Private Sector & Development
PROPARCO'S MAGAZINE

N° 21 - June 2015

Promoting CSR in Africa - a sustainable development opportunity

Corporate Social Responsibility (CSR) initiatives are growing in Africa, opening up opportunities for development. What conditions are needed for this trend to gain ground?

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Fad, smokescreen or real paradigm shift? CSR generates interest as well as controversy. Yet despite this, the last decade has seen it spread across every continent, transforming businesses. More and more private companies are taking their stakeholders' interests into account and incorporating environmental, social and governance concerns into their operations. The CSR movement is a reality and the major international organisations have produced guidelines, norms and standards to provide the private sector with the relevant benchmarks and references.

In Africa, there is little awareness of CSR in both public and private sectors. Yet the last few years have undoubtedly seen new developments, as reflected in the contributions published in issue 21 of *Private Sector & Development*. Alongside the subsidiaries of multinationals, local businesses are starting to adopt CSR strategies. The proliferation of new initiatives includes business networks, specialist training, quality labels that assist the spread of knowledge and skills at the local level. Chambers of commerce, civil society and the media have also turned their attention to CSR and governments are gradually adopting regulatory frameworks to encourage businesses down the path of sustainable development.

CSR represents a twofold opportunity for Africa. It can encourage inclusive and sustainable development while also improving companies' performance and their image. This is a win-win situation for Africa. The development of CSR on a large-scale across Africa will require the involvement of all actors. Development finance institutions will have a major role to play in supporting businesses moving in this direction and in building public and private sector coalitions to promote CSR.

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Africa: on the way to CSR

Nowadays the concept of CSR is becoming increasingly widespread and is endorsed by a growing number of economic actors. Yet awareness levels in sub-Saharan Africa remain low, and few businesses implement formalised CSR initiatives. Encouraged, supported and adapted to local realities, CSR could be an effective lever for sustainable development.

Philippe Barry

Specialist CSR consultant and founder of Initiative RSE Sénégal (the Senegal CSR initiative)

Corporate social responsibility (CSR) is an emerging concept in Africa but awareness levels among most of the continent's business leaders and executives remain low. According to the broad definition shared by the United Nations, the Organisation for Economic Co-operation and Development (OECD), the European Commission and the international standard-setting organisation ISO, CSR refers to a company's contribution to the challenges of sustainable development and its responsibility with respect to the environmental and social (E&S) impacts of its operations. Overall, CSR defines a company's responsibility towards its stakeholders: this involves taking shareholders' expectations into account, but also the needs of a wider group of actors – employees, customers, suppliers, financers, public authorities, local populations, and so on.

PHILIPPE BARRY

After fulfilling management roles in Senegalese businesses for twenty years, in 2008 **Philippe Barry** set up CFPMI, the first consultancy wholly dedicated to corporate social responsibility (CSR) in West Africa. A specialist consultant supporting businesses looking to set up CSR programmes compliant with ISO 26000, Philippe Barry is also the founder of Initiative RSE Sénégal.

CSR covers multiple spheres of operation: at societal level, relationships with customers, suppliers and civil society; in labour and employment practices, fighting discrimination, working conditions, occupational health and safety, and staff management; and at environmental level, combating climate change, the economic management of resources, biodiversity, preventing pollution and nuisance, etc.

In the face of this multidimensional issue the ultimate aim is to re-think the whole business around the concept of sustainable development, incorporating E&S concerns within its global strategy and operations. This is what makes CSR fundamentally different from corporate sponsorship initiatives undertaken more independently.

CSR is based mainly on the voluntary engagement of businesses which are looking to operate in a more responsible way. It is often developed under pressure from civil society and the public authorities, but is also driven by companies' own ambitions and their sense of how it will benefit them. And indeed, although CSR may involve an up-front investment – impact studies, audits, accreditations, mobilising internal human and material resources, specific investments, etc. – it also delivers significant business benefits: competitive advantages, improved relationships with stakeholders and enhanced reputation, higher levels of employee engagement, economies achieved through improved resource utilisation (lower water and energy consumption, waste reduction, recycling, etc.), for example. For all these reasons, CSR is now endorsed by increasing numbers of economic actors and is steadily spreading across all the world's continents – including across Africa.

A host of international CSR initiatives

The concept of CSR came into being in the United States in the 1950s but only spread to European companies during the 1990s. It has developed through the initiative of intergovernmental and regional organisations which have published guidelines and standards, establishing a comprehensive CSR reference toolkit for the private sector. Over the last two decades, CSR strategies have evolved towards increasingly standardised frameworks.

The OECD Guidelines, which have been in force since 1976 and were revised in 2011[1], are the primary international reference framework on CSR matters. These non-binding recommendations, addressed to companies by the 42 signatory governments, deal with human rights, employment and industrial relations, the environment, fighting corruption, etc. Their key distinguishing feature is that they provide an implementation mechanism via a network of National Contact Points (NCPs) which receive complaints and can impose sanctions in every signatory country. The UN's Global Compact, launched in 2000, encompasses ten principles in the fields of human rights, labour standards, the environment and anti-corruption measures. Today it has more than 8,000 signatories including 6,000 companies in 135 countries. Alongside these frameworks establishing the principles of CSR there are international standards companies can use as a support structure for implementing them. The most high-profile of these standards relating to CSR is ISO 26000, which provides guidance on how organisations can operate in a socially responsible way with respect to governance, human rights, labour relations and working conditions, the environment, and community relations – among other matters. This is a non-binding standard and is therefore not intended or appropriate for certification – unlike other standards which concentrate on more specific areas, such as ISO 14001, which defines the criteria for an environmental management system or ISO 18001, which establishes accreditation standards for occupational health and safety management systems. Development finance institutions have also developed standards applicable to companies and to the activities they finance. Many of them currently use the International Finance Corporation (IFC)'s Performance Standards as their benchmark – as do the commercial banks that have adopted the Equator Principles. These represent one of the most rigorous approaches to CSR practices, covering issues such as preventing pollution, conserving the environment, labour and working conditions, as well as extending beyond this to address often under-regulated issues such community health, safety and security, land acquisition, the resettlement of displaced communities and defending the rights of indigenous peoples. There are also specialist reference systems for reporting attainments with respect to CSR, such as the Global Reporting Initiative (GRI), which provides a standard reporting framework for non-financial data for the private sector, along with guidelines for developing this reporting. Finally, all these international initiatives are supplemented at national level by state policies encouraging economic actors to undertake CSR programmes – mainly in European countries – and by business networks dedicated to promoting good CSR practices.

'In general terms, too, Africa's predominant culture is one of corporate sponsorship rather than CSR.'

The issues around CSR in Africa

CSR still has a relatively low profile in Africa, whether among public authorities or business leaders, and few companies implement CSR policies in line with the international definitions. In general terms, too, Africa's predominant culture is one of corporate sponsorship rather than CSR. It is very common, for example, for companies to receive requests for social investments in communities at times of natural disasters or in the fields of healthcare or education. Where it does exist, CSR is often the prerogative of major multinationals or limited to satellite programmes which do not as yet sufficiently impact the way companies manage their operations overall. Even so it is difficult to accurately assess the current state of play for CSR in Africa today, partly because the concept itself is a relatively new introduction on the continent and because many African businesses are setting up CSR initiatives without formalising them as such.

The last few years have seen an increase in CSR activities in Africa, a trend in which international funding agencies and multinationals have played a substantial part. A growing number of initiatives are emerging in the field of CSR training: for example, the IFDD (Institut de la Francophonie pour le Développement Durable – the Francophonie institute for sustainable development) ▶▶▶

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Initiative RSE Sénégal (the Senegal CSR initiative) aims to promote social responsibility (CSR) among local businesses. The initiative is promoted by the consultancy CFPMI and its activities are supported by 30 companies and numerous public partners (including Agence Française de Développement – the French development agency – and Germany's Technical Cooperation Agency GTZ). It organises the Senegal CSR Forum, promotes CSR practices online (www.rsesenegal.com and www.facebook.com/RSE.Senegal) and organises training events in this area.

[1] *New provisions relating to human rights were introduced in 2011, bringing the supply chain within companies' sphere of responsibility.*

Promoting CSR in Africa - a sustainable development opportunity

▸▸▸ and ENAP, the National School of Public Administration in Quebec, are developing a sustainable development and organisational social responsibility programme (under the French acronym PIDDRSO) which is delivering training sessions in Francophone African countries. The environmental sciences institute (Institut des Sciences de l'Environnement, ISE) at Cheikh Anta Diop University in Dakar, supported by Initiative RSE Sénégal, has developed a Master's level CSR degree programme. Institut Afrique RSE – the specialist consultancy which supported the creation of Kilimandjaro, a network of African experts in CSR and sustainable development – regularly organises CSR training events in African countries. Other key developments are the development of several labels (Morocco) and charters (Senegal, see box 1) by the private sector.

Though still limited in scope these initiatives are nonetheless encouraging, opening up new and promising possibilities for successfully tackling some of the development challenges facing the African continent. Working in conjunction with public policies, CSR initiatives can for example help to overcome the under-employment of young graduates by linking existing professional training provision more effectively with pathways into work (Box 2). Even if few of them have formalised it, African companies can also help to improve the social protection system – through their role as employers, in particular. Moreover, the spread of CSR can only reinforce the battle against biodiversity and resource erosion (deforestation, monoculture, over-exploitation of fishing resources, mining, etc.).

Obstacles, challenges and opportunities

Conceived in the countries of the global North – primarily in Anglo-Saxon countries – CSR is the outcome of a long process of evolution involving stakeholders who have successfully transformed their power relationships into a concerted programme of action. It calls for a structured business environment in which each individual actor has attained a level of organisation and visibility that enables them to play their moderating or regulating role – which is only rarely the case on the African continent. CSR requires the engagement of a critical mass of economic actors capable of translating this policy programme into concrete initiatives, creating a ripple effect across the whole economic fabric. The importance of the informal sector in Africa makes this kind of policy difficult to implement on a large scale. A key preliminary to the growth of CSR is a drive by public authorities to promote it, regulate it and facilitate consultations between stakeholders. Unfortunately few governments have adopted appropriate political frameworks for CSR and private-sector organisations – where they exist – lack sufficient influence over public authorities to encourage them to adopt measures favouring businesses with virtuous CSR practices. The standard fiscal provisions in many African countries do not include any special measures in favour of CSR. Another key challenge is the ability of African governments to impose standards on companies and to monitor their implementation effectively, especially when the companies are located in regions far from central administrations. Nonetheless it should be noted that governments are showing a growing interest in

'The standard fiscal provisions in many African countries do not include any special measures in favour of CSR.'

BOX 1: SENEGAL'S CSR AND SUSTAINABLE DEVELOPMENT CHARTER

Launched in 2012 by Initiative RSE Sénégal and the Conseil National du Patronat (Senegalese employers' federation), Senegal's "Charte RSE et Développement Durable" (CSR and sustainable development charter) was developed by eleven companies from a number of different sectors (mining, manufacturing, construction/civil engineering, banking, the hotel industry, etc.) taking into account both their shared concerns and the sustainable development challenges facing Senegal. The charter defines seven minimum commitments every company in Senegal should make, whatever its size, in order to comply with its CSR policy guidelines. The first commitment covers to the need to define and share – internally and with stakeholders – corporate values relating to ethical principles and good governance. Signatories also undertake to preserve natural resources and reduce pollution levels; they must support the development of a green economy in Senegal. For example, several signatory companies (Simpa, Eiffage Sénégal, Cbao Attijariwafa bank, Neurotech) have subcontracted the collection and recycling of their waste to small local businesses. Companies signing the charter must help to combat youth unemployment and promote the formalisation of their sectors – two key concerns in Africa – by implementing local purchasing policies and prioritising contracts with micro-enterprises and SMEs which are themselves committed to CSR and have the potential to create jobs. They must observe the principle of legality with respect to working conditions and human rights issues. They must also prioritise a community engagement that extends beyond corporate sponsorship by getting involved in high-impact CSR projects designed to deliver lasting change. Finally, signatory companies must provide fully transparent reporting of initiatives undertaken in the CSR sphere and publish documentation evidencing their achievements on a regular basis.

this area and are gradually adapting their administrations and their legislative production to address these challenges.
One of the main obstacles impeding the spread of CSR in Africa is still a widespread lack of awareness about the concept and its benefits. It is important, therefore, that training and awareness-raising programmes are developed in this area, targeting all the various actors concerned. Above all, though, it is vital to adapt CSR practices to African sociocultural realities and to the specific characteristics of the local business environment. As it is, international norms and standards are still perceived by the vast majority of business leaders as overcomplicated. Using the guidelines of the international reference systems as a base, it is vital to construct tools appropriate to the economic context of each African country. While the fundamental principles of CSR are universal, the practices relating to the central issues of CSR must necessarily be adapted to each country's customs and environment. The key challenge today is to translate the founding principles of our rich traditional African cultures (group ethos, contracts based on trust, hospitality, solidarity) into the principles of CSR.

'It is vital to adapt CSR practices to African sociocultural realities and to the specific characteristics of the local business environment.'

Africa's economic performances and trends, combined with its demographic vitality, point towards a brighter future for CSR on the continent. Socially responsible investment models are beginning to spread widely in Africa, thanks to initiatives by major companies in the mining, infrastructure, agro-industry and ecotourism sectors. These practices often involve high value-added subsidiary businesses which have a strong ripple effect on the local economy. The higher visibility of these initiatives could help to trigger a wider awareness of CSR in Africa and promote its development. Yet CSR cannot become deeply rooted unless businesses and local organisations can individually and collectively develop their own tools for disseminating its practices, based on the founding principles and realities of their societies.

BOX 2: THE THIÈS GREEN ECONOMY BUSINESS INCUBATOR

CERSET (which stands for the Thiès Centre of Excellence in CSR) was established in 2013 to facilitate the implementation of pioneering CSR and sustainable development projects in the Thiès region of Senegal. Supported by CERSET, a collective of public and private partners from education, professional training and research came up with the idea for ITEV (Incubateur de Thiès pour l'Économie Verte – the Thiès green economy incubator), a business incubator specialising in the agroforestry sector. The incubator will provide young graduates with assistance and a supportive environment as they start up their businesses. The incubator will connect recent graduates, existing small businesses and major companies undertaking CSR programmes. The incubator's users will learn to work in a network with other stakeholders while absorbing the values that drive CSR. Biodiversity research will be a key priority, as well as establishing effective connections between training, research and the market. ITEV's backers include major companies such as Wartsila West Africa, Eiffage Sénégal, Grande Côte Opérations, Sonatel and Blaise Diagne International Airport. Their role will be to facilitate the training and support of local entrepreneurs operating in or close to their production areas and/or working within their supply chain. ITEV will be a source of income for local communities, an opportunity to enhance youth employability, a contribution to plant biodiversity and to the development of an environmentally beneficial agroforestry sector – while also benefiting the partner companies. CSR has the potential to lay the foundation of a public/private partnership dedicated to promoting self-employment among young people, the production of a range of plant species for regenerating land areas degraded by major companies, and the use of these plants for food, cosmetic and medical purposes.

Towards an intercultural approach to CSR in Africa

By virtue of their specific cultural imperatives and practices, African businesses are invested with a social mission, extending beyond their exclusively economic role. At a time when a more corporate and Western conception of CSR is gradually becoming established in Africa, these two approaches can mutually enrich each other – as long as their respective values are recognised and their complementarity is effectively engaged.

Alexandre Wong

Coordinator of the network "RSE & Interculturalité" [1] *(Intercultural Understandings of CSR)*

In most countries in sub-Saharan Africa the public debate on corporate social responsibility (CSR) is still in an embryonic phase. African actors in general have very little awareness of international initiatives in this area and businesses with an independent CSR strategy or policy remain few in number. In anglophone African countries generally, and especially in South Africa, interest in this issue is more pronounced and various initiatives have been launched. The discussion is also becoming institutionalised in Morocco, Tunisia and some other francophone countries, even if its scope still remains limited to a small number of organisations.[2] Academics, business professionals, associations and experts are beginning to take up this subject – an issue that is also increasingly attracting media attention and engaging public opinion.

ALEXANDRE WONG

Alexandre Wong, PhD (Philosophy), is associate researcher at CNRS (the French National Centre for Scientific Research) and consultant. His research is focused on the historical, political and economic forces that have shaped people today and on intercultural approaches to corporate social responsibility (CSR). He coordinates RSE & Interculturalité (Intercultural Understandings of CSR), a network of experts working on the interactions between CSR practices at international, national and regional levels.

The location of multinational subsidiaries with a group CSR policy – formulated at head office level – and the current massive presence of the media sphere and communication facilities, are probably among the factors driving these recent developments. Yet even though African companies have begun to take on board the concept and its implications relatively recently, it is highly probable that they were already practising CSR in all but name – if only via the fundamental social role they play within their communities.

Diverse approaches to CSR in Africa

In sub-Saharan Africa, corporate social responsibility is largely based on philanthropic initiatives in the fields of healthcare, education, employment, infrastructures and the environment. In Africa, the ultimate purpose of businesses – and therefore by extension their responsibility – is primarily social in nature: a business should yield a profit for its owner and the owner's family but also for the community. The business success should help to build social cohesion rather than jeopardising it. People's respect for the entrepreneur will in part depend on his or her contribution to the community's well-being (Yaméogo, 2007). Alongside this strictly social aspect, the idea of conserving shared resources is also strongly rooted in African traditions, requiring every member of the community to protect them.

'In Africa [...] a business should yield a profit for its owner and the owner's family but also for the community.'

At the same time an approach to CSR based on the Western model is starting to become established. Intergovernmental organisations – such as the African Union and UEMOA (West African Economic and Mone-

[1] *This article draws extensively on a publication by the author and Urbain Kiswend-Sida Yaméogo (2011) entitled Les responsabilités sociétales des entreprises en Afrique francophone [Corporate social responsibility in francophone Africa] (see References).*

[2] *There has been notable progress in Morocco (CSR accreditation created by the CGEM – General Confederation of Moroccan Enterprises), Senegal (a dedicated forum held annually in Dakar since 2008) and Cameroon (forum staged by the Groupement Inter-patronal du Cameroun – Cameroon employers' association – in 2011).*

tary Union) – are setting up frameworks promoting its development, public authorities are strengthening regulatory frameworks to encourage the private sector to adopt international standards. Major African businesses in the formal sector are adopting QSE (Quality, Safety and Environment) tools and certifications – ISO 9001, ISO 14001 or OHSAS 18001, for example. Another example of the general trend towards standardisation on the African continent is the spread of the ISO 26000 standard – specifically relating to organisations' social responsibility. It is still rare, though, for an African business to have a dedicated CSR unit.
It should also be noted that the Anglo-Saxon approach to CSR, based more on a dialogue with the company's stakeholders, is more widespread in Africa than the European and French approach – which places the emphasis on sustainable development and on companies' compliance with national and international regulations.
At least two forms of CSR therefore co-exist in Africa – a Western-inspired form globally regulated by the ISO 26000 standard and an African form founded on the primarily social function of any business.

Key African cultural specificities

Applying international CSR frameworks in Africa without any adjustment to local realities is liable to decontextualise businesses' CSR initiatives, disconnecting them from the real needs of their beneficiaries and rendering them meaningless in stakeholders' eyes. International standards – in this case ISO 26000 – must be adapted to local economic situations and cultural specificities or run the risk of remaining largely ineffective.
This is not to say that there is any fundamental incompatibility between a "Western" CSR policy and a more traditional conception of the social role of business. African corporate responsibility does not contradict African modernisation – in fact it supports the modernising process. It is by taking African practices into account that the requirements of CSR can be integrated effectively within an organisation. The two approaches should do more than just co-exist – they must mutually acknowledge and enrich each other.
Any CSR policy in Africa must take into account the fundamental responsible practices in African corporate management. Firstly, business funding is intrinsically community based. It is the community, via the tontine system of informal credit, which supplies the capital for African business and calls entrepreneurs to account. This capitalisation of financial resources extends by analogy to the community-based capitalisation of natural resources. Similarly, in this context investing in business is effectively an investment based on solidarity – it benefits society. Accountability to their community of investors is not enough, though: companies also need to meet the financial needs of their wider community – for example by financing a small business, the purchase of a taxi, education, providing assistance to orphans, etc. – in line with the principle of wealth redistribution. The business should also help to maintain social cohesion: because it has its roots, its financial, relational and cultural capital, within the society, it bears a responsibility for this society in return. Redistribution of employment within the community is an example of this: relational hiring – recruiting from within the wider 'family' – is an expression of solidarity. By taking everyone's needs into account the company disadvantages no one, and in the process helps to maintain a kind of social stability. The fact that a company is present and rooted in its community builds trust in its economic relationships. In this way the life of the business is governed by co-existing codes that are implicit and explicit, oral and written, traditional and modern (Box). As a result it is not always necessary to formalise contracts or agreements: relationships of trust, based on reciprocal obligations, encourage community-responsible practices. Operating in a way that challenges these customary practices can prove highly counter-productive.

'The fact that a company is present and rooted in its community builds trust in its economic relationships.'

Towards a hybridisation of CSR practices

In order to promote the growth of CSR in Africa it is vital to develop procedures for adapting Western CSR requirements to African cultural and economic contexts, in collaboration with both African and Western managers working on the continent. For international groups based in Africa ▸▸▸

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RSE & Interculturalité (Intercultural Understandings of CSR) is a network of researchers and organisations – from the state sector, the private sector and civil society – dedicated to the intercultural and local dimension of organisations' CSR policies. The network explores the interactions between a 'top-down' CSR policy – mainly focused on disseminating international regulations (standards, codes, etc.) across organisations – and a 'bottom-up' CSR founded mainly on local social, political and economic practices already in existence.

▶▶▶ this means taking greater account of African modes of organisation, business administration and management – so that they are not asking their employees to act in a way that is inconsistent with their beliefs. At the same time it is important that local economic and institutional players adopt a proactive role in promoting Africa's responsible corporate practices internationally. Very often there is still a lack of awareness with respect to the value of local practices. Only an intercultural understanding of both international and local practices will enable the different modes of organisation, administration and management to be combined in the most effective way.

This process could be supported by a programme of targeted initiatives. The priority here will of course be to raise awareness among managers of international businesses based in Africa of the need to hybridise African and Western responsibility practices. Yet Africa's diasporas also have an important role to play in the transmission of Western responsibility practices in Africa and of African responsibility practices in the West. A more intercultural approach to the ISO 26000 standard should also be defined. This work of revising standards should draw on the expertise of African and Western researchers specialising in CSR and interculturality in Africa. Finally it would be helpful to raise awareness of progress in the field of CSR across African civil society – by generating coverage in the African and Western media of intercultural and CSR initiatives in the business world.

'Very often there is still a lack of awareness with respect to the value of local practices.'

Recognising diverse cultural approaches to CSR and recognising the existence of an African CSR – though it is not labelled in the same way – opens up a pathway to a different, more effective and more intercultural way of organising and managing businesses in Africa (whether subsidiaries or local businesses). Rather than thinking only of modernising African responsibility practices, these practices should be viewed as a source of inspiration – yielding a deeper understanding of economies in the developing world, where economic relationships are often founded on ethical values based on trust. •

BOX : COMMUNITY CONFLICT RESOLUTION

In the African subsidiary of a multinational group, and in African companies in general, informal power centres co-exist alongside the hierarchical organisation structure. These traditional mediators, unlike the representatives of trade unions, do not feature in the companies' organisation charts. Nor do they necessarily occupy important roles within the subsidiary or the company – if indeed they are actually employed there. Their reputation derives from the role they occupy inside and outside the subsidiary or business, in the communities – civil, religious, ethnic, etc. – that connect company employees with external stakeholders. Their role is to lend legitimacy to management decisions and also to regulate social relationships within and outside the subsidiary or the business, by ensuring that customary rights are respected, with a view to maintaining social cohesion within the community. Opening up this arena for mediation helps to create a family atmosphere within the company and prevents social conflicts which could cost the company a great deal in terms of time and money. Against this background, a company that takes an issue to tribunals is effectively demonstrating its inability to resolve conflicts internally. National laws are merely a last resort when a problem cannot be settled "within the family" in line with the customary practices applicable within the business.

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An agribusiness group pioneering CSR practice in Africa

The example of the Côte d'Ivoire group SIFCA demonstrates that CSR is a guarantee of sustainability and functions as a performance lever for companies. Since 2007, SIFCA has been committed to sustainable development, showing that the success of CSR initiatives depends crucially on the extent to which every level within an organisation takes ownership of those initiatives and on the quality of the relationships the organisation has with local communities.

Franck Eba

Director, Integrated Agricultural Unit (DUAI) / Agroindustrial complex, SIFCA group subsidiary Sucrivoire

The agricultural industry is central to the major environmental and social (E&S) issues affecting land use, biodiversity conservation, planters' incomes and employee working conditions. The SIFCA group believes in corporate responsibility in these areas and adopted a sustainable development policy in 2007.

For a group of SIFCA's size operating in sub-Saharan Africa, good E&S management also drives improved performance. For example, reducing consumption of natural resources, improving working conditions and reducing the numbers of accidents – and hence absences – leads to lower operating costs and greater sustainability. The group's future is closely linked to the quality of its relationships with small-scale planters, who provide 60% of its agricultural resources. Access to raw materials is key, so it is vital to establish relations of trust with local communities near production sites. The SIFCA group also relies on protecting the environment, which underpins agricultural production.

FRANCK EBA

Franck Eba has a PhD in engineering sciences from the University of Besançon and a master's degree in business management and administration from the École de commerce et de gestion of Abidjan. In October 2007 he was appointed head of sustainable development at SIFCA, where he coordinates CSR for the group as a whole. Since August 2014 he has headed the Borotou Koro agro-industrial complex for SIFCA subsidiary Sucrivoire.

An active commitment to sustainable development

On the initiative of its General Director, the SIFCA group adopted a sustainable development and corporate social responsibility (CSR) strategy since as early as 2007. At this time very few African companies had taken these issues on board and SIFCA played a pioneering role.[1]

The group has relied on the services of the international Ernst & Young firm to assess the environmental impact of its operations, the working conditions of its employees and its relations with local communities. A 'sustainable development' team was then established within the group, followed by a seminar on the development and introduction of the strategy - launched the same year - and the appointment of a head of CSR in each subsidiary. All subsidiary heads and secretary generals worked with the heads of CSR to devise the sustainable development strategy. A bespoke organisation (Box) was set up to coordinate the overall strategy.

'The group's future is closely linked to the quality of its relationships with small-scale planters.'

SIFCA's CSR strategy is based on six pledges. To start with the social sphere, it involves publicising and implementing the health and safety policy and establishing effective monitoring of workplace accidents (Pledge 1). Employees must also have access to safe tools and equipment and subcontractors must be monitored to ensure that they comply with the regulations (Pledge 2). In addition, the group undertakes to provide accommodation for permanent ▶▶▶

[1] *Survival of the group's businesses has been under threat from global prices and political struggles. Once their future was assured, improving the living and working conditions of the group's employees quickly became a priority.*

►►► and seasonal workers and their families, and to ensure provision of drinking water, sanitation and electricity (Pledge 3). Lastly, SIFCA is committed to the active implementation of a policy to prevent the spread of infectious diseases, notably HIV/AIDS and malaria (Pledge 4). In the environmental sphere, CSR involves preventing accidental soil pollution, identifying and assessing the environmental impact of each of the group's activities (Pledge 5) and encouraging sustainable practices, notably by promoting responsible planting. All these strategies ultimately rely on a strong partnership with local stakeholders. To this end, close and sustained dialogue is systematically established with the local communities with the aim of improving their health, education and income levels (Pledge 6). These pledges have been adopted by each subsidiary, taking account of the different regulatory requirements and local specificities of the countries where the group operates.

As part of their funding package, development finance institutions have supported the development of a CSR strategy in SIFCA subsidiaries. For example, Proparco has assisted Sucrivoire, GREL and Palmci in improving their E&S performance.

Compelling results

SIFCA has directed its efforts towards improving the working and living conditions of its employees. For example, it has sought to reduce the frequency and gravity of workplace accidents (the degree of gravity has been cut by two-thirds since 2008) by upgrading equipment and raising awareness among its personnel concerning the major risks linked to their work. Safer working environments means fewer stoppages and ensures continuous operations. The group has also prioritised the fight against HIV/AIDS and malaria. Its anti-malaria programme has prevented 1 117 days of sick leave. All the group's subsidiaries now have screening centres.

There are also initiatives aimed at the 93,000 planters who sell their rubber, sugarcane and palm oil to the group. For example, the subsidiary SAPH has set up a "planter savings plan" and a tailored health insurance. For around 6,560 FCFA (€10) a month, deducted at source from their crop sales income, planters and their families benefit from health insurance covering 80% of medical costs. Planters are also offered training to help them to optimise their output.

The group is also developing local infrastructure (safe drinking water, transport, electricity) and programmes to give local populations access to health and education. As regards environmental issues, SIFCA has adopted a charter in which it commits to ensuring the treatment of liquid effluent, proper management of solid waste, reducing air emissions from factories and the responsible use of pesticides, herbicides and other chemicals. Energy efficiency measures have been introduced. The SANIA subsidiary is involved in a Clean Development Mechanism (CDM) to replace natural gas with biomass from felled rubber trees and seed husks as fuel for electricity generation for the palm oil refinery's new boiler. In 2013 this project made it possible to notch up 14,724 tons of CO_2 in carbon credits and to cut electricity costs by over 500 million FCFA (€765,000). Another innovative initiative has seen the construction of workers' housing using compressed stabilised earth blocks (CSEB), which have good thermal capacities and can be laid without cement. This project enabled the group to reduce its ecological footprint while also saving 2 billion FCFA (€3 million).

Buy-in - a crucial success factor

SIFCA's experience shows that the success of a CSR policy largely depends on gaining the support of every level of management in the business and on the quality of relations with local communities. Internal awareness-raising and training need to be undertaken on a major scale to motivate staff and convince the many who are resistant to change. CSR is not always fully understood and is seen by some as 'something for westerners'. Being locally rooted is another determining factor. The strategy's instigator should preferably be a person who is 'local' and 'internal', part of the local community and of the company. Close cooperation between instigators of change and those tasked with its implementation is crucial. The establishment of an internal CSR network has also been vital for the project's success. Responsibility for CSR actions was given to managers already working in the

'SIFCA's experience shows that the success of a CSR policy largely depends on gaining the support of every level of management.'

FOCUS

SIFCA is a major player in the West African agricultural industry. The group covers the entire value chain, from plantation to marketing, for palm oil, rubber and sugarcane. Through its ten subsidiaries, some of which are quoted on the regional stock market in Abidjan and on Paris Euronext. SIFCA operates in Côte d'Ivoire, Liberia, Ghana, Nigeria, Senegal and France, and has over 30,000 employees.

company (for example, in departments responsible for Quality, Health, Safety and the Environment (QHSE), making it easier to structure the company around the new strategy. The involvement and empowerment of management at each subsidiary in developing the CSR strategy has also resulted in a high level of buy-in. Managers were involved in developing the strategy and made proposals as to how best to implement it in their companies.

This buy-in is particularly important because it determines the way that the strategy is communicated to the company as a whole. For an approach to work well, both managers and workers must believe in it. Another crucial element in the mobilisation of managers has been the inclusion of CSR results (combating HIV/AIDS, frequency and seriousness of accidents, etc.) as a factor in their appraisals and remuneration.

'Liaison committees have been set up to enable SIFCA to consult local communities regularly.'

It is also vital to build close relationships of trust with local communities and to ensure the acceptability of the group's activities and the projects implemented. Liaison committees have been set up to enable SIFCA to consult local communities regularly on the relevance and feasibility of projects and to produce reports on company and community relations. The committee representatives – a community leader or council, depending on local organisation – have a key role in discussions with the site managers. In Ghana SIFCA's GREL subsidiary regularly consults an organisation of 88 village heads. The resulting dialogue involves all stakeholders and enables the strategy to be implemented successfully.

In addition to the benefits for employees, local communities and the environment, these measures enhance SIFCA's development and attractiveness. They have helped improve the group's reputation and the confidence of shareholders and financial organisations. However, the situation in Côte d'Ivoire is not conducive to the implementation and development of SIFCA's CSR strategy. There are no incentives for policies of this kind and the very high implementation costs must be borne entirely by SIFCA, in a highly competitive market. In addition, there are very few local CSR experts to support a CSR strategy in African companies, which are then obliged to call in expensive international experts with little understanding of local specificities. The recent law on sustainable development, unanimously passed by the Ivorian parliament on 26 May 2014, does open up new possibilities for CSR in Côte d'Ivoire. But companies cannot meet the expectations of the local populations on their own. Complementary action by all stakeholders in both private and public sectors is required to meet the challenges of development in Sub-Saharan African countries.

BOX : AN AMBITIOUS CSR MECHANISM

Governance of SIFCA's CSR policy is provided by several bodies. A dedicated team develops proposals for the group's CSR policies and strategies, promotes their implementation by subsidiaries and departments and organises reporting and external dissemination. It maintains the group's external relations with international bodies engaged in this area and steers major CSR partnerships with NGOs. It is also in charge of CSR research and development projects. In addition to this team there is a steering committee that meets at least once a year, comprising the group's executive committee and managers of the subsidiaries. This body devises CSR strategy, monitors the preparation of action plans and their implementation, draws lessons from the experiences of the subsidiaries and provides a forum for discussion of CSR strategies. The sustainable development committee takes its members more broadly from people involved in implementing the group's CSR policy. It meets at least twice a year to discuss the functioning of operations carried out by the subsidiaries and current internal and external matters related to CSR. Lastly, each subsidiary has a manager responsible for CSR policy who, supported by a dedicated team, monitors the implementation of the policy within his company.

Boosting CSR in African SMEs: the experience of an impact investor

African SMEs often lack the funding to put formal CSR policies in place, but doing so could help them to achieve greater economic success and boost their impact on development. As well as providing funding, the role of an impact investor such as I&P is to support these businesses in improving their environmental, social and governance practices.

Élodie Nocquet

Head of ESG, Investisseurs et Partenaires

There is a widespread view, both in mature markets and in Africa, that entrepreneurs heading up small and medium-sized enterprises (SMEs) are not interested in social responsibility and that this remains the preserve of big companies. African SMEs indeed rarely have formal corporate social responsibility (CSR) policies and the financial and human resources required to implement them. As a result, their ESG practices can be sometimes lax.[1] Yet the African entrepreneurs with whom we work are often as committed to their country's development as they are to running a successful business. This dual motivation tends to produce entrepreneurs who are admirably courageous and tenacious, since setting up a business in the countries in which we operate is both risky and challenging. The commitment of these entrepreneurs is reflected in initiatives – especially social – such as better living conditions for employees and projects benefiting local communities.

ÉLODIE NOCQUET

Élodie Nocquet is head of ESG (environmental, social and governance) issues and impact measurement at Investisseurs et Partenaires (I&P). Her role is to support the I&P team and their partner companies in their efforts to improve ESG practices. She was previously in charge of investment at I&P and a project manager in a fundraising company. She is a graduate of HEC business school and holds a master's degree in development economics from the Sorbonne.

SMEs can be economically successful and have significant local impact. In Africa, there are many promising opportunities for creating combined social and economic value. Paradoxically, some of these opportunities are linked to the constraints under which SMEs operate in Africa. CSR initiatives represent innovative solutions to overcoming such obstacles. One very good example of this is the Cameroonian company ITG (box 1), which specialises in new technologies. The company has set up a training centre in partnership with the Polytechnic University of Douala to address the problem of hiring qualified IT staff. A well-designed CSR strategy in tune with a company's size and the issues it faces can be a highly effective performance driver.

'A well-designed CSR strategy [...] can be a highly effective performance driver.'

Investisseurs & Partenaires (I&P) is one of the leading private equity investors in African SMEs. As an impact investor, its goal is to maximise the economic, environmental, social and corporate governance impact of its investments while maintaining a financially sound business model.

Promoting ESG initiatives

I&P's core remit is to promote a new generation of responsible entrepreneurs who will have the greatest impact on their local stakeholders. To this end, I&P seeks to promote ESG strategies that can be fully integrated into a company's operations and will generate economic value. Managing key risks, such as workplace injuries, comes down to the need for good manage-

[1] *Reasons include for instance the lack of formal employment contracts, random compliance with environmental regulations, absence of formal governance bodies or lack of anti-corruption and anti-fraud policies.*

ment. And seizing positive-impact opportunities, such as employee training, will improve a company's performance, especially in the medium and long term.

In practical terms, reviewing an investment project means spending a substantial amount of time with the company concerned in order to gain in-depth knowledge of its operations and the entrepreneur. We draw up a report of the company's ESG practices that includes, for example, an assessment of remuneration and employment contract practices, working and safety conditions at the company and, where applicable, at its suppliers, and its systems for processing effluent and waste.[2] Then, based on this report, we rate the ESG risks and their management. The aim is not to penalise SME's practices but rather to work with the entrepreneur to identify areas for improvement, especially with the help of existing projects. We establish priority action points for the main challenges and everything is formalised in an ESG action plan. Our partner companies legally undertake to implement and monitor this plan, and a contact person is appointed to oversee the process. While this legal obligation is well accepted, it is not the most effective way to improve business's efforts in this area. The choice of committed entrepreneurs and I&P support has a far greater impact on the success of this approach.

'The aim is not to penalise SME's practices but rather to work with the entrepreneur to identify areas for improvement.'

ESG PRIORITY AREAS FOR I&P

As part of our ESG report, we make sure that the SMEs guarantee their employees decent work as defined by the International Labor Organization (ILO). This is a key area of analysis which covers in particular job creation, salary levels, social security, working conditions, labour rights and social dialogue. Worker safety, which can sometimes be neglected in SMEs, is prioritised in annual ESG action plans (for example, compliance of equipment with safety regulations and safety awareness workshops).

In addition to a company-by-company approach, I&P has implemented a strategy at the portfolio level. Our current network comprises some fifty entrepreneurs in Africa and so we are trying to pool initiatives across all disciplines to produce 'turnkey' solutions.

In terms of health insurance, state systems in countries in which I&P is involved offer very low coverage levels with just half of our partner companies providing employees with complementary health insurance systems. We are currently studying the possibility of creating a group health insurance solution for our partner SMEs.[3] The goal is to make it easier for SMEs to implement such initiatives by having collective access to more favourable conditions. Ultimately we want this incentive system to lead to universal coverage ▶▶▶

[2] I&P has based its investment project analysis and monitoring guidelines on the methodological framework defined by the UK development finance institution CDC Group. For high-risk ESG sectors, I&P applies the standards and practices of the International Finance Corporation (IFC).

[3] This feasibility study is funded by the technical assistance budget granted by FISEA for the IPAE fund.

BOX 1: ITG, AN INNOVATIVE TRAINING POLICY THAT BENEFITS EVERYONE

In 2006, Jean-Gabriel Fopa and his partner founded ITG, a Cameroon-based company specialising in IT and new technologies. The firm's offer includes consultancy on information systems and data management or archiving services. ITG has gradually established itself as a serious market player and its customer portfolio includes some major corporations. But to support this rapid growth, the firm quickly needed to boost its human resources. Because of the lack of specialists in Cameroon, ITG employs mostly young people and makes training a key priority. New recruits are immediately put through a basic training course, lasting between twelve and eighteen months, before they are allowed to visit customers. After that they receive in-job training so they can keep up to date with the latest technological developments and eventually obtain recognised diplomas. In 2012 Jean-Gabriel Fopa decided to go step further: he created a training centre in partnership with Yaoundé Polytechnic University. The centre enables the university's final-year students to work on practical cases that had previously been omitted from their curricula due to lack of resources, while ITG employees can continue their in-job training. For ITG, students trained at the centre make up a unique pool of young people with high potential. But ITG's interest goes beyond this: a portion of students will join teams of current or future customers and their in-depth knowledge of ITG's solutions will make them potential influencers and instigators of cutting-edge IT projects. The aim is also that other students will use their newfound skills to start their own business. This initiative will help create a local sector based on new technologies and encourage other entrepreneurial ventures. Today ITG employs 79 people, with an average age of 27. Some twenty students are joining the companie each year. The training centre, which has been up and running since September 2013, has trained about forty students each year and ITG employees on a budget of over €40,000. I&P's strategic and financial support enabled ITG to complete this project, which has an immediate social usefulness while also benefiting the company.

▸▸▸ for all employees of our partner SMEs. As regards the environment, we produce an annual assessment of the carbon footprint of all companies in our latest portfolio. This analysis identifies the main sources of CO_2 emissions at both the company and portfolio level and encourages companies to think more about vehicle management, supply practices, processes' energy efficiency and the use of renewable energies. Energy savings are of great interest to entrepreneurs in countries where electricity is extremely expensive. For projects that are major power consumers, an analysis of energy challenges – produced with the support of a specialist firm – identifies opportunities for improvement. For manufacturing projects, energy-saving equipment can be incorporated into the investment plan. On a modest scale, the goal is to ensure that SMEs can step up their operations without increasing their carbon emissions.

Another key part of our analysis is the ripple effect of an SME's operations on suppliers and distributors. SMEs obtain their supplies locally, far more so than multinationals, which have international networks. The contribution of an SME can go well beyond a simple ripple effect, especially in the agricultural sector. It can play a key role in creating and structuring a new local sector (Box 2). In a context where supply reliability is not always guaranteed, organising and supporting local producers is critical to a company's development. This support often exceeds the extent to which an SME can take action by itself, and in such cases partnerships with non-profit organisations can be the answer. I&P therefore plays a support role in setting up these partnerships and in seeking financing.

Lastly, standards and certifications (Fairtrade, for example) demonstrate a company's greater responsibility towards suppliers and boost access to international markets. I&P's technical assistance budgets enable us to provide joint financing to help introduce certification, which is an added incentive for partner companies.

FOCUS

Investisseurs et Partenaires (I&P, www.ietp.com) is an impact investment group established in 2002 by Patrice Hoppenot and managed since 2011 by Jean-Michel Severino. Its goal is to promote the development of socially responsible, profitable African SMEs. I&P has invested in more than fifty companies through two investment vehicles – a financial company called I&P Développement (IPDEV) and the I&P Afrique Entrepreneurs (IPAE) investment fund. I&P has some twenty employees based in Paris and five African offices.

Key success factors

For investors, the rigorous choice of a committed entrepreneur and a socially relevant project is the number one factor for success. ESG initiatives must be part of a holistic strategy and be driven by the manager. This is therefore an issue that must be addressed as early in the project appraisal process as possible in order to formalise all options. In terms of financing, this means quantifying certain investments (such as the use of renewable energies) or certain costs (such as setting up health insurance). The planned ESG initiatives must be included in a 'road map' along with a timetable. This sets long-term goals and also defines short-term priorities. If investors serve on a company's board of directors, they can check that governance bodies are paying regular attention to the CSR policy. To be sustained, ESG initiatives must have a positive impact not only on stakeholders but also on the company itself: the benefit of integrating ESG initiatives into a company's operations is often obvious but carries more weight when quantified. While some initiatives, such as energy savings, produce quick, direct and easily quantifiable benefits, other impacts are more difficult to measure. Establishing a system to monitor the rate of absenteeism and employee turnover, for example, can provide useful feedback about the success of social initiatives, albeit more indirectly. When it comes to manage certain risks, 'not doing something' can result in prohibitively costly consequences, such as tax reassessment penalties or the financial consequences of an accident in the event of non-compliance with safety rules.

'For investors, the rigorous choice of a committed entrepreneur and a socially relevant project is the number one factor for success.'

Given the lack of human and financial resources, technical assistance mechanisms offered by some investors are particularly useful for implementing ESG initiatives in SMEs. Because I&P has access to grants from the European Investment Bank (EIB) and FISEA (an investment fund held by the AFD Group and managed by Proparco), it can cofinance a variety of support missions being carried out by independent specialists.

The success of the ESG strategy also requires good governance. When I&P takes a stake in a company, it immediately sets up a shareholder representative body to manage the company in a concerted manner. Such shared governance helps some entrepreneurs feel less isolated: they remain in charge of day-to-day operations while I&P pursues a minority investment strategy. Good governance also involves impeccable integrity at all levels of the company. No matter how complex the situation, I&P will not tolerate corruption or bad practices, even if it means giving up an investment.

Establishing a formalised approach to ESG within I&P has proved highly beneficial. But this didn't happen overnight: taking account of every aspect of ESG for each investment was a gradual process that requires the raise of staff members' awareness and the progressive adoption of the methodology by the investment team. When it comes to selecting and monitoring investments, our policy regarding ESG and impact is now included in all procedures related to the various investment process stages. Specialist members help with the practical application of this approach, not only in memos sent to the various committees but also within the committees themselves. The team also receives regular training. In addition, it is useful for employees' performance in this area to be part of their annual appraisals and potentially reflected in their salaries.

'When I&P takes a stake in a company, it immediately sets up a shareholder representative body.'

As a signatory to the Principles for Responsible Investment (PRIs), a United Nations initiative, I&P reports annually on its ESG measures. The first items assessed under these PRIs were very positive and confirm that our policies are in line with international best practice. But we are determined to go further: we are currently looking into ways to have an independent, broader assessment made of our ESG approach and impact.[4] This assessment would be based on methodology as well as implementation. •

[4] *The Global Impact Investing Rating System (GIIRS), led by american specialists in CSR certification, is one avenue worth pursuing.*

BOX 2: THE RIPPLE EFFECTS OF A CAMEROON-BASED SME ON THE ORGANIC FARMING SECTOR

Biotropical is a Cameroon-based company that produces and exports organically farmed tropical fruit. As the country's leader in this sector, the company sells its production primarily to wholesalers and processors based in France. Despite a difficult environment, Biotropical has managed to develop a network of 80 small local producers and has also brought other exporters into its mix. But to get to the industrial stage, it had to overcome a lack of financial resources. It therefore turned to I&P Développement for help. In September 2012, I&P assessed Biotropical's impact on its stakeholders – including 80 small independent organic producers – so that the company could then use this information to improve its financial and societal performance. One of the key findings of the study was the need to strengthen the performance of local producers, who provided half of Biotropical's supplies. This meant not only ensuring reliable, regular production, but also quality and compliance with organic certification requirements. Biotropical would have to provide these producers with inputs – mainly plant-based – and training in organic farming at an estimated cost of around €50,000 per year. Although 70% of small producers said their income had increased since they started working with Biotropical, the study also revealed their heavy dependency on the company: 71% of producers surveyed sold their entire production to Biotropical. Such dependency makes them highly vulnerable. The first people to be affected by order fluctuations are independent producers, since part of production is handled directly by Biotropical. The study therefore recommended that external producers should be a more integral part of the company's supply chain to stabilise their income, increase their yields and build their loyalty.

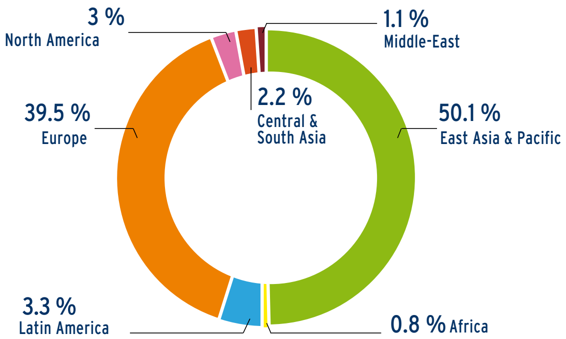
REFERENCES / **ILO, 2013. The extension of social security and social responsibility of multinational enterprises: An exploratory study. ESS – Document No. 35. Available at http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_213756.pdf**

International standards have emerged as a tool to help companies develop and implement CSR programmes. These standards have been adopted almost universally, but sub-Saharan Africa is still lagging behind compared with other countries. The private sector however sees CSR as a strategic issue for the continent's future. It is a key to sustainable and inclusive development, and also a performance driver for businesses.

The ISO 26000 standard : key principles and action areas

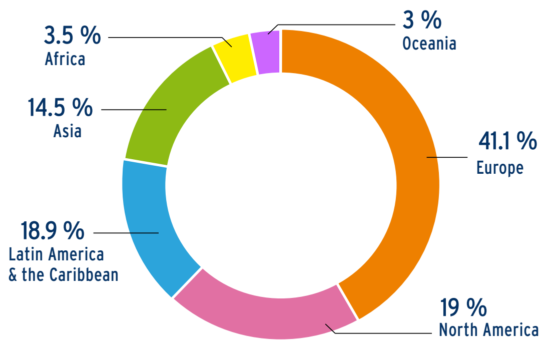
Note: The ISO 26000 standard provides guidance on how businesses and organisations can operate in a socially responsible way. It is non-binding and followed on a voluntary basis. It therefore cannot be certified. Instead, it helps clarify what social responsibility is, helps businesses and organisations translate principles into effective actions and shares best practices relating to social responsibility. The standard was published in 2010 following five years of negotiations between many different stakeholders (governments, NGOs, industry, consumer groups, etc.) around the world.
Source: ISO 26000, 2010

Global breakdown of ISO 14001 certificates, 2013



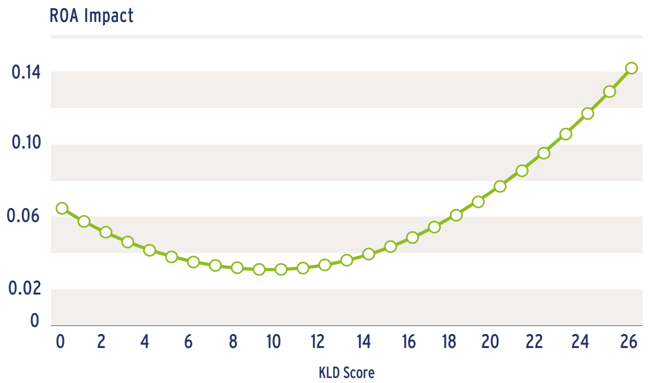
Total number of certificates in 2013: 301,647
Note: ISO 14001 defines the criteria for setting up an environmental management system in an organisation.
Source: The ISO Survey, 2013

Global breakdown of FSC certificates, 2014



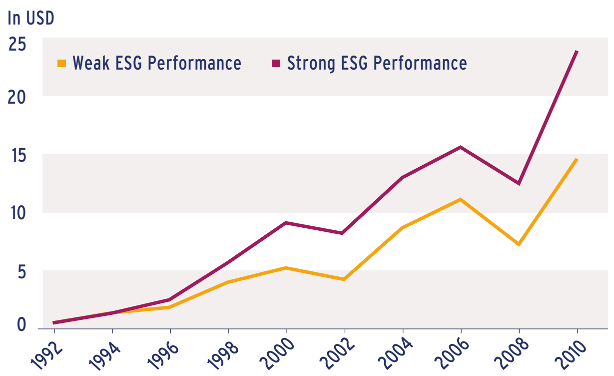
Total number of certificates: 1,303
Note: The FSC (Forest Stewardship Council) issues a label certifying responsibly managed forests.
Source: FSC, 2015

Return on Assets and ESG performance



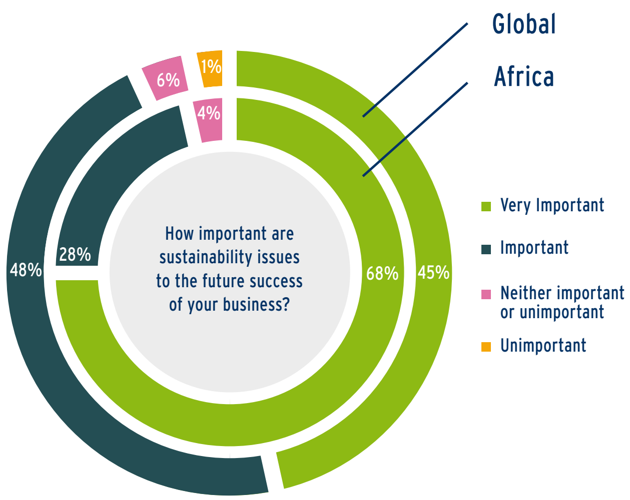
Note: This chart shows a positive correlation between ESG (environmental, social and governance) performance and financial performance based on a minimum level of CSR commitment. The research is based on 1,214 companies whose performance was studied between 1998 and 2006. The KLD (Kinder, Lydenberg, Domini) score is an index that measures ESG performance. It was created by researchers who drew on the rating system of the eponymous US ratings agency. ROA (Return on Assets) measures the profitability of a company's assets, i.e. its net income relative to its total assets.
Source: Barnett, Michael L. and Salomon, Robert M., 2012

Profitability of companies with a strong ESG performance



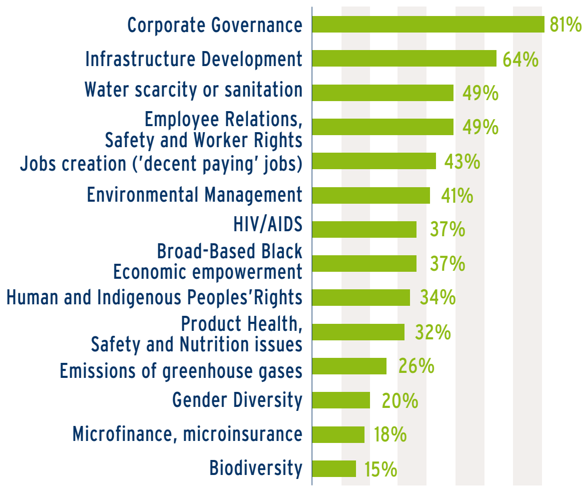
Note: The chart shows the movements of one dollar invested in the stock market in value-weighted portfolios of companies with low and high ESG performance, according to prevailing market rates.
These results were obtained from a sample of 90 companies with a successful CSR track record and a control sample of 'traditional' companies operating in the same sectors. The sample represents a wide range of sectors (mining, energy, agri-food, pharmaceutical, etc.).
Source: Eccles, R.G., Ioannou, I. and Serafeim, G., 2011.

Business leader opinion on the importance of sustainable development



Note: These results are taken from an outlook study conducted among more than 1,000 CEOs of companies from 103 countries and 27 industries.
Source: UN Global Compact and Accenture, 2014

Investor opinion on the importance of ESG factors



Note: These results are taken from an opinion poll conducted among 98 investors in South Africa, Nigeria and Kenya between January 2010 and May 2011 on the importance of ESG factors. They indicate the proportion of investors who consider each ESG factor to be 'very important' (on a scale of 1 to 4) to their return on investment over the next 3 to 10 years.
Source: IFC, 2011

The role of development finance institutions in promoting CSR

Development finance institutions such as Proparco help the companies they finance to improve their environmental and social (E&S) practices. Their role is not limited to E&S risk management: they also encourage their partners to engage in continuous E&S performance improvement to boost the quality of their projects.

Odile Conchou, Juliette Ramondy and Julia Richard de Chicourt

Head of Environment, Social, Governance and Impact division
Senior investment officer in Portfolio Monitoring division
Senior environment and social specialist
Proparco

As a creator of jobs and source of national tax revenues, the private sector plays a key role in social and economic development. Its commitment to acting responsibly on economic, social, environmental and governance issues is crucial to supporting sustainable growth, a view that underpins the mission of development finance institutions (DFIs) such as Proparco.

In addition to providing financing, the role of DFIs is to support an emerging innovative private sector committed to promoting sustainable development in the global South. They therefore encourage the companies they finance to improve their environmental and social (E&S) management. This also enables these companies to limit their financial, legal and reputational risks and enhance their overall performance.

The main contribution of DFIs like Proparco is their ability to support their partners' E&S initiatives, helping them enhance the standard and performance of their projects. By strengthening economic stakeholders' ability to meet the challenges of E&S management, Proparco seeks to increase E&S momentum across the private sector. It encourages its partners – and the local economy more generally – to be proactive in improving their E&S practices.

DFIs drive action in many ways. Their strict E&S requirements help promote high standards and best practice within the businesses they finance and their supply chains. They are also able to offer their clients advisory services and technical assistance.

Promoting high standards

Countries where DFIs operate often lack an adequate regulatory and corporate social responsibility framework for businesses. Only a few sectors are regulated, and regulation is often insufficiently enforced because of a lack of resources and capacity to monitor implementation.

'The role of DFIs is to support an emerging innovative private sector committed to promoting sustainable development.'

Although environmental regulations exist in virtually all African countries, they mainly target pollution (air, water and noise) and barely touch on protecting biodiversity. Very often, environmental impact studies – the main environmental assessment tool for a project – are essentially administrative documents produced at an advanced stage of the project with the main objective of obtaining the environmental permit needed to

ODILE CONCHOU, JULIETTE RAMONDY AND JULIA RICHARD DE CHICOURT

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Juliette Ramondy is a graduate of ESCP-EAP European Business School and has a degree in economics from the Sorbonne. She joined the AFD in 2007 and has been a senior investment officer in Proparco's Portfolio Monitoring division since 2012.

Julia Richard de Chicourt worked first as an international consultant and then joined Proparco as a senior environment and social specialist. She supports Proparco's investment team in assessing and managing the environmental and social risks associated with direct investment in the manufacturing, infrastructure and energy sectors.

start the work. The measures to mitigate a project's environmental impact set out in such studies are rarely taken into account in the way the project is designed and will be implemented. It is also rare for populations to be considered in these studies.

There are no similar social impact studies, so a project's risks and impact on company employees, on its supply chain, or on local communities are not properly assessed. Furthermore, no analysis is made of the company's ability to manage appropriately its E&S risks and impact.

In response, over the past four decades, DFIs have been developing E&S standards that are more stringent than local regulations and are gradually incorporating the principles laid down by international organisations to govern company operations. These include in particular the Fundamental Conventions of the ILO (International Labour Organization), the United Nations Guiding Principles on Business and Human Rights, the OECD (Organisation for Economic Cooperation and Development) Guidelines for Multinational Enterprises, and the FAO (Food and Agriculture Organization of the United Nations) Voluntary Guidelines on the Responsible Governance of Tenure.

'For more than a decade, DFIs have been working to harmonise their approaches.'

The International Finance Corporation (IFC), a member of the World Bank Group, has also been developing performance standards since 2003. These are now a recognised benchmark for all E&S issues that a company might face. The standards also define E&S review and management procedures (Figure).

For more than a decade, DFIs have been working to harmonise their approaches so that their clients are not overwhelmed by a profusion of standards. In 2009, for example, European development finance institutions (EDFIs), including Proparco, adopted a common set of principles defining the conditions for responsible financing. DFIs have also harmonised their E&S assessment and monitoring procedures for jointly financed projects, basing them on IFC standards, the ILO Fundamental Conventions and the UN Guiding Principles on Business and Human Rights. As a result of these efforts, the DFIs have a more effective collective impact on the development of E&S responsibility in the economies of the regions where they operate. In addition, DFIs sometimes encourage their clients to seek certification of their company's management systems (e.g. ISO 14001[1]) or to apply for industry-specific certifications (e.g. RSPO [Roundtable on Sustainable Palm Oil certification for palm oil production], FSC [Forest Stewardship Council for logging], or BONSUCRO for sugar production).

A STRICT DEFINITION OF IMPROVEMENT MEASURES

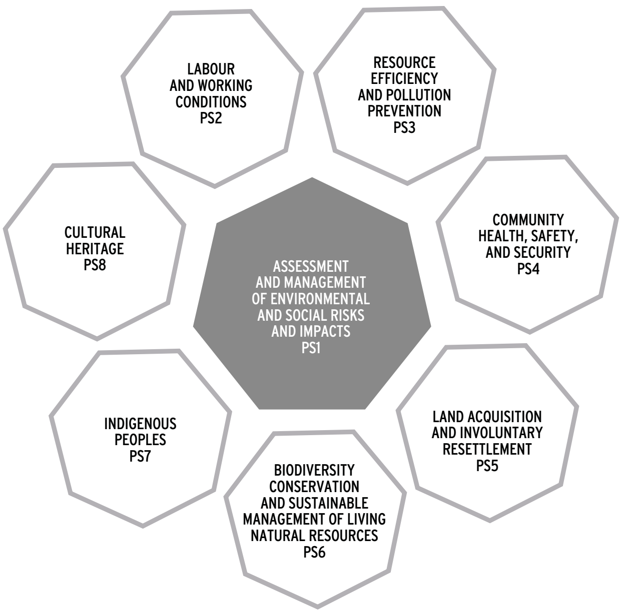
When a DFI such as Proparco analyses an application for project financing, the first step is to identify the company's strengths and weaknesses, define E&S priorities and help the company structure its E&S responsibility approach. The ultimate goal is to enable the company to pursue these efforts on a long-term basis.

Proparco plays a key role during this assessment phase. Its teams, supported by qualified consultants, identify the project's E&S risks (in accordance with Proparco's standards) and assess the company's practices and ability to properly ▶▶▶

[1] *ISO 14001 specifies the requirements of an organisation's environmental management system.*

Figure: The International Finance Corporation (IFC) performance standards

Performance standards (PS) define the criteria that a client must meet throughout the lifespan of an investment.



FOCUS

Proparco is a bilateral development finance institution owned by AFD and private shareholders. Its mission is to be a catalyst for private investment in developing and emerging economies to promote growth and sustainable development. Proparco operates on four continents – but particularly in Africa – and has stringent environmental and social responsibility requirements.

▶▶▶ manage those risks. The assessment also identifies the company's capacity-building needs. Lastly, in addition to supporting solely E&S risk management, the assessment also identifies ways in which a company can optimise its impact on its environment, for example by reducing its environmental footprint (water and energy savings) or providing goods and services to local communities (improved access to drinking water, energy and sanitation, dispensaries and schools for local communities, etc.).

The measures required to improve a company's E&S practices are determined on the basis of the results of this assessment. Proparco prepares an action plan that will enable the company to achieve the expected E&S performance level. This plan defines priorities, the funding required, deadlines for implementation and the performance indicators to be tracked. It must be agreed upon by the lender and the company prior to signature of the legal contractual documents, to which it will be appended. It summarises the lender's requirements of the company and the company's commitments to the lender. The company must keep Proparco regularly informed of its progress in this area. After the financing agreement has been signed, the Proparco teams and independent consultants follow up to ensure that the E&S action plan is being properly implemented, identify any difficulties encountered by the client and correct malfunctions (Box 1).

'For lenders, the main challenge is to convince the company to deploy the resources needed to engage in E&S responsibility on an ongoing and long-term basis.'

Technical assistance can also be put in place to finance the costs involved in obtaining certification (ISO 14001, SA 8000, and so on), implementing specific policies (AIDS policy, for example), or producing preliminary studies of energy-efficiency investments or calibration studies of a rail operator's vast soil clean-up operation. Similar support is offered to the financial institutions and investment funds financed by Proparco (Box 2).

Opportunities and key success factors

Most companies financed by DFIs welcome requirements for improvement, since they are only too aware of the significant financial and reputational cost of a project rejected by a local community, social discontent within a company, warnings from local or international non-governmental organisations, the halting of a project, or legal proceedings. They also recognise such requirements as an opportunity for greater access to international markets and financing and, in the long term, an opportunity to improve their productivity and profitability. However, while they generally welcome lenders' requirements for improvements, this is not always the case for the financial and human resources that must be mobilised in order to achieve the required levels of E&S performance. For lenders, the main challenge is to convince the company to deploy the resources needed to engage in E&S responsibility on an ongoing and long-term basis. They can do this by demonstrating to the company the associated benefits. However, they still need to be pragmatic and factor in the time it takes for the company to implement these measures.

The E&S commitments must be respected. If clients do not comply, this can be marked as a default on the agreement and may result in a demand for early repayment of financing or the withdrawal of Proparco's capital in the company. Similarly, disbursements may be frozen or delayed until the company fulfils its commitments. In such cases, a correc-

BOX 1: PROPARCO'S SUPPORT FOR AN ENERGY PROJECT IN CÔTE D'IVOIRE

Along with the International Finance Corporation (IFC), BOAD (West African Development Bank) and other European DFIs, Proparco financed the third tranche of the Azito thermal power station in Côte d'Ivoire. This major project, which is still under construction, will eventually use "combined cycle" technology to generate around 1,000 GWh of additional electricity per year without using additional gas or producing greenhouse gases. The additional low-cost energy produced will improve access to energy for Côte d'Ivoire residents and provide the energy needed to support the sub-region's growth. The E&S assessment made in respect of this financing led to an action plan whose main improvement measures focused on managing the plant's discharges into water, mitigating the noise generated by the facilities and managing waste. One of the action points, for example, was to ask the plant's constructor to adopt technical specifications that would guarantee compliance with national and international noise standards. Every quarter during the construction phase, an independent consultant reporting directly to the DFIs monitored the implementation of these measures. This ensured that E&S actions were being properly implemented to and helped improve all on-site management practices, including those of subcontractors.

tive action plan is put in place and future disbursements are made contingent on its implementation. Proparco has already encountered one such case: serious failures regarding employee health and safety had been identified in an energy infrastructure construction project. In the face of the company's lack of responsiveness, Proparco and its cofinanciers halted payments. Corrective measures – organisational and operational measures and monitoring – were established with the company, and payments resumed after these measures were implemented and improvements noted. Nevertheless, as a rule, Proparco prefers to dialogue with companies or financial intermediaries to help them overcome their difficulties and continue to strengthen their E&S practices.

'As a rule, Proparco prefers to dialogue with companies or financial intermediaries to help them overcome their difficulties.'

The role of DFIs is to help the businesses they finance to engage in E&S responsibility in a long-term perspective. Companies that do this reap benefits in terms of operation, competitive advantage, access to international markets, relations with their stakeholders, and image. Through such action, the partners help promote sustainable, inclusive growth in the global South. However, the efforts required on the part of the companies may be substantial, so DFIs like Proparco must establish a genuine partnership with them. The added value represented by DFIs lies in helping their clients achieve greater E&S responsibility.

BOX 2: FINANCIAL INTERMEDIARIES HELP DISSEMINATE GOOD PRACTICE

When DFIs provide funding to financial intermediaries (mainly banks and investment funds), they expect them to encourage their clients to adopt E&S responsibility principles equivalent to the DFIs' own. Banks finance a large number of local businesses, while investment funds often prioritise promotion of a competitive private sector. The fact that such key local financing actors take E&S responsibility principles into account substantially increases lenders' efforts to disseminate them throughout the local economy.

Development finance institutions such as Proparco encourage financial intermediaries to define and implement, within an acceptable timeframe, an E&S risk management system for the projects they finance, based on high standards.

In the long term, the banks or investment funds will have to analyse the E&S risks of the projects they are financing or the companies in which they are investing, define the actions required to mitigate those risks, make their loan or investment conditional on the implementation of the defined actions and monitor their effectiveness.

As it does with companies, Proparco helps financial intermediaries develop these management systems by offering advisory services or technical assistance.

For example, since 2012 Proparco has been supporting a Kenyan bank and its subsidiaries in Uganda and Tanzania in implementing an E&S management system to prevent risks and improve the E&S performance of the projects the bank finances.

In addition, since 2013 a number of lenders, including the IFC and European DFIs, have been supporting the Kenyan banking association in promoting and developing guiding principles for responsible lending and best-practice tools for the entire Kenyan banking sector.

From aid to partnership: Lafarge's CSR programme in sub-Saharan Africa

Industrial ecology is a major component of Lafarge's corporate social responsibility programme in sub-Saharan Africa – alongside initiatives promoting safety at work, healthcare and education. The group's energy recovery projects are based on a co-development model that marks a new stage in Lafarge's history on the African continent – and a shift from an aid-based to a partnership-based approach.

Alan Kreisberg and Pierre Delcroix

Senior Vice-President for Sustainable Development, Lafarge
Vice-President for Lafarge Industrial Ecology in the Middle East and Africa

By 2020 there will be eight billion people living on our planet – all aspiring to decent housing and fair access to infrastructures. In order to build the towns and cities of the future, the construction sector faces significant economic, technical, social and environmental challenges. Lafarge is working to deliver solutions – both by making its own operations more sustainable and by participating in leading the global building materials sector along the path to sustainability.

Lafarge has been present on the African continent since 1928 and in sub-Saharan Africa since 1985. With a production capacity that has nearly tripled since 2000 and operations in ten countries, Lafarge is currently one of the leading cement producers in sub-Saharan Africa, where the group has 7,600 employees and makes 12% of its sales revenues. Over the past five years, responding to unprecedented urban growth, Lafarge has made investments in Uganda, South Africa, Cameroon, Zambia and Nigeria, bringing its cement production capacity in the region to 20 million tonnes per year. A further 10 million tonnes of capacity are scheduled to become operational by 2017 – including projects in Nigeria, Tanzania and Zambia. New capacities are also planned in Uganda, Kenya, Zimbabwe, Burundi, Malawi, Democratic Republic of Congo and Mozambique.

'Lafarge's own development depends both on its environmental performance and on social progress.'

ALAN KREISBERG AND PIERRE DELCROIX

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Pierre Delcroix is Vice-President for Lafarge Industrial Ecology in the Middle East and Africa. He is in charge of municipal, industrial and agricultural waste management projects that provide sources of alternative fuels and raw materials for the group's cement plants. Previously he held several positions in the industrial waste management business of Sita-Suez Group. He is a graduate of ESSEC Business School.

A long-standing commitment to sustainable development

Today a business is assessed not just on its financial performance but also on the way it conducts its operations and its ability to create value for all its different stakeholders. It bears a responsibility to its employees and its customers – and also towards communities living in the regions where its operations are based. Lafarge's own development depends both on its environmental performance and on social progress: the group's growth and competitiveness are inseparably intertwined with the quality of the living conditions where it is present – and over the long term no economic growth is possible without conserving the natural resources.

Sustainable development has long been at the very heart of the group's strategy – partly due to the environmental footprint of its activities, but

also because Lafarge often operates in remote locations where it can play a major role in the socio-economic development of an entire region.
Lafarge enshrined its environmental concerns within its core values – the group's "Principles of Action" – back in 1977, and this commitment has steadily been re-affirmed over time. Initially the group's efforts were focused mainly on reducing its environmental footprint; today, its scope of action has widened to include social and societal challenges. The Sustainability Ambitions 2020 programme, launched in 2013, reflects these wider concerns. The programme aims to contribute to the well-being of local populations by improving social and economic living conditions for the communities in which Lafarge operates. This translates into training offers, local job creation schemes and healthcare and education programmes. It also involves supporting sustainable building by developing new sustainable products and services and contributing to energy-efficient construction projects. Finally, Lafarge aims to promote the circular economy: a pioneer in industrial ecology, the group firmly believes in creating synergies between different industries so that one company's by-products become another's fuels and raw materials, conserving natural resources in the process. Lafarge is involved in wider initiatives, too: in particular as a co-founder of the Cement Sustainability Initiative led by the World Business Council for Sustainable Development, a programme that encourages the deployment of ambitious sustainability policies across the cement sector as a whole.

Action for health, safety and education

While Corporate Social Responsibility (CSR) policy is defined at group level, its implementation involves taking specific local needs and factors into account. In sub-Saharan Africa there are various factors that need to be considered: inadequacies of the economic, medico-social and educational systems; weak environmental regulations, and so on. In consequence there are very high expectations of any international business locating to the region. Lafarge seeks to fulfil these expectations by working closely with local communities, authorities and specialist NGOs. Through these partnerships we are able to devise and implement a CSR policy aligned with the priorities of our local employees and the local communities – a policy that translates into a programme of targeted initiatives.
Lafarge made the health and safety of its employees and subcontractors a top priority right from the start. The group faced rapidly the healthcare challenges posed by HIV and AIDS and responded in the early 2000s, launching prevention and treatment programmes designed for its employees and their families. More than 500 people are receiving treatment under these programmes and prevention campaigns are conducted on a regular basis. Building on this experience, Lafarge has since expanded its programmes to encompass other public healthcare issues (the fight against malaria, cardiovascular disease and diabetes). Safety at work is one of the group's abiding priorities. This involves establishing consistent standards across all sites – with respect to working at height, for example, using mobile equipment and working on electrical installations. Campaigns to raise awareness of potential risks are conducted at regular intervals. For example, the group is working to reduce the number of accidents occurring during the transportation of products from its plants – a highly complex challenge in some African countries where many roads are poorly maintained and there is no real road safety culture or effective regulation. A large-scale training scheme with haulage companies in Kenya has helped to keep road transport fatalities at zero for more than five years now.
Lafarge is also involved in a range of programmes that aim to improve education and professional training levels among local populations in sub-Saharan Africa. An initiative at the Ewekoro plant in Nigeria, for example, offers professional training courses in automation, electrical installation and engineering. Sessions are led by speakers from higher education institutions and former Lafarge employees. Apprentices receive a monthly bursary and are awarded a diploma on successful completion of the course.

Co-development: adding a new dimension to CSR policy

Alongside these initiatives promoting healthcare, safety and education, Lafarge's CSR policy also prioritises industrial ecology projects. Promoting complementarity between different industries (one industry's 'waste' becoming another's fuel and raw materials) is also changing the way CSR itself is perceived. From its original aid-based approach, CSR is naturally evolving towards co-development projects focused on energy-related issues.
Lafarge has set itself the target of supplying its cement kilns with 50% non-fossil fuels by 2020 – with 30% of the total to be from organic ▸▸▸

FOCUS

Lafarge is a global leader in building materials and a major player in its core businesses of cement, aggregates and concrete, with a presence in 61 countries and 63,000 employees. The group helps to build towns and cities all over the world, delivering innovative solutions to make them better to live in, more compact, more sustainable and better connected. Lafarge has the world's leading building materials research facility: innovation is at the very heart of everything it does.

▶▶▶ waste such as coffee husks, rice husks or palm kernel shells (biomass). Underlying this target is the group's aim to reduce its energy bill and reduce its ecological footprint while at the same time helping to develop the local economic fabric. Most of the waste currently recovered by Lafarge in the region comes from agriculture. In a context of dwindling resources and growing competition for access to non-fossil fuels, Lafarge needs to secure its biomass supply and is establishing partnerships with local farmers in order to do so. In some cases Lafarge is using its own land to create plantations for energy supply purposes – on its quarry sites at Mombasa in Kenya and Ewekoro in Nigeria, for example. Elsewhere it is offering growers subsidised plants, supporting the coffee industry in Uganda, for example (Box). Agroforestry projects are also being studied in Tanzania and Nigeria : they will make it possible to produce high value-added agricultural and forestry products, develop subsistence farming and generate biomass. Lafarge's co-development strategy is based on four guiding principles: to have no negative impact on the growing of food crops; to ensure the conservation of soils and water resources; to preserve or enhance biodiversity; and to share wealth and contribute to the well-being of local communities.

'Lafarge therefore aims to prioritise large-scale agricultural projects involving many small farmers.'

Whatever the specific nature of the project selected it must also generate significant benefits for the local communities. Lafarge therefore aims to prioritise large-scale agricultural projects involving many small farmers in order to create value for as many people as possible. Implementing successful co-development projects calls for an in-depth understanding of local needs and realities. Every project needs to be undertaken in close collaboration with local populations in order to ensure that they remain on board over the long term. Project management is another key challenge for the group – in Uganda, for example, Lafarge is working with a total of 40,000 farmers. These complex projects need their own dedicated management systems and funding allocation – and their business models need to incorporate return on investment lead times of at least three to four years, in line with agricultural specific cycles. Despite all these challenges Lafarge is dedicated to professionalising its co-development strategy, which offers an unprecedented opportunity to enhance the competitiveness of its businesses in sub-Saharan Africa while at the same time improving living conditions for local communities.

The emergence of these co-development projects represents a radical new stage in Lafarge's history in sub-Saharan Africa, with profound impacts for the group's CSR practices. By their nature these projects involve reciprocal commitments between the group, the communities and local authorities. They are changing the way Lafarge relates to the region – from an aid-based approach to a partnership-based approach. In this way Lafarge aims to make a net positive contribution to society and the environment, reducing its environmental footprint while at the same time maximising the value created for all its stakeholders. ●

BOX : LAFARGE'S CO-DEVELOPMENT PROJECTS IN SUB-SAHARAN AFRICA

In sub-Saharan Africa, where local agricultural activities generate significant quantities of waste, Lafarge has more than doubled its use of biomass. In 2013, the group used some 120,000 tonnes of biomass as an alternative fuel for its cement kilns. New initiatives are being created – energy recovery from household waste and used tyres, for example – yet most of the waste used by Lafarge in this region comes from agriculture.
In 2007, a tree planting scheme was launched in Kenya, in part of the Mombasa quarry that had not yet been worked. Small-scale growers were employed to prepare, establish and maintain the plantation. Lafarge also leased plots of land to them for growing their subsistence crops before the tree canopy formed. A similar project was established in Nigeria as part of the rehabilitation of Ewekoro quarry. Nearly 200,000 trees have been planted to date and some 100,000 trees are scheduled to be planted annually over the next three years.
In Uganda, Lafarge has launched a co-development project which aims to help farmers near its cement plants produce coffee – generating husks which are used as biomass. For this project, Lafarge does not provide the land but subsidizes the delivery of coffee plants to local growers. Since 2012, the Group has enabled the delivery of 13.7 million coffee plants to more than 40,000 growers, which provides increased incomes, while allowing the country to increase its exports of approximately €30 million a year. Through this circular economy, Lafarge is benefiting from a better access to coffee husks, an excellent alternative fuel, which will enable the plant to reduce its carbon footprint and will supply more than 20% of the cement plant's energy requirement. A project currently under development in Tanzania aims to encourage local farmers to produce sunflower oil, using land owned by the company and providing technical expertise and market access support. By purchasing the biomass waste from this project, Lafarge could replace up to 25% of its conventional fossil fuels.

Persuading businesses to commit: the WWF approach

For an NGO such as WWF, corporate social responsibility (CSR) is an effective lever for influencing the practices of the private sector and for challenging its economic models. WWF therefore develops partnerships with international groups and local businesses, is involved in drawing up and disseminating standards and encouraging multi-stakeholder dialogue.

Anne Chetaille, Jochen Krimphoff and Jean-Baptiste Roelens

International Programme Officer, WWF France.
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Tropical Forests and Climate Programme Officer, WWF France

The Earth's ecological footprint has been growing continuously for 40 years.[1] Businesses play a crucial role in reducing the damage to ecosystems both by switching to more sustainable modes of production and consumption and by supporting environmental protection efforts.

For a long time NGOs have mostly acted by publicly challenging the private sector, exposing those companies that show little regard for the environment or for human rights. But over the last twenty years the relationship has evolved towards a greater degree of dialogue and collaboration. NGOs have gradually become part of the landscape of Corporate Social Responsibility (CSR) – today a particularly efficient means of having a long-lasting influence on the position and intervention models of the private sector.

For several years, WWF has been using this approach – based on dialogue and engagement – with the private sector: it works with companies, persuading them to modify their practices and developing innovative solutions with them to reduce their ecological footprint. This approach is vital in sub-Saharan Africa, where environmental protection problems are acute.[2] WWF acts at several levels in order to influence the practices of the private sector in the region. It creates partnerships with multinational companies that can have a very strong impact on the continent – for example in the mining and agricultural industries – and, via its local offices,[3] it is beginning to work alongside companies that wish to improve their environmental practices. WWF also works at industry level to develop standards. Finally, it is responding to the increasing demand from African governments for help in drafting appropriate legislation and is thus trying to influence the corporate environment in order to encourage firms to develop CSR policies.

'For several years, WWF has been using this approach – based on dialogue and engagement – with the private sector.'

Collaborating with businesses

WWF creates partnerships with companies to make them adopt more sustainable practices. The form of these partnerships is defined jointly with the companies depending on their main environmental impacts and WWF's priorities. They generally include an element of technical cooperation in developing their environmental strategy ▸▸▸

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Environmental economist **Jochen Krimphoff** joined WWF France in 2008, having worked for fifteen years for Pricewaterhouse-Coopers specialising in sustainable finance and global environmental governance. He is currently Deputy director International relations & development.

After working on forest conservation in French Guyana (for the CIRAD, a French research centre working with developing countries to tackle international agricultural and development issues), and in Madagascar (for WWF), **Jean-Baptiste Roelens** joined WWF France as Tropical Forests and Climate programme officer. He is currently based in the WWF office in the Democratic Republic of Congo to support the Virunga campaign and the Green Economy programme.

[1] *The authors would like to thank the following for their contribution to the article: Arnaud Gauffier (Agriculture & Food Programme officer, WWF France), Aurélie Pontal (Partnerships Manager, WWF France), Ludovic Miaro (Regional coordinator of the Palm Oil programme, WWF CARPO), Maxime Nzita Nganga Di Mavambu (Regional coordinator, Business & Extractive Industries, WWF CARPO), Laurent Somé (Interim Conservation Director, WWF African Regional Office).*

[2] *According to a study published by the WWF and the African Development Bank, 2012, 40% of African biodiversity has disappeared in 40 years.*

[3] *The WWF has regional offices in Nairobi and Yaoundé and national offices in South Africa, Cameroon, the Central African Republic, the Democratic Republic of Congo, Gabon, Kenya, Uganda, Tanzania, Zambia, Zimbabwe and Madagascar.*

▶▶▶ and/or on a 'licensing'.[4] Partnerships are often established for three years, are renewable and include a roadmap. WWF's role is to support the overall strategy, but not to implement it directly.

In Africa today, this strategy mainly involves major international companies. For example, in 2015 WWF and the Rougier group,[5] a timber production and trading company, began a strategic collaboration over three years based mainly on the development of relevant indicators for the management and monitoring of the flora and fauna in the company's forest concessions in Gabon, support for the effective operation of anti-poaching units in the north of the Congo as well as the optimisation of the local development fund financed by Rougier. WWF plans to develop more collaborations of this type with local companies: for example in Cameroon and the Republic of Congo, WWF has already helped several companies to draw up fauna management plans for areas in which they operate.

The success of these partnerships requires field visits, regular meetings with the teams – before and after signature of the contract and the establishment of a framework for implementation and monitoring, including quantified, dated and measurable objectives. Success also depends on involving people at the highest levels within the company and the allocation of adequate resources. WWF always seeks to make critical and constructive comments on its partners' practices. It is careful to maintain its independence and to avoid 'environmental whitewash' practices.

Acting on entire industries

WWF acts also at the level of major industries, where it contributes to the definition of private international standards of sustainability accompanied by rigorous certification. This approach aims to compensate for the weakness of national regulations and to steer the markets towards good practice. WWF has launched, or taken part in, numerous initiatives using a multi-stakeholder, 'roundtable' approach to bring together the interests of the whole industry in order to jointly develop new standards for sustainable management of natural resources. Once these standards have been written they must be disseminated as widely as possible – this is an important aspect of WWF's work. It is also necessary to provide support for willing companies during the certification process. Amongst other things, certification brings them competitive advantage and a better image.

Thus WWF has originated, or contributed to, many private standards. For example the Forest Stewardship Council (FSC) label for sustainable timber was created twenty years ago; today, 14% of the productive forests in the world are labelled FSC (FSC, 2012). The Marine Stewardship Council (MSC), designed on the same model, concerns products from the sea; today about 11% of fish caught outside fish farms bear this label (FAO, 2014). Fortified by such successes, WWF has extended the participative approach to a dozen other productive industries: palm oil (Roundtable on Sustainable Palm Oil), soya (Roundtable on Responsible Soy), cotton (Better Cotton Initiative), etc. However, these standards remain far from widespread among African companies.[6] The goal is to extend them much more widely across the African continent over the forthcoming years.

'WWF plans to develop more collaborations of this type with local companies.'

In order to influence the practices of major industries, WWF also supports the creation of networks and platforms. For example it has created the Global Forest and Trade Network (GFTN) with more than 300 members – timber suppliers, producers and buyers – in more than 30 countries (including seven from Africa). Its role is to promote sustainable forest management. For example, in Cameroon, training has been organised for several companies[7] to help them operate in accordance with the best environmental and social practices. After only a few years, the Congo Basin region now has sub-Saharan Africa's largest area of certified forest.

FOCUS

World Wide Fund for Nature (WWF) is an independent environmental protection organisation with 5.8 million members and an active network in more than 100 countries. WWF works to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature, by conserving the world's biological diversity, ensuring that the use of renewable natural resources is sustainable and promoting the reduction of pollution and wasteful consumption.

[4] *By placing the WWF logo on the company's products, the 'licensing' mechanism promotes and gives added value to products made using processes judged to be sustainable, thus orientating the consumer and, consequently, the market.*

[5] *Rougier exploits more than two million hectares of forest concessions in the heart of the Central African Republic, Gabon, Cameroon and the Democratic Republic of Congo.*

[6] *For example today, Africa only accounts for 3% of the FSC-certified forests in the world.*

[7] *PALLISCO-CIFM Group, Decolvenaere group Cameroon, Wijma Cameroon, SFID/ Rougier Group, Alpicam-Grumcam group, etc.*

Helping governments to galvanise the private sector

Although African governments are demonstrating an ever-increasing degree of political will to set up strategic frameworks for CSR, they lack the technical and financial resources to accomplish their objectives. WWF's aim is to help them define public policies that will strengthen their capacity to force companies to adhere to standards.

The nature of the collaboration between WWF and governments depends on the country, the environmental issue and the industry concerned. Its scope of intervention is very wide: from the provision of technical expertise (zoning plans, tackling questions of overlapping land-use, etc.), to facilitating dialogue between different parties, but also the organisation of technical workshops or training courses, technical support for the implementation of projects, awareness campaigns, the development and provision of tools to facilitate decision-making, etc. WWF also takes part in government working parties. In Cameroon in 2013, WWF initiated the launch of the process for drawing up the national strategy for sustainable development in the palm oil industry and also provided technical support for that process (Hoyle, Levang, 2012). WWF financed several studies (for example a diagnostic and prospective study of the industry, a review of the legal and institutional framework of the industry) whose results were consolidated into the draft national strategy document.

In fact WWF is becoming increasingly committed to its policy of influencing African governments and regional organisations so that the question of environmental conservation is taken into account in the political and public agenda. WWF is also becoming more and more involved in public debates about infrastructure projects (energy, mining, etc.) which can have significant environmental impacts: deforestation, damage to sensitive ecosystems, soil pollution, etc. In African countries, local Civil Society Organisations (CSOs) do not always have sufficient capacity or resources to become actively involved in these projects. That is why, in parallel, WWF supports the strengthening of the capacities of these CSOs, as well as the establishment and training of coalitions of CSOs. For example, in Madagascar, WWF has taken part in the creation of Alliance Voary Gasy (AVG), which brings together around 30 local associations promoting better governance of natural resources, and also provides it with technical assistance.

In order to raise awareness and involve the greatest possible number of people in environmental issues, WWF has adopted a strategy based on dialogue and engagement with all the stakeholders – including companies – in order to seek, and then implement, effective, sustainable solutions. This approach, adopted a long time ago, is now bearing fruit. Nevertheless, as a last resort, when dialogue with companies breaks down and the environmental damage caused by their activities is significant, WWF has no hesitation in condemning them publicly. The case of Virunga (Box) shows that campaigns appealing directly to companies can be an effective means of influencing their practices. This approach will continue to be used selectively in situations where the conservation issues are considered to be a global priority. •

'WWF is becoming increasingly committed to its policy of influencing African governments.'

BOX: CHALLENGING COMPANIES PUBLICLY

The Virunga National Park in the Democratic Republic of Congo is the oldest park in Africa classified as a World Heritage Site. In 2010, oil exploration permits covering 85% of the park's area were allocated, including one to the French oil company TOTAL S.A. and another to the British company SOCO International PLC. However, Congolese national law and the international conventions ratified by the DRC forbid any extractive activities in the Virunga. WWF directly challenged Total about its environmental responsibility during its Annual General Meetings and organised publicity campaigns and appeals which led to the company's formal undertaking to neither prospect for, nor exploit, oil within the park boundary. When SOCO began its oil prospecting activities in the park, an OECD complaint was filed with the British national contact, which is responsible to implement the OECD Guidelines for multinational companies. The complaint was accepted and mediation followed under the auspices of the OECD. The outcome was that the company would cease its operation in the park unless UNESCO and the DRC government agreed that such activities are not be incompatible with the park's World Heritage status.

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Lessons learned from this issue

BY FANETTE BARDIN, EDITOR IN CHIEF

Corporate social responsibility (CSR) has a high profile around the world and is growing in importance in Asia, in Latin America and, most recently, also in Africa. A number of large African companies are now putting CSR initiatives in place or adopting recognised international management standards, such as ISO 14001 in the field of environmental management. Across the African continent, a wide variety of initiatives is helping to disseminate knowledge about CSR. Corporate networks, such as the RSE Sénégal network or the Kilimanjaro network, are making it easier to share knowledge and expertise in this area. Universities and technical training institutions are also running specialist courses, while Chambers of Commerce, such as in Tunisia and in Cameroon, are addressing the issue and CSR labels have been set up in Morocco and Senegal. The media and civil society, too, are increasingly focusing on CSR issues. However, CSR initiatives are still largely marginal and lack the capacity to influence the way in which companies are run. If CSR is to have a wider-reaching effect on the whole of the private sector, a critical mass of economic stakeholders with the capacity to translate the CSR approach into concrete action is needed.

The key priority over the next few years will therefore be to provide support for a large-scale adoption of CSR across Africa - a major challenge on a continent with a substantially informal economy. Against a backdrop of major social demands and weak government revenues, CSR is, however, an opportunity for Africa to promote sustainable and inclusive development. By adopting better ESG (environmental, social and governance) practices, businesses can not only reduce the external negative impact of their operations (for example, by acting to cut industrial injuries or reduce waste water pollution) but also optimise their positive impact on development (for example by setting up medical insurance for employees and their families). Commitment to CSR can also bring substantial benefits to companies, for example by opening up international markets, giving them a competitive advantage, boosting employee mobility, reducing the cost of energy and water consumption, increasing their global performance and so on. However, this requires them to provide the start-up investment needed to conduct impact studies and audits and to make the necessary human resources available. Achieving deep-rooted changes in ESG practices also means ensuring that the CSR approach underpins corporate strategies, that management supports it, and that all levels within an organisation take ownership of it.

If CSR initiatives are to be more widely implemented across Africa, all stakeholders need to be mobilised. For example, development finance institutions have designed effective tools to support their clients in improving their ESG practices. Basing their approach on rigorous international standards, these organisations have demonstrated that they can have a positive impact on the private sector. Investors and banks, the key sources of funding for the local economy, are also beginning to see the benefits of supporting responsible businesses. Their involvement will help boost the profile of CSR throughout the African economy. International and local NGOs, meanwhile, have the capacity to raise the private sector's awareness of CSR – some NGOs have made the choice to conclude partnerships with companies to support their development, while others opt for advocacy. Finally, it is essential that African governments commit to CSR: they have a crucial role to play in promoting its development, ensuring that it is regulated, and fostering consultations among stakeholders. And that requires an effective policy and statutory framework that encourages good CSR practices, mechanisms to provide incentives for companies to adopt good practices, and the ability to monitor closely compliance with standards.

This constellation of stakeholders is absolutely fundamental to success, because CSR requires that all those involved work together in concert to transform the balance of their relationships. Only when this happens will CSR become established across Africa and be a contributor to its development.

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Issue coordinated by Odile Conchou, Justine Plourde Dehaumont, Juliette Ramondy and Julia Richard de Chicourt (PROPARCO)
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PS&D Private Sector & Development
PROPARCO'S MAGAZINE

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