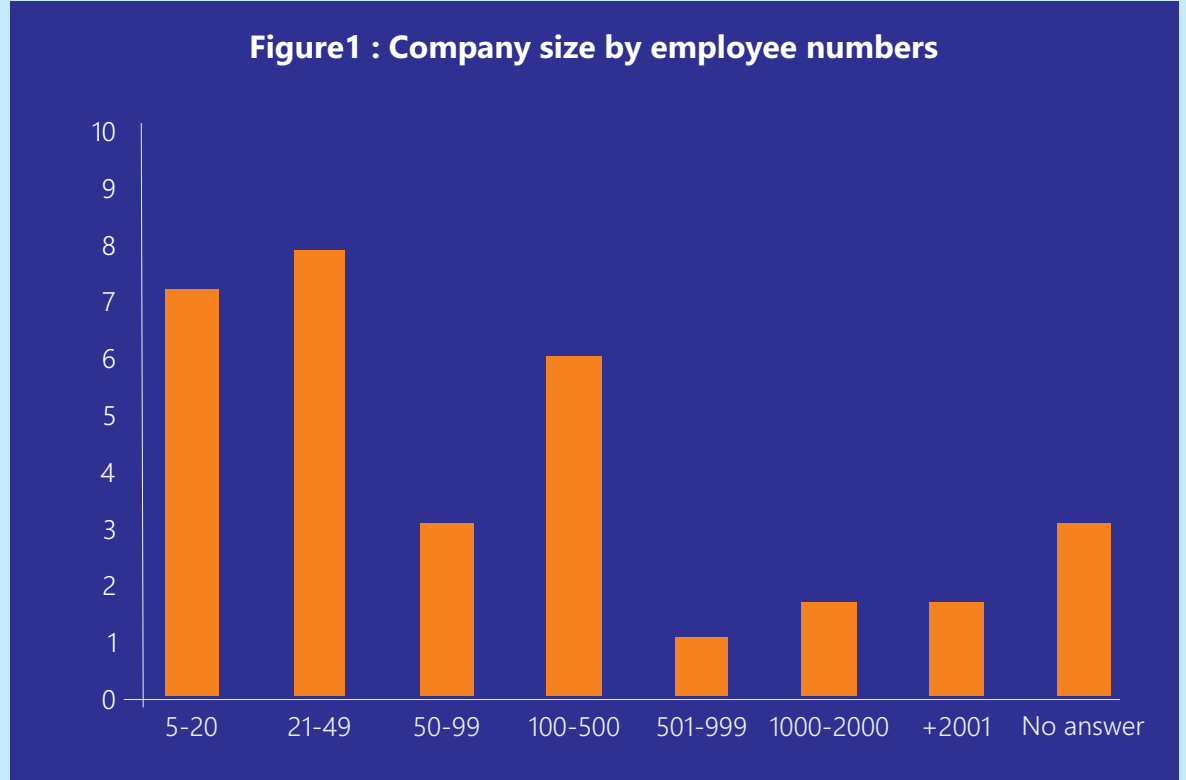
The research used the foreign vs. local investment perspective to company ownership in line with the objective to establish the bribery practices as part of the TIS objective to understand how foreign owned companies engage in business.

Table 2: Foreign or locally owned companies?

Ownership	Frequency	Percent
Foreign owned	6	18.1
Locally owned	25	78.1
No answer	1	3.1
Total	32	100.0

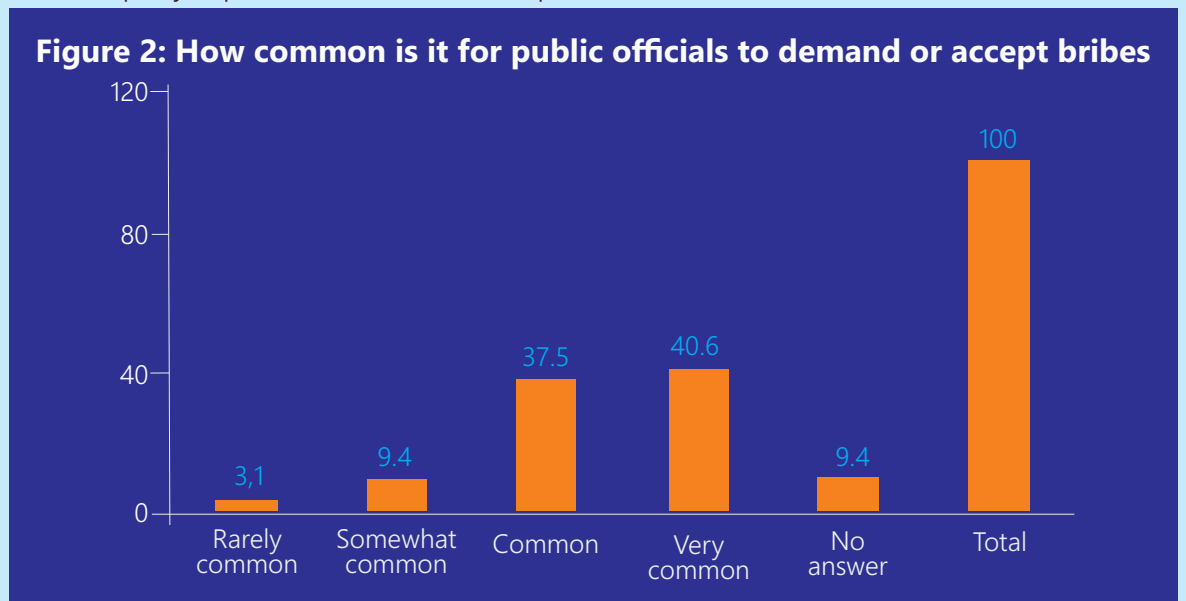
Company size by employee numbers

Figure 1 shows the size (based on employee numbers) of the firms from which respondents were drawn from.



Demand for or acceptance of bribes by public officials

“You can't do business without bribing someone,” is a line that the research quoted from one of the respondents. The quote confirms the results in Figure 2 wherein the highest frequency of responses of 40.6% indicates that it is very common for public officials to demand or accept bribes. Equally important is the 37.5% of respondents who stated that it common.



Business competition and bribery

From the data presented in Table 3, it can be noted that 21.9% of the respondents cited that their companies had at some point in the last 12 months failed to win contracts or gain new business because a competitor had paid a bribe. Although a combined response of 75% of the respondents said they either do not know or cited otherwise.

Table 3: Has your company ever failed to win a contract or gain new business because a competitor has paid a bribe during the last 12 months?

Response	Frequency	Percent
Yes	6	21.9
No	13	40.6
Don't know	11	34.4
No answer	2	3.1
Total	32	100.0

Barriers to stopping bribery and corruption in the private sector

Table 4: What are the main barriers to stopping bribery and corruption in the private sector in Zimbabwe?

Response	Frequency	Percent
Corruption and Bribery-related crimes are not prosecuted	4	12.5
Businesses do not take the issue serious enough	4	12.5
Unethical behaviour is widespread among public officials	10	31.3
Corruption is now widely accepted as a "fact of life"	12	37.5
Don't know	1	3.1
No answer	1	3.1
Total	32	100.0

Table 4 shows that the main barriers to stopping bribery and corruption in the private sector in Zimbabwe relate to corruption being now widely accepted as a fact of life (37.5%) and that unethical behaviour is widespread among public officials (31.3%).

Government`s effectiveness in combating corruption in the private sector

Table 5: What is your assessment of government's actions in trying to fight against corruption in Zimbabwe?

Response	Frequency	Percent
Very ineffective	9	28.1
Ineffective	18	56.3
Somewhat effective	2	6.3
Effective	1	3.1
Don't know	1	3.1
No answer	1	3.1
Total	32	100.0

The findings reveal the respondents' perception that government's actions in trying to fight against corruption in Zimbabwe range from ineffective to very ineffective. About 28, 1% of the respondents suggested that the government's actions were very ineffective while 56.3% suggested that they were ineffective. The cumulative response for these two response categories impresses upon the perception that government efforts are not seen or known as positive to the fight against corruption. A major cause of this trend can be linked to the fact that anti-corruption laws are not properly enforced.

Location of company headquarters and bribery

Earlier on under company ownership it was noted that 18.8 % vs. 78.1% of the interviewed executives said that their companies are foreign and locally owned respectively. Table 6 is a cross tabulation done to find out bribery practices in Zimbabwe for companies whose headquarters (HQ) are outside Zimbabwe. Only one (1) out of the 32 respondents stated that they have a business relationship with a company whose HQ is outside Zimbabwe and the competitor often engages in bribery.

Table 6: What is your assessment of government's actions in trying to fight against corruption in Zimbabwe?

		If yes to q7, How often do the firm's headquarters in the countries mentioned engage in bribery				Total
		Never	Often	Don't know	No answer	
Do you have business relationship as a competitor with companies whose headquarters located outside Zimbabwe	Yes	0	1	10	0	11
	No	1	0	12	6	19
	No answer	0	0	1	1	2
Total		1	1	23	7	100.0

Table 7: How often do firms with headquarters in the countries mentioned engage in bribery in Zimbabwe?

Response	Frequency	Percent
Never	1	3.1
Often	1	3.1
Don't know	23	71.9
No answer	7	21.9

From the data shown in Table 15 above, it can be noted that 71.9% of the respondents do not know how often firms with headquarters in the countries mentioned engage in bribery in Zimbabwe. This trend can be attributed to the fact that firms with headquarters in foreign countries tend to maintain a standardized procedure in all member nations which might not be well known to the ordinary person.

Respondents were also asked about the frequency that firms with headquarters outside Zimbabwe engage in bribery. As the table above shows, the frequency of such companies to engage in bribery is minimal (3.1%). Though the percentage might be so low, it should not be underestimated. A key informant interviewed highlighted that companies with headquarters outside in Zimbabwe tend to engage in grand corruption through tax evasion and transfer pricing.

Respondents by sector

Table 8: Which of the following sectors do you have business relationships with as a competitor?

Sector	Frequency	Percent
Banking and Finance	8	25.0
Real Estate, Property, Business and Legal services	2	6.3
Heavy Manufacturing	2	6.3
Arms, Defence and Military	1	3.1
Public Works Contracts and Construction	1	3.1
Information Technology (Computers and Software)	3	9.4
Consumer Services (Retail, Hotels, Restaurants and leisure)	4	12.5
Light manufacturing (Including food and beverage products and household goods)	3	9.4
Mining	3	9.4
Agriculture	1	3.1
Forestry	1	3.1
Oil and Gas	2	6.3
Telecommunications and Equipment	1	3.1
Total	32	100

Private sector and the public sector transactions and bribery

Table 9: How often do firms engage in bribery of public officials?

Response	Frequency	Percent
Not so much	9	28.1
Not so often	3	9.4
Often	7	21.9
Almost always	4	12.5
Don't know	8	25.0
No answer	1	3.1
Total	32	100.0

In this question the research sought to establish the actions of private sector firms in initiating bribery with public officials.

The findings in the table above show that firms do significantly initiate and engage in bribery of public officials. Almost 72% of the respondents pointed out that at some point their firms do engage in bribery of public officials.

This can be caused by the fact that if firms do not bribe public officials then they might not be able to get the services they require. Hence in order to get the work done they have to bribe the already corrupt public officials.

Low level public officials and bribery

Table 9 is the reference point for this inquiry. Bribery of low level public officials refers to bribery involving junior level government officers such as junior police officers, revenue collection officials in local and central government structures, low ranking bureaucrats in government ministries inter alia. The inquiry on the frequency at which firms engage in bribery of low level public officials gathered that this is a common practice as evidenced by the 25% who said it is often and the 6.3% who said it is almost always the case that low level public officials engage in bribery. It is important to note that these bribery transactions are more common among the small companies interviewed and who import clothes and technological devices such as computers and phones. These small players often find it economical to bribe revenue authorities or officials to avoid the burden of declaring their products at ports of entry. This practice is also common in the transport industry wherein truck drivers and or their respective owners engage in bribery to access documents such as clearances and vehicle fitness report. To speed up the process, these truck drivers are often forced to grease the palms of officials in the transport and vehicle inspection department authorities. This trend can be as a result of the fact that firms deal with low level public officials at the initiation of any business or their response to directives of and within their reporting lines of duty.

Table 10: How often do firms engage in bribery of low level public officials?

Response	Frequency	Percent
Not so much	8	25.0
Not so often	2	6.3
Often	8	25.0
Almost always	2	6.3
Don't know	11	34.3
No answer	1	3.1
Total	32	100.0

Use of improper contributions and political influences

Table 10 above shows the frequency with which firms use improper contributions to high ranking politicians or political parties to achieve influence.

Table 11: How often do firms use improper contributions to high ranking politicians or political parties to achieve influence?

Response	Frequency	Percent
Never	1	3.1
Not so much	7	21.9
Not so often	5	15.6
Often	6	18.8
Don't know	10	31.3
No answer	3	9.4
Total	32	100.0

From the table above, it can be noted that firms often (18.8% for often and 15.6% for not so often) use improper contributions to high ranking politicians or political parties to achieve influence. This, in comparison with (3.1%) for never and (21.9%) for not so much confirms that firms often use improper contributions to high ranking politicians or political parties to achieve influence, mainly because high ranking politicians or parties have control over certain businesses that firms may engage in. Hence as a result of competition between firms they end up using improper contributions to achieve influence.

Table 12: How often do firms pay or receive bribes from other private firms?

Response	Frequency	Percent
Never	1	3.1
Not so much	6	18.8
Not so often	6	18.8
Often	6	18.8
Don't know	11	34.4
No answer	2	6.3
Total	32	100.0

Table 12 above presents the frequency with which firms pay or receive bribes from other private firms.

Firms do not often pay or receive bribes from other private firms (18.8% for not so often, 18.8% for not so much and 3.1% for never). This can mainly be a result of the competitive relationship between firms. It is probable that firms to a greater extent do engage in the same kind of businesses hence there is no need for them to do business together as partners but rather as competitors reducing chances of them paying or receiving bribes from each other.

Table 13: How adequate are anti-corruption efforts in the sectors mentioned

Response	Frequency	Percent
Never	4	12.5
Not so much	15	46.9
Not so often	2	6.3
Often	4	12.5
Don't know	4	12.5
No answer	3	9.4
Total	32	100.0

Data presented in Table 12 above shows that anti-corruption efforts are not adequate enough in the sectors mentioned (46.9% for not so much and 12.5% for never and 12.5% for often). This is because anti-corruption efforts may not fully address all the different kinds of corruption that may be found within the sectors mentioned.

Table 14: How effective are International Conventions on bribery and corruption?

Response	Frequency	Percent
Very ineffective	3	9.4
Ineffective	8	25.0
Somewhat effective	9	28.1
Effective	5	15.6
Very Effective	1	3.1
Don't know	2	6.3
No answer	4	12.5
Total	32	100.0

Table 14 above presents data on the effectiveness of International Conventions on bribery and corruption.

The majority of the responses (based on cumulative frequencies on the range of responses) starting from the most negative (very ineffective) fall in the ineffective category (9.4%) and very ineffective category (25%) suggesting that International Conventions on bribery and corruption are perceived as ineffective. International Conventions on bribery and corruption may not fully address the different levels and kinds of corruption in every nation such that what may work in one country may not apply in another country. There are issues of commitment vs. actual practice.

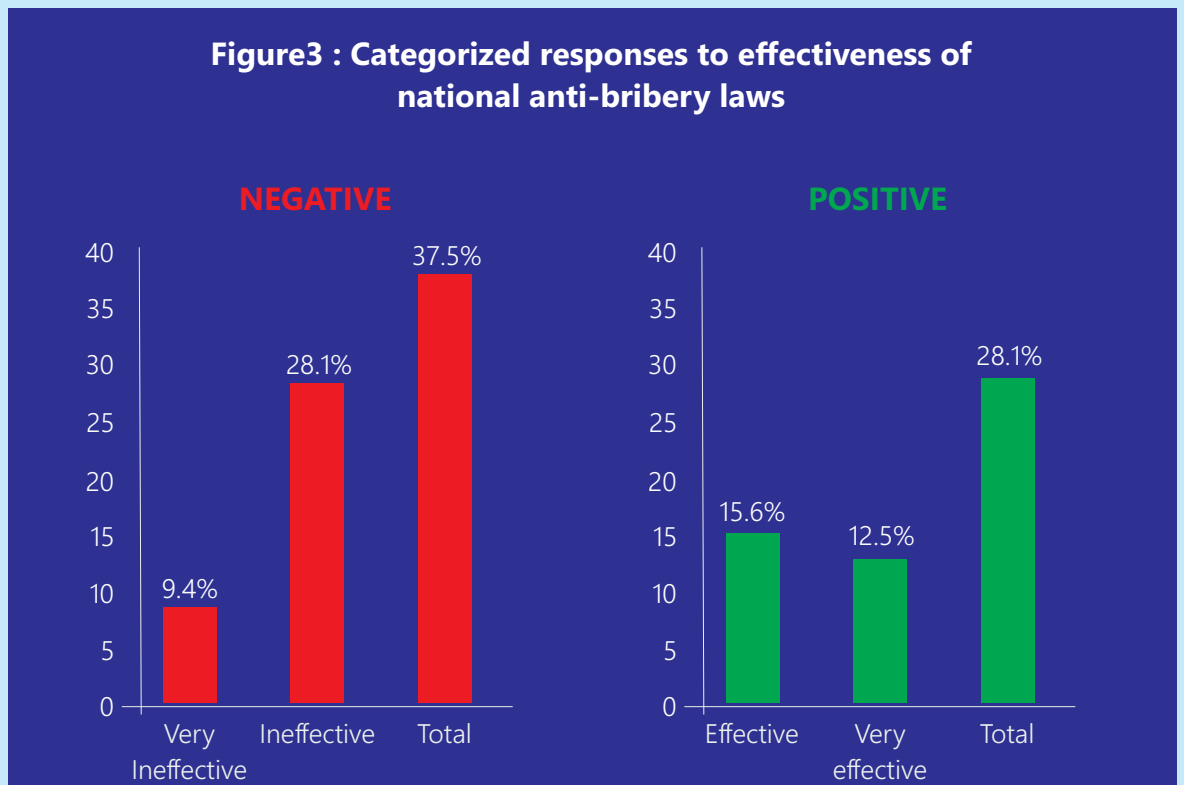
Effectiveness of national anti-bribery laws

Using the results in Table 15, the research looked at two categories of the possible responses namely those which are positive (effective and very effective) and those which are negative (ineffective and very ineffective). The highest single response falls in the negative category i.e. that, national laws are viewed as ineffective (28.1%).

Table 15: How effective are national anti-bribery laws?

Response	Frequency	Percent
Very ineffective	3	9.4
Ineffective	9	28.1
Somewhat effective	8	25.0
Effective	5	15.6
Very Effective	4	12.5
Don't know	2	6.3
No answer	1	3.1
Total	32	100.0

The cumulative responses in the two categories as summarised in Figure 3 again indicate the overall perception that national laws are ineffective (37.5) vs. effective (28.1%)



Effectiveness of investigative journalism

From the data presented in Table 16 investigative journalism is effective (12.5%) and somewhat effective (56.3%) and very effective (12.5%) giving a total of (81.3%) for those who responded within the measurement range for the question (very ineffective to very effective).

Table 16: How effective is investigative journalism

Response	Frequency	Percent
Very ineffective	3	9.4
Ineffective	1	3.1
Somewhat effective	18	56.3
Effective	4	12.5
Very Effective	4	12.5
Don't know	1	3.1
No answer	1	3.1
Total	32	100.0

Effectiveness of multi-stakeholder initiatives

Table 17 below shows the results of perceived effectiveness of multi-stakeholder initiatives, involving business, government, and civil society.

Table 17: How effective is multi-stakeholder initiatives, involving business, government and civil society?

Response	Frequency	Percent
Ineffective	7	21.9
Somewhat effective	9	28.1
Effective	9	28.1
Very Effective	3	9.4
Don't know	2	6.3
No answer	2	6.3
Total	32	100.0

Majority of responses show that multi-stakeholder initiatives, involving business, government and civil society somewhat effective (28.1%), effective (28.1%), very effective (9.4%).

Effectiveness of due diligence by business partners, governments and banks

Table 18: How effective is due diligence by business partners, governments and banks?

Response	Frequency	Percent
Ineffective	4	12.5
Somewhat effective	10	31.3
Effective	9	28.1
Very Effective	6	18.8
Don't know	2	6.3
No answer	1	3.1
Total	32	100.0

Due diligence by business partners, governments and banks is effective as shown by these figures; somewhat effective (31.3%), effective (28.1%) and effective (18.8%).

Data presented in Table 19 below shows the effectiveness of the inclusion of corruption risks in investors' valuation models.

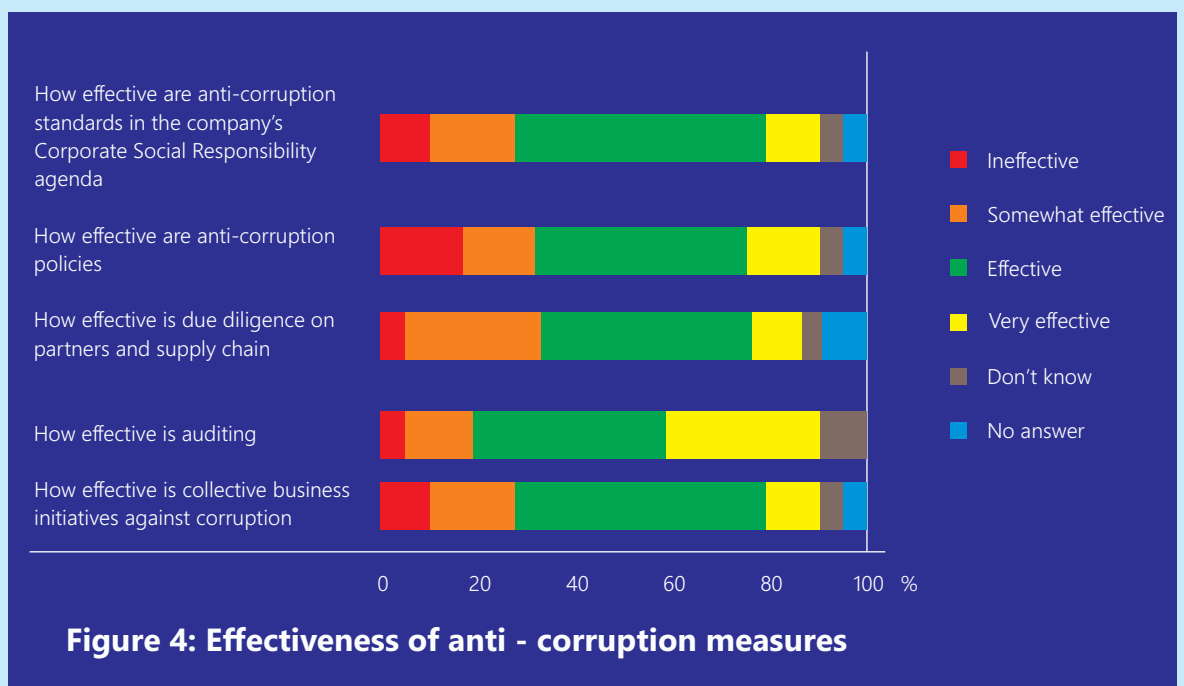
Table 19: How effective is the inclusion of corruption risks in investors' valuation models?

Response	Frequency	Percent
Very ineffective	1	3.1
Ineffective	5	15.6
Somewhat effective	8	25.0
Effective	8	25.0
Very Effective	4	12.5
Don't know	4	12.5
No answer	2	6.3
Total	32	100.0

The majority of the responses fall in the somewhat effective (25%), effective (25%) and very effective (12.5%) regions. This suggests that the inclusion of corruption risks in investors' valuation models is perceived as effective.

Effectiveness of measures designed to address corruption

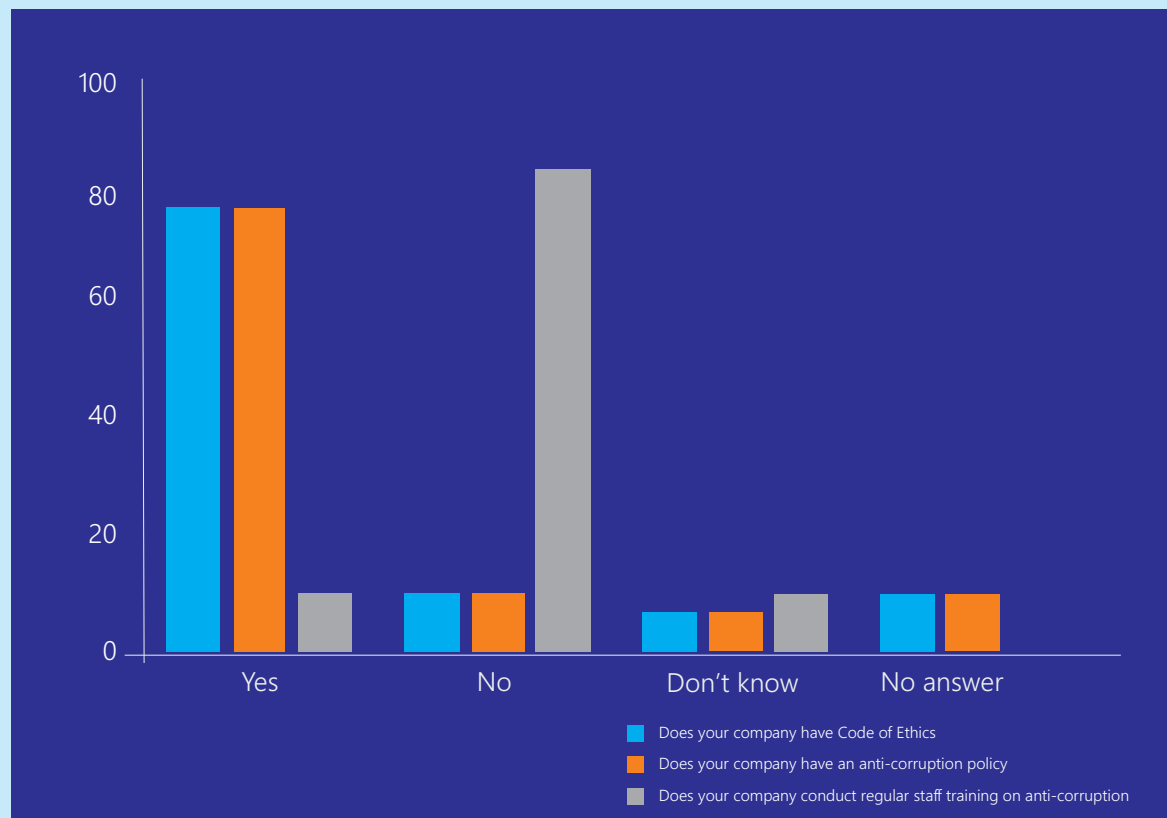
The composite visual in Figure 3 shows perceptions of the respondents based on five criteria namely anti - corruption standards in a firms corporate social responsibility; anti - corruption policies; due diligence on partners and supply chain; auditing; and collective business initiatives to fight against corruption. The overall view is that there is a positive acknowledgement to say that these measures are effective. The somewhat response is still significant and provides potential for conversion to the positive.



Internal control systems, practices and policies designed to address corruption

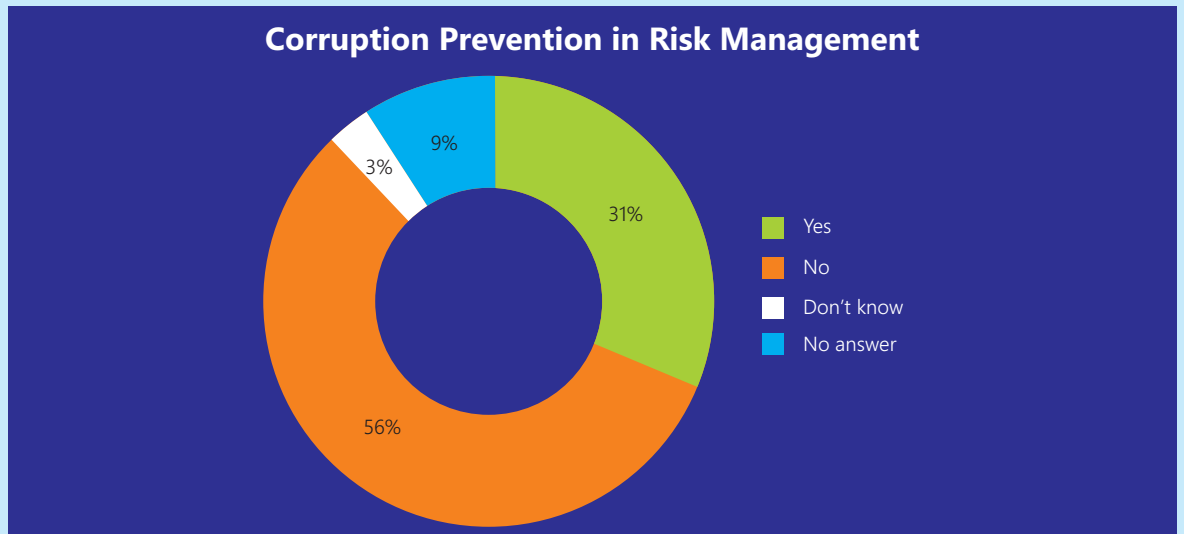
The striking issues from the result presented in Figure 4 are:

- The majority of firms interviewed stated that they have in place codes of ethics and anti-corruption policies;
- However there appears to be a very huge mismatch between having these policies and code of ethics and the regular training on anti-corruption which constitutes the constant reminder and reference to the policies and codes of ethics.



Inclusion of corruption prevention in companies risk management strategy

The data in the chart below indicates that most companies (56.3%) do not have corruption prevention in their risk management strategy. Only a few companies (as highlighted by the Yes responses in the chart below) have corruption prevention in their risk management strategy. What this is reflective of is that Zimbabwean companies do not appreciate the risk posed by corruption in their operations. This explains why some of these companies are losing money as a result of corruption in the form of fraudulent activities and insider trading deals. They are no mechanism in place to curb corruption as they lack corruption preventative measures in their risk management strategies.



The absence of corruption prevention in the risk management strategy of most companies makes it highly unlikely for these companies to have measures in place to protect whistle-blowers. As highlighted by the table below a majority of companies (56%) that were assessed in this study, indicated that they do not have measures in place to protect whistle blowers. Lack of protection measures to protect whistle blowers discourages individuals from reporting corruption as a result of fear of victimization and intimidation. While the country has the Whistle-blower Protection fund, that was established by the then RBZ Governor in 2003, its a few people who are aware of this facility. The study established that most individuals who resort to whistle blowing, they do so through the Tip Off Anonymous facility that is offered by Deloitte. It should be understood that TOA facility is not in every company as participation is voluntary. Its only a few big companies (31%) in particular that have measures in place to protect whistle blowers.

Recommendations

- Corporate structures should be transparent including the public and transparent disclosure of all subsidiaries
- Companies should undertake due diligence as appropriate, in evaluating prospective contractors and suppliers to ensure that they have effective anti-bribery programmes
- Companies should also make known their anti- bribery policies to contractors and suppliers and contractually require equivalent standards
- Companies should join anti and actively participate in collective anti-corruption initiatives and multi stakeholder processes at the societal level
- Zimbabwe companies should empower whistle-blower who experience or witness bribery and corruption through effective whistle-blower policies and procedures
- The state on the other hand should revise some of its laws such as the Companies Act.
- The government through its relevant institutions such as the Zimbabwe Investment Authority, Zimbabwe Anti-Corruption Commission inter alia should regularly monitor and assess bribery and corruption risk across companies `entire supply chains

Appendix A: Survey Questionnaire

Part 0 – Background information

I. Country of survey: Zimbabwe

II. Sector (See Question# 6 on page 3 for the list of sectors and insert code): _____

III. Company size: _____

Number of employees: _____

Number of branches and or operational sites country wide: _____

IV. Foreign owned:

Yes

No

Introduction and confidentiality

We are gathering data both in Zimbabwe in other countries for an international corruption survey. We would like to ask you to support our research by taking a few minutes to respond to the following questionnaire. Every part of the questionnaire is completely confidential and anonymous for both individuals and companies participating in the survey.

All responses will be codified and aggregated so that it will be impossible to trace individual contributions. You will not be asked to reveal any names of individuals or companies. Through this survey we are interested in finding out whether companies from some countries or sectors have a tendency to engage in bribery or corruption practices. We are also interested in your views on how to best prevent and counter corruption.

In this survey we use the term "corruption" to mean the abuse of entrusted power for private gain. Therefore corruption encompasses a variety of issues, including bribery, conflicts of interest, extortion, embezzlement, and fraud by both the public and private agents.

This survey is sponsored by Transparency International Zimbabwe (TIZ). Transparency International Zimbabwe is the local chapter of the global movement leading the fight against corruption. TIZ is working in collaboration with Deloitte Zimbabwe in carrying out the survey.

Should you have any questions or comments about the survey please feel free to contact our researchers:

Farai Mutondoro: farai@transparency.org.zw

Tendai Chikumba: TChikumba@deloitte.com

Part A – Bribery and corruption in Zimbabwe

Please answer the following questions with regard to your perceptions of corruption and anti-corruption actions in Zimbabwe by checking (putting an X) for your appropriate response.

1. In your opinion, how common is it for public officials in Zimbabwe to demand or accept bribes? (Using a scale of 1-5, where 1 means never and 5 means very common).

1. Never 2. Rarely Common 3. Somewhat Common 4. Common
5. Very Common Don't know

2. In your opinion, in this country, how common is the misuse of public funds by high ranking public officials and politicians? (Using a scale of 1-5 where 1 means never and 5 means very common).

1. Never 2. Rarely Common 3. Somewhat Common 4. Common
5. Very Common Don't know

3a. Do you think that your company has failed to win a contract or gain a new business because a competitor has paid a bribe during the last 12 months?

1. Yes 2. No 3. Don't know 4. No answer

3b. What makes you think so? (Open ended and respondent to summarise bribe related issues that they think resulted in them not winning a contract or new business).

3c. Overall, what do you think are the main reason why people in your sector pay bribes?

4. Which of the following is the main barrier to stopping bribery and corruption in the private sector in Zimbabwe? **[Please state a single answer which you consider as the major barrier]**

- a) Corruption and bribery-related crimes are not prosecuted
b) Businesses do not take the issue serious enough
c) Unethical behaviour is widespread among public officials
d) Corruption is widely accepted as a "fact of life"
e) Don't know
f) No Answer

5. How would you assess the government's actions in the fight against corruption in Zimbabwe?
(Using a scale of 1-5, where 1 means very ineffective and 5 means very effective)

1. Very ineffective 2. Ineffective 3. Somewhat effective 4. Effective
5. Very effective Don't know

Part B – Bribe payers by country – questions for the BPI

6. Below is a list of 19 business sectors. From this list, please pick the one sector which best describes your principal line of business. [Single Answer]

1. Banking and Finance
2. Real Estate, Property, Business and Legal Services
3. Heavy Manufacturing (Including industrial machinery, vehicles and building materials)
4. Arms, Defence and Military
5. Civilian Aerospace
6. Public Works Contracts and Construction
7. Information Technology (Computers and Software)
8. Consumer Services (Retail, Hotels, Restaurants and Leisure)
9. Light manufacturing (Including food and beverage products and household goods)
10. Mining
11. Agriculture
12. Fisheries
13. Forestry
14. Pharmaceutical and Healthcare
15. Oil and Gas
16. Utilities
17. Power Generation and Transmission
18. Telecommunications and Equipment
19. Transportation and Storage

Please answer the following two questions in relation to your business dealings in Zimbabwe, with foreign firms.

7. In your principal line of business in this country, do you have business relationship as a competitor with companies whose headquarters are located in any country outside Zimbabwe?

- Yes If yes, state the name of the country: _____
 No If no, please skip number question 8 and proceed to question 9.

8. Could you please tell us, using a scale of 1 to 5, where 1 means never and 5 means almost always, how often do firms headquartered in the country mentioned above (answer to question 7) engage in bribery in Zimbabwe?

1. Never 2. Not so much 3. Not so often 4. Often
5. Almost always Don't know No answer

Part C – Bribe payers by sector

Please answer these questions in relation to the sectors you have business relationships with, in Zimbabwe or abroad:

9. In your principal line of business, with which of the following 19 sectors do you have business relationships with as a competitor? [Single Answer]

1. Banking and Finance
2. Real Estate, Property, Business and Legal Services
3. Heavy Manufacturing (Including industrial machinery, vehicles and building materials)
4. Arms, Defence and Military
5. Civilian Aerospace
6. Public Works Contracts and Construction
7. Information Technology (Computers and Software)
8. Consumer Services (Retail, Hotels, Restaurants and Leisure)
9. Light manufacturing (Including food and beverage products and household goods)
10. Mining
11. Agriculture
12. Fisheries
13. Forestry
14. Pharmaceutical and Healthcare
15. Oil and Gas
16. Utilities
17. Power Generation and Transmission
18. Telecommunications and Equipment
19. Transportation and Storage

10. In your experience, how often do firms in the sector you identified above engage in bribery of public officials? (Using a scale of 1-5 where 1 means never and 5 means almost always)

- | | | | |
|---|---|--|------------------------------------|
| 1. <input type="checkbox"/> Never | 2. <input type="checkbox"/> Not so much | 3. <input type="checkbox"/> Not so often | 4. <input type="checkbox"/> Often |
| 5. <input type="checkbox"/> Almost always | | <input type="checkbox"/> Don't know | <input type="checkbox"/> No answer |

11. In your experience, how often do firms in the sector mentioned above engage in bribery of low level public officials, for example to speed up administrative processes and or facilitate the granting of licenses (Using a scale of 1-5 where 1 means never and 5 means almost always)

- | | | | |
|---|---|--|------------------------------------|
| 1. <input type="checkbox"/> Never | 2. <input type="checkbox"/> Not so much | 3. <input type="checkbox"/> Not so often | 4. <input type="checkbox"/> Often |
| 5. <input type="checkbox"/> Almost always | | <input type="checkbox"/> Don't know | <input type="checkbox"/> No answer |

12. In your experience, how often do firms in the sector mentioned above sector use improper contributions to high ranking politicians or political parties to achieve influence? (Using a scale of 1-5 where 1 means never and 5 means almost always)

- | | | | |
|---|---|--|------------------------------------|
| 1. <input type="checkbox"/> Never | 2. <input type="checkbox"/> Not so much | 3. <input type="checkbox"/> Not so often | 4. <input type="checkbox"/> Often |
| 5. <input type="checkbox"/> Almost always | | <input type="checkbox"/> Don't know | <input type="checkbox"/> No answer |

13. In your experience, how often do firms in the sector mentioned pay or receives bribes from other private firms? (Using a scale of 1-5 where 1 means never and 5 means almost always)

1. Never 2. Not so much 3. Not so often 4. Often
5. Almost always Don't know No answer

14. In your experience, how adequate are the anti-corruption efforts of firms in the sector mentioned above in general? (Using a scale of 1-5 where 1 means non-existent and 5 means very strong)

1. Non-existent 2. Slightly existent 3. Somewhat strong 4. Strong
5. Very strong Don't know No answer

Part D – Anti-corruption and integrity

15. In your view, how effective are the following means to stop corruption and bribery in the private sector? (On a scale of 1-5 where 1 means very ineffective and 5 means very effective)

	1 Very ineffective	2 Ineffective	3 Somewhat effective	4 Effective	5 Very effective	6 Don't know	7 No Answer
International conventions on bribery and corruption.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
National anti-bribery laws.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investigative journalism	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Multi-stakeholder initiatives, involving business, government and civil society.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Due diligence by business partners, governments and banks.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Inclusion of corruption risks in investors' valuation models.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please consider the following two questions with respect to your company.

16. To what extent do you consider the following to be effective measures that your company can take to address corruption? (On a scale of 1-5 where 1 means very ineffective and 5 means very effective).

	1 Very ineffective	2 Ineffective	3 Somewhat effective	4 Effective	5 Very effective	6 Don't know	7 No Answer
Collective business initiatives against corruption.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Auditing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Anti-corruption policies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Due diligence on partners and supply chain.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Anti-corruption standards in the company's Corporate Social Responsibility agenda.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

17. Please answer yes or no to the following statements:

Does your company....	1 Yes	2 No	3 Don't know	4 No Answer
Have a Code of Ethics?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have an anti-corruption policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Conduct regular staff training on anti-corruption?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Include corruption prevention in its risk management strategy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have measures in place to support potential whistle blowers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prohibit facilitation payments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

18. Can you indicate whether you agree or disagree with the following statements in the context of your business dealings (Using a scale 1 to 5 where 1 means strongly disagree and 5 means strongly agree).

	1 Strongly disagree	2 Disagree	3 Somewhat agree	4 Agree	5 Strongly agree	6 Don't know	7 No Answer
My company has an ethical duty to stop corruption	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would report a corruption incident.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I know to whom and how I should report an incident of	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corruption is inevitable; I can do little to prevent it.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would support my colleagues if they fought against corruption	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I can imagine myself getting involved in fighting corruption	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part E – Respondent ID questions

19. Which of the following best describes your company (Please provide a single answer by choosing the most appropriate description from the list and check the appropriate answer)?

- 1. State owned enterprise
- 2. Public Private partnership
- 3. Domestic owned and operated
- 4. Local branch of foreign company
- 5. Headquarters of multinational company
- 6. Joint venture with foreign company

20. What is your year of birth?

- 1. 1981 and later = 1
- 2. 1961 to 1980 = 2
- 3. 1946 - 1960 = 3
- 4. before 1946 = 4

21. What is your gender?

- 1. Male
- 2. Female

Do you have any other information which you think is relevant to this study. If yes please state below:

We have now completed the survey. I would like to thank you very much for your participation.

Optional: Would you like to receive the results of the survey? If so, please provide write an email request to the researcher to be included in our database. You will then receive a copy of the report via email any time after March 2014.

- 1. Yes
- 2. No

Thank you again!



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