Abstract.

Corporations have a considerable social, environmental and economic impact on the communities in which they operate. As such, they owe a responsibility to improve the same. This is the philosophy behind the growing concept of Corporate Social and Environmental Responsibility or simply Corporate Social Responsibility (CSR). Many continue to argue that foreign corporate investment especially in Africa has contributed very little in reducing the poverty and in improving the economic situation of the region. As a continent with an indispensable resource base of minerals, oil, gas, flora and fauna, as well as vital resources attractive to foreign investors, foreign corporate investment has rather brought fairly disproportionate gains to Africa. At a time when other regions of the world are positioning themselves to exploit the opportunities stemming from the quickening pace of globalisation, Africa remains locked into an unfair North-South pattern of trade, while her poor governments and societies continue to be increasingly powerless and vulnerable in the face of the pervasive influence of multinational corporations.

This paper addresses the challenges of foreign corporate investment in Africa, and seeks to analyse the role of the New Partnership for Africa’s Development (NEPAD) in bringing about increased benefits to its African shareholders. It finds out that despite its lofty goals NEPAD as a mere pledge by African leaders is still inadequate to guarantee in the short term any real gains to the local people through Corporate Social Responsibility which in itself is a voluntary instrument for companies.

Key words: Corporate Social Responsibility, Participatory Development, NEPAD.
Introduction and rationale.

The impact of Corporations activities on the local environment and the socio-economic lives of the societies in which they operate are glaring and varied (Cleland and Gareis 1994). With that comes an enormous responsibility for corporations to demonstrate a certain responsible behaviour towards other stakeholders and the environment. Such a new phenomenon generally referred to as Corporate Social Responsibility (CSR) grew in the late 1990’s when Multi-National Corporations (MNC) coming under much criticism wanted to redefine their role in society as responsible for human rights and environmental protection or as positive partners in the development process. Zadek et al (2001) view it as a voluntary initiative by corporations to address social, environmental and business aims, in partnership with society.

Corporate Social and Environmental Responsibility has been the subject of substantial debate from its advocates and critics and many still question if it is leaving up to its expectations. While CSR is yet to have a commonly agreed definition, the shared consensus is that it implies a demonstration of certain responsible behaviour on the part of governments and the business sector towards society and the environment. Its vision, practice and outcomes are still being disputed and facts are offered to support these competing views.

According to Zadek at al (2001) some uphold it as measures of mobilising innovative solutions to the challenges of poverty and environmental insecurity, while for others, “it is a screen behind which the growing power of global business is thinly shrouded”. The World Business Council for Sustainable Development (WBCSD) defines CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large” Focussing on the triple bottom line, the WBCSD considers that CSR expresses what a company has to do, in order for it to win and enjoy the confidence of the community from which it generates its wealth. Therefore as the Copenhagen Centre (2003) puts it, CSR provides corporations with an opportunity to ‘do well while doing good’. CSR enhances profitability by reducing risk of negative publicity, consumer boycott and shareholder activism. Some companies arguing from an ethical perspective claim that corporations have a moral obligation to people and the planet which supersedes the singular pursuit of profit.

Critics like Elaine Sternberg do not see the essence of businesses doing CSR. Arguing from the ‘business case’ point of view, they feel that shareholders invest into any business because of profit motive. Any money spent on CSR is therefore regarded as charity. Many simply consider that CSR as a voluntary initiative is

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3 The triple bottom line (TBL) focuses corporations not just on the economic value they add, but also on the environmental and social value they add – and destroy. At its narrowest, the term ‘triple bottom line’ is used as a framework for measuring and reporting corporate performance against economic, social and environmental parameters.
little more than a public relations strategy to increase market share and boast corporate profits. The Economist, Nov. 17, 2001 writes "The new commitment to CSR is a sham, behind which the search for profit carries on as before, leaving capitalism in good shape after all". This maybe explains why, CSR like many recent concepts is only now being catalysed as a major global concern due to the increasing benefits accruing from globalisation, the growth in stakeholder expectations, the shrinking role of the state and increasing pressure from Non Governmental Organisations (NGO’s), movements and the Media.

CSR nevertheless continues to gain popularity particularly in the North where public opinion determines the output of businesses. North - South corporate initiatives is more rhetoric than substance. Taking advantage of the weak legislation, poor governance, economic vulnerability, and less social pressure, in developing countries, northern corporate activity in these poor countries of the world has always been characterised by substantial profit maximisation rather than a genuine will to manage the natural resource and improve the needs of the poor people (Coleman and Nixon 1994). Moreover, as a soft-law, and a voluntary self-regulatory instrument, this writer questions its ability of enforcement by the different shareholders.

This paper further seeks to analyse the role of the New Partnership for Africa Development (NEPAD) in bringing about increased benefits to its African shareholders through the use of the Corporate Social and Environmental Responsibility (CSR) instrument.

The New Partnership for Africa’s Development (NEPAD)

Despite being one of the richest endowed regions of the world in terms of natural, cultural and human resources, Africa remains the poorest continent of the world. African leaders reviewing this situation recently came up with a blue-print commitment for the region in the New Millennium in what is referred to as the New Partnership for Africa’s Development (NEPAD).

What is NEPAD?

NEPAD is defined as “a pledge by African leaders, based on a common vision and a firm and shared conviction that they have a pressing duty to eradicate poverty and to place their countries, both individually and collectively, on a path of sustainable growth and development, and at the same time to participate actively in the world economy of body politic”. It is a wake-up call for Africans to emancipate themselves from the burden of poverty, marginalization, and social exclusion and to position themselves on a new path of development such that Africa may take its rightful place in the world. NEPAD therefore stands for the renewal of Africa and revolves around the concept of African self ownership and management. While NEPAD represents a framework of Africa’s interaction with the rest of the world, it

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5 The New Partnership for Africa’s Development (NEPAD), 2001
relies on the firm conviction that Africa’s development will be possible only if it is managed by the African peoples united in their diversity. It stresses on the responsibility of African states to take strengthened measures to ensure conflict prevention, the promotion and protection of democracy and human rights, accountable and transparent governance, macro-economic stability, proper financial institutions, the development of social services, the promotion of the role of the women and the tackling of deadly diseases such as HIV/AIDS. It also calls for African states to develop regulatory frameworks for private sector-led development and foreign corporate led development in Africa. While NEPAD seems to represent an ambitious programme for Africa in the new millennium, the great concern of this writer however is the fact that NEPAD as a mere pledge by African leaders may be impossible of bringing any real changes to the poverty situation of its people through CSR which also is a voluntary phenomenon.

**Rationale of NEPAD.**

The African continent is blessed with enormous resources of mineral, oil, gas deposits, forest and biodiversity, rich archaeological and cultural sites which are of enormous attraction and constitute save heavens for foreign corporate businesses. Yet, these resources stand in stark contrast to the prosperity of the developed world. According to HDR 2000, one out of every two people in Africa lives on less than US$1 per day. See Figure 1 for Per Capita GDP Growth Rates in Sub-Saharan Africa.

The Gini Index, at 45.9, is only exceeded by that of Latin America of 51. 140 of every 1000 children die under the age of 5 and life expectancy at birth is only 54 years. Only 58% of the populations have access to safe drinking water and the rate of illiteracy for people over 15 is 41 per cent. Food insecurity is high, and increasing. According to World Bank projections, Africa will have a food shortage of 250 million tons by 2020. The burden of disease is a daunting challenge. The incidence of tropical diseases is very high with 2 million deaths from malaria reported every year. An equal number of people are dying every year from HIV/AIDS reports the Population Reference Bureau and UNAIDS (2002). Others diseases, including Tuberculosis, diarrhoeal, measles are similarly pandemic.

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*GINI INDEX:* One of the most common measures of income or wealth distributions. It indicates how equal, or unequal, income, wealth, or similar stuff is distributed among the population.
Amidst the poverty and the struggle for the control of natural resources reigns instability and war. According to Mule (2001), one fifth of the population of Africa lives in countries severely disrupted by conflict and more than one of all African countries (coincidentally those rich in natural resources) have experienced at least one period of strife in the last 40 years. In the figure below Africa is leading in the susceptibility to war.

While the poverty situation of the African region is mainly associated with historical factors linked to vices such as the legacy of colonisation, the cold war, the working of the international economic systems and the shortcoming in the policies pursued by many countries in the post-independence era, the current world economic order strengthened by the disproportionate gains of globalisation continue to aggravate the situation (Akindele, Gidado and Olaopo 2002).

As other regions of the world continue to reap the gains of globalization, globalization through the acts of multi-national corporations has rather increased the cost of Africa’s ability to compete with the rest of the world and is further pushing her to the brink of marginalization. Especially noteworthy is the fact that for centuries, Africa has been integrated into the world economy mainly as a supplier of raw material and cheap labour but hardly was such resources been harnessed to create wealth for the prosperity of her people. Can NEPAD with the use of the CSR instrument help to reverse such trends?

**NEPAD and CSR**

The NEPAD document endorsed by African leaders in October 2001 makes very little reference to Corporate Social and Environmental Responsibility as a driving factor for veritable change in the region. It acknowledges however the incapacity of states alone to guarantee development and stresses the lack of necessary policy and regulatory framework by African states for private sector – led growth. This document would have been more convincing if it included a mechanism for state regulation of corporate activity in order to guarantee maximum socio-economic and environmental gains for the local populations. Like many other documents endorsed previously by African leaders to promote development in the region, this writer feels that NEPAD as a mere pledge represents a toothless bulldog mechanism incapable to guarantee real gains for the African people using the CSR instrument.

A strong NEPAD would consider CSR not only as being a mere moral and ethical obligation by corporations as many seem to advocate but as a matter of environmental justice. CSR should be the act of business giving back to society in different forms what originally belongs to them. This is done either by providing adequate social facilities or by providing decent services.
The American model of CSR (Malenbaker 2003) defines it more in terms of philanthropy or some kind of charitable donation in order to taint the act of the corporations involved. In the case of Africa, such an argument would be stronger only if the reward for natural resource exploitation which is usually paid in the form of royalties and taxes are equivalent to the worth of the resource and the potential socio-economic and environmental consequences on its people. This usually is not the case. NEPAD should consider African resource owners are equal shareholders in any corporate initiative who deserve a proportionate share of the profits.

NEPAD should not regard CSR as simply the act of corporations paying their taxes and obeying the laws. It means more than that as CSR is an entire public relations business strategy which companies use to gain the confidence of the society and boast their profits. By managing risks and reputation and by investing in community resources on which they later depend CSR, will be doing more good to foreign corporations than to Africa. Considering that CSR in Africa is a win-win situation for foreign corporations, in order for Africa to gain equity in this process, NEPAD must come out with measures that could seek and obtain stronger rights and benefits for her shareholders.

Another mechanism which NEPAD could use as an instrument of CSR, and which is also being debated is the market instruments advocated by neoclassical economist. Such mechanisms include tradable property, pollution rights and tax incentives and in this way raise income for other social services in the society. Although corporate environmentalism may result in the further shrinking of state authority and environmental regulation, the major concern here may be the difficulty of measuring an optimum level of resource degradation needed for such a practice. This situation is further worsened by the economic plight of African states which in itself constitute an impediment to the role of NEPAD in ensuring CSR. Africa’s capacity to develop good state institutions, markets, banking and governance structures etc. in order to regulate especially foreign corporate activity is weak and vulnerable. As such, governments depend on regional and international standards to be able to reap the max gains from corporate activity.

**Conclusion.**

More important to note is the fact that NEPAD like CSR is soft-law and a mere pledge does not have any mechanism that commits state to adhere or enforce it. Like many other lofty goals previously agreed upon by African leaders, NEPAD, according to this writer is still inadequate to guarantee in the short term any real gains to the local people through Corporate Social Responsibility which in itself is a voluntary instrument for companies. NEPAD in order to be effective should come up with a system that accredits companies as socially and environmentally responsible and with a mechanism that commits states to adhere or respect the NEPAD programme.

Therefore NEPAD should view CSR in Africa as representing a genuine commitment by corporate shareholders in involving the local community in project management that guarantees environmental protection, human rights, employee rights, community development and peace.
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