Africa’s Private Sector can partner on development

Addis Ababa, 10 June 2014 (ECA) - The Executive Secretary of the Economic Commission for Africa, Mr. Carlos Lopes today called on the private sector to adopt Corporate Social Responsibility and advance the continent’s development. Speaking to private sector representatives at the 9-13 June UN Global Compact Forum in Addis Ababa, Mr. Lopes said the private sector is yet to do its fair share for the Continent’s development due to two fundamental mistakes: “They see development as being the business mainly of Governments and they believe that development activities are not profitable.”

Addressing the need to tackle challenges that impede on the Continent’s advancement, he said that trade mis-pricing is practiced widely across Africa by both Multinational Corporations (MNCs) and home-grown African companies.

“Between 2001 and 2010, estimates on the loss to Africa from trade mis-pricing range from US$242 – US$407 billion, which means an average annual loss of between US$24.2 and US$ 40.7 billion; these figures appear even more alarming when one considers that Corporate Social Responsibility (CSR) expenditures on the continent are closely related to whether or not countries have related legislation in place and are tax-deductible,” he stated.

He said that about only four countries in Africa have some kind of CSR regulation in place and that in South Africa, where corporate social investment guidelines have been put in place for achieving Black Economic Empowerment, Standard Bank Group spent R114 million in 2011 on CSR.

On the global stage, in the fifteen largest markets in the world, only five per cent of companies are seen as making a real impact in Corporate Social Responsibility, said Lopes referencing a study on “Reputation and Corporate Social Responsibility”, published by Reputation Institute in 2013.

He pointed out that CSR surveys for businesses in Africa point to a disappointing focus on philanthropic support, which he said is “often in the form of cash donations that are linked to the companies’ own interests rather than in response to the real development needs of communities.”

CSR, said Lopes, should be an integral management strategy with sufficient budgetary resources to implement action plans.

He said that Africa's infrastructure gap, youth unemployment and inequality and that these challenges translate into market opportunities for the African private sector- which he added, goes beyond the exploitation of natural resources.

"I will make no bones about the fact that, apart from a few corporate beacons, such as Anglo-American, home-grown African companies perform a lot worse on Corporate Social Responsibility than foreign multinationals," he said.

"Africa is waiting for the private sector to invest more to generate quality employment and high welfare standards for its employees". He added: "Africa expects the larger corporations to mentor smaller companies so as to spread wealth and multiply jobs invest in technology and skills transfer, not only in-house, but also to develop programmes to raise capacities across the industries and sectors in which they are active."

He urged the private sector to raise the profile and developmental impact of CSR in Africa by setting up Private Public Partnerships (PPPs).
"With agreed targets between governments and the private sector, socio-economic and environmental concerns can be addressed through Corporate Social Responsibility." He said.

Issued by:
ECA External Communications and Media Relations Section
PO Box 3001
Addis Ababa
Ethiopia
Tel: +251 11 551 5826
E-mail: ecainfo@uneca.org [1]

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