Corporate Social Responsibility (CSR) for Sustainable Development in Africa

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Outline of Presentation

- *CSR - Definitions and Terminology*
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- *Africa's Common Corporate Issues*
- *Africa's Common Government Issues*
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- *CSR-Multi-Stakeholder Model*
- *Best practice considerations in CSR*
- *Synergies from CSR*

CSR - Definitions and Terminology

- Business in the Community defines CSR as:

"a company's positive impact on society and the environment, through its operations, products or services and through its interaction with key stakeholders such as employees, customers, investors, communities and suppliers."

- Many terms used interchangeably
  - Corporate social responsibility
  - Corporate citizenship
  - Social programs / social investments
  - Community outreach / social outreach

CSR Stakeholders

Current drivers
- Consumers
- NGOs
- Trade unions
- Media
- Shareholders
- Risk reduction
- Brand
- Reputation

Core CSR Issues

Africa's Common Corporate Issues

- Difficult political and economic environments
  - Corruption
  - Lack of transparency
  - Weak financial and banking systems, poor fiscal policy
  - Income inequality
- Security concerns
- Significant poverty
- High local unemployment
- Limited number of viable local organizations and companies
- Difficulties in working with local government agencies
- Limited tools for social programs
- Vocal opposition by several international advocacy groups

Africa's Common Government Issues

- Lack of institutional capacity within governments to manage the local natural resources
  - In negotiations, is the playing field level for us?
  - Are we in a position to obtain the best deal possible for our government?
  - How do we protect our long-term interests?
  - How do we build up our local capacities (institutions, trained manpower) fast enough to manage our sector?

- Will natural resources revenues increase the risk of political instability and civil unrest?
- Will lack of resources increase the risk of political instability and civil unrest?

Africa's Common Government Issues, Cont.

- Concerns about economic and social impact of revenues of resources on society
  - Can government meet economic and social expectations of citizens and avoid macroeconomic distortions?
  - How can we insure the equitable distribution of oil revenue benefits throughout the country?
  - Emergence of new social problems (diseases, crime, labor migration, etc.)
  - Risks of economic and commercial benefits limited to only a small number of local companies/individuals
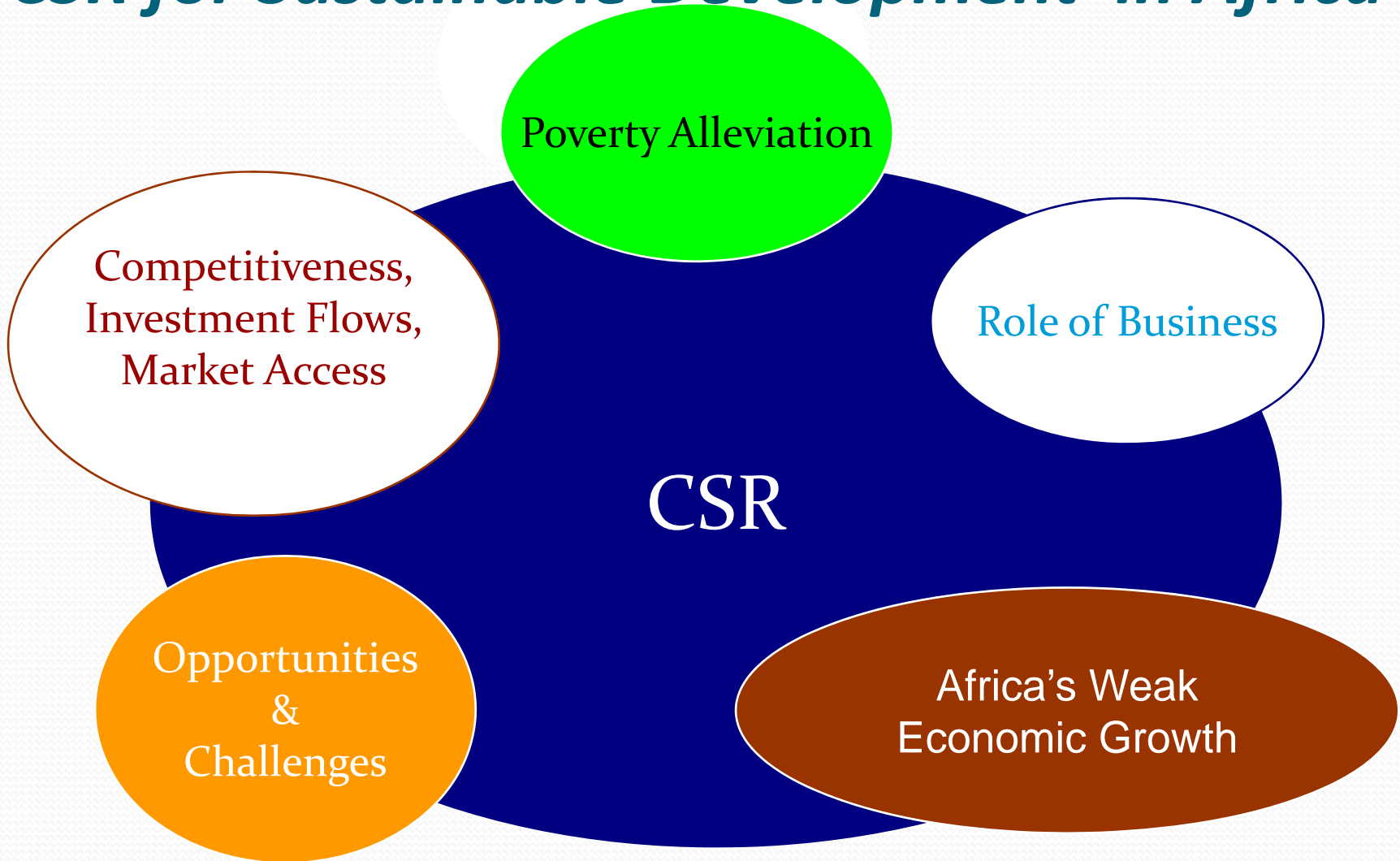
Sustainable Development

- *What is sustainable Development?*

  "Sustainable development is a pattern of resource use that aims to meet human needs while preserving the natural environment so that these needs can be met not only in the present, but in the indefinite future." *(*Wikipedia)

- Can CSR help sustainable development in Africa?

CSR for Sustainable Development in Africa

Poverty Alleviation

Competitiveness, Investment Flows, Market Access

Role of Business

CSR

Opportunities & Challenges

Africa's Weak Economic Growth

Africa's CSR Players
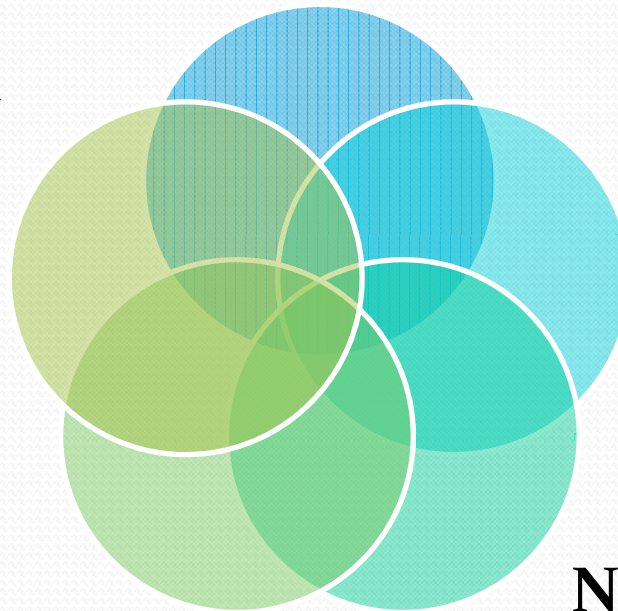

Companies

International
Standards
Global Media

Civil
Society

Donor
Agencies

National
Governments

The Important of CSR

- For companies and governments
  - CSR as a social investment
  - Under the microscope of scrutiny by media, international NGOs
  - CSR = reputation and mitigation
- For companies
  - License to operate
  - Ensuring rapid deployment
  - Zero disruptions
  - CSR to demonstrate being reliable partner
  - Share common future
- For governments
  - Importance of public perception that government is managing resources well and promoting the best interests of population

Obstacles to CSR

- Limited awareness of CSR

- Stakeholder demands and drivers

- Codes of conduct perceived as a nuisance

- Compliance seen to be costly

- Reducing margins, lower prices and increased demands

- Lack of skills, knowledge, expertise

- Need for education, training

- Inadequate consultancy expertise

CSR-Multi-Stakeholder Model

- Address economic development

- Maximize utility gained from limited resources

- Genuine cooperation between stakeholders
  - Understanding different stakeholder motivations
  - Ownership is not just a function of material resource contributions
  - Resource-sharing & trust

- Eliminating the causes of social and economic instability

- Improving public health

- Ensuring government commitment

- Develop multi-stakeholder partnerships based on ethical principles

CSR-Multi-Stakeholder Model, Cont

- Use existing initiatives as hubs

- Secure resources from all stakeholders

- Create resource inventories

- Share knowledge and information

- National coordination and monitoring

- Using sustainability as a competitive driver for market access and new market creation

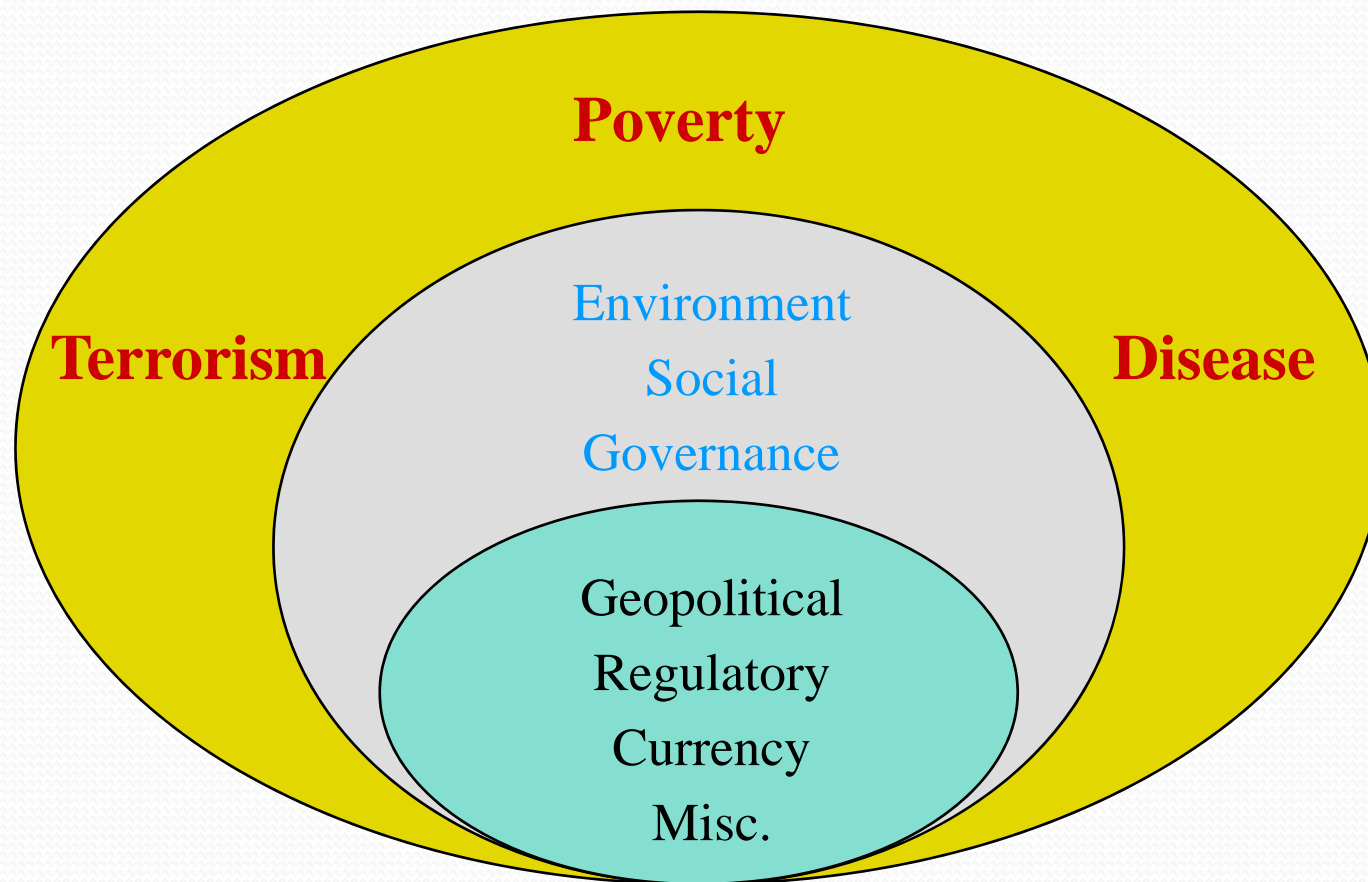- Building Africa's education and economic systems

CSR Partnership

- Critical drivers for partnership
  - Growing understanding of potential opportunities
  - Building markets for the poor in a responsible manner
  - The role of technology in providing services to poorer communities

Source: African Institute of Corporate Citizenship

CSR-Expanded Risk Management

Poverty

Terrorism

Environment
Social
Governance

Geopolitical
Regulatory
Currency
Misc.

Disease

Best Practice Considerations

- CSR as a business driver, support by upper management, backed by corporate endorsement
- Long-term perspective
- Collaboration among multiple parties or stakeholders, leading to local "ownership"
- Transparency and accountability
- Joint decision-making
- Highest international standards
- Leveraged funding
- Community engagement – no handouts, but program budgets

Synergies from CSR

- Agreed CSR framework between companies and national government
- Linking expectation management, security, operational policies, environment, and CSR
- Achieving buy-in/endorsement from multiple stakeholders
- Supporting growth of local organizations
- Ensuring transparency and accountability in order to demonstrate openness, positive benefits
- Treating communities as active decision-makers

Conclusions

- A number of core development issues in Africa are already central to the corporate social responsibility (CSR) agenda.

- They include labor standards, human rights, education, health, child labor, poverty reduction, conflict and environmental impacts.

- Corporate social responsibility can help deliver sustainable development in Africa.

Thank You!