



UN Global Compact
Country Report Mozambique
Corporate Social Responsibility



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Our advice in this document is limited to the conclusions specifically set forth herein and is based on the completeness and accuracy of the representations, assumptions and documents analyzed. If any of the documents, assumptions or representations is not entirely complete or accurate, it is imperative that we be informed immediately, as the inaccuracy or incompleteness could have a material effect on our conclusions.



1 Introduction

The United Nations Global Compact (GC) has established the GC Regional Learning Forum (GCRLF) in Sub-Saharan Africa to promote responsible Corporate Citizenship in the region. GC invites companies to adopt the ten Global Compact principles with the aim of building new coalitions with private stakeholders in order to achieve a more inclusive globalization. Towards that end, the Global Compact, its Regional Learning Forum and related activities in the African region, the United Nations Global Compact has commissioned a survey to assess the effectiveness on how GC Regional Learning is making a difference to Corporate Social Responsibility (CSR) in sub-Saharan Africa.

GCRLF is thus conducting such an assessment in a number of countries of which Mozambique is part. With respect to Mozambique, this is the first study of its nature which adds considerable value to the understanding of the concept of Corporate Social Responsibility. The study is conducted by KPMG and is co-sponsored by GTZ, SASOL, mcel and KPMG.

Mozambique has undergone a series of changes on its socio-economic, legal and political environment in the last three decades. Geographically, the country is located in Southern Africa with an area of 784,754 square kilometers and an estimated population of about 19.7 million (according to 2006 estimates). The labor force is estimated at 8.8 million of which 80% work in the agricultural sector, mostly in rural areas at very low productivity levels due to non-use of modern inputs and technologies.

Mozambique's greatest potential lies within the energy sector, classified as one of the Southern Africa's greatest energy producer. In addition, the country possesses a considerable wealth in natural resources and a strong tourism potential due to its long "sunny, sandy and sea" coast.

Politically, Mozambique is a multi-party democracy under the 1990 constitution that held its first democratic elections in 1994. With more than a decade of peace and an expanding economy, Mozambique is a reputable and a success story model of transition from war-to-peace.

This document is a summary report of a CSR study process that assesses the impact of the Global Compact Regional Learning Forum Sub-Saharan Africa in Mozambique. As such, it provides summary information whose detail is presented in separate and specific reports such as the Desk and Case Studies prepared along with this report. The report contains five chapters and a number of appendices structured as follows:

Chapter	Outline
Chapter 1: <i>Introduction</i>	This is a brief introduction to the report.
Chapter 2: <i>Methodology</i>	It summarizes the report methodology.
Chapter 3: <i>The CSR Landscape and Global Compact in Mozambique</i>	The chapter is an overview of the current status of CSR landscape in Mozambique, as well as of the Global Compact.
Chapter 4: <i>Summary of findings</i>	This is a summary of the main points from the desk and case studies, as well as from the baseline data and information gathered.
Chapter 5: <i>Final Note</i>	Summary of main perceptions on CSR activities and contributions to raising awareness about the matter.

2 Methodology

This report provides an overview on CSR and GC initiatives, as well as its implementation and participating companies' views with regard to GC matters.

As a result, the current report benefits from a number of insights gained from a thorough survey study comprising three main deliverables that gather data and information regarding the current state of awareness, knowledge, and dissemination of Corporate Social Responsibility as well as the Role of the UN Global Compact in Mozambique. Such deliverables include the following

- Desk Study,
- Case Studies (encompassing four companies case studies); and
- Summaries of baseline data and information as gathered through a formal questionnaire.

The methodology applied in each of the above deliverables is briefly outlined below. As mentioned earlier, each deliverable has its own report.

The Desk Studies provide an overview of the current status in CSR and UNGC in Mozambique. The data and information for the analysis and report was obtained through: (i) secondary data analysis from the Internet, review of available publications, program reports, bulletins, newsletters, press articles, company's reports, and surveys, in addition to (ii) primary data collection and analysis obtained from interviews with Focal Points and network members of the Global Compact; key people at top management level of some companies outside the network. These interviews gauged perceptions of stakeholders' philosophical beliefs regarding CSR and an overview of trends, strategies and practices of corporate social responsibility in their sphere of domain and outside the company's boundary.

Among other stakeholders interviewed included NGOs, civil society, private sector, academics, CSR Certification Bodies, Confederation of the Mozambican Economic Associations (CTA) and representative of private sector, local universities and other relevant entities.

With respect to case studies, these learnt from a company's perspective approaches regarding implementation of the ten UNGC principles as well as undertaking specific CSR activities. In-depth case studies were conducted for four selected Global Compact companies in Mozambique. Data and information for the case studies result from interviews with the respective company's management as well as staff and other stakeholders. Moreover, an assessment concerning company's accountability was undertaken through analysis of press articles, public information, company reports, websites, as well as opinions from company's stakeholders.

Equally important, the case studies benefited from data and information from an impressive amount of companies' documents, diverse materials such as annual activity and evaluation reports and the main social responsibility programs, company's policy documents, as well as published magazines and brochures. Notwithstanding the fact that this is the first study of its nature taking place in Mozambique, all the participating companies (case study subjects) were voluntarily and highly motivated to participate in the case studies, by making available the necessary resources for the course of action.

We note that some sources of information were company dependent, and this includes staff appointed by the company's management. Furthermore, it is important to note that final report was endorsed by the companies for their review and approval before they were sent to UN. The four companies for the case studies subjects are namely: Moçambique Celular (mcel), Mozambique International Port Services (MIPS), Motorcare and Sasol Petroleum Temane (SPT).

In addition to the above, the summary information from the baseline data and information is included. The baseline data provides an overview of Corporate Social Responsibility (CSR) activities at the company's level. The survey took place during the period of February-May 2007 covering GC members and non-GC participants totaling 63 companies. The data gathering was conducted via an online questionnaire and, in most cases the questionnaires were also sent via email, fax, as well as through face-to-face interview.

3 Overview of the CSR landscape and the Global Compact in Mozambique

3.1. CSR Landscape in Mozambique

In Mozambique, Corporate Social responsibility is an emerging and exciting concept that captures attention of many businesses, government bodies, academics as well as other relevant players. Various meetings, workshops, media discussions panels, press articles as well as research initiatives are starting to take place at a large extent. However, there is a prevailing disparity among the different players with regard to perception and definition of the concept as well as the practice of CSR.

According to the baseline results, different perceptions exist amongst the surveyed companies with regard to the concept of CSR: about 49% associate the concept to helping the government in providing basic services to the community and environment protection; about 26% associate to the company's commitment to their staff and direct families through subsidies, training, medical aid, human rights, labour standards; about 21% perceived it as a mix of above angles, as company's commitment with their workers and to the communities around them; and 4% of the surveyed companies associated the concept with group of attitudes and practices of the organization with view to increase the profitability of their business and get better position at the market.

Corporate Social Responsibility activities in Mozambique are at their inception phases. During the last five years there has been an up-and-coming view of the Corporate Social Responsibility in Mozambique. Apart from the current international awareness as promoted by the UN Global Compact, this scenario is possibly being mostly influenced by the presence of multinational investments in the country with large corporate social responsibility culture.

It appears that the level of perception about CSR is now becoming progressively high among the Mozambican businesses. The evidence comes from results of the baseline study which revealed that about 92% of the surveyed companies are already engaged in CSR activities. Furthermore, almost 68% of the companies plan to expand their CSR engagements. Overall, 83% of the companies have the perception that CSR activities and programs will become progressively important in the near future.

There seems that most of the companies perceive CSR as strategic to their business. In many of these companies, CEO Commitment has been the main factor to engaging in CSR activities. From CEO point of view, CSR has a positive effect on the company's financial performance as well as on the company's relationship with the Government.

However, further evidence from the baseline survey indicated that 74.1% of the surveyed companies see no additional incentives to engage in CSR activities. Furthermore, 81% of the subsidiaries of trans-national companies that participated in the study also pointed out the fact that there are no other factors effecting on the company's CSR policy.

From the Government's perspective, the responsibility for Corporate Citizenship is placed within the Ministry for Women and Coordination of Social Affairs (MMAS). The Ministry's key role is to promote corporate citizenship, provide political leadership on relevant key issues, ensures that government approach to corporate citizenship is taken into account as well as the coordination of corporate citizenship activities across all government agencies at central and decentralized levels.

3.1.1. Key players in CSR in Mozambique

Although the business sector embraces its primary responsibility of protecting the environment in which it operates, all sectors in the society have a role to play with regard to CSR. For the success of the CSR, the business sector has to be supported by the Government, Non-Governmental Organizations, Trade Unions and other relevant entities in order to achieve the desired results.

In Mozambique CSR is often associated with Medium to Large Enterprises (SME)¹, and particularly with multinational enterprises. The international orientation of these companies is seen as the major reason for their interest in CSR. These companies not only developed social investment policies, but they also sponsor specific social investment projects. Some of the large foreign investors with notable involvement in social investment include, amongst other companies:

- Mozal (Aluminum Smelter Company);
- Coca-cola Sabco;
- Cervejas de Moçambique (CDM), a local brewery company;
- Colgate-Palmolive
- Hidroelétrica de Cabora-Bassa;
- British Petroleum Mozambique;
- Sasol;
- Millenium BIM; and
- Banco Comercial e de Investimentos, SARL (BCI Fomento);

These companies are typically involved in the provision of funds (financial resources) for construction of community schools, health posts and centers as well as for technical assistance for skills development, especially with regards to small business development. Furthermore, these companies also make large donations during national disasters relief operations.

It is important to distinguish between two dimensions of CSR when trying to assess the degree of companies' commitment in Mozambique. There is an "in-house" CSR dimension with socially responsible practices, related to the companies core activities, which imply, improving situation for workers and their concerns through investments in human capital, health, safety, well-being and the change management. Evidence from the baseline study reveals that the employees are the most important stakeholders in the companies concerning CSR activities (50.8%), considering that currently they are the largest beneficiaries of the CSR activities followed by the shareholders (43.9%) being the origin of the resources allocated to the activities. The "external" dimension of CSR goes beyond the sphere of the core activities of the company and extends to the local communities and the external environment.

¹ In Mozambique there are three commonly used definition of SME, given with reference to the number of employees:

Agency/Institution	Small	Medium
National Statistics Institute (INE)	<10	11-50
Ministry of Industry and Commerce (MIC)	25-124	125-249
Unit for Consultancy and Assistance to Small Industries (GAPI)	10-50	50-100

Source: World Bank Group Small and Medium Enterprise (2003), Small and Medium Enterprise Mapping Mozambique, Maputo, Mozambique and GAPI apud Borgarello, A, et all (2004), What Hinders Small and Medium Entrepreneurs in Mozambique, I Quaderni dela Cooperazioni Italiana N. 7/2004

With regard to the government's role in CSR initiatives, it is important to mention that although notable efforts can be witnessed, it is still at embryonic outlook and, appropriate resources and profile to raise the understanding of corporate citizenship in Mozambique are required.

With regard to the State-owned companies (*parastatals*) it is important to mention that for about two decades, they have been the largest corporate players in Mozambique, after the Government's adoption of privatization policies in the 90s that resulted in a significant number of these companies becoming private owned companies. A large part of these companies did not, however, survive or their activities were reduced to a minimum level, and a different trend occurred in companies providing key social services such as power supply, telecommunications and transport.

These companies maintained their monopoly and expanded their activities. Their notion of social responsibility has generally been driven by the sense of national prestige and they feel compelled to making financial contributions, particularly on occasions of large national disasters but also provide kindergartens and school facilities for the workers' children and support fund raising activities through arts exhibition or sports. Social investments in these companies do not entail specific strategy or policies as they are usually driven by the individual managers' commitment. Even though some sort of marketing and image protection activity takes place, they are not part of a sustained CSR strategy. The following companies fall under this category:

- Electricidade de Moçambique – EDM (National Powerline company);
- Telecomunicações de Moçambique – TDM (National Telecommunications company);
- Caminhos de Ferro de Moçambique – CFM (National Railways company);
- Linhas Aéreas de Moçambique – LAM (National Airlines company); and
- Águas de Moçambique – AM (National Water Facility company).

The NGOs role within corporate citizenship varies, and includes entering into partnerships with companies, ensuring that companies comply with legislation, as well as rating companies' performance against social, ethical and environmental score cards. In Mozambique, there are a number of experiments of the so called outsourcing that, in addition to commercial purposes leading to these partnerships, ensures that companies are socially responsible to communities and to the environment they operate in.

The NGOs carry out relief assistance, social investments and/or social development missions. They rank from community based organizations to organizations attempting to gain nationwide coverage, and they act in the following areas:

- Community development;
- Relief assistance on occasion of natural disasters;
- Resettlement of refugees or displaced people;
- Assistance to victims of war and violence;
- Assistance to traumatized children or women;
- Fostering women participation; and
- Raising self-confidence and self-reliance amongst people with physical handicaps.

There are very few well-established NGOs, probably a handful of them. By well established it is meant well-functioning organizations, with a set of clear mission and vision, goals, structure, systems, resources, and achievable and visible results. These organizations are generally

sponsored by high profile public figures, whose influence attracted not only financial resources but also technical assistance. This type of organizations has, thus, been able to establish appropriate internal organizational structures and deliver work to communities or targeted groups, at reasonably good standards. The following organizations are examples of this type of NGOs that engage in some kind of CSR activities:

- Foundation for Community Development (FDC);
- Progresso;
- Ética Moçambique; and
- Muleide.

With regard to Trade Unions, these have largely contributed to increased sense of social responsibility amongst corporate players in Mozambique. However, their role is restricted to employee's issues and not extended to environmental concerns.

The other players that could enhance the awareness of CSR is the academia. However there is still limited to theoretical understanding of the CSR and, given the fact that it is a new concept in Mozambique, there is still scope for philosophies and new thinking and also reduced evidence of efforts to introduce CSR into academic curricula in Mozambique's academia.

The response from the academia is still limited to theoretical understanding of the CSR field. Given the fact that CSR is a new concept in Mozambique, there is still scope for philosophies and new thinking. However, there is reduced evidence of efforts to introduce CSR into academic curricula in Mozambique's academia and its potential is untapped. The exception to this is the Instituto Superior Politécnico e Universitário de Moçambique (ISPU), the pioneer private university in Mozambique. According to ISPU, CSR is a module lectured in courses of law and human resources in undergraduate and graduate programs.

3.1.2. National CSR Initiatives

Although the number of CSR initiatives is relatively reduced, the following are the national initiatives that currently engage the businesses in social investment.

- Um Olhar de Esperança (*A Look of Hope*) – A Look of Hope is a nationwide project covering public primary and secondary schools. The project is part of the Ministry of Education and Culture (MEC) effort to improve the quality of education with participation of the civil society.
- Sofala Commercial and Industrial Association (ACIS) – ACIS is a non-profit making business association created with the aim of promoting investment and development in the Sofala province. They are member of CTA the overall umbrella of the private sector organizations.
- FEEMA – The *Fórum Empresarial para o Meio Ambiente* (FEEMA) is a business association created in 1996. It represents the private sector on environmental matters of its interest. Currently, the forum has 36 members, including more than 90 big private sector companies.
- Moçambique em Acção – *Moçambique em Acção* is a wide social project with a strong public relation component embracing a series of actions. The project involves communities in search of forming an opinion and influencing behaviors of the different layers of the population. This project belongs to SOICO (Sociedade Independente de Comunicação).
- The Entrepreneurs Association against AIDS (ECoSIDA) – EcoSIDA (Entrepreneurs Against HIV/SIDA) is a business association of companies that defends the intensification of the efforts to combat the HIV/AIDS pandemic in the work place, through the formation of facilitators

that, in turn, will multiply the approaches on the disease problems. This is a new initiative and activities are still in their infant stages.

- Mozal Community Development Trust – The Mozal Community Development Trust (MCDT) was launched in August 2000 for the purpose of making social contributions to local communities. It provides support in the following major areas: small business, education and training health and environment, sports and culture, and community infrastructure.

This reduced number of CSR activities in Mozambique results from the fact that such activities are limited to medium to large companies, mainly foreign investors and partly few state-owned companies.

Corporate citizenship practices in Mozambique are also motivated by the positive effect on firms' financial performance through their influence on reputation, effect in distinguishing the enterprise's products, a search for an advantage in the market, turnover, consumer confidence and loyalty, the need to improve relations with the government, and internal risk management.

3.1.3. International CSR Initiatives

The international CSR initiatives are mainly linked to the environment and workplace conditions. Internationally, the key initiatives can be divided in four main groups:

- Global principles or codes of conduct, which comprises the UN Global Compact, OECD Guidelines for Multinational Enterprises and ICC Business Charter on Sustainable Development;
- Management System and Specifications: ISO 14000 Series;
- Guidelines for reporting and engagement: Global Reporting Initiative (GRI) and AA1000S; and
- Sector Specific Initiatives: Forest Stewardship Council, Marine Stewardship Council, Responsible Care, the FISE4Good, The London Principles, The Equator Principles, The Greenhouse Gas Protocol Initiative, Joint UNEP/Industry Sector Initiatives, UNIDO/UNEP National Cleaner Production Centers.

The Global Compact seems to be the most known international initiative in Mozambique. However, 80% of the surveyed companies in the baseline study indicated that the main reasons for joining the GC is associated with the Internal CSR related challenges and CEO Commitment. Interviews with participating companies in the business case studies indicated that other than the GC initiative they are not aware of any other CSR international initiative in Mozambique. However, this review found that there are other initiatives known by the key people interviewed, although the degree of their popularity in the country is not as in the case of the UNGC. The existing international initiatives are:

- UN Global Compact – The Global Compact was launched in Mozambique on 18th of June 2003. However, it was not until late 2006 that some relevant activities took place.
- ISO 14000 Series
- The Equator Principles – In Mozambique, there is no formal evidence that banks and other financial institutions adopt these principles, but, however, according to the interviewees, there is a perception that big investors and some financial private sector operators that benefits from IFC programs are influenced by the Equator principles.
- UNIDO/UNEP National Cleaner Production Centres – These centers were established in June 2000 in Mozambique. However, the official launch of the center happened in June 2001.

3.2. The UN Global Compact in Mozambique

It is important to mention that the main theme for GC CSR initiatives in Mozambique within the context of this review is *Raising Awareness* in the market with regard to the principles of the Global Compact as well as the Corporate Social Responsibility.

In Mozambique, The Global Compact membership is still low. As a result, there are about 21 companies that adhered to GC membership in Mozambique at the time of the study, being July 2007). Currently, the main GC concern in Mozambique is to align the concept in order to ensure that all actors are at the same pace and understanding of its aim and goals.

Although some interviewed people showed some skepticism with regard to the role played by these companies in CSR in the country, and the real reasons behind their adhesion to the GC, most believe that what really motivated them to sign up to the UNGC initiative is, apart from engagement in the ten GC principles, the importance of the GC logo in their relation with Government, UN system and other stakeholders and the new fashion in the corporate governance practices.

4 Summary of Findings

This chapter provides summaries of the main findings from the desk and case studies, complemented with brief statistical analysis of main areas concerning CSR at the company level.

4.1. Desk Study

Since 2003 there is an emerging view of the Corporate Social Responsibility in Mozambique. This emerging view has been influenced mostly by the presence of multinational investments in the country with large corporate social responsibility culture, and the current international awareness as promoted by the United Nations.

However, the country is still in the phase of deepening the concept and to see the domains of its application. In this context it is important considering CSR in Mozambique not as a product or a state (being or not being socially responsible), but rather as a process of gradual learning what is involved in sustainable orientation of company's management towards CSR.

CSR activities are confined to mainly big and foreign owned companies showing the lack of ownership of CSR activities.

Large foreign investors have long corporate culture, and a considerable degree of commitment to social investment. Most of them have specific social investment policies, which are typically part of their marketing and image protection strategies.

With respect to local companies, there is less involvement in CSR initiatives. The companies are often small and medium size enterprises, generally owned by one person or family and their activities are usually not driven by broad policies and strategies and always faced with hardships in the market, often at the verge of bankruptcy.

For this group of companies CSR is at an introductory stage, and for many of them philanthropy is the reference. Their social participation in the community life comprises individual donations, occasional contributions during national disasters calls and occasional support to fund raising activities through sponsorship of sports or art exhibition, often without a long-term commitment.

Corporate citizenship practices in Mozambique are mainly motivated by the positive effect on firms' financial performance through their influence on reputation, effect in distinguishing the enterprise's products, a search for an advantage in the market, turnover, consumer confidence and loyalty, the need to improve relations with the government and other partners, and internal risk management.

The improved financial performance that corporate citizenship may lead to, at micro level, however, does not necessarily translate into competitive advantage at the macro level of the economy. This is primarily because, as referred to below, that the number of companies that have genuinely integrated corporate citizenship values and practices into their overall business strategy are still too few and far from having major spill-over effects on the broader economy.

It is important to notice that in Mozambique very little experience exists (only LAM is certified) in the application of International Norms and the knowledge on the importance

of the adherence to these is still incipient. There are only few initiatives effectively in place. The Global Compact is the most known international initiative in Mozambique, followed by the *National Cleaner Production Centers* initiative (or *Centro de Produção mais Limpa*, as it is known in Portuguese).

As of March 2007, the GC in Mozambique had 21 signatories' organizations comprising 20 companies and 1 NGO. Of these, almost 50% are national organizations. Given the national context within which the business community is operating and the lack of local incentives to implement CSR initiatives, the current number of the GC membership can be considered as a sign of a great and important achievement compared to other neighbor countries

The main achievements of the Network so far include the expansion of number of members that subscribe the Global Compact, organization of regular dialogues on best practices through working/learning sessions on CSR and assistance to member companies in complete and submit their Comments on Progress.

Despite these achievements, the GC still has reduced impact and is facing difficulties to be rooted in Mozambique, mainly due to reduced popularity and knowledge of what exactly the initiative entails, existence of many organizations operating within social issues and reduced awareness of GC in the government structure, making companies not be confronted with legislation and governance issues that make the adherence of the GC initiative attractive.

Taking glance on Mozambique scenario, it is understood that the country has undergone significant changes, which are seen to have influenced the current perception and the awareness of Corporate Citizenship as well as the implementation of the Global Compact ten principles.

Currently, the main GC concern in Mozambique is to align the CSR concept in order to ensure that all actors are at the same pace and understanding of its aim and goals. At the moment, it seems that there is a distorted concept of CSR as many actors refer to it as philanthropy.

With respect to moving the GC and CSR agenda on, the interviewees suggest that the following requires more attention:

- Gaining membership from media and communications organizations would result in rapid dissemination of the GC principles to a larger audience and thereby more membership from a wider spectrum of actors that currently have not been impacted. It was observed that media and communication organizations in Mozambique have neither taken an active role in sufficiently and systematically publicizing the GC CSR initiatives, nor have they brought about initiatives taking places around the country on the CSR arena
- The GC has not taken sufficient benefit from some GC members focus on public pronouncements. This could be crucial for the need to disseminate more the GC initiative;
- Within the private sector, there are important interlocutors which can play a critical role in taking the GC message out. These are: (i) the Confederation of Economic Associations (CTA); and (ii) the Chamber of Commerce (CCM).

4.2. Mozambique Case Studies

The case study component presents four cases studies from Mozambique comprising the following companies: Moçambique Celular (mcel), Maputo International Port Services (MIPS), Motorcare and Sasol Petroleum Temane (SPT).

The aim of the study is to gather the understanding of how the Global Compact has influenced changes within company's members.

The study shows that very little have changed since the companies analyzed became member of the Global Compact.

The interviewees agree that UNGC has a much lower prominence so far in Mozambique. A commonly cited reason for why the UNGC has faced difficulties in attracting more Mozambican members is that the companies think that the government itself didn't internalize so far the 10 principles of the Global Compact.

The case studies present the company's perception of the ten GC principles, and how do they influence their way of doing business. Due to these different perceptions, companies give a certain emphasis to a particular principle while complementing with those deemed critical for the company's policy. In the next page, we give a very brief summary of each company regarding the following aspects: (i) when the company joined the GC and what is its view on the GC.

4.2.1. mcel

mcel joined the Global Compact in June 2006. However, the company has been engaged in CSR activities since 2002. Currently, mcel chairs Mozambique's CSR Global Compact Committee. Eng Rui Fernandes, mcel's chairman of the Board of Directors, indicates that the main objective of the GC is to provide a human face to companies.

In an attempt to contribute to the country's fight against poverty, mcel pursues the external context of the GC principles. Within that context, mcel seeks to support priority areas as defined by the Poverty Reduction Strategy Plan (PARPA). Currently, these include: Education, Health, Environment, Security, Arts, Culture and Sports. Internally, the company seeks to fulfill all the laws concerning benefits to the employees.

4.2.2. Motorcare

Motorcare joined the Global Compact in late 2005. Motorcare is the official and sole franchise holder of the NISSAN vehicles brand in Mozambique.

The main theme for Motorcare corporate social responsibility is the implementation of best practices that add value to society as well as to our direct stakeholders. In respect of GC principles it is the focus of Motorcare to try and balance the implementation of all the principles equally.

The Managing Director recognizes there have not been significant changes to the way the company operates since they joined the GC. Motorcare recognizes that adhering to the GC as an international initiative, is a good idea because it is introducing universally accepted benchmarks for best practice that every country, community, business and individual can directly benefit from

4.2.3. MIPS

MIPS joined the GC initiative in December 2006. According to the marketing head, Luisa Humbara, there were no noticeable changes in the company's way of doing business, since MIPS has become a member of the GC.

MIPS social responsibility is divided in three key areas, namely: (i) Donations to orphanages and elderly homes; (ii) Education; and (iii) Sports and culture.

4.2.4. Sasol

Sasol Petroleum Temane (SPT) is not member of the GC initiative in Mozambique.

In terms of CSR, SPT stresses the importance of sustainable community development in the regions where it conducts its business operations.

Although SPT is not a member of the Global Compact in Mozambique, its case provides a different view of how companies address CSR issues, even outside the Global compact. SPT policy is to “develop the communities closer to the places we operate”. Give away funds, are not SPT primary concern or even the most important on CSR activities. Most important is the ability to make a difference in the communities. From that perspective, SPT indicated that the company, together with its partners, has such ability and capacity to do so.

4.3. Baseline Findings

This section provides an overview of the CSR activities as perceived by a number of companies that responded to formal questionnaire. The questionnaire was sent to about 600 companies encompassing all sectors that are crucial to the national economic development, having obtained an overall response rate of 10.8%. Recall that, only 7.9% of the survey respondents (five companies) are GC members in Mozambique, though there are currently 21 registered members.

Medium and large enterprises play a significant role in CSR activities. Results show that 36.5% of the surveyed companies had up to 151 employees. According to local standards, these companies could be considered as large companies. Among the surveyed companies 25% had on average between 51 and 150 employees, which are considered medium companies, and the remaining 38.5% did not disclose the number of employees.

Overall, companies have different perceptions about the concept of CSR. Among these companies, there are four points of view worth pointing namely commitment to:

- **Government basic service provision and sustainability:** About 49% of the companies associated the concept of CSR to helping the government in providing basic services to the community (such as education, health, infrastructures, development of socio-cultural activities, food provision) and environmental protection.
- **Improving employee's working conditions:** About 26% of the companies associate the concept to the company's commitment to their staff and direct families through subsidies (transport, education, food), training medical aid, human rights, labour standards;
- **Social and Community development:** About 21% of the participant companies has a mixed perception, that is, the commitment of the company with their workers as well as to the communities where companies operate.
- **Profit motive:** only 4% of the surveyed companies associated the concept to factors that lead to increased profitability of the business operations and thereby improving market positioning

Overall, the most rated reasons about company's CSR involvement are often the Chief Executive Officer (CEO) commitment (57.1%) as well as internal CSR related challenges (50.8%). Note that the evidence shows that 91.2% of the surveyed companies engage in CSR activities, though 53.2% of these companies said that CSR activities do not affect their core business.

CEOs are mostly concerned with factors that affect the firms' financial performance, and therefore the need to improve relations with the government is of an utmost importance. However, gaining competitive advantage in the market is also important (41.3%). Reputation, enterprise's products distinction, a search for an advantage in the market, turnover, consumer confidence and loyalty, and internal risk management all are of critical importance to CEOs. Most companies engage in CSR activities to increase profitability of their businesses and obtain better position at the market.

The table below shows the reasons to engage in CSR activities pointed by the participant companies in the survey.

Table 1: Reasons to engage in CSR activities

Reasons	Percent
CEO commitment	57.1%
Internal CSR related challenges	50.8%
Competitive advantage in the market	41.3%
New information and knowledge	38.1%
Public expectations	34.9%
Demand by capital markets	23.8%
Political trends	19.0%
NGO campaigns	17.5%
Avoid public regulation	4.8%

As related to the first and second point of view, the most important issues areas regarding CSR activities are related to Human Rights and Labour Standards (Table 2). Companies recognize commitment to people's protection and security at the work places is governments' traditional role of providing social protection and security. However, it is important to note that CSR is not a major topic of concern to or, in particular, of claim by the government. Incorporation of CSR initiatives into the state agenda is still minimal, dealing with it only at the margins.

Table 2: Most important issues areas regarding CSR activities

Issues Areas	Index (1-5)
Sample(n)	60
Human Rights	4.2/5
Labour Standards	4.1/5
Environmental Protection	3.8/5
Anti-Corruption	3.8/5

However, 39.7% of the respondents indicated that CSR activities are often implemented by human resources department. Information flows to employees about CSR activities in most of the companies occur through meetings, circulars and emails. Others allocate such responsibility to other departments. Results show that 50% of the participant companies allocate their CSR responsibilities to the Marketing Department.

As far as the ten GC principles are concerned, the survey found that 74.1% respondents of those engaged in CSR activities has never participated in the development of a code of conduct. However, 37.9% of the companies implementing CSR activities have already introduced code of conduct, though only 25.9% had said participated in the development of a code of conduct.

Furthermore, baseline study results reveal that 31% of the surveyed companies determine the size and range of CSR activities through project-based expenditures, though 27.6% others through turnover and 20.7% through a percentage of their return/profit.

With respect to monitoring CSR initiatives, 74.1% of the participant companies monitor CSR activities, though about 62% do it internally. With regard to publication of CSR activities, very few companies publicize CSR activities through annual reports (22.2%), and media briefings (11.1%).

Interviewed and companies really engaged in CSR activities reveal that the relationship between companies and communities has improved since the engaged in CSR activities. Improvements occurred with employees and customers. Furthermore, for those companies that are not engaged in CSR activities, the survey indicates that most of them are planning to engage in CSR programs. However, these companies indicated that currently, there are no incentives to join as there are still obstacles for engaging on CSR activities such as implementation cost, lack of practical knowledge and no value-added expected with CSR activities.

Only few companies (less than 10%) that participate in the survey are members of the Global Compact. Some of them joined in 2003 and others in 2006. It should be mentioned that for almost three years the GC in Mozambique did not go beyond and the main reason for it was the lack of proper institutional framework for its continuity. As Fumo (2005) stated, there were high and unfulfilled expectations that the government and UNDP would have taken the lead.

Environment protection is the area that most of the participant companies made the biggest progress since they joined GC and they welcome greater CSR national regulation, they are satisfied with its CSR efforts.

5 Final note

Establishing a benchmark was the main theme of this study. The study provides an overview of the current status on Corporate Social Responsibility and the UNGC in Mozambique. The lesson learnt throughout the study with regard to its main objective is that Mozambique has a full potential to explore the field of Corporate Social Responsibility. The UNGC initiative can indeed serve as a recommendable guide for the success of the CSR activities in Mozambique. At this stage, awareness with regard to CSR and UNGC is still dormant, and therefore there is a huge and challenging work to be done in this direction.

The survey has shown that CSR activities in Mozambique fall into the following four categories that support:

- **Government efforts in providing basic service to its citizens:** companies seek to complement government provision of basic services such as education, health, infrastructures, development of socio-cultural activities, food provision, as well as environmental protection.
- **Improvement of employee's working conditions:** companies are committed to their staff and direct families by providing financial support for transport, education, food, training, medical aid, human rights, labour standards;
- **Staff and Community development:** companies committing resources to support both workers and communities around their operations.
- **Company's profit motive:** companies engaging in CSR activities to increase profitability of the business operations and thereby improve market positioning.

The information contained in all studies (desk and case reports) that accompany this report will, hopefully assist not only the Regional Learning Forum in monitoring its own impact within the landscape of Corporate Social Responsibility (CSR) initiatives in Mozambique, but it will also assist the different players in its market. Furthermore, the report will serve as a reference and benchmark for future reviews and studies. Participating companies and stakeholders believed that the findings from these studies will contribute significantly in raising CSR awareness in Mozambique.

