

Impact of Voluntary CSR Initiatives

The Global Compact and its Regional Learning Forum in sub-Saharan Africa

In April 2005, the Global Compact established offices for a Regional Learning Forum Sub-Saharan Africa (SSA) in Pretoria. The Forum acts as driving force within the Global Compact in SSA, to increase regional membership and to support information exchange and learning on implementing the Global Compact principles in a context-specific manner; leading to improved sustainable development and enhanced working and living conditions for employees. To this end, the Regional Learning Forum has focused its activities around specific objectives: to develop the capacity of Global Compact local networks; to promote learning and dialogue, and to raise awareness of the Global Compact principles.

With financial support from the UK Department for International Development (DFID) through the Foreign & Commonwealth Office (FCO) program and the Deutsche Gesellschaft fuer Technische Zusammenarbeit (GTZ), the Regional Learning Forum set up a holistic monitoring and evaluation system, and implemented an impact assessment for the Global Compact in Africa. This assessment tool consisted of four instruments in its first phase of implementation:

- A database which contains the results of a six-monthly feedback report, general information around participants and activities per local network in SSA;
- Desk studies for Malawi, Mozambique and South Africa, structured on the regulatory framework and set within the context of Corporate Social Responsibility (CSR) and the development of Global Compact networks;
- A baseline survey among the private sector on the importance and drivers of CSR in four countries (Malawi, Mozambique, Ghana and South Africa);
- Individual case studies on the level of implementation of the Global Compact principles within companies in SSA.

In addition, country studies for South Africa, Malawi and Mozambique were refined to consolidate the situation of these countries with respect to the Global Compact and CSR initiatives.

Impact of the Regional Learning Forum

An immediate outcome since the Regional Learning Forum has started its operations, is that the number of active networks has increased. However, while networks were re-launched and re-activated in several countries, in most

countries in SSA the concepts of corporate citizenship and CSR are only emerging. Currently the Regional Learning Forum supports seven local networks in the region, which all have formal structures established as well as a yearly planning matrix which they exchange with the Forum and which is discussed on a strategic level. The Forum is in regular contact with all networks and offers support according to the local needs and upon request by focal points. Regional communication and peer learning between the networks and focal points are actively encouraged. Despite limited capacity, financial support is also provided to local networks – often as seed funding for secretariat services or for the development of local activities. Network activities vary from country to country, reflecting the maturity and the local needs of each network.

Since the initiation of the Regional Learning Forum's operations, the number of companies that have sent their letters of participation to the Global Compact Office in New York has risen from 61 in 2004 to 239 in October 2007. Despite this recent increase in active Global Compact participants in SSA, the “Communication on Progress (CoP)” reporting level remains very low. To address this challenge, the Regional Learning Forum has actively encouraged participants in local networks to submit CoPs by delivering templates and organizing seminars.

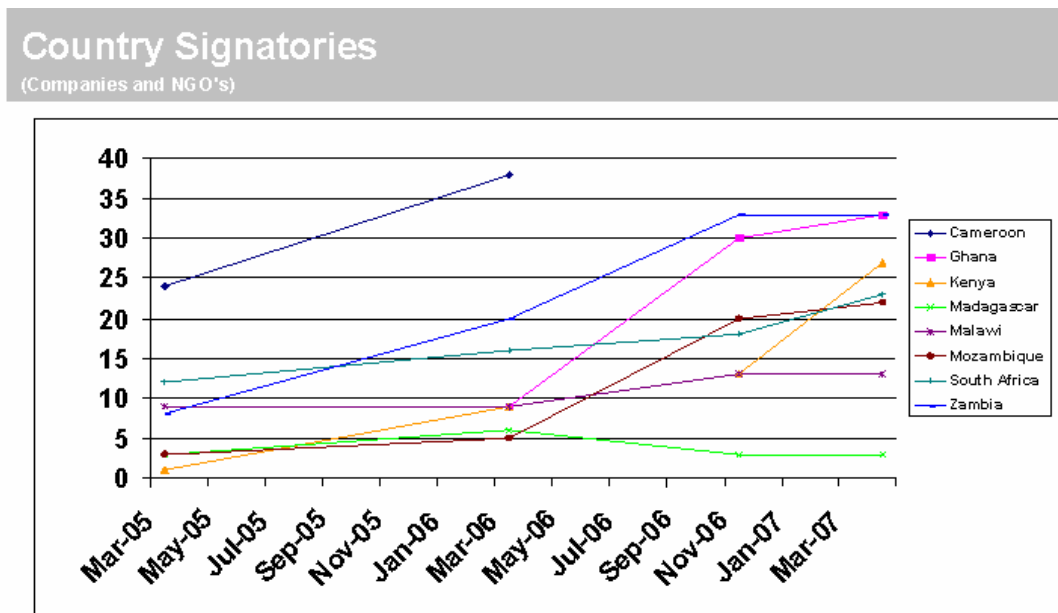


Figure 1: Development of Global Compact company participants in selected countries in sub-Saharan Africa, 2005–2007

Outcomes of baseline survey and case studies

Of the addressed companies, 92% have indicated that they engage in some sort of CSR activity. Their activities mainly focus on poverty eradication, helping the “underprivileged”, “health and needs” or on the provision of basic services to employees, communities and society. The main driver for CSR engagement is the CEO’s commitment – in stark contrast to the situation in Europe where NGO campaigns and the threat of mandatory legislation are key reasons for companies to get involved in CSR initiatives.

In SSA a high percentage of companies demand more national and international regulations in the field of CSR (30% fully agree regarding greater CSR national regulation). Governmental involvement clearly is seen to be of paramount importance, where CSR initiatives are currently based on voluntary approaches only.

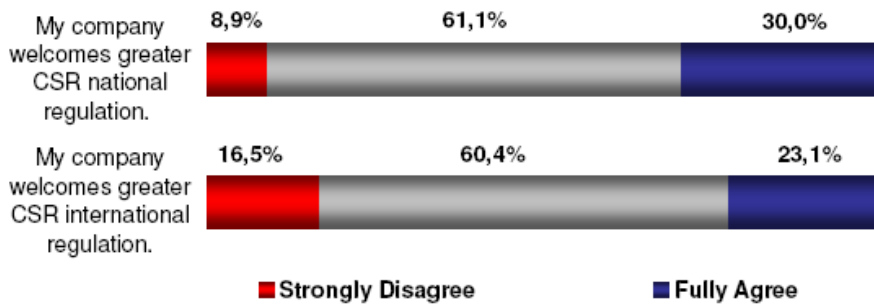


Figure 2: Companies' position on "CSR regulation"

Although many companies have engaged in CSR, only about 50% of companies who responded to the survey have integrated their initiatives into their core business. Often these activities are still regarded as philanthropy and less as strategy to improve business activities. Indicative of this stance are missing CSR structures, external monitoring, unwillingness to publish CSR activities and an ignorance about CSR initiatives, e.g. with regard to costs. Roughly 84% of companies believe that CSR initiatives will become more important in their country and 69% of them plan for a higher engagement in that field.

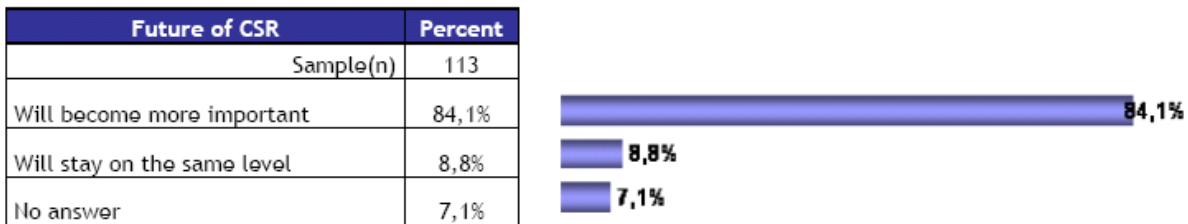


Figure 3: The future of CSR and planned engagement with CSR

Lack of knowledge regarding CSR initiatives was also demonstrated in the case studies, especially with companies in Mozambique and Malawi; and even Global Compact champion companies revealed more questions than answers related to the in-depth implementation of the Global Compact's ten principles. However, most of the companies analysed, have started their Global Compact activities just one year ago.

All companies addressed in the three case countries have shown engagement regarding the Global Compact's ten principles. The studies depict the huge variety of activities companies engage in with respect to the Global Compact. For example, South African indicated that they follow the Global Compact Performance Model and have therefore installed a cycle to constantly improve their Global Compact activities.

The case countries

The Global Compact is held in high regard within Malawi and Mozambique, as the most prominent CSR approach – despite the fact that the concept is still in

its infancy in these countries. Activities of local networks vary greatly due to country-specific needs and circumstances. While the local network in Malawi successfully focuses on two flourishing collective action projects, (the Business Action Against Corruption Initiative and the Growing Sustainable Agri-Business Initiative), local networks in Mozambique and South Africa had to be re-established; with substantial support from the Regional Learning Forum. These networks have subsequently raised awareness levels and have successfully implemented some learning events and seminars.

In South Africa, with its dense CSR landscape, its specific historic context and a rather developed national legislation, the Global Compact was thus far only modestly successful in drawing companies and other stakeholders around itself so as to organise activities.

A lack of government engagement in CSR matters in general was noted, which holds true specifically for Malawi and Mozambique, but in an alleviated form also for South Africa. Compared to other continents, governmental involvement in Africa is highly important and policy dialogues will be necessary to strengthen the local networks' reputation regarding acceptance by companies and other stakeholders, and in terms of their willingness to participate in the future.

The study also reveals activities in countries where no detailed country case studies had been done yet, such as the HIV/AIDS workplace programme in Zambia, or the stakeholder dialogue between business associations, companies and governments in Kenya, chaired by the Kenyan President.

Observations and recommendations

The Regional Learning Forum will need to expand activities to increase awareness, while it should focus on outreach activities in countries where the CSR debate is newly established and where there is a need for discussing responsible business behaviour. Global Compact policies should be adapted to local realities. Furthermore, all networks in the region should be linked and supported predominantly through the Regional Learning Forum and the Global Compact. Local networks require more financial support and strategic advice, yet these have to develop ownership and find ways to reach a status of self-sustainability. In addition,

Regional structures should be strengthened: The Global Compact Office needs to enhance its support (financially and non-financially) for the long-term establishment of regional hubs, such as the Regional Learning Forum in SSA, to strengthen the implementation of Global Compact principles in geographical

areas where the topic of CSR has not yet fully been absorbed by companies and other local stakeholders.

The particular role of state actors in promoting CSR and the Global Compact in SSA has to be taken stronger into account: the engagement with governments has to be increased; policy dialogues towards national and regional regulatory frameworks should be initiated. In order to rise to existing and future challenges, the Global Compact Office will need to extend its efforts to apply its convening powers within intergovernmental bodies of the UN and solicit government representatives from SSA, in order to promote CSR and the Global Compact on national and intergovernmental level.