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International Institute for Environment and Development

PERSPECTIVES
on Corporate Responsibility for Environment and Development

NUMBER 3
JULY 2005

How can Corporate Social Responsibility Deliver in Africa? Insights from Kenya and Zambia

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It is now recognised that poverty reduction and sustainable development will not be achieved through government action alone. Policy makers are paying increasing attention to the potential contribution of the private sector to such policy objectives.[1] The concept of corporate social responsibility (CSR) is sometimes used as shorthand for businesses' contribution to sustainable development. A number of core development issues are already central to the international CSR agenda. They include labour standards, human rights, education, health, child labour, poverty reduction, conflict and environmental impacts.

But what does this mean at the national level, particularly in those countries in which sustainable development challenges appear most intractable? Does CSR have resonance among local stakeholders? This paper describes key aspects of the emerging CSR agenda in two countries in sub-Saharan Africa – Kenya and Zambia – in order to explore what it would take to help unlock the potential private sector contribution to sustainable development in each country.[2]

The context for CSR in Kenya and Zambia

Kenya and Zambia have much in common. Both are classified as low income countries, with gross national per capita incomes of US$400 and US$380 respectively.[3] Both have a predominantly rural population, with about a third of inhabitants living in urban areas. Both have a significant natural resource base, offering significant potential for agriculture and natural resource-based tourism.

But there are differences. Zambia has a population of just over ten million, compared with Kenya's 32.2 million. 73% of Zambians live below the national poverty line, as opposed to 55% of Kenyans. Human development indicators such as life expectancy, infant mortality, child malnutrition and primary school enrolment are generally worse in Zambia. And Zambia is rated as 'severely indebted' by the World Bank, as opposed to Kenya's 'moderately indebted' rating. This all adds up to Zambia being classed as a 'least developed country', which means that it faces particularly severe, long-term development challenges.

The economic structure of the two countries is also somewhat different. Kenya derives about 65% of its gross domestic product (GDP) from services, nearly 16% from agriculture and almost 20% from industry. Zambia is more dependent on industry (almost 30%), and it is highly dependent on the export of just two products, copper and

KEY POINTS:

- **Both Kenya and Zambia face significant development challenges. If we are to maximise the potential contribution of the private sector to poverty reduction and sustainable development, these are two of the countries in which this is most needed.**
- **Although the concept of corporate social responsibility (CSR) is gaining some prominence within policy debates in Kenya and Zambia, it is not applied widely and is usually associated with philanthropy. But there are many private sector-related initiatives and business activities in both countries that might be described as expressions of CSR, and there are also emerging specialist CSR organisations.**
- **The private sector contribution to sustainable development in both Zambia and Kenya could be strengthened by tackling capacity constraints among public and civil society institutions, building the drivers for responsible business, nurturing socially-oriented companies, and encouraging local business linkages.**
- **Creating space for national dialogue between government, business, civil society and donors on the role of the private sector in development can help to localise the CSR agenda, and to build trust and mutual understanding of the potential – and the limits – of businesses' contribution to development.**

CRED Perspectives *is a series of briefing papers published by IIED's* ***Corporate Responsibility for Environment and Development (CRED) Programme****. It is currently supported by the* ***Royal Danish Ministry of Foreign Affairs (DANIDA)*** *and the* ***Swedish International Development Agency****. The aim is to bring new perspectives and themes to the Corporate Responsibility debate, in order to highlight where and how business activity can best contribute to sustainable development, particularly in the South.*

cobalt. Copper alone represents over half of Zambia's export earnings. Kenya's economy is more diversified, with reasonably well-established export horticulture, tourism and garments sectors. This means that Kenya has had greater exposure than Zambia to the international CSR agenda, through supply chain pressures on issues such as labour rights – although of course, the mining sector has also attracted a fair amount of international NGO attention to environmental issues and human rights. In seeking to diversify away from copper and other mining, Zambia is likely to seek to expand its involvement in export agriculture, tourism and other services.

Both countries face significant development challenges. A 2002 review of progress towards the Millennium Development Goals (MDGs) concluded that both countries are 'far behind' the target of halving the proportion of people suffering from hunger and 'slipping back' against the target on infant mortality.[4] The review also judged that Zambia is 'slipping back' against the target on primary education.

If we are to maximise the potential contribution of the private sector to poverty reduction and sustainable development, Kenya and Zambia are clearly two of the countries in which this is most needed. So how could this be achieved? What difference might corporate social responsibility make?

CSR in Kenya and Zambia

In order to explore how to maximise the development potential of the CSR agenda, we first need to map out what the agenda looks like in each of the two countries. The aim is not systematically to describe local visions of CSR in each country, but to draw out some common challenges and opportunities, while recognising the need to take account of the specificities of the national context.

The concept of CSR has been applied only relatively recently in both Kenya and Zambia. The term is seeing some application within policy debates. For example, 'Corporate Responsibility' was the title of a speech to the Institute of Directors of Zambia given by the Zambian Minister for Commerce, Trade and Industry in May 2004.[5] But there remains little consensus on the meaning of the term, or indeed on its usefulness, and it is not applied widely.

Even so, the notion that business is part of society, and therefore that it has certain responsibilities to the nation, is in general terms strongly established in both countries. There are many examples of private sector-related initiatives and business activities in both countries that might be described as CSR.

Both Zambia and Kenya host emerging specialist CSR organisations. These include the Partnership Forum in Zambia and Ufadhili in Kenya.[6] Such organisations are raising the profile of CSR issues at national level and bringing some familiarity with CSR concepts and practices. Although these organisations are firmly rooted in their national contexts, and tend to focus their efforts on sensitising local stakeholders to CSR, they also have some links to international CSR debates.

These specialist organisations complement many other civil society groups working on certain aspects of CSR (albeit not called 'CSR' in most cases). These include trade unions, business support agencies, community development NGOs, and human rights and environmental organisations. There are also a number of CSR-related initiatives led or funded by multilateral or bilateral development agencies. The United Nations has instigated discussions under the auspices of the UN Global Compact in both Kenya and Zambia.[7] Both countries have been selected for the introduction of the UN Global Compact/UNDP 'Growing Sustainable Business for Poverty Reduction' initiative.[8]

In both countries, the activities most commonly identified by companies themselves as CSR could broadly be described as philanthropy. In Kenya, surveys suggest that the cause receiving the highest proportion of corporate donations is health and medical provision, and donations are also directed towards education and training; HIV/AIDS; agriculture and food security; and underprivileged children. The picture in Zambia is similar, with surveys highlighting donations to orphanages as the most common activity identified as CSR, followed by sponsorship of sporting events; cultural ceremonies; education and health provision; and donations to religious and arts organisations.[9]

The justification for such philanthropic activities appears to be closely tied to a sense that companies should 'give something back' to the nation and to the communities in which they operate. This is typified by one Zambian company's mission statement, which reads in part 'to recognise that we owe our success to the people of Zambia and that it is our responsibility to give back to the community in appreciation of their continued support'.

This sense of national duty and pride on the part of business is in part a legacy of state ownership of the means of production. In the 1980s to early 1990s, 80% or more of Zambia's economy was under Government control, with the private sector playing a very insignificant role. Vigorous economic reforms since the early 1990s have brought liberalisation and the privatisation of many of the previously parastatal companies. This legacy also plays a defining role in the CSR agenda in Zambia in other ways, with attitudes towards the private sector, in particular foreign multinationals, remaining mixed. Privatisation processes in particular have been highly contentious, a situation exacerbated in Zambia by the recent withdrawal of Anglo-American – a very significant foreign investor – from the national copper industry.

Beyond philanthropic activities, another prominent aspect of CSR in both Kenya and Zambia is action on HIV/AIDS, which is widely identified as the most serious health and development issue in both countries. A report on the typical business response to HIV/AIDS in Kenya[10] highlights an attitude of denial and an unwillingness to take proactive steps to deal with the issue. But some companies are addressing HIV/AIDS through strategies including education, awareness raising, medical and counselling support (**Box 1**). In Zambia, many companies have now sought to mainstream HIV/AIDS programmes into their activities. A platform that allows business leaders to meet and share information has been formed, called the Zambia Business Coalition on HIV/AIDS.

As well as HIV/AIDS, other workplace issues are also significant CSR concerns, particularly in Kenya, where the export-processing sector is more developed. Local campaigns

BOX 1:

Brooke Bond's response to HIV/AIDS in Kenya

Brooke Bond Kenya Limited is a tea growing and manufacturing firm that employs about 20,000 workers. The company published an HIV/AIDS policy in May 2002, distributing copies through the workplace. The company's programme ensures awareness and education, medical care and learning from best practice. Education and awareness raising focuses on peer education covering the entire workforce and their families, 80,000 people in all. The company distributed about 400,000 condoms in 2002 through dispensers. The programme offers counselling support and provision of anti-retroviral drugs.

have focused attention on labour rights and abuses in Kenyan export sectors such as textiles, cut flowers and horticulture. Some companies are taking a positive lead on labour standards – for example, Cirio Delmonte is now accredited to the SA8000 standard.[11] But there remains a challenge in both countries for the bulk of the business community to create quality jobs by paying 'living wages' and observing fundamental labour rights. Given that employment creation is one of the most pressing concerns in Kenya and Zambia, workplace issues – and perceived trade-offs between the creation of jobs and reasonable pay and working conditions – are likely to remain at the heart of the CSR agenda.

Strengthening the private sector contribution to sustainable development

The CSR agenda is therefore far from non-existent in either Kenya or Zambia. But how could it be steered or influenced to increase the contribution of business activity to sustainable development? We propose measures under three broad categories.

• Tackling capacity constraints

A critically important contextual factor for business activities generally in both Kenya and Zambia, as well as CSR more specifically, is the relative lack of capacity within many of the institutions that could exert pressure on companies to operate responsibly. This applies in particular to the public sector – the limited capacity of regulators and inspectorates means that compliance with even basic legislation can be in effect voluntary. But it also applies to a lack of capacity within other supporting institutions, including businesses and business associations; specialist local CSR intermediary organisations; and NGOs working on particular aspects of CSR.[12] Investing in these institutions would provide a stronger enabling environment for responsible business activity.

• Strengthening the business case

In both Kenya and Zambia, there are relatively few incentives for businesses to adopt responsible or 'pro-development' practices. Few consumers in either country are sufficiently informed or able to pay a premium for 'responsibly' produced goods. While some companies producing for export markets are subject to labour or environmental requirements imposed by overseas buyers, those producers selling into the domestic market are unlikely to be subject to such pressures. Even pressures within export markets are patchy, depending on the sector, product and buyer. A similar gap can also be observed between large companies operating in the formal sector, and smaller companies or micro-enterprises, which operate below the radar. Given the economic context in which financial margins are generally very thin, companies are unlikely to adopt higher standards voluntarily unless there is a clear business case. This highlights the need to develop a better understanding of where the drivers for responsible business exist, and ways to build, broaden and sustain them where they currently do not exist – e.g. through subsidies or preferential access to capital. This may need to be carried out on a sectoral, geographical, or even company-specific basis.

A parallel approach would be to nurture local socially-oriented companies whose business models themselves bring positive development impacts. For example, new financial institutions are emerging that specialise in the provision of services to micro- and small enterprises which cannot access mainstream banking services. The core business activities of some businesses are directly tackling development challenges (**Box 2**).

BOX 2:

Street lighting in Nairobi: new business opportunities

Under the motto *'Advertising with a purpose'*, Adopt-a-light has established itself as a viable social enterprise. This two-year-old advertising firm has erected over 185 streetlights along the major highways leading to Nairobi. This rehabilitation has been undertaken by inviting businesses to adopt and rehabilitate a streetlight. In return, the business can place advertisements on the streetlight. A further social benefit is that all these projects employ former street children – so far, one hundred have been employed through this venture.

Similarly, the notion of 'business linkages' should also be encouraged. This relates to links between large and small companies, and the use of local suppliers and outsourcing designed to maximise the transfer of assets and skills to local communities and to create a multiplier effect in which investment generates local business activity, employment and income. In Kenya, the Kengeles Group, which runs a chain of restaurants, is currently the fastest growing business in its sector. As it expands, it recognises the risk of leaving its network of small-scale suppliers behind. The company therefore assists its suppliers to manage their businesses and match its own growth. It is important to ensure that linkages between large and small companies bring mutual benefit and are thus seen as an investment rather than a cost. In some cases, this may require third parties to broker partnerships, bringing in other actors as necessary (**Box 3**).

BOX 3:

Brokering business linkages in Zambia

The Partnership Forum has brokered a number of partnerships, notably the Luangeni project in Eastern Zambia, the Chamba Valley project in Lusaka and the Higher Education project at the University of Zambia and Copperbelt University. Both the Luangeni and Chamba Valley projects involve capacitating small-scale horticultural producers through the provision of training by the Ministry of Agriculture and some private companies, and provision of a ready market by a large South African supermarket company operating in Zambia (Shoprite). Shoprite has been under some pressure to procure a higher proportion of its produce locally rather than importing from South Africa. So rather than 'giving back' to the community through philanthropic donations, Shoprite is able to enter into a business partnership with Zambian small-scale growers, for mutual benefit.

Localising the CSR agenda

CSR is often associated with large companies, and particularly with multinational enterprises. The international CSR agenda is dominated by OECD-based NGOs, investors, consumers, businesses and business associations. CSR has even on occasion attracted criticism for being insensitive to local priorities and the basic livelihood needs of people in developing countries, particularly where CSR codes of conduct are perceived as barriers to market access for some producers. But the CSR agenda needs to be locally owned if it is to make a significant contribution to local development priorities – and it must be relevant to local enterprises, whether large or small.

This means creating space to explore the relationship between business and society at the regional, national or local level (**Box 4**) – and finding appropriate language for these discussions. In many cases, the term 'CSR' will not be the best language to use. Supporting dialogue between different actors as to the role of the private sector in development can help to build trust and mutual understanding of the potential – and the limits – of businesses' contribution to development. It can also help to highlight locally relevant issues and approaches, which might not be prioritised in other contexts.

BOX 4:

The East African Business Summit

This Summit for business leaders from Kenya, Tanzania and Uganda has been held annually since 2002. Each year participants discuss issues and pass resolutions related to CSR. For example, participants at the 2003 Summit resolved to increase their sourcing of inputs from small- and medium-sized enterprises, with a target of 25% of their total inputs. The Summit has provided a focus for local civil society engagement with businesses. In the last two years, Ufadhili has placed adverts in the national media on the day of the Summit to encourage participants to address wider CSR issues rather than narrow enabling business environment issues.

It also means getting away from the assumption that 'one size fits all'. Despite their similarities, there are differences even between Kenya and Zambia in terms of the constituent parts of the enabling environment for responsible business. These include varying levels of state capacity, exposure to international buyers in particular sectors, and levels of civil society and media interest in encouraging responsible business.

Together actions in these three areas – to tackle capacity constraints, to strengthen the case for responsible business practices in Zambia and Kenya, and to foster 'localised' CSR agendas – offer considerable potential to enhance the contribution of business to sustainable development in Zambia and Kenya.

This note is an invitation to businesses, non-governmental organisations, public institutions and donor agencies to rise to the challenge.

1. The UN Commission on the Private Sector and Development (2004: ii) notes that a 'coalition [of the major stakeholders, in the private and public sectors] is essential to unleashing the capacity of the private sector, to achieving the Millennium Development Goals (MDGs) and to alleviating poverty'.
2. The paper draws on two longer background papers that describe some key challenges and insights in relation to the relationship between CSR and development in Kenya and Zambia (Ufadhili Trust (2004) and The Partnership Forum (2004) respectively), and on Fox (2004), which sets out more fully the case for a more development-oriented approach to CSR.
3. World Bank data; this and other data in this section refers to 2003 unless otherwise specified.
4. UNDP (2002).
5. Reflecting the use of the term 'corporate responsibility' by US President George W. Bush in the wake of the Enron and other corporate scandals, the content of Hon. Minister Patel MP's speech dealt predominantly with issues of corporate governance.
6. Information on The Partnership Forum's work is available on request to partners@coppernet.zm and information on Ufadhili's work is available at www.ufadhili.com/programmes.htm.
7. The UN Global Compact was established in response to a challenge by the UN Secretary-General Kofi Annan to business leaders to support nine (now ten) principles in the areas of human rights, labour, the environment, and anti-corruption. The Zambia and Kenya country activities are examples of outreach events around the world, through which the Global Compact strives to increase the number of companies engaging with the initiative. For more information see www.unglobalcompact.org.
8. See www.undp.org/business/gsb.
9. Further information on these surveys of business attitudes to CSR and philanthropy in Kenya and Zambia is available in the background papers Ufadhili Trust (2004) and The Partnership Forum (2004) respectively.
10. PriceWaterhouseCoopers (2004).
11. Managed by Social Accountability International, a non-profit organisation, SA8000 is a voluntary standard for workplaces based on ILO (International Labour Organization) and other human rights conventions. For further information, see www.sa-intl.org/index.htm.
12. For further discussion on this issue, see Fox and Prescott (2004).

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