



CLEARING & FORWARDING CODE OF CONDUCT IN INTERNATIONAL TRADE: SUCCESS AND CHALLENGES

A TAFFA Presentation

Outline

- ▶ About TAFFA
- ▶ Introduction to the sector issues/challenges
- ▶ Background to the regional code of conduct
- ▶ Provisions in the code of conduct
- ▶ Challenges/gaps in implementing the code of conduct
- ▶ Successes
- ▶ Way forward

About TAFFA

- ▶ National association of CFAs in Tanzania

Previous underlying industry issues

- ▶ Industry was largely lacking in professionalism
- ▶ Faced challenges of:
 - ❖ Integrity
 - ❖ Low levels of compliance to regulations
- ▶ There was no professional training programmes
- ▶ There were no harmonized and accepted standards to guide service delivery
- ▶ All leading to inefficient service delivery

Background to the code of conduct

- ▶ Regional industry under FEAFFA focuses on professionalization
- ▶ Purpose was to enhance competitiveness of the sector, spur its development and raise the profile of the industry
- ▶ Industry initiated a self-regulation mechanism starting with development of a code of conduct
- ▶ This aimed at enhancing confidence in the sector and was a foundation towards professionalism
- ▶ The code defines standards, ethical and practices expected of all CFAs.

FEAFFA Code of Conduct



OBJECTIVES OF THE FEAFFA CODE OF CONDUCT

Why the code of conduct?

- ▶ Define business ethics and professional conduct
- ▶ Defines professional standards e.g. in training
- ▶ promotes good governance and management
- ▶ Provide framework to monitor integrity and professionalism
- ▶ Promote healthy competition
- ▶ Provide mechanism for dealing with unethical operators
- ▶ Instrument for dispute resolution
- ▶ Protect and promote the reputation of C&F
- ▶ To combat corruption and related vices

KEY ELEMENTS/PROVISIONS OF THE FEAFFA CODE OF CONDUCT

What is in the code?

1. Professional qualification -

- ▶ Passed professional qualification (EACFFPC)
- ▶ Have attained competence by long experience
- ▶ Good ethical/professional standing in conduct of business
- ▶ Professionally registered

KEY ELEMENTS/PROVISIONS OF THE FEAFFA CODE OF CONDUCT

2. Financial standing required of a qualified Clearing and Forwarding Agent

- ▶ Company legally registered
- ▶ Have a known address
- ▶ Have Financial capacity and solvency
- ▶ Financial disclosure and audit
- ▶ Adequate insurance against professional liability
- ▶ Compliance with applicable laws/regulations

KEY ELEMENTS/PROVISIONS OF THE FEAFFA CODE OF CONDUCT

2. The dos and don'ts:

- ▶ Service with honesty, integrity and impartiality
- ▶ Diligence
- ▶ Only accept business within your capacity
- ▶ Care of customers goods
- ▶ Compliance with all applicable laws
- ▶ Confidentiality except if disclosure is legally obligated
- ▶ Refrain from all forms of fraud
- ▶ Refrain from receiving or giving bribes

KEY ELEMENTS/PROVISIONS OF THE FEAFFA CODE OF CONDUCT

2...The dos and don'ts:

- ▶ Proper use of client money/property
- ▶ Disclosure of conflict on interest
- ▶ Deal truthfully with client
- ▶ Avoid retaliation customer/agent/govt officer
- ▶ Provide client with STCs at contracting point
- ▶ Any other illegal/unethical activities

KEY ELEMENTS/PROVISIONS OF THE FEAFFA CODE OF CONDUCT

3. Procedures for handling complaints

- ▶ All complaints must be in writing
- ▶ All summons must be in writing
- ▶ Accused right of defense
- ▶ Appeal
- ▶ Due process

SUCCESSSES

- ▶ Professional recognition of the sector
- ▶ Code now mandatory before renewal of licence
- ▶ All members have signed code of conduct
- ▶ Improved image and respect of the sector
- ▶ Increased influence
- ▶ Trust by stakeholders
- ▶ Backbone to Recognition of the sector as a profession
- ▶ Self regulation- Model bill developed and is currently being domesticated into national laws
- ▶ Establishment of disciplinary committees to enforce the code
- ▶ Professional registration and certification system established

CHALLENGES IN ENFORCEMENT

- ▶ It is still a voluntary requirement not legally backed
- ▶ Low capacity for enforcement due to resource constraints by FEAFFA and its member associations
- ▶ Inadequate finances for routine sensitization
- ▶ Still some isolated pockets of rogue operators
- ▶ Lack of training for enforcement committee

Recommendations

- ▶ Routine sensitization of the industry on the code of conduct
- ▶ Expedite development of the self regulation laws where the code is enshrined
- ▶ Continued publicity on the code among stakeholders and regulators
- ▶ Regular review and update of the code
- ▶ Capacity building for disciplinary committee

Service with integrity and professionalism

