

Corporate Social Responsibility Initiatives

“It is necessary for mining companies to embrace the notion of CSR in order to contribute to wider development objectives. As CSR approaches could be voluntary or legislated, it is important to entrench CSR in any policy framework in a manner that is clear about the responsibilities of mining companies and government”

—The Africa Mining Vision

According to the ISG Report, there is no agreed definition about the scope of CSR but “most ... describe it as constituting actions whereby enterprises integrate societal concerns into their business policies and operations, including environmental, economic and social concerns”.

It has taken companies some time to embrace CSR as part of a sustainable business model. They have been driven to it by the demands from environmental pressure groups and growing concern about the extensive rights and powers that corporations have acquired with liberalisation. Enterprises with large social and environmental footprints such as mining have been particularly subject to demands for high CSR standards.

Mining companies now accept that neighbouring communities need to have basic services like water, health care, electricity and sanitation. Schools, clinics, hospitals and dispensaries, and their roads are usually poor. Developing a mine presents an opportunity to improve conditions in these communities; and unless the community benefits, the mine risks becoming an enclave.

As CSR has evolved, increasingly it has become linked with sustainable development and in particular making sure that environmental and community issues are adequately addressed. Corporate social responsibility is no longer treated as a soft issue akin to philanthropy. CSR has evolved to become a central part of mine-community relations.

The acceptance of CSR by the mining industry is a great step forward; it's a result not only of campaigning from CSOs but also an outcome of UN,

ILO and OECD frameworks, agreement amongst financial institutions and concerted effort from industry associations.

There is a proliferation of CSR frameworks, norms and reporting formats—some legislated, but mostly guidelines or voluntary codes.

Although the objectives of these frameworks frequently overlap, reporting formats often differ. The multiplicity and diversity of CSR frameworks and norms have helped integrate CSR into everyday business operations, but, according to the ISG Report, because of the myriad sources and frameworks the end result may appear “uncoordinated and so generate confusion”

Intergovernmental frameworks have emerged from United Nations (UN) conferences, from organisations such as the International Labour Organization (ILO), the Organization for Economic Co-operation and Development (OECD) and the World Bank and the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development.

Frameworks have also been established by financing bodies such as the International Finance Corporation (IFC); where all private sector projects that are financed even partly by the IFC have to comply with its performance standards. The Equator Principles are subscribed to by over 70 of the world's major banks.

Industry self-regulation is important. The International Centre for Minerals and Metals' Sustainable Development Framework, is the main industry framework for sustainable development and

CSR. Members of ICMM commit to 10 principles including:

- Integrate sustainable development considerations within the corporate decision-making process;
- Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others, and seek continual improvement in environmental performance, and contribute to the social, economic and institutional development of the communities in which they operate; and
- Implement effective and transparent engagement, communication and independently verified reporting arrangements with their stakeholders.

Many major mining companies now publish annual sustainability reports in addition to more conventional financial reports in an attempt to satisfy the new international stance. Many corporate bodies now issue reports of their application of CSR principles even where the operating conditions do not make it mandatory.

But the challenge has been to develop common indicators and reporting formats, so CSR activities can be meaningfully evaluated and compared. The ICMM has teamed up with the Global Reporting Initiative, a framework for industry reporting on social and environmental management. The Global Reporting Initiative has been important for developing meaningful indicators and formats.

Promoting social and community development.

The mining industry has come to accept that implementing community development programmes and behaving as responsible corporate citizens make good business sense. Mines, especially if they are remote, need good relations with communities. They need to obtain and maintain a social licence to operate at the same time as meeting corporate goals and satisfying shareholder expectations.

Many companies understand that addressing community needs through CSR schemes will also benefit them, so adopting CSR is enlightened corporate “self-interest”. CSR is not simply a superfluous business expense but rather a capital investment with an expected return on investment. For example

avoiding work stoppages due to community unrest means that companies can maximize production. This contributes to their overall competitiveness and improves work performance. In the long term, the overall risk of investment declines, thus increasing the value of the company’s social investments.

Externally, good CSR programmes increase “political capital” with host governments, enhance investor relations and tangibly demonstrate a company’s corporate citizenship philosophy, adding to shareholder value.

CSR schemes are often implemented through a three-way arrangement between companies, community organisations and local government. Funds can be disbursed through community development trusts. Such arrangements enable companies to provide resources to the community without legal obligation and without raising unsustainable community expectations or encouraging dependency on the companies.

The partnership approach recognizes that civil society groups are often best acquainted with the community and its needs, and can also contribute to or mobilize participation in a project based on their local knowledge.

CSR and development effectiveness

The relative efficacy of voluntary codes as opposed to mandatory codes is one of the most important debates about CSR.

From one perspective, it can be argued that leaving companies to implement voluntary CSR schemes only confirms growing corporate power and can lead to a concomitant weakening of duties that should rightly fall to the state.

Voluntary CSR codes and guidelines have also been criticized for the rather haphazard and selective content of their codes and their lack of effective implementation mechanisms or procedures for monitoring compliance.

According to the ISG Report, one issue is not so much that CSR is generally voluntary, but rather that the extent to which the particular CSR provisions are implemented depends unduly on the political and social context in which they are ap-

plied. Although most CSR policies formally cover governance and ethics, employment, occupational health and safety, community and environment; a sample of African countries shows most focus falls on the environment and community issues, such as livelihoods and human rights abuses. Despite the widespread casualisation of work and the employment of contract labour in Africa's mines, there is substantially lower focus by the state and public on the working conditions of mine workers.

Another issue is that companies may be effectively taking with one hand whilst giving with another. The ISG Report notes, "in pressing governments to minimise their taxes and royalties, mining companies are effectively weakening the fiscal capacity of the state. By contrast, these companies implement CSR policies and publicise their contributions to social infrastructure that the state is too poor to afford but which does not always fulfil what is needed."

Many firms even as they proclaim their social responsibility, increasingly rely on casualised contract labour and may pay many workers wages, that although meeting the state minimum may not be a living wage. In countries like Zambia, these policies are then compared unfavourably with the now defunct state mining companies that offered work security and cradle-to-grave social care schemes.

Policy implications

It is no longer possible or feasible for mining companies to treat their contributions to social issues in communities and other CSR issues as peripheral to their core businesses. Whether the impetus comes from the enterprise itself or as a precondition for obtaining an essential licence or financing, or to avoid liability for breaches of the law, the pressures to comply with norms regarding socially responsible conduct have become impossible to ignore.

But more remains to be done to meet expectations by communities and to respond to other issues such as trade union concerns about casualisation and the right to decent working conditions in the mines themselves.

From a policy perspective, CSR schemes should not act as a substitute for government responsibility but rather should build on what government is doing

already. For example, a CSR-built clinic or school is more likely to last, if it fits in with state health or education plans so that health staff or teachers are not lost when the mine closes or ends its support.

Ongoing debate about the scope of CSR is to be encouraged, this will keep the industry moving forward rather than deciding for itself the extent to which CSR provisions are implemented.

Governments can ensure that a framework for CSR schemes is in place. The framework should set out the joint responsibilities of companies, local authorities and communities and determine how to monitor the extent the CSR responsibilities have been met.

In the next bulletin, attention will turn to how state institutions need to respond to the challenges set by the Africa Mining Vision.