

**PRESENTATION**

**BY**

**ABC**



“The benefits of the  
National Code of  
Corporate Governance  
and how can Government  
enforce compliance?”

The Legal Context:

Zimbabwe is a Constitutional democracy.

**Section 68 of the Constitution of Zimbabwe** provides the following

*“68 Right to Administrative Justice*

*1. Every person has a right to administrative conduct that is lawful, prompt, efficient, reasonable, proportionate, impartial and both **substantively and procedurally fair.***

*2 An Act of Parliament must give effect to these rights and must:*

*3. It Imposes a duty on the State to give effect to the rights under subsections 1 and 2 ;*

*And*

*c. Promote an efficient administration”*

Appointments to  
offices in all levels of  
Government, (  
including Government  
institutions and  
Agencies in  
Government  
controlled entities and  
other public  
Enterprises) **must be  
primarily on the basis  
of merit.**

- **Section 195** deals with **State Controlled Commercial Entities** and provides that:
- Companies and other commercial entities owned or wholly controlled by the State must in addition to complying with the above principles (in the previous slide) must conduct their operations so as to maintain commercial viability and abide by *generally accepted standards of good Corporate Governance.*

- **Section 196** deals with the responsibilities of public offices and principles of leadership.
- These are summarized as:
  - A Public Officer must act in a manner consistent with the purposes and objectives of the Constitution;
  - Demonstrate respect for the people and readiness to serve them;
  - Avoid **conflict between their personal interests and their public or official duties**, they must follow the following principles of leadership:
    - a. Objectivity and impartiality in decision making;
    - b. Honesty in the execution of public duties ;
    - c. Accountability to the public for decisions and actions;
    - d. Show discipline and commitment in the service of the people.



# But what is the relevance of the Constitution in assessing the National Code of Corporate Governance in Zimbabwe and the measures of enforcement that are available?

- a. Zimbabwe's economy is dominated by **Quasi State and State Enterprises**;
- b. Government employs an “interventionist” approach to economics effectively “**command economics**”;
- c. Socialism has not been abandoned completely as an economic theory or practice;
- d. Key economic sectors are dominated by State enterprises;
- e. Private companies and Corporations have an equal legal and Constitutional obligation to employ good or sound Corporate Governance Standards;



# So Why Did Zimbabwe Bother To Develop a National Code of Corporate Governance?

Quote from his Excellency the President of the Republic of Zimbabwe in the Introduction to the National Code on Corporate Governance:





*“The State is required: To adopt and implement policies and legislation to develop efficiency, competency, accountability, transparency, personal integrity, financial probity in all Institutions and Agencies of Government at every level and in every Public Institution”*

*per H.E RGM*

To highlight these benefits I can do no better than rehash them as follows:

- Good Corporate Governance develops efficiency;
- Promotes competence;
- Allows accountability;
- Encourages transparency;
- Engenders personal integrity;
- Results in financial probity.



# PUBLIC FINANCE MANAGEMENT ACT CHAPTER 22:19

The most over arching legislation supporting the Code of Corporate Governance is the Public Finance Management Act.

The purpose of this Act dovetails with the benefits of the National Code on Corporate Governance being:

- The control and management of public resources;
- Protection and recovery thereof;
- Regulating the duties of the Accountant General;
- Regulation the Financial and other control of public entities allowing for audits generally bringing Public Enterprises to account.



KEY FOCUS AREAS OF  
BENEFITS ARISING FROM  
THE NATIONAL CODE:



1. Accountability:
2. Uniform governance “Structures” and “Standards”.
3. Processes for decision making and review.
4. Term limits.
5. Succession Planning.
6. Prevention of Corruption and other ills.
7. Improved Financial Management.
8. Improved Financial Outcomes.



# Developmental Impact:

- “Sharing is caring”
- “Spreading the Wealth”
- “Giving back to society”
- “Paying Taxes”
- “Growing the Cake”



HOW DO WE  
ACHIEVE ALL THESE  
GOOD  
THINGS?





Zvazoipa







# OPTION C



# OPTION D

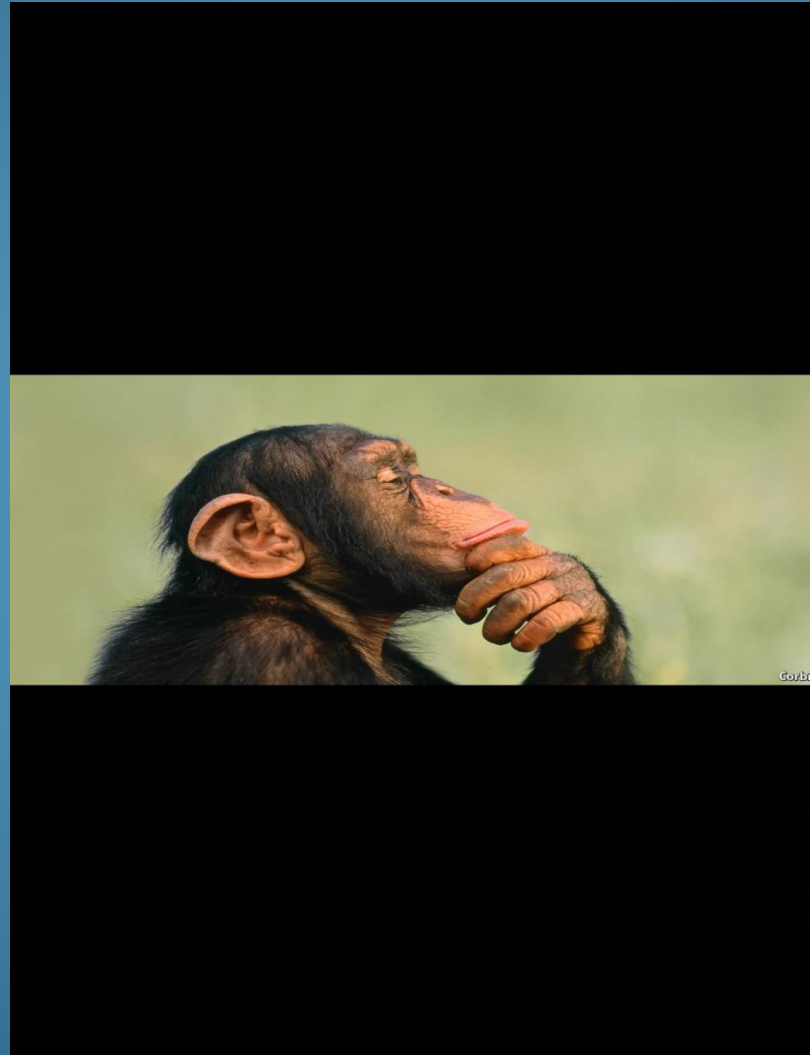


# OPTION E

CABINET

ne ma

BOARD



# OPTION F

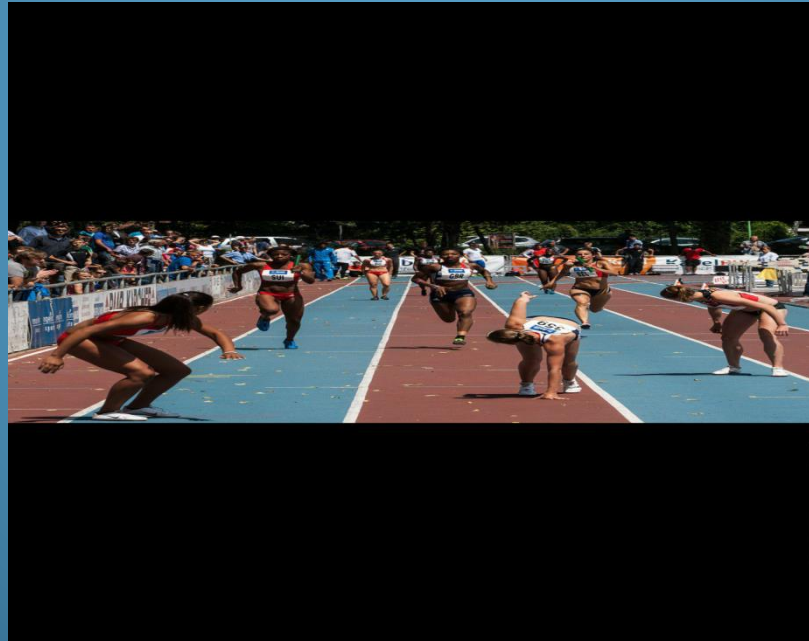
...typing



IS IT ONE OR THE  
OTHER?



# HARMONIZATION OF THE LAW



# EASE OF DOING BUSINESS



BEST PRACTICE

VS

LEGISLATED LEGAL REQUIREMENT





# THE PRO'S



# THE CONS



CURRENT AMENDMENTS TO THE COMPANIES'  
ACT, THE BANKING ACT, INSOLVENCY LAWS AND  
OTHER RELATED PIECES OF LEGISLATION



# THE TASK AHEAD



SIYABONGA

TINOTENDA

THANK YOU

