

Chapter 2

Corporate Social Responsibility in Mozambique

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Abstract Mozambique is a young African country with a strong growing economy and increasing foreign direct investment. We can observe a rising number of Corporate Social Responsibility (CSR) projects and activities in the country. Nevertheless there is still no systematic approach or coordination through public authorities or the business sector itself. CSR is mainly motivated by immediate own company needs like training or health of workers. We also find philanthropy projects as well as projects supporting local communities on development priorities, mainly health, education and community development. CSR, as part of a business concept, is mainly limited to large companies and foreign investors with international experience and less to small and medium-sized enterprises (SMEs). Many national companies, especially SMEs still do not have the CSR capacity or the respective mind set. First of all it is the mega projects that have their professional CSR departments and budgets. In the mining sector a CSR component is now compulsory by law since 2014.

As public institutions are weak, CSR in Mozambique is more about “CSR towards compliance” and sometimes less about “CSR beyond compliance”. Strong views are expressed by civil society that for example the enforcement of labour legislation within companies is weak and hardly controllable by the government. This fact combined with corruption issues makes CSR towards compliance of existing labour, environmental, fiscal laws and other regulation an important topic. Nevertheless it is questionable if this should be considered as CSR. CSR in general is sometimes seen as “green washing” by big investors, benefitting on the other hand from generous tax exemptions and special deals with the government. Nevertheless, CSR is of growing importance in Mozambique and as the new mining CSR law shows, government is slowly entering the CSR landscape. A better coordination and public-private dialogue about CSR is necessary in order to make it a more useful and an efficient instrument for development. Nevertheless it should be clear that CSR is voluntary and in a globalized economy with international value chains becomes more and more an international issue.

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2.1 The CSR Definition in the Mozambican Context: A Need for Discussion

There is so far no agreed upon definition of Corporate Social Responsibility (CSR), neither in literature nor in practise. The term “CSR” started to be widely used in the 1960s and 1970s, coinciding with the global rise of multinational companies (Baumüller, Ladenburger, & von Braun, 2011). One of the most commonly used definitions is the one of the European Commission which defines CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (EC, 2011, p. 6). Note, that it should be voluntary! More generally CSR is regarded as an “umbrella term” for a variety of theories and practices all of which recognize the following:

- (a) That companies have a responsibility for their impact on society and the natural environment, beyond legal compliance and the liability of individuals;
- (b) That companies have a responsibility for the behaviour of others with whom they do business (e.g. within supply chains); and
- (c) “That companies needs to manage its relationship with wider society, whether for reasons of commercial viability or to add value to society” (Blowfield & Frynas, 2005).

The terminology and approaches to CSR are largely shaped by Anglo-Saxon tradition, with its differentiation between economic and social affairs, the focus on individualistic rather than community values and the limited role of government in regulating markets (Blowfield & Frynas, 2005; Sadler & Lloyd, 2009). Proponents of that Anglo-Saxon understanding of CSR tend to emphasize the benefits of voluntarism and self-regulation as more effective means to promote socially responsible corporate activities. The concept also became part of “International Business” literature, showing that companies are not only part of the problem (environment, social, etc.), but also perhaps part of the solution (Kolk & van Tulder, 2010).

As Baumüller et al. (2011) analyse, the ‘northern-centred’ view of CSR has driven the research agenda over decades, which has largely concentrated on firms in high-income countries, notably North America and Europe, and the adoption of universal norms such as workers’ rights. These approaches have also shaped the way that CSR is being applied in many developing countries.

“Thus, development-related CSR emerged largely as a response to growing criticism from activists, consumers and shareholders that attacked multinational companies for poor labour and environmental standards and associated impacts on local communities. An initial focus on codes of conduct and voluntary firm-level standards has expanded to include ethical sourcing, certification, community development and stakeholder engagement”.

Mozambique is obviously a developing country, but it is not following a clear political-economic vision or strategy. It applies mixed concepts with elements of

“wild-west economy”, neo-liberal principles and strongly socialist ideology. The political mainstream these days seems to follow a kind of Chinese Political economic model.

When discussing CSR activities in Mozambique we have to keep this in mind. Sometimes CSR can be a substitute for state intervention or regulation, it can be a license to operate, and it can be philanthropic. Given the weak state capacities, we find CSR projects “towards compliance” (because there is no enforcement), “beyond compliance” and CSR without any benchmark as there is no regulation or no clear role of what should be done by the state and what not. In general CSR is considered “. . . . a highly contentious issue in Mozambique, especially with the large mining companies. . . .” (KPMG, 2014). This will be discussed further later on.

2.2 Factors Defining the Context for CSR in Mozambique

2.2.1 Historical and Political

Under colonial rule of the Portuguese, the economic policy in Mozambique was dominated by Portuguese home-country interests with few investments in infrastructure, human capital and economic development. After independence in 1975 the Government opted for a central planning approach (nationalizations), with few incentives to the private sector and entrepreneurship (Krause & Kaufmann, 2011). Following a 16 year civil war between the ruling and still dominating party Frelimo and Renamo (an apartheid regime-supported rebel party), the country lay in social and economic ruin (for the following part see Kaufmann, 2012). The disastrous economic situation, debts, poverty and a shortage of international credit forced Mozambique in the late 80s to cooperate more with the West, namely with the IMF agreeing on a transition to democracy and structural economic reforms (multi-party system, liberalization, private property, easing of foreign investment, free trade etc.). The new constitution enacted in 1990 provided a multi-party political system and a market-based economy (EIU, 2008). The Civil war ended in 1992 (Rome treaty) and free elections were held. FRELIMO dominated the political scene from the beginning winning all national elections. Since the 90s, Mozambique is considered stable and peaceful. After President Chissano, Armando Guebuza—from the ruling Frelimo party—won another term in office in the October 2009 elections with a landslide majority. Since then nationalistic accents are more pronounced aiming at enhancing party influence at various levels of government with a stronger and more centralistic “hands-on” approach. The opposition RENAMO is weak, lacking professional leadership and a serious opposition work in Parliament. Local elections are held since the year 2003 starting in 33 local governments (municipalities). In 2009 some RENAMO “dissidents” founded MDM (Movimento Democrático de Moçambique), which managed to get into parliament in the 2009

Table 2.1 World Bank Governance Indicators for Mozambique 2000–2013

Governance indicator	Relative position worldwide in %			
	2013	2010	2005	2000
“Voice and Accountability”	39.3	45.5	50	45.7
“Political Stability”	37.4	57.1	48.6	38.9
“Government Effectiveness”	30.6	34.4	36.6	38.5
“Regulatory quality”	35.9	38.3	25.5	42.6
“Rule of Law”	21.8	39.9	31.6	29.2
“Control of Corruption”	29.7	41.4	37.6	42
	0 % worst worldwide, 100 % best worldwide			

Source: Worldbank various years

elections and won three important local elections in three big cities Beira, Nampula, Quelimane plus Gurue since then. In the recent 2014 elections FRELIMO won again, with F.J. Nyusi being the new head of state following Guebuza, who is by now the richest (business) man in Mozambique.

Political institutions as well as civil society are still fragile in Mozambique, meaning that checks and balances are rather weak and public discussions—like about CSR—not very often found (Borowczak & Kaufmann, 2014). Mozambique is still, although declining, one of the most aid-dependent countries in the world (about 50 % of state budget, Krause & Kaufmann, 2011). Donors (IMF, Worldbank, EU, Bilaterals) play a crucial role in the development of the country, setting at least partly Mozambique’s agenda and influencing economic and social policies. According to the Worldbank Governance Indicators—Table 2.1, quality of Governance is at best mixed with no or little progress in the last 15 years. Especially control of corruption (conflict of interests), voice and accountability and the rule of law are rather weak issues. The recent Mo Ibrahim Governance Index puts Mozambique at rank 22 out of 52 African countries, down 2 ranks from last year and the Bertelsmann Transformation Status Index rank 70 out of 129 countries in 2014, almost unchanged since 10 years [(54/115) in 2003] (Bertelsmann Stiftung, BTI, 2014).

2.3 Economic

Since 2001 Mozambique is one of the world’s top ten for annual average GDP growth in the world (around 7 % p.a.) (EIU, various years). The country’s economy is considered one of huge potential, sometimes Mozambique is referred to as an “African Lion”. The boom is currently driven by gas and coal explorations and many projects in the construction sector. Growth in general is mainly based on agriculture and mining but other industries and services (Transport), especially tourism are growing as well (CPI, 2014; Krause & Kaufmann, 2011). Nevertheless

potentials are still not used properly and inclusively to fight poverty in the country. This for several reasons as discussed briefly below.

Aluminium production (MOZAL) accounts for about one third of exports and makes the economy highly dependent on volatile international prices. The investment in MOZAL in the 90s brought Mozambique back on the international investors map and CSR became popular. The same holds for gas (SASOL). There are a few big investments (so-called mega-projects) in the country, which work mainly with foreign capital, create relatively few value-added and jobs in the country and are not well linked to the rest of the national economy (Castel-Branco & Ossemame, 2010; Genesis Analytics, 2014). To be mentioned first before all are the coal mines in the Tete province (Vale DOCE etc.) and the gas exploration in Cabo Delgado (ENI, Andarko etc.) as well as huge infra-structure projects such as energy production, roads, dams, bridges and ports. Exports are not well diversified and the country is suffering a chronic trade deficit. Furthermore, the mega projects often enjoy generous tax exemptions and other intransparent preferential treatments.

Due to the colonial history and the socialistic experiment (among other factors), there is also a lack of local entrepreneurship and international as well as regional competitiveness in Mozambique (Borowczak & Kaufmann, 2009). Only few competitive national SME can be found in the country [out of a total of an estimated 40.000 (MIC, 2008, own estimates)], which could link with mega projects and fit into global value chains. The (growing) rest are informal companies (Krause, Ackermann, Gayoso, Hirtbach, & Ko, 2010). Value chains are usually not very long in the country, meaning a rather limited value added for Mozambique. The formal economy can be described as an extractive, fragmented economy with export of primary products and “island-industries” (Castel-Branco & Ossemame, 2010). The Chinese influence is growing; investments increase and big infrastructure projects are often implemented and financed by Chinese companies. Their reputation for social standards, good governance and decent CSR policies is not the best and very intransparent.

Main constraints to a sound development of the private sector are bureaucracy, corruption, access to finance and weak public services (KPMG, 2011), including poorly managed public investments (IMF, 2011a). This is also reflected in a rather poor position in the Worldbank Doing Business Survey 2015 (rank 127 out of 189; Worldbank, 2014a, 2014b) and the World Economic Forum Global Competitiveness Index 2014/2015 (133/144; Schwab, 2014). The cost of doing business in Mozambique is high and productivity low, so that over all competitiveness is limited. Even in the sub-Saharan context most companies/sectors are not competitive (MIC, 2008; Abbas et al., 2012). Given this background regional integration processes and namely the SADC are often seen as a threat and less as an opportunity.

2.4 Social

Social conditions and delivery of public services were extremely weak after the long civil war until 1992. In the last 20 years, human development indicators (HDI) such as access to education (both primary and secondary) as well as to health services, particularly in rural areas, household ownership of durable goods and housing quality attest to important positive trends in long-term development (IMF, 2011a, 2011b). Nevertheless, the following social key indicators (UNDP HDI 178/187) in Table 2.2 characterize Mozambique despite some progress from a low level still as one of the poorest countries of the world. Especially poverty indices did not improve over the last years despite the strong economic growth:

Furthermore Mozambique remains a country with significant income inequalities amongst the rich and poor, between urban and rural regions, which causes complex challenges for the development (see also Piketty, 2014) and with a very weak civil society (Fiege, 2011). HIV/Aids, children suffering from chronic malnutrition and high child mortality are two of the most pressing health challenges. Education also remains a stumbling block in addressing poverty and economic growth with an approximate 60 % illiteracy rate amongst adults and here in particular women in the rural areas. The quality of education on all levels is poor and the public system is more and more substituted by private institutions for people who can afford. This means inequality will grow in the country.

Despite the government's formal strong anti-corruption campaigns, corruption is still a major challenge and considered to be present in almost any citizen's daily life as well as being endemic in the country's executive and legislative branches (APRM, 2009). The Transparency International Corruption Perception Index

Table 2.2 Social and economic indicators

Item	In		Item	In		Item	In	
Population	mn.	Ca. 25	HDI rank of 187	Rank	178	GDP p.c. (PPP)	US\$	Ca. 1000
Population growth	% p.a.	Ca. 2.5	Gross school enrolment	%	54.8	Gini index	0–1	0.45
Life expectancy	Years	Ca. 50	Aid per capita	USD	Ca. 75	Fitch rating	Category	B+
Urban population	%	Ca. 31	Poverty (less than US\$2 a day)	%	81.8	Corruption perception index of 177 countries	Rank	119
HDI	0–1	0.393	Doing business rank of 189	Rank	127			

Sources: GIZ (2014), UNDP, Human Development Report (2014)|Kaufmann (2011), Bertelsmann Stiftung, BTI (2014)—Mozambique Country Report, 2014, Transparency International (2014)

(CPI) for 2014 ranks Mozambique 119/177 with a score of 2.7 as “endemic corrupt”. This picture did not switch to the positive side in the last 10 years.

2.5 Environmental

Official Government documents like the PARP—Plano de Acção para a Redução da Pobreza (Poverty Reduction Action Plan) make reference to “environmentally sustainable growth” as one of the aims of the Mozambican government. Mozambique is also committed to the UN MDGs which include the environmental sustainability as one of the development goals. Nevertheless—looking at the current PARP—it does not seem to enjoy a high priority (IMF, 2011a, 2011b). Given the shortage of funds, Mozambique still invests little in environmental projects as part of government spending.

The necessary legal framework for environmental issues and assessments regarding private investments, buildings etc. exists in Mozambique. All new investments, depending on their volume and sector have to undergo an environmental study and impact assessment and need clearance and approval by the respective Ministry for Environment (MICOA). However, the weak institutional capacity of the controlling bodies and corruption can undermine compliance like in all other sectors and line ministries.

2.6 The Development Challenges: Potential for CSR

As discussed above despite some progresses structural need for improvement of development performance remain. It should be clear what the role of the public sector and the government is. CSR activities have to complement public tasks and not substitute them. Given the magnitude of challenges in Mozambique and the fragile public performance we see a great danger here (Langa & Massingue, 2014). Main challenges—but also potentials for CSR—will be:

- Discuss, clarify and define public tasks and responsibilities in a transparent way.
- “Good governance” of companies has to be improved and checks and balances strengthened.
- Capacity building will be essential in order to enforce existing legislation and to fulfil government obligations.
- Reduce dependence on donors.

Development challenges include also:

- poverty reduction (e.g. inclusive business)
- fighting corruption and unfair treatment of investors (level playing field)

- improvement of delivery of social services like education and health (HIV/Aids), esp. in rural areas,
- private sector development (enabling environment) with job creation and links to the mega-projects,
- Adaption to climate change and protection of the environment.

2.7 CSR Stakeholders

This section focusses on players already impacting on CSR awareness and advancement as well as at potential players. In general we feel that the impact of the below mentioned stakeholders is still rather limited on CSR topics and they are considered more as *potential* players.

2.7.1 National Government and Policy

As mentioned before, we cannot see a clear political economic philosophy in Mozambique. According to the constitution the state has to be “regulator and promoter of growth and social and economic development” (Governo de Moçambique, 2014). This is not very specific and many questions about the future and strategies are still open (Comité de Conselheiros, 2013; MOZFO, 2014).

The questions which CSR projects add on what is legally requested (“beyond compliance”) is often difficult to answer because legal and social frameworks are not respected, not enforced (especially in the provinces) or not elaborated. Sometimes and even in the new mining law which we present below with its CSR requirements, it looks like the state tries to make private companies responsible for the government (Langa & Massingue, 2014).

The answer to the question what should be a private responsibility and may be a CSR project and what is a public task depends on the political economic system. The following graph—Fig. 2.1 sketches different approaches, on the “x-axis” on right side the more Anglo-Saxon world and on the left side the more northern or social market economy view like in Germany. Hence CSR has different roles. We are not able to allocate Mozambique in this logic. The “level of Influence” on the “y-axis” is ment to be a generic term for responsibility, managing capacity and potential influence on the respective matter and therefore the responding CSR options, obligations and needs. You could also say it is an indication for the relevance of the stakeholder/player.

In the gas and mining sector it is very obvious that it has to be distinguished between the role of the state and role of the private sector. For example: How do we organize vocational training facing the huge upcoming demand and given the poor level of skills and qualifications in Mozambique? Is it through the vocational Training Reform PIREP, is it the Ministry of Labour as a public task, will it be a

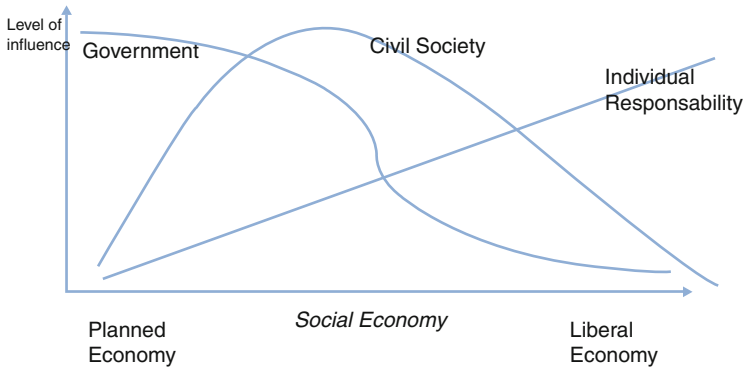


Fig. 2.1 Different political—economic systems. *Source:* own elaboration, after Benecke (2008)

joint Public Private Partnership or an internal private sector activity by the multinationals or complementary CSR activities? Different options are studied but not yet discussed or decided (Cambridge Education, 2014).

The State Holding IGEPE (Institute for the Management of State Holdings) for example, does not have guidelines on state interests, as in which companies should belong to the state and why, what are strategic interests, what is its social and political role etc. (USAID, 2014). How and why should its portfolio be composed? There is no clear policy and accordingly CSR by public and private companies is fragmented, ad hoc or isolated.

- **Legislation:** By office and name the Ministry for Women and coordination of Social Activities [Ministério da Mulher e Coordenação da Acção Social (MMAS)] is responsible for CSR questions (GIZ, 2014). There is no overall law of CSR activities known. Laws 11/2007 and 12/2007 regulated the distribution of parts of the benefits of extractive industries to local communities or “other social investments”. Nevertheless there are still no details or regulations published. Broad CSR issues where you find framework legislation are for example: The Anti-corruption Act (2002) and the creation of the anti-corruption office Gabinete Central de Combate a Corrupção (GCCC); see for example lei 14/2012 or the labour law; Lei de Trabalho, Lei 23/2007.
- The new Mining Law and the respective CSR Politics (Resolução 21/2014 Governo de Moçambique, 2014) were only approved by the Parliament in 2014. The CSR Policy for the Mining sector was elaborated after public consultation and uses the ISO 26000 of the International Normalization Organization as a guideline. Its main objectives are described as
 - a) “Promote the establishment of mechanisms which guarantee the existence of CSR programs in the extractive sector in order to contribute effectively to the reduction of poverty and a sustainable development in Mozambique
 - b) Integrate and coordinate the CSR programs with development programs and in particular with plans of local development” (Translation by authors).

It is highlighted that it should be a participative approach, that CSR programs should be coordinated, transparent and monitored. Mechanisms in order to solve problems should be made provision for. It follows a list of principles and general possible “strategic actions” (Governo de Moçambique, 2014). So far nothing is known about specific details budgets, compulsory activities etc.

2.8 International Aid

2.8.1 Foreign Governments

There is official development assistance in the form of bilateral technical and financial aid as joint budget support by the Program Aid Partners (PAP). Budget working groups discuss objectives and indicators with the Mozambican government. There is a “private sector working group” which deals with matters of the private sector but it is not an official working group of the budget support process. It does not deal systematically with CSR activities so far, but it could.

Bilateral donors run several private sector support programs like Germany, USA, Denmark, Norway, Italy, Sweden, and Netherlands (enabling environment, competitiveness, SME, sector promotion, value chains). Through supranational institutions and their activities in Mozambique like the UN, Worldbank, IFC and EU most countries contribute to the economic and private sector development.

Most agencies have Public-Private-Partnership (PPP) programs co-financing CSR projects like the German Cooperation (BMZ 2010, 2013) or other national policies (Federal Ministry of Labour and Social Affairs, 2010).

The ODA MOZ database gives an overview of the hundreds of official projects running in Mozambique. The main objective and focus of ODAMoz is to provide donors with a tool, based on international standards (e.g. OECD/DAC sector codification) and to deliver a profile of the donors working in Mozambique. This database would make it easier to find potential players.

2.8.2 Non-governmental Development Agencies

There is an uncounted number of NGOs working in Mozambique through projects and programs (including sustainable economic development, PPP and CSR funds). The American NGO Tecnoserve supports and advises the private sector in designing and implementing CSR projects.

2.8.3 *Forums and Networks*

There are a couple of potential forums for CSR policies, activities or coordination platforms:

- **Program Aid Partners (PAP):** group of donors engaged in budget support with respective working groups.
- **Conferência Annual do Sector Privado (CASP):** Annual public meeting of Government and private Sector representatives (CTA).
- **Joint Review (JR):** Annual joint assessment of government and PAP monitoring the progress concerning the indicators of the budget support objectives.
- **Inclusive Business Forum CTA**
- The **Global Compact**, Development Observatory: set up by the government as part of its efforts to assess and monitor the implementation of anti-poverty programmes; a consultative forum which brings together, on an equal footing, representatives of civil society, the government and the donor community (G 20).

2.9 Civil Society

Although there is more than an estimated 5000 civil society organisations/associations/NGOs in Mozambique, their participation and rights to contribute in government affairs and public discussions (such as CSR) is still limited and in the early stages of development (Fiege, 2011). Mozambican civil society is strongly dependent on donors and tends to mostly work on projects on a reactive basis. Civil Society Organisations in the past (some still do) had strong affiliations with political parties consequently limiting their credibility within society.

The most prominent and more professionally managed NGO, the Centre for Public Integrity (CIP) is the main NGO for fighting corruption, reporting and investigating numerous corruption cases. They also started working on CSR matters of big mining companies. Another NGO, the Mozambican Debt Group (Grupo Moçambicano da Dívida, GMD) has utilised the channels of interaction with the government. It exerted pressure for the cancellation of Mozambique's foreign debt, and for better use of the resources generated, particularly in the present scenario of excessive domestic public debt. ORAM and Forum Terra are engaged in the notorious "land question". ECoSIDA is a Mozambican private sector forum in the fight against HIV/AIDS which is coordinated by the umbrella business association CTA in Maputo. They could be seen as potential participative CSR players.

In 2006 the "Institute of Directors of Mozambique" (IoD) was founded with the help of IFC. This Governance and Development Institute, is an independent and not-for-profit civil society think-tank. GDI's strategic intent is to serve as a catalyst for human development in Mozambique, by providing support to the building of capacity in public policy development, institutions, and programs contributing to

poverty reduction and sustainable development. So far it does not seem to be very active.

Other domestic NGO's with (potential) relevance to the topic are—among others:

KULIMA (community development); Liga Moçambicana dos Direitos Humanos (Human rights), UNAC—União Nacional dos Camponeses (rural development, land question), Fórum Mulher (gender issues) and Fundação para o Desenvolvimento Comunitário (civil society development), Mozambique HIV/AIDS Partners Forum: a networking forum on HIV/Aids with donors (multi-lateral and bilateral), civil society organizations and labour unions.

2.10 Academia

The Eduardo Mondlane University (UEM) is the oldest and, for a long time, the only one in Mozambique. Nowadays there are more than 25 private universities or colleges, with The Catholic University of Moçambique (UCM) being the biggest private University offering courses in Management and Economics. However, little evidence of formal CSR courses could be found. UEM provides a number of potentially relevant courses with the Higher School for Rural Development, Higher School for Business and Entrepreneurship, and the School for Marine and Coastal Sciences. Specific CSR contents are not known at UCM; however environmental issues, human rights etc. are subjects of various courses. Nevertheless, in 2014 UCM organized a public workshop with different stakeholders about CSR policies. We have the feeling that CSR awareness is slowly getting on the academic agenda in Mozambique, nevertheless it is still intransparent with the different curricula not being available to the authors in detail.

With funding from UNIDO “business” is being introduced as a subject in secondary schools all over the country. Despite some Universities having their own research and consulting departments, their capacity is still small and usually limited to some individuals. Outside the Universities two independent Think Tanks with relevance to CSR activities have to be mentioned:

- Institute for Social and Economic Studies (IESE, member of EITI)
- Research Institute Cruzeiro do Sul—IID, (member of the poverty observatory)

Especially IESE works on the megaprojects and their economic and developmental impacts (Castel-Branco, 2011) as well as on the recent Mining CSR policies (Langa & Massingue, 2014).

2.11 Multi-stakeholder Initiatives

Potential CSR players along with the supra-national institutions would be for example:

- African Peer Review Mechanism (APRM): Mutually agreed instrument voluntarily acceded to by the Member States of the African Union (AU) as an African self-monitoring mechanism. Mozambique is a member with the last official report about Mozambique published in 2009 [APRM (African Peer Review Mechanism), 2009]: Country review report. Republic of Mozambique, June 2009, Midland, South Africa: African Peer Review Secretariat (APRM Country Review Report No. 11).
- Extraction Industries Transparency Initiative (EITI): coalition of governments, companies, civil society groups, investors and international organisations, sets a global standard for transparency in oil, gas and mining. Mozambique's EITI application was rejected in 2011 and maintained a long time the status of a "candidate". Nowadays Mozambique is accepted and has full membership.
- The inaugural Corporate Social Responsibility Mozambique Conference and Exhibition (CSR MOZ). It will take place in March 2015 in Maputo, Mozambique and is organized by local stakeholders. The event will try to bring together international experts and key private and public operators to review current CSR projects, analyse policies, and discuss best practices and cooperation between the private and public sectors. Issues and topics to be covered include:
 - CSR Landscape in Mozambique
 - Corporate Citizenship in Mozambique
 - Social Investment Policies
 - Perception of CSR and Practices
 - In House CSR policies
 - Meeting aspirations of the communities: lessons from other parts of the world
 - Social responsibility and Social inclusion, without fear of financial or economic loss
 - UN global compact: progress and updates
 - Incentives to encourage CSR activities

2.12 Private Business and CSR

We can observe an increasing number of CSR projects and activities in the country. Nevertheless, there is still no systematic approach, transparency or coordination through public authorities or the business sector itself. CSR is mainly driven by the private sector through immediate own needs, philanthropy and charity supporting the local community on development priorities, this includes mainly health,

education and community development (own e-mail survey among 50 stakeholders and multipliers, 17.5.2012). CSR, as a concept, is mainly limited to large companies and foreign investors with international experience (for an overview of the enterprise landscape see, KPMG, 2013; Sutton, 2014). First of all it is the mega projects that have their professional CSR departments and budgets and look also at local economic and social development in the areas where they work. With the mining boom and more and more CSR experienced international players (Anadarko, ENI, Statoil, Ncodezi etc.) entering the country the potential will even be higher and can be more systematically used. As many big companies and mega-projects enjoy tax holidays or other preferential treatment it has to be carefully observed if CSR projects are not only substituting fiscal obligations and are a cheaper way to buy the companies in.

As public institutions are weak, CSR in MOZ is at least partly about “CSR towards compliance” and less about “CSR beyond compliance”. In this sense CSR in Mozambique could mean that companies respect laws and regulations and cooperate with the authorities, local stakeholders and workers. This fact together with the corruption issue often makes CSR a questionable concept. CSR should be voluntarily and it should also be clear that compliance is compulsory and not object to a CSR policy.

CSR beyond compliance is sometimes seen as “green washing” by big investors, benefitting from generous tax exemptions and special deals with the government. For example, paying taxes and thus enabling the state to deliver its (social) services would often be the efficient path toward development. This matter would need a more in depth research as it is only a reflection of single opinions and the authors’ view.

A few partly state-owned companies participate, but CSR activities in these companies are mainly related to social politics. Many companies, especially national SMEs still do not have the CSR capacity or mind set to drive and implement a more strategic CSR approach. There is no comprehensive database, research or overview of budgets by private business. The following list in Fig. 2.2 offers examples of CSR involvement (not in order of importance or budget, nor complete) by private companies:

Finally there is an example of an analysis of the multinational Statoil CSR programme for Mozambique which shows the need for discussion about what CSR should be. Keep in mind that the Norwegian Statoil is considered a relative “responsible” company compared with other businesses active in the extractive sector. Nevertheless transparency and local adaptation of corporate strategies seem to be a problem.

- **Statoil:** “What Statoil understands and defines as CSR will of course change over time. Transparency measures may be regarded as voluntary CSR, whereas anti-corruption is closer to legal compliance. Shifts in perceptions and definitions are indicative of constantly ongoing negotiations within Statoil on how CSR is defined and understood. We understand the CSR policy to be well reasoned in terms of strategic priorities, and as a process of bringing CSR closer

- Kropfmühl AG: The German mining company (graphite) engages through education programs, local infrastructure and community development in the villages near their mining operations in the north of Mozambique.
- Merck AG: The pharmaceutical Company supports technically and organisationally a local production plant in order to produce drugs locally as generics The plant was a joint venture between Brazil and Mozambique but never took off.
- Anadarko: extensive programme, Vocational training etc.
- Dana Tours: Street children projects, promotion of imports from poor countries.
- Motorcare: contributions to HIV/Aids Programmes in the workplace.
- MCEL: actively involved in a variety of social development programmes, including education infrastructure (Media Centres), environmental and cultural development and health projects.
- Mozfoods SA: investing actively in agricultural production, committed to social responsibility through the integration of social and environmental concerns in a sustainable manner with clear medium to long term objectives.
- Kenmare: is supporting “Associação Kenmare para o Desenvolvimento de Moma (“KMAD”) in the area of community development, small business activities, local infrastructure.
- TCT Dalman: environmental protection, community development, schools.
- Tangerine: involved in environmental protection, beach cleaning.
- Inpetro: fire brigade, emergency rescues in the petrol port Beira.
- MOZAL: Community development within a radius of 20km of the factory through the Mozal Community Development Trust which receives a certain percentage of the MOZAL profits.
- VODACOM: ad hoc activities in sport, culture local development
- Rio Tinto: Health, community development, resettlement
- Ncondezi Energy: Ncondezi’s CSR policy has been designed to promote social development projects that facilitate sustainable development and focuses on community involvement. Ncondezi adheres to the Equator Principles, the IFC performance standards and to Mozambican legislative requirements.
- Portucel, Green Ressources, UPM: Forest Sector companies work with local communities in the forests. Companies supported by the American company “Tecnoserve” in Maputo in order to establish and improve their CSR schemes.
- BIM, BCI and other commercial banks: cultural activities /exhibitions among others
- Vale: various, but heavily criticized and often seen as “license to operate”

Fig. 2.2 Examples for CSR activities/companies

to the company’s core activities. At the same time, however, more mundane and incidental CSR policies may come about: What one representative agrees and signs into in contract negotiations may result in a CSR project without prior identification of risk and impact. This has been the case in Mozambique, for instance. Statoil’s CSR policies are—as outlined above—defined at corporate level. While we have access to the general principles behind the company’s CSR policy in the Statoil Book, Statoil’s CSR strategy and documents for functioning and working requirements have not been made available to us. These documents are classified as internal documents. As for the documents describing functioning and working requirements we have however been informed about the general content of these, and have taken this information into account when Statoil’s CSR policy is described. As a consequence, we cannot claim whether CSR practices in Statoil are in line with the overall CSR strategy or not. We can

however, based on insights gained through the interviews with varying Statoil representatives, argue that there are differences as regards how one speaks about and legitimate the need for CSR. The main difference lies in the emphasis on social risk management, whether CSR is understood to mitigate risks or is a side event to Statoil's business" (Norwegian Church Aid, 2013).

In addition to single private companies there are also a number of foundations of private companies active or at least studying CSR projects in Mozambique. It is worth it to mention that also international CSR projects and networks without being based in Mozambique are implemented. The German Munich Re for example finances through its CSR foundation emergency warning systems in Mozambique and works on topics like climate change adaptation. The Ford Foundation or the Mastercard Foundation is also active, just to name a few well known players.

From the private business side a few networks and forums exist which try to broker partnerships and discuss the CSR topic in Mozambique:

UN Globalcompact: The Mozambique chapter of the UN Globalcompact was founded in 2006. It is managed by the Environmental Business Forum FEMA and has 14 members. Recent reports are not available and the network does not seem to be very active.

ACIS : Associação de Comercio e Industria, Beira and Maputo promotes CSR activities, offering the respective profiles of members and projects looking for partners.

CTA: Umbrella Business Confederation in Maputo manages EcoSida, a network for HIV/SIDA issues.

IoD: Institute of Directors of Mozambique, Maputo promotes business good governance and ethical codes. It recently launched a seminar about the elaboration of an ethic code for the private sector (CTA, 2012).

Southern African-German Chamber of Commerce and Industry (AHK): Competence Centre: CSR. It advises and helps the private sector to implement CSR projects together with the private sector. In South Africa this is very much linked to Black Economic Empowerment programs.

2.13 The Nature and State of CSR Awareness and Advancement

CSR awareness in Mozambique is growing: It is still in its infancy, but the "stage" has been set in the growing economy. In the beginning it was driven by MOZAL and other megaprojects, now spreading over the country joined slowly by medium sized companies. Nevertheless, currently CSR activities are mostly implemented by multi-nationals, their subsidiary companies and foreign capital. They tend to focus on employees, immediate families and the closer community mainly in the areas health, education, community development and sometimes environment. Isolated philanthropic CSR activities are also found. Sponsoring of cultural events is growing.

We can't find any indications that governance and anti-corruption are very CSR relevant topics. Some companies nevertheless subscribe "good governance" and "no-corruption" position papers like ACIS members. But this is not a CSR activity as such.

The private sector is partly active whereas civil society and even government are in a rather early phase of awareness. There remain doubts if many CSR activities are not just "green washing" and public "compensations" for non-compliance with existing rules and legislation or paying taxes and thus weakening the state. The range of CSR activities, volumes and impact are still fairly in transparent, with only little systematic evaluations or academic research.

The 2015 conference about CSR in Mozambique seems to be a good start to integrate Mozambique into the international debate and make clear that in a globalized Economy with international value chains and sourcing agreements CSR is not solely a national issue anymore.

2.14 Conclusions and Recommendations

It seems urgent and necessary to enter into a dialogue between government and private sector and civil society in order to clarify the roles of the stakeholders, their obligations and tasks regarding CSR. So far private business, government and political party activities in Mozambique are not well defined and provoke conflict of interest between government members, their political mandate and private business interests. Simply, the line between public and private tasks and obligations must become clearer in order to organize CSR activities in an efficient and effective way. Only then will it become clearer what CSR really means and should be about in Mozambique. CSR in a developing country should complement state activities and policies and not substitute or weaken them on its way to economic and social development.

With the increased activities of transnational Corporations and the increased involvement of the international community CSR is not only a national issue. Experiences from other countries—like Germany (textile initiative)—yet show that the private sector does not like to be "forced" into international CSR commitments. Given the growing awareness of consumers around the world there is a growing demand for certain economic, social and environmental standards which companies now like to see in their international value chain. This is then market- or even morally driven and can have a huge impact on all players reaching to developing countries on a voluntary bases. If the local context requires more, swifter or more rigid actions, then it should be regulated and enforced by the (developing) state, but not be "enforced" through compulsory CSR projects.

Furthermore an active civil society and local NGOs will have to play an important role to advance CSR activities. Civil society should be empowered to dialogue with companies in order to streamline CSR and to introduce participative instruments.

So far the state has no coordinating role, although it is stipulated that extractive industries should be subject of CSR activities. Only in 2014 a respective Policy Resolution was published, but implementation and by-laws are still missing and should be elaborated soon. The new Ministry of Energy and Natural Resources should finally lead the process to implement the now existing CSR rules for extractive industries and specify and complement the missing decrees and details. Nevertheless, it seems important to discuss the philosophy of CSR and make clear that the roots of CSR should be voluntary.

Most promising leverage points for CSR advancement are well organized and independent business associations like ACIS. They also could lead a lobby to try to get tax benefits for CSR and reward publicly the best CSR projects. The private Sector working group of the donors is another forum which should discuss the topic and link donor activities to the private sector in Mozambique as well as to the NGOs.

The MOZAL (BHP Billiton, Mitsubishi Japan, IDC of SA and the Mozambique government) partnership may be utilised as a leverage point for CSR advancement. The partnership can serve as a learning opportunity, within a PPP context, for CSR awareness and development and set the tone for a national agenda for CSR. There also seems to be potential in the variety of forums and networks listed with a Global Compact Network amongst them as well. These forums offer ideal opportunities to stimulate the discourse and lead the learning process around CSR.

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