



ACCPA Compliance Magazine

January/February 2016

Raising Compliance Standards in Africa



TRACE to Pilot Compliance Program in Ghana

Insight

TRACE International to Pilot Compliance Program in Ghana

Conversation with Virna Di Palma



Virna Di Palma

TRACE International, founded in 2001, is a leading anti-bribery standard setting organization and is recognized globally for its efforts to provide shared-cost compliance solutions for multinational companies and their third party intermediaries.

With a mission to advance commercial transparency worldwide, TRACE supports the compliance efforts of hundreds of multinational companies and thousands of intermediaries operating on every continent.

TRACE, in collaboration with the USAID Ghana Supply Chain Development Program (led by PYXERA Global) and Invest in Africa, recently launched a pilot outreach program in Ghana to offer TRACE*certification* to up to one hundred local firms at no cost for one year. Companies that successfully complete the certification process will be considered “champions for change” and will serve as valued business partners for multinational

companies seeking transparent suppliers, agents and consultants in Ghana. The pilot program begins on January 21, 2016 in Accra.

To understand the TRACE*certification* process and to assess its relevance for Ghanaian SMEs, ACCPA spoke with Virna Di Palma, Senior Director of Global Strategy and Communications at TRACE International in New York. Virna plays a key role in advancing the TRACE mission and expanding the organization’s global footprint. She has been instrumental in formulating the pilot program in Ghana.

ACCPA: Is Africa a familiar territory for TRACE International?

Virna: TRACE is a global organization so we work with multinational companies and their third-party intermediaries all over the world. We have experience conducting due diligence and anti-bribery compliance in several countries in Africa. We have conducted due diligence and training in many countries in Africa,

including Nigeria, Botswana, South Africa, Equatorial Guinea, Ghana, Rwanda, Ethiopia, Seychelles, Mauritius, Egypt, and a few others. Thus, we are indeed familiar with the region as well as the complexities of anti-bribery compliance and due diligence.

ACCPA: Why did you pick Ghana for this pilot project?

Virna: There were a number of factors that led us to select Ghana. We were seeking on-the-ground support which meant we needed a local, active partner. We have two active partners in Ghana – *PYXERA Global*, a non-profit organization that has experience with local content development and is working on a program funded by USAID (i.e. the Ghana Supply Chain Development Program) and *Invest in Africa*, a new organization based in London that brings together leading companies operating in Africa to create a working environment that benefits both the local community and foreign investors. Both of these

organizations immediately recognized the value of our initiative and were willing to actively support and promote it. Ghana also happens to be a country where several of our multinational member companies, as well as TRACE Certified third party intermediaries, operate. Additionally, Ghana remains a country with a relatively high rate of business bribery risk according to our TRACE Matrix. This combination of factors led us to select Ghana for the pilot project.

ACCPA: What is the objective of this pilot project?

Virna: Our primary objective is to provide Ghanaian SMEs with anti-bribery training and an internationally recognized business and compliance credential that provides them with a competitive advantage and better prepares them to work with multinational companies like Baker Hughes and Hershey which operate in Ghana. Likewise, our partners – *PYXERA Global* and *Invest in Africa* - also have an objective to help businesses in Ghana become more competitive. As such, the cornerstone of this project is to put Ghanaian SMEs through the *TRACEcertification* process so that on completion they are trained on international anti-bribery requirements. The project will also help them develop a comprehensive due diligence report that they can share with

their international business partners to show their commitment to transparency and become “champions of change” within the African region.

ACCPA: Will TRACE collaborate with Ghanaian experts on this project? And what value can Ghanaian experts add to a project of this kind?

Virna: Having local partners [i.e. *PYXERA Global* and *Invest in Africa*] that are engaged and willing to explain the *TRACEcertification* process to potential candidates has made a substantial difference in the success of the program. The support, expertise, and guidance of our local partners has been tremendous indeed. I don’t think this program would have been a success without their assistance. The involvement of Kofi Koomson, a Ghanaian expert with our partner *PYXERA Global*, as well as the expertise of our local Partner Firm, AB & David Law, has helped us to better understand the challenges that local companies face with respect to meeting international compliance requirements imposed on them by their global business partners. Having local partners has enabled us to determine what will and will not work.

ACCPA: What is TRACE’s core philosophy and how is this philosophy translated in its operation?

Virna: We operate on a shared-cost

model. What this means is that we make compliance with anti-bribery laws more practical and cost-effective for both multinational companies and their third party intermediaries by pooling resources. The model allows members to access a number of training and due diligence tools at a very low cost that they would not otherwise be able to develop in-house or would have to purchase individually. It also provides a platform to share due diligence information. When an intermediary successfully completes a *TRACEcertification* review, they are added to our database of TRACE Certified entities, which then allows multinational companies to easily locate them for business opportunities. Ultimately, our goal is to promote commercial transparency between multinational companies and their intermediaries thus raising compliance standards worldwide.

ACCPA: What makes *TRACEcertification* unique and how will it benefit African businesses?

Virna: *TRACEcertification* is unique because we allow SMEs to self-initiate the process. Additionally we work directly with the *TRACEcertification* candidate to help them understand the due diligence process and to ultimately obtain more accurate information, including beneficial ownership. Most due diligence vendors do not

engage the entity under review which can result in an incomplete profile of the candidate. Additionally, working directly with due diligence candidates allows them to better understand compliance requirements and along the way develop or improve their own policies and procedures. *TRACEcertification* is very unique in that it eliminates screening costs for multinational companies and empowers SMEs with an internationally recognized compliance credential and due diligence review.

ACCPA: What steps do businesses have to go through to obtain *TRACEcertification*?

Virna: It takes about 2-4 weeks to complete a *TRACEcertification* review. The pace of completion depends on the size and responsiveness of the entity under review. The certification process begins with a very comprehensive due diligence questionnaire that is based on international standards and our experience conducting due diligence over the past decade. The questionnaire looks into the company's business structure, operations, locations, registrations, certifications and other key areas. Information on ties to government, prior bankruptcies, and criminal convictions is also collected in the questionnaire. Due diligence analysts then conduct a reputational screening, covering ten years, and verify the

information provided by the entity under review. The process also includes screening against sanctions and government watchlists, mandatory online anti-bribery training, and adoption of a Code of Conduct if one is not in place.

ACCPA: What is the most challenging compliance issue facing African businesses today?

Virna: African businesses are faced with the challenge of meeting international compliance requirements while carrying out services in environments that present many opportunities for bribery. For example, one study conducted by the Maritime Anti-Corruption Network (MACN) determined that 142 signatures were required to clear cargo at the Port of Lagos in Nigeria. That means that there are 142 opportunities for bribe demands and payments. As such, multinational companies, which can be held liable for corrupt third party payments under anti-bribery laws such as the US Foreign Corrupt Practices Act and UK Bribery Act, are putting pressure on their suppliers, agents and other third parties to comply with anti-bribery laws.

ACCPA: What advice do you have for African SMEs that seek business opportunities with multinational companies?

Virna: We understand that for

many small companies the task of implementing a compliance program can be a substantial burden on them. The good news is that there are many free compliance resources available to help companies develop their own compliance and training programs. Companies should begin by implementing a strong Code of Conduct and communicating the importance of compliance to all employees. Business executives can take the lead in establishing a culture of compliance and transparency in the absence of a dedicated compliance function. Companies can self-initiate due diligence through *TRACEcertification* and use their compliance report to demonstrate their commitment to commercial transparency and anti-bribery compliance.

ACCPA: How can an organization like ACCPA contribute to a strong compliance culture in Africa?

Virna: ACCPA's key role lies in the area of information sharing. Members of the organization should constantly be directed to valuable resources on due diligence, anti-bribery, and compliance so they can gain further knowledge and awareness.

About Virna Di Palma

Virna Di Palma is Senior Director of Global Strategy and Communications at TRACE International in New York.



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