

Country scan

CSR in Uganda



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Preface

The Royal Netherlands Embassy in Kampala and MVO Nederland, supported by the Uganda Chapter for Corporate Social Responsibility Initiatives Ltd (UCCSRI), are proud to present this CSR Country Scan Uganda.

In a globalizing world, with many global challenges, Corporate Social Responsibility (CSR) is a concept that is of increasing importance. Ugandan companies notice an increasing demand of sustainably produced goods in the market, and realize that the business community can offer solutions to the social and environmental challenges that Ugandan society is facing.

The Netherlands identified Uganda as a strategic trade and investment partner country. Dutch companies are expected to do business in and with Uganda in a sustainable and inclusive manner, usually referred to as Corporate Social Responsibility (CSR). Doing business in such a responsible manner will promote sharing of expertise and mutual benefit for the people of both countries (Uganda and Netherlands). The Netherlands Embassy hence promotes CSR through its technical support and via the promotion of Dutch business instruments (demand driven/on request, but also proactively). CSR will be a stimulus for creating sustainable and inclusive business relations between the Dutch and Ugandan people and the recently established Netherlands Uganda Trade and Investment Platform (NUTIP).

The Embassy, UCCSRI and MVO Nederland believe that the promotion of doing business and investing in a socially and environmentally responsible manner, contributes to the strengthening of bonds between companies and communities, and fosters long-term sustainable outcomes making trade and investments more competitive and attractive.

An important conclusion of this country scan is that Ugandan companies as well as NGO's and the government are ready for the next step. There is a need for more knowledge sharing on the one hand, and more cooperation on the other.

We believe that this country scan can facilitate the process of CSR understanding and implementation that will eventually benefit Ugandan companies and the society in general.

Royal Netherlands Embassy, Kampala

MVO Nederland ¹

UCCSRI ²

¹ On behalf of RVO Netherlands Enterprise Agency (www.RVO.nl), this CSR Country Scan Uganda is executed by: CSR Netherlands (www.mvonederland.nl/CSR-netherlands)

² With support and contributions from: Uganda Chapter for Corporate Social Responsibility Initiative Ltd (UCCSRI) (www.uccsri.com)

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Abbreviations

Abbreviation	Meaning
CMA	Capital Markets Authority
CSR	Corporate Social responsibility
GM	Genetically Modified Organisms
ICGU	Institute of Corporate Governance of Uganda
NEMA	National Environment Management Authority
NUTIP	Netherlands Uganda Trade and Investment Platform
OECD	Organisation for Economic Cooperation and Development
UCCSRI	Uganda Chapter for Corporate Social Responsibility Initiatives Ltd
UNBS	Uganda National Bureau of Standards
USE	Uganda Securities Exchange
UTB	Uganda Tourism Board

1. Introduction

1.1. Overview of the Report

This report is the result of our research into the state of Corporate Social Responsibility (CSR) in Uganda. We have examined (a) how the concept of CSR is perceived in Uganda, (b) what CSR can bring to both local companies and Dutch businesses active in the country, and, (c) how CSR can contribute to the solutions finding for the most pressing challenges that companies in Uganda are facing. This country scan focuses on two core aspects of Corporate Social Responsibility. That is, (i) compliance to the international normative framework, and, (ii) the provision of innovative solutions to social and environmental challenges. To deliver on its purpose, which is, to contribute to The Royal Netherlands Embassy's CSR strategy development for Uganda, this report was guided by the following research questions.

1.2 Research questions

- To what extent do Ugandan companies already comply to the international normative framework for CSR?
- Which institutions provide Uganda businesses with the CSR knowledge and tools to comply to the international normative framework?
- Which of these institutions could be supported, and how?
- Which institutions can facilitate the innovative approach of CSR?
- How could these institutions be supported?
- What challenges can be identified for the three focus industries (agri food and horticulture, tourism and energy) to adequately respond to the increasing demand for CSR in international markets?
- What opportunities can be identified for three focus industries (agri food and horticulture, tourism and energy) for CSR as a sustainable and inclusive business case in Uganda?
- What role do governmental bodies, NGO's and trade unions play, and how could they work with businesses in a more strategic way?

1.3 Methodology used to compile this report

In generating this report, we started off with consulting high level policy staff members of The Royal Netherlands Embassy in Uganda including the Ambassador and First Secretary for Economic Cooperation and Development. Then stakeholder consultations, sectoral roundtable discussions (representing agriculture, tourism, and energy), documentation / desk literature review and lastly, benchmarking of the information gathered in Uganda, against best practice elsewhere in the world, particularly in the Netherlands as well as where related CSR Country Scans had been done for the respective Royal Netherlands Embassies. We also organised a dinner for high profile business people, university professors and government officials which gave us time to have in-depth discussions and insights into what real CSR and sustainability issues are key for Uganda.

Additionally, we visited and held in-depth consultations with (i) a selection of sectoral companies (e.g., KK Fresh Ltd., Unity Exports, SESACO Ltd., Matoke Tours, Solar Now., etc.) and (ii) with government agencies (Ministry of Energy; Ministry of Water and Environment, etc.). Additional follow up interviews using structured questionnaires were done to gather additional information. This gave us a chance to engage further with notable agencies like Uganda Tourism Board (UTB) and the National Environmental Management Authority (NEMA) as well as to validate the facts we had earlier gathered during sector round tables meetings, discussions, & company visits.

Lastly, in order to verify sector specific and policy related CSR information, we conducted reviews into the information available on CSR related themes. That is, (i) laws, policies and frameworks from the Government of Uganda (GoU), and (ii) CSR information that is available in Uganda and is derived from international standards (such as ISO 26000, UN Global Compact, Global Gap, OECD guidelines and ILO standards). By reviewing these, we wanted to establish how these laws, frameworks, policies and treaties on CSR and CSR-related topics relate and apply to the reality in Uganda (specifically for small and medium sized enterprises, as they comprise the majority of Ugandan businesses).

In order to reinforce CSR strategy formulation for Uganda, we have been keen to provide the report in a way that supports the aspect of CSR through innovative business solutions. That is, this country scan looked into the opportunities for businesses to build a strong business case for sustainable and inclusive business models in Uganda as well as engaging the public sector into active support of CSR and sustainable development in Uganda.

1.4 Defining CSR

1.4.1 General interpretation of CSR

CSR Netherlands³ considers corporate social responsibility (CSR) to be an integral vision of sustainable business practices: it involves the responsibility of enterprises for their impact on society.⁴ Companies that engage in socially responsible business consider the social and economic impact of all their decisions, while taking into account the interests of their stakeholders. These stakeholders include all surrounding interested parties: employees and clients, local residents, suppliers, government, investors, the entire (international) supply chain, and society at large.⁵

Table 1: General facts about CSR:

1. Creates social, ecological and economical value. This is referred to as the 3 Ps: People, Planet and Profit ¹ as shown in the dimensions of CSR in figure below.
2. Plays a role in all company processes from purchasing to marketing and from production to Human Resources Management. Social issues emerge in every aspect of enterprise.
3. Requires companies to weigh the interests of their different stakeholders including the people involved and other companies and organizations.
4. Is different for every company. The measures implemented will depend on the company's size, sector corporate culture and business strategy.

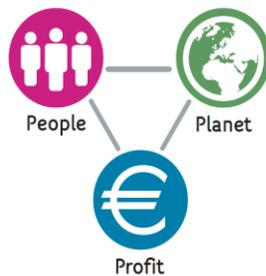
Is a process, not a final destination, that is, goals may change with time and the decisions a company makes along the way.

³ CSR Netherlands is the Centre of Excellence for Dutch companies that are striving towards corporate social responsibility. More than 2300 companies are affiliated with this networking organization.

⁴ Based on the definition of the European Commission of CSR, via: <http://ec.europa.eu/growth/industry/corporate-social-responsibility/>

⁵ CSR Netherlands, via: <http://mvonederland.nl/dossier/definition-background>

Figure 1: Dimensions of CSR



1.4.2 CSR in an international context

While the international context of CSR provides many guidelines and definitions (e.g. ISO26000, Global Reporting Initiative, OECD Guidelines for Multinational Enterprises, Sustainable Development Goals), CSR implementation differs per country and cultural context. With Uganda being both a developing country and fast growing economy, the national CSR agenda represents a number of challenges that highly differ from those of, for example, Europe or the USA.

It is for this reason we introduce the definition of CSR as was developed by Wayne Visser.⁶ In his definition he sets a clear distinction between CSR in developed countries and CSR in emerging economies.⁷ According to Visser the rationale for focusing on CSR in emerging economies as distinct from CSR in developed economies is fourfold:

1. Emerging economies represent the most rapidly expanding economies, and hence the most lucrative growth markets for business;
2. Emerging economies are where the social and environmental crises are usually most acutely felt in the world;
3. Emerging economies are where globalization, economic growth, investment, and business activity are likely to have the most dramatic social and environmental impacts (both positive and negative);
4. Emerging economies present a distinctive set of CSR challenges which are collectively quite different to those faced in the developed world.

Figure 2: CSR Pyramid for emerging economies.



Source: Visser (2007)

⁶ Dr Wayne Visser is Director of the think tank Kaleidoscope Futures and Founder of CSR International. In addition, Wayne is Senior Associate at the University of Cambridge Programme for Sustainability Leadership, Visiting Professor of Corporate Responsibility at the Gordon Institute of Business Science in South Africa and Adjunct Professor of Sustainable Development at Deakin Business School in Australia, via: <http://www.csrinternational.org/about/founder>

⁷ Wayne Visser, Developing Countries, in: *The A to Z of Corporate Social Responsibility* (Tolhurst London 2007) p154-157

Visser defines CSR in emerging economies as ‘the formal and informal ways in which business makes a contribution to improving the governance, social, ethical, labour and environmental conditions of the emerging economies in which they operate, while remaining sensitive to prevailing religious, historical and cultural contexts’.⁸

1.5 Different stages of CSR

In his book *The Age of Responsibility* (2011), Wayne Visser described the different stages of CSR, starting with the defensive stage (focusing on compliance to the international normative framework), followed by stages that he calls ‘charitable’, ‘promotional’ and ‘strategic’, with the most developed stage being ‘transformative.’

Figure 3 : CSR Stages



Source: Visser (2011), *The Age of Responsibility*

In this country scan we will focus on the first, defensive, stage and the last, transformative, stage. The first phase is important because the CSR standards need to be raised, in particular if Ugandan businesses want to export to the international market. The innovative stage is important as companies can accelerate their contribution to the sustainable and economic development of the country.

⁸ Visser, *Developing Countries* (Tolhurst London 2007) p154-157

2. The state of CSR in Uganda

2.1. Interpretation of CSR in Uganda

CSR has come a long way in Uganda. there is a growing number of domestic companies in Uganda that have developed an interest in CSR. This increased interest has created various understandings of the concept although it is most commonly associated with philanthropy or charity, i.e. through corporate social investment in education, health, sports development, the environment, and other community services. From African culture there is a traditional focus on giving back to society and community empowerment. Therefore, various local businesses are trying to demonstrate their ability to make a significant difference in Ugandan society and improve the overall quality of life. This brings about challenges as it is difficult in a developing country like Uganda for one single entity to bring about change as the scale of these challenges is enormous.

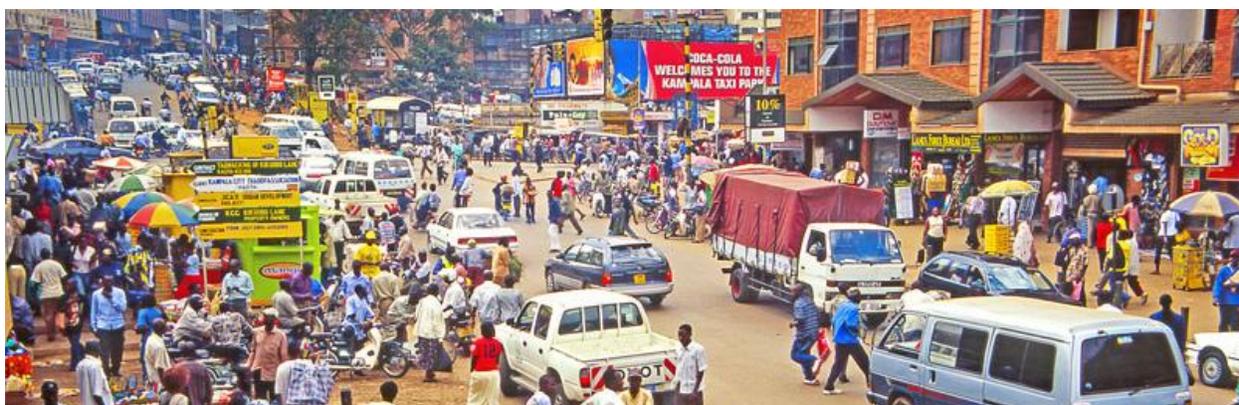


Photo 1: Kampala Taxi Park -one of the busiest market places in Uganda

CSR in Uganda is not very formalized or institutionalized. The CSR benchmarks commonly used in developed countries, i.e. CSR codes, standards, management systems and reports, are largely absent in Uganda. SMEs in Uganda tend not to follow formalized procedures for CSR related issues (e.g. waste management policies and occupational health & safety guidelines), but rather approach it informally based upon intuition, integrity and a personal sense of ethics. This was found common among small firms, independent of context.

Nevertheless, there exist some formal CSR practices in Uganda. These are usually done so by large, high profile national and multinational companies, especially those with recognized international brands or those aspiring to a global status. E.g. international energy companies such as Royal Dutch Shell Plc, Total, Tullow Oil Plc, international banks like DFCU Bank and Standard Chartered Bank Ltd, agricultural companies like Kakira Sugar Ltd, etc.

2.2. Current priority areas of CSR in Uganda

CSR in Uganda concentrates on priority issues such as *poverty reduction*. The national poverty rate fell to 19.7% in 2013, from 24.5% in 2010, with rural poverty currently about 23.8% and urban poverty at 9.3% (MFPED, 2014). So despite the fact that urban poverty decreased, rural poverty increased. Most CSR activities are therefore still geared towards poverty reduction.

Similarly a number of businesses have directed their initiatives on *health and HIV/AIDS* either through the establishment or funding of health centers or the support for public health centers.

Table 2: Companies running CSR with a focus on Health issues.

Company	CSR with a focus on Health issues
Standard Chartered Bank (SCB)	It runs a CSR project, ‘ <i>Seeing is Believing.</i> ’ SCB’s partners on this project are ‘Sight Savers’ (an international eye care NGO), Ministry of Health, & Mulago Hospital (Uganda’s only national referral hospital). The project has been running for 10 years. So far 80,000 clients have been diagnosed, treated and provided with affordable eye glasses where applicable. The project beneficiaries are across all districts of Uganda.
Roofings Group Limited	This Group of companies fulfills all the legal requirements of labour. In addition they offer other services to staff. That is, a workers’ health facility with a standby ambulance, providing workers with well balanced meals, respecting the HIV/AIDS policy and conducting HIV/AIDS programs for staff. Lastly, the company periodically awards the best employees with trophies, cash prizes and iron sheets.
Uganda Baati Limited (UBL)	The Chandaria Clinic was established by Uganda Baati Ltd (the oldest and largest steel rolling company in Uganda) and provides outpatients health services to the communities near this company and its staff. It is recognized in workplace health and community involvement. UBL through the Chandaria Medical clinic has strong CSR component in its offer of both free & subsidized health services to its employees and the surrounding communities of Tororo and Kampala Industrial area. Among the major services provided by the clinic include: Training of peer educators, Screening of cervical and breast cancer for the women, as well as general medication.

Source: Katamba & Nkiko (2016)⁹

Also, in Uganda, there are a number of businesses engaged in CSR activities geared towards *skills development and education* (as shown in the table below). Both areas are of crucial importance to economic growth and poverty reduction, but the fiscal and administrative capacity of the government of Uganda to meet these goals is limited. At the same time, Uganda has a very high unemployment rate (AAIU, 2012). Uganda has a youth unemployment rate of around 62%. The acute problem of unemployment combined with a lack of skills and proper education, makes this a top priority for many businesses in Uganda. Other aspects of CSR that businesses are engaged in include the fight against the *rampant corruption, poor human rights and environmental degradation*.

⁹ Katamba, D., and Nkiko, C.M., (2016). The Landscape of Corporate Social Responsibility in Uganda: Its Past, Present and Future, in Stephen Vertigans, Samuel O. Idowu, René Schmidpeter (Eds), *Corporate Social Responsibility in Sub-Saharan Africa: Sustainable Development in its Embryonic Form*, Springer International Publishing, Zurich, Switzerland, Pg. 153-171.

Table 3: CSR activities geared towards skills development and education.

Company	CSR engagements / activities
Airtel Uganda Limited.	The company has assisted rural schools under ‘Esomero Lyaffe Project’ (<i>interpreted as, ‘Our School Project’</i>). The Project provides support to rural schools in construction of libraries, latrines, computer rooms, water harvesting tanks, classrooms and equipment. Examples of the beneficiaries include Ndeeba Church of Uganda and St. Pontiano Kangulumira secondary schools both in Kayunga District. This initiative has increased the intakes in these schools by over 40% (from 1000 to over 1400 students).
SESACO	SESACO is an SME in Uganda. The company carries out several activities aimed at improving the nutrition of mothers and children. They provide farmers with high quality seeds and the company buys the produce from farmers at fair prices. SESACO has a skills development initiative where they train interns especially those studying food sciences and technology and have partnered with foreign organizations to provide skills. Every year the company sends at least five people (staff, suppliers and/or customers) to go for training in nutrition and food processing to USA, Rwanda and Burundi.

Source: Katamba & Nkiko (2016)

All the examples shown in the table above reveal a big challenge to the CSR strategy formulation for Uganda. Companies irrespective of size in Uganda, exhibit characteristics of different stages of CSR. We found that most of the SMEs (companies employing less than 50 full time staff), largely practice “charitable CSR,” while most very large companies (employing more than 1000 full time staff) especially telecommunications companies (like MTN Uganda, Airtel) and commercial agriculture plantation firms (like Kakira Sugar Ltd) are largely practicing “Transformative CSR.” Their counterparts, the big companies (employing 500 - 1000 staff) are much more in “Strategic CSR.” Thus, differences between companies are great.

2.3. Developing understanding of CSR

Despite the fact that CSR activities in Uganda still focus on improving the quality of life of communities, a gradual shift is taking place from understanding CSR as aid and charity towards thinking of responsible behavior in terms of development. In this evolving understanding of CSR, some businesses relate to CSR increasingly as a way of integrating social and environmental concerns in their operations and in their interaction with stakeholders (see Box below), which Visser (2011) refers to as Strategic or Transformative:

Box 1: Strategic and Transformative CSR in Uganda:

Nile Breweries Limited (NBL)

Nile Breweries Ltd (the largest brewery in East Africa, and probably the largest in the world being a subsidiary of Budweiser Plc.) runs the Eagle Project which promotes sustainable growing of sorghum in Northern Uganda. The company chose this CSR approach instead of giving donations to the people as a way to economically rehabilitate them after the long civil war in Northern Uganda. Currently through this longer term CSR commitment, the company has a steady supply of sorghum (a raw material for its local beer - Eagle brand) while the communities also have a secured income. Additionally, NBL's CSR is visible in ten priorities, summarised as: Discourage irresponsible drinking; Make more beer using less water; Reduce the company's carbon Foot Print; Promote packaging reuse and recycling; Working towards zero waste operations; Have supply chains that respect company values and commitment; Respect human rights; Bring Benefit to our communities; Contribute towards the reduction of HIV/AIDS; Transparency in reporting progress.

Source: Katamba & Nkiko (2016)

This integral approach cited by Nile Breweries still needs to be understood and implemented in a better manner by the entire business sector in Uganda. However, some businesses have attributed their failure to do this, to the lack of trained personnel, non-availability of accurate information and lack of understanding of the necessity, objectives and the benefits, though there is improvement as various companies are making efforts to take their CSR strategy and activities beyond philanthropy and giving charity to the needy.

Table 4: Key differences between SMEs and large firms' understanding & approaches to CSR in Uganda

	CSR in SMEs in Uganda SMEs	CSR in large firms operating in Uganda
Driver of CSR	“... CSR is traditionally traced from owner-managers' self-satisfaction values such as culture, power, religion and status in their respective communities. The owner managers regard CSR as 'doing the right thing', which is primarily driven by intrinsic motives.	CSR is traditionally traced and driven by (i) corporate policies, (ii) corporate business objectives like build brand loyalty, being supplier/business partner of choice, and also from (iii) international business frameworks like ISO 26000, OECD, CERES, and UN Global Compact.
Perception	CSR is perceived as a cost center	CSR is perceived as a strategy for risk mitigation or prevention and opportunity maximization
Scale of engagement	Usually on a limited scale with generally not much tangible / measurable development impact.	Large scale engagements with far reaching development /measurable impact & usually inclined to a big national issues or development agenda (e.g., Sustainable Development Goals, - SDGs) formerly MDGs targets.

Source: Katamba & Nkiko (2016).

2.4. Key CSR issues in Uganda (Legal and policy framework for CSR in Uganda)

The government of Uganda has relied on indirect CSR legislation and regulation to deliver social and environmental objectives in the business sector. The limited government resources, coupled with a distrust of regulations by citizens since regulations are applied selectively, have accelerated the exploration of voluntary and non-regulatory initiatives. The government is not doing much to win the ‘war against corruption’ which is affecting businesses and all stakeholders. Moreover, there are no clear cut statutory guidelines or policies that are meant to direct or to give a definitive direction to CSR initiatives of companies. This makes cross-sectoral or public-private partnerships difficult. Below we present a detailed examination of the current legal and policy framework in Uganda, with respect to the key pillars of CSR /sustainable development, People, Planet /Environment, and Profits.

2.4.1 People (with focus on labour and human rights)

(a) Status of labour in Uganda:

In the absence of a minimum wage (despite presence of a Minimum Wage Act, 2000), employers normally play along with the existing salaries on the market upon being given licenses to operate though some aim at higher pay structures to woo productive employees to their firms so that they can cope with the competitive market. This will put up a competitive salary for employees in the country in the long run. From a CSR perspective, we observe that due to the low wages, people tend to be forced to take up multiple jobs in order to raise an income that could sustain them. This is not only harmful to their personal situation, and that of their families, it could also have adverse effects on the employees’ productivity and quality of work. Another problem in Uganda is the lack of skills. The level of skills in the country is still low compared to that of Kenya for example.

(b) Policy and regulatory framework:

Like in many other countries, Ugandan labour legislation is based upon international labour standards including conventions and recommendations, due to the international call for the protection of labour rights, directly and indirectly, as economies become more globalized. At the ILO website (www.ilo.org) all the conventions that Uganda has ratified are listed. Uganda ratified most of them, except for the Minimum Age (Industry) Convention. Unfortunately we noted absence of the implementation of this convention. These labour laws and regulations in Uganda are supposed to protect a wide range of citizens’ rights, from joining a trade union to guaranteeing a certain (minimum) wage. However, what remains missing is the enforcement of certain labour laws and regulations, but again the government is either unable or unwilling to play its role. This raises questions on whether the ratified labour laws are actually enforced and meaningfully implemented in daily practice or whether this is a façade or political diplomacy.

The key labour laws in Uganda include the Minimum Wages Act 2000, the Labour Union Arbitration and Settlement Act 2006, Workers Compensation Act 2000, Employment Act 2006; and Occupational Safety Act 2006, but also here actual enforcement is a challenge. Recently, we have seen advocacy groups on workers’ rights comprehensively engaged with the conditions of women workers, helping to formulate gender based policies and affirmative action programs. All these fed back into the ILO conventions to which Uganda subscribes. See Box below.

Box 2: The eight ILO fundamental conventions include:

1. Freedom of Association & Protection of the Right to organize Convention
2. Right to organize and collective Bargaining Convention
3. Forced Labour Convention
4. Abolition of forced Labour Convention
5. Minimum Age Convention
6. Worst forms of Child Labour Convention
7. Equal Remunerations Convention
8. Discrimination (Employment and Occupation) Convention

Broadly speaking, secondary sources at the Ministry of Labour and Social Development (MoGLSD) reveal that key labour issues in Uganda include among others;

- The contract of work which spells out the terms and conditions of service
- Safety at work (OHAS, workers compensation, etc.)
- Unionization
- Labour disputes (arbitration and settlement)
- Social security

(d) General situation of industrial relations in Uganda

Industrial relations in Uganda are generally stable. However, demonstrations of trade unions are sometimes seen in Uganda though with less violence (since most of these demonstrations are in form of laying down working tools). Also leaders of trade unions are sometimes arrested (which we regard as CSR risk). The right to freedom of association and the right to collective bargaining are guaranteed in the 1995 constitution of the Republic of Uganda and form a major part of employment and labour relations in Uganda. In Uganda, employees in some companies with shift working patterns tend to work more than 8 hours without a break, as they could do more than 1 work shift in 24 hours.

There are two main labour centers namely the National Organization of Trade Unions of Uganda (NOTU) and the Central Organization of Free Trade Unions of Uganda (COFTU). Also there is one employer organization: the Federation of Uganda Employers (FUE). The FUE, NOTU and COFTU engage in negotiations including collective bargaining on behalf of the workers and employers. Trade unions are formed to represent workers in specific industries with sole mandate of protecting and promoting workers' rights and interests through collective bargaining and expeditious dispute settlement.

2.4.2 Planet: the environment

Uganda experiences various environmental challenges. Land and natural resource degradation is the number one environmental problem for Uganda. The severity of this environmental problem is compounded by the fact that the livelihoods of many Ugandans intimately depend on the environment, both as a source of subsistence and as a basis for production. Environmental degradation as a result of soil erosion, deforestation and pollution costs approximately 12% of Uganda's annual income (NEMA, 2010)¹⁰. Over 90% of the Ugandan people rely on biomass for their energy needs, mainly charcoal and fuel wood, which has contributed to large-scale deforestation (FAO, 2010). This means that encroachment on and depletion of resources such as wetlands, forests, pastures, fields, rivers, lakes and swamps severely endanger human

¹⁰ This is latest report from NEMA on this

lives because of the resulting loss of water, food, and energy. But ultimately it also leads to reduced foreign exchange revenue and balancing of deficits. Uganda is currently experiencing rapid depletion of water resources, which, in addition to ecological challenges, is leading to conflicts in some parts of the country. The Ugandan government has taken action and formulated policies to regulate land use and impacts on the environment. Despite the existence of laws and regulations, there is still a discrepancy between policy formulation and the reality of implementation on the ground.

(a) Key environmental issues

The annual reports of the Ministry of Water and Environment (particularly, the Uganda Water and Environment Sector Performance Reports, 2011 up to 2015) have revealed the following issues:

- Rapid deterioration of the quantity and quality of natural resources as a result of increased pressure from high populations and economic activities.
- Poor disposal of solid and liquid waste from industries and human settlements, putting the health and livelihoods of thousands of people as well as species like fish at risk. For instance, the fishing industries around Lake Victoria are heavily impacted by these waste disposals.
- Introduction of invasive alien species has brought about changes that are harmful to ecosystems, biodiversity, health, economic or other aspects of human life.

Box 3: Challenge of CSR in the fisheries sector

The Ministry of Fisheries is in talks with the Ugandan parliament to approve for it over 1.5 billion shillings (as of 26th April 2016) to buy water hyacinth eating alien species. Whereas buying aliens to eat the hyacinth is good to control the rapid growth of this water weed, it has negative consequences such as a deteriorating quality of water for production, domestic use, fish life and quality (especially the Nile Perch).

Source: Findings of authors

- There is low level of compliance to environmental laws, regulations and standards, leading to misuse and degradation of the environment.
- The loss of habitat affecting ecosystems such as forests, wetlands, rangelands and catchments results in a decrease of biodiversity. This habitation is both by indigenous people as well as drastic declines in overall effects on abundance and diversity of marine organisms.

Box 4: How government habitation in natural wetlands impacts people and biodiversity in Uganda

The decision to locate the Lubigi sewage treatment plant in the wetlands (covering approximately 6 hectares of land) along Kampala Northern ByPass road at Namungona has instead led to increased flooding of the surrounding areas like Bwaise and Namungona, notwithstanding loss of biodiversity in this wetland and eco-filtration.

Source: Report authors

(b) Policy and regulatory framework

There are a wide range of policies, regulations and laws in place related to the environment. However, most of the policies and regulations are not adhered to. The key policies for environmental management in Uganda include

the National Environment Management Policy 1994, the National Policy for Conservation and Management of Wetland Resources 1995, the National Forestry Policy 2001, the Water Policy 1999, the Climate Change Policy 2014, and Environment Health Policy 2001. The main law for environmental management is the National Environment Act, 153. Various regulations have been formulated under the Act. Other environment-related laws include the Water Act, Land Act, Investment Code Act, Wildlife Act, National Forestry & Tree Planting Act, The Mining Act, The Burning of Grass Act, Local Government Act, Petroleum (Exploration, Development & Production) Act; and Petroleum (Refining, Conversion, transmission & Midstream Storage) Act.

(c) International treaties on environment ratified by Uganda

Uganda is signatory to a number of internationally binding conventions, agreements as well as other non-binding accords. These include:

- The Convention on Wetlands of International Importance especially as Waterfowl Habitats (Ramsar Convention)
- Convention on Biological Diversity (CBD)
- Access to Environmental Information
- Public participation in Environmental Decision making and Access to Justice (Aarhus Convention)
- United Nation’s Framework Convention on Climate Change (UNFCCC)
- Convention for the Protection of the Ozone Layer (Vienna Convention)
- Convention on the Control of Trans-boundary Movement of Hazardous Wastes and their Disposal (Basel Convention)
- Convention on Persistent Organic Pollutants (Stockholm Convention)
- Minamata Convention on Mercury
- United Nations Convention to Combat Desertification

The question is whether these regulations are actually enforced. Implementation of these regulations can form a basis for responsible business conduct.

2.4.3 Profit: governance and corruption

For the sake of CSR strategy development, this section is largely premised on the philosophy that excellent, sustainable & profitable companies are those that uphold international best practices in corporate governance. That is, transparency to all, accountability to stakeholders, fairness in business, and responsible operations.

(a) State of the art of corporate governance:

Poor corporate governance practices have manifested through tax avoidance, insider dealings and a lack of transparency and accountability. In Uganda, the Africa Peer Review Mechanism (PRM) suggests that the related ills of pervasive corruption, inconsistent application of the rule of law and political interference in the administration of justice, have undermined the Ugandan investment climate and prevented the country from taking full advantage of its growth-friendly policies. Similarly, the Ibrahim Index of African Governance (IIAG) has noted an overall decline in Uganda’s governance since 2011.

The five most problematic factors for doing sustainable and responsible business in Uganda (ranked by highest score) which emerged from all the sector round table discussions and meetings are: *corruption, high tax rates, lack of access to finance, inadequate supply of infrastructure and inflation.*

Table 5: Assessments of Uganda’s mirror issues that could underpin the state of corporate governance in Uganda

Factor Assessment	State from a governance perspective ¹¹
<ul style="list-style-type: none"> 2015 Ibrahim Index of African Governance (Index measures the quality of governance in 54 African countries across 4 categories of governance performance indicators (with 14 sub-categories): safety and rule of law; participation and human rights; sustainable economic opportunity; and human development). ¹² 	<ul style="list-style-type: none"> Uganda ranked 19 out of 54 countries ¹³ Overall governance score = 54.6 / 100 2015 African average score = 50.1 Highest category score achieved is in Human Development (score = 60.1); The lowest is in Sustainable Economic Opportunity (score = 47.8)
<ul style="list-style-type: none"> 2016: Index of Economic Freedom (Index tracks ten factors, grouped into four broad categories of economic freedom: rule of law; limited government; regulatory efficiency; open markets; of 186 countries) 	<ul style="list-style-type: none"> 2016 Economic Freedom Score: 59.3 ¹⁴ Economic Freedom Status: Mostly Unfree Global Ranking: 102nd Regional Ranking: 13th in Sub-Saharan Africa Notable Successes: Trade Freedom and Monetary Freedom. Concerns: Business Freedom and Rule of Law Overall Score Change Since 2012: -2.6 Ranked 9th out of the 46 countries in the Sub-Saharan Africa region; score is below the world average score of 60.4
<ul style="list-style-type: none"> Transparency International 2014 Corruption Perceptions Index (Index measures country perceptions of freedom from corruption in the public sector in 175 countries. The CPI score indicates the perceived level of sector corruption on a scale of 0 (highly corrupt) to 100 (very clean). 	<ul style="list-style-type: none"> Uganda is ranked 142nd out of 175 countries CPI score = 26 / 100
<ul style="list-style-type: none"> 2015-2016 World Economic Forum Global Competitiveness Report This report is an annual assessment of the factors driving productivity and prosperity in 140 countries. 	<ul style="list-style-type: none"> Uganda ranked 115th of 140 overall
<ul style="list-style-type: none"> World Bank 2016 Doing Business Survey among 189 economies 	<ul style="list-style-type: none"> Uganda ranked 122nd overall Ranked 12th out of 47 Sub-Saharan countries

Source: Author compilation from policy documents and literature review

¹¹ A low score number is preferred as it reveals good performance, while a higher number (score) is a bad score.

¹² Africa is made up of 54 countries, and there are varied results across the countries. Further, the ILAG is comprised of 93 indicators, which make up the 14 sub-categories of four categories

¹³ The 2015 Ibrahim Index of African Governance: key findings

¹⁴ <http://www.heritage.org/index/country/uganda>

(d) Awareness mechanism

Notwithstanding Uganda's considerable progress in liberalizing its economy and opening its markets in recent years, its progress in corporate governance has been viewed as slow. Awareness of corporate governance is viewed as still being in its infancy in Uganda and it remains a fairly new concept. As a consequence, corporate governance practices in the business sector are perceived as weak. Nevertheless, the Institute of Corporate Governance of Uganda (ICGU), established in 1998, contributes to training and capacity building through its established company directors training and development program, with support of a number of development partners. Moreover, a number of other private sector organizations in Uganda is active in promoting enhanced business practices among their members. The Private Sector Foundation Uganda (PSFU), the Uganda National Chamber of Commerce and Industry (UNCCI) and the Uganda Manufacturers Association (UMA) have all developed programs to assist their members in the sphere of corporate governance.

(e) Recent developments in governance

The Ugandan government has been making a concerted effort to address several investor concerns, including the level of development of corporate governance. The ICGU has published a corporate governance manual that incorporates its recommended guidelines for Uganda on corporate governance. The ICGU Guidelines issued in 2001 drew on international best practice (including the OECD Guidelines) in setting recommended best practice for corporate bodies in Uganda, irrespective of size and ownership, encompassing public and private companies as well as state enterprises. These guidelines provide guidance to companies on best practices relating to the conduct of board meetings, accounting and audit, risk management, board composition and treatment of shareholders.

A modernized company law was enacted in September 2012, in the Companies Act 2012. Among others, the updated Companies Act introduced numerous legal changes designed to bring Uganda's company law in line with governance of companies establishing the legal framework for governance and administration of companies and includes a code of corporate governance for public companies (voluntary for private companies), as well as mandatory annual reporting on the company's compliance with the Code. Additionally, Uganda has The Capital Markets Authority (CMA) which was established under the CMA Act 1996 to regulate capital markets including the Uganda Securities Exchange (USE), The USE in turn is responsible for regulating companies listed on the USE, while The Financial Institutions Act 2004 includes a regulatory framework for good corporate governance in financial institutions.

Most important governance issues

- Academic studies suggest that the underlying political, economic, accounting, social, and ethical frameworks are viewed as having a major influence on corporate behavior.
- Given the extent of weaknesses in the corporate governance system in Uganda, there is a strong perception that publication of guidelines alone does not significantly reduce the extent of corporate abuses.
- There is no implementation strategy of generally agreed principles focused on enforcement of corporate governance standards. The 2009 APRM Report noted that save for a few sectors, such as banking and the capital market, where corporate governance standards are enshrined in the governing law, most

companies in Uganda do not observe corporate governance standards because there is no law compelling them to do so.

- While overall Uganda has relatively adequate laws in place to govern corporate behavior, only limited efforts are made by the responsible institutions to disseminate information on these laws.
- Most enterprises are found in the informal sector, where they are not regulated and are negative towards compliance, and tend to ignore laws related to corporate governance.
- Within Uganda's system of corporate governance, compliance takes broadly two forms. The Companies Act 2012 contains an example of the mandatory form ("comply or else"), where corporate governance requirements are set out as legal rules with legal penalties for non-compliance: public companies (and other companies that elect to adopt the Companies Act Code) are required to file an annual statement of compliance with the Code with the CMA and with the Registrar General, and there are penalties for non-compliance. The "comply or explain" form of compliance applies for the ICGU Guidelines that set out recommended guidelines for corporate governance.
- Capacity-building programs for enforcement and regulatory agencies are needed to address the lack of appropriate institutional, financial and human capacity in most regulatory bodies which limits their ability to effectively carry out their regulatory mandates in regulating, monitoring and supervising economic activities
- Need for Ugandan corporates to strengthen their business practices and adopt codes of good business ethics.
- Pervasive corruption is a major issue, and strong anti-fraud and anti-money laundering laws that protect investors and consumers are needed, backed by active and fair enforcement to boost confidence in Ugandan markets.
- Continue efforts to build capacity at director and managerial levels and increased public awareness on good governance issues and to help improve the accountability of corporations, directors and management. Ongoing training effort by ICGU is an important milestone to promote professional directorship in Uganda and enhance the professionalism of directors, as a way to enhance corporate governance in all types of business.
- SMEs have been largely left out of the good corporate governance agenda and effort is needed also to promote training in good governance and to disseminate best practices among SMEs and small entrepreneurs. Deepening the range of operators in the financial market is also important, including encouraging venture and development capital investment for small business in order to enhance corporate governance in the SME sector.

2.5. Most important CSR institutions

In Uganda, there are a number of organizations that have in one way or another CSR promotion in their core business. There are sector organizations with CSR programs, NGO's that focus on CSR and many other examples. Below, you will find the most important ones.

We also mention the organizations that work on or could play a role in sustainable Dutch-Ugandan trade and investment relations.

Uganda Chapter for Corporate Social Responsibility Initiatives Ltd (UCCSRI)



UCCSRI is the leading Ugandan organization that provides CSR information and advisory services. It is also popularly known for its coordination role of private sector CSR activities in Uganda. It is a company limited by guarantee and incorporated in Uganda in October, 2007. It has expert and specialized CSR knowledge, it provides guidance, platform and avenue to discuss and exchange CSR ideas and sustainable development issues in Uganda. Currently, UCCSRI helps and coordinates companies and enterprises operating in Uganda to continuously embrace Corporate Social Responsibility (CSR) and Sustainable Development issues across all their operations (procurement, communication, community involvement and development, marketing, production efficiency, etc.). This is done through contribution of knowledge, ideas, extension of skills and capacity building of companies as well as management of business processes in line with CSR.

Objectives of UCCSRI

- To strengthen the CSR ethical and moral conduct in Uganda.
- To promote CSR Innovations in all areas of business.
- To provide high-end CSR philanthropic advice.
- To promote sustainable development issues in Uganda

Activities of UCCSRI

- Gathers and disseminates knowledge about CSR & Sustainable development through organizing conferences, seminars & workshops.
- Organises and provides avenue and platform for development agencies in Uganda to share their “sustainable development plans with private sector to enhance.
- UCCSRI recognises and awards companies that are exemplary in engaging in CSR & sustainable development
- Trains organizations and companies in CSR issues especially: CSR policy development; CSR strategic planning; CSR monitoring & evaluation.
- Works with other international business and sustainable development agencies to promote human, social & economic development agenda and interventions.
- Promotes academic scholarship in social development related aspects. We promote advancement of CSR & sustainable development knowledge through research and publications. We undertake research aimed at keeping a stock of CSR issues in Uganda. Through this research, we also outline the priority commitments by the private that can be possible avenues and opportunities for engagement to realize economic, human and social development. Sample publications include: <http://www.uccsri.com/>

Living Earth Uganda (LEU)

LEU has been working in Uganda for over a decade and was formally established as a Ugandan NGO in September 1999. This environmental and developmental NGO is a partner of the Living Earth Foundation, UK. Objectives: to Support poor urban communities in practically addressing environmental issues in their local areas. LEU works with government, communities and the private sector to promote environmental education and to facilitate partnership formation between stakeholders in environmental management and education. It also promotes policies, practices and strategies that will ensure proper environment and natural resource management in Uganda. LEU's Mission is to "strengthen the capacity of communities and individuals to improve their local environment and economic welfare, by increasing their levels of knowledge, awareness and skills in environmental management and helping them translate these ideas and skills into action."

For details: www.livingearthuganda.org.

The Institute of Corporate Governance of Uganda

The Institute of Corporate Governance of Uganda (ICGU) is a not-for-profit membership-based organization established in Uganda to foster the corporate governance values of accountability, transparency, integrity and responsibility. The Institute derives its mandate from the Memorandum and Articles of Association and it is governed by an 11-member Council and a Secretariat headed by a Chief Executive Officer. Vision: An enterprise sector that upholds international best practices in corporate governance. Mission: To promote excellence in corporate governance principles and practices. Its core activities include conducting and coordinating corporate governance training for Directors and Senior Management to enhance board and management performance, with better understanding of duties and responsibilities for the benefit of all stakeholders. It also publishes and disseminates information on Corporate Governance through public awareness lectures, pamphlets, discussion papers, the Institute Journal and other documents associated with the affairs and activities of the Institute and other associated agencies.

For more information: www.icgu.or.ug .

Lucky Family Business, Ltd™ (LFB™)

LFB was established in 2005 and is mandated to offer consultation to family-based business entities. LFB™ has an edge in its solid consultancy team of experts in the Family Business field. The LFB™ team has researched and published extensively in the area of business. Some of the works include the bestselling book, "Comprehensive Guide on Family Business Governance" (2005), "Trust" (2007), and "Boil Your Head" (2009), with many more works including research papers, business cases, and conference papers (both regional and international). LFB™ has recently organized more than five international Family business conferences. LFB™ has a strong regional network in the Southern Sudan, Uganda, Kenya and Tanzania. LFB™ works in association with a number of policy-making bodies, including the Private Sector Foundation of Uganda, the Uganda Manufacturing Association, the Institute of Corporate Governance of Uganda, the Kenya Institute of Management, the Uganda Chamber of Commerce and Industry, the Uganda Chapter of Corporate Social Responsibility Initiatives, the Makerere University Business School, as well as many other business institutions and pivotal family business personalities in East Africa

For details, visit www.luckyfamily.biz.

Uganda Manufacturers Association (UMA)

This is the largest organization representing the broad industrial and commercial sectors of Uganda's economy, and an important forum for the private sector in the country. UMA has a membership comprising nearly 750 small, medium and large enterprises drawn from both the private and public sector. Vision: To be among the most valued and respected business association worldwide serving the interest of its members, shaping national and regional policies and leading the industrial sector towards sustainable global competitiveness. Mission: To promote and protect the interests of industrialists and manufacturers in Uganda. Goals and Objectives: To promote, protect and coordinate the interests of industrialists in Uganda; to act as watchdog and an effective mouthpiece for its members; to initiate discussions and an exchange of information amongst members on industrial issues; and, to advise the Government on key policies affecting industry.

For details: www.uma.or.ug

Netherlands-Uganda Trade and Investment Platform (NUTIP):

Approximately 100 companies of Dutch origin and 50 Dutch-Uganda partnerships operate in Uganda, engaging in a diverse range of business activities. Within this context, several founding organisations came together and formed a business platform that actively lobbies and advocates for the interests of these companies. NUTIP is a Ugandan membership association that harnesses the economic power of cooperation between Dutch and Ugandan entrepreneurs, and is governed by a voluntary board. Through its members and connections to Dutch and Ugandan government institutions, it has a strong network and ability to provide support to both Ugandan and Dutch businesses.

NUTIP activities

- Support in matchmaking
- Trainings
- Market scans
- Trade missions
- B2B networking
- Orange Carpet Visa Facility

Services for NUTIP members

- Generate referrals and build clientele during our networking activities.
- Create business opportunities, including marketing, partnerships, and speaking at B2B events.
- Build connections among NUTIP members, the private sector community in Uganda and partner organisations.
- Receive advice and objective views related to a number of business issues from like-minded business owners from both countries.
- Raise your company profile and create visibility for your company through our website, social media pages and partner events.

- Benefit from friendship and mutual support.
- Give back to the community through our various CSR activities.

Uganda National Bureau of Standards (UNBS)

This is the national standards body. This statutory organization was established by an *Act of Parliament* of June 1983 and became operational in 1989. It is an agency meant to enhance national development through the application of standards in trade, industry and consumer protection. Its vision is to provide standards, measurements and conformity assessment services for improved quality of life. Based on its mandate and vision, we can comfortably say that it is shaping the ‘Market place’ dimension of CSR in Uganda. For example, in 2013, UNBS participated as a standards agency for Uganda, in piloting ISO 26000 in Uganda, as part of a big project, “SR East Africa Project” that was meant to popularize the uptake of this social responsibility guidance standard (ISO 26000). Uganda National Bureau of Standards (UNBS) justified ISO 26000’s intention to promote common understanding in the field of SR, and to compliment other instruments, quality standards and initiatives for SR, and not to replace them. It is henceforth the body in Uganda that officially promotes the adoption of the ISO 26000 standard much as other competent organizations can also promote the standard’s uptake. <http://www.unbs.go.ug/>

B-Space

B-Space is a network of associates headquartered in Kampala, working on challenging assignments centered around building impact coalitions and accelerate business solutions to development challenges in Uganda. B-Space, a Ugandan social enterprise, works with a multicultural team of associates on challenging assignments centered around accelerating business solutions to development challenges in Uganda. The multi-disciplinary team of experts and business associates of B-Space strive to be a one-stop-shop for Inclusive Business Initiatives in Uganda. Its services are centered on market & consumer intelligence and inclusive business development support. <https://iba.ventures/uganda/>

3. Focus sectors



Photo 2: Household participation in Agriculture

This chapter outlines the three sectors that have been selected for this CSR Country Scan Uganda. A sector is selected when it is expected to experience (rapid) growth in the nearby future and/or has many CSR challenges in which Dutch enterprises can actively partake in searching for sustainable solutions. The following sectors have been identified, together with the Dutch Embassy:

- *Agrifood sector*: the backbone of the Ugandan economy with various Dutch food & agro companies that successfully do business in the country.
- *Energy sector*: a sector of key importance to the development of the country with many CSR challenges including environmental issues related to oil exploitation.
- *Tourism sector*: a sector in which many Dutch businesses are active with both CSR challenges (e.g. environmental degradation and labour issues) and opportunities (e.g. country branding).

The CSR risks that were found in all three sectors and that are also described in the general description of the state of play regarding CSR in Uganda concern a.o.

- Corruption
- Access to finance
- High tax rates
- Inadequate supply of infrastructure
- Land ownership

3.1. Agrifood sector

General developments in the Ugandan food & agri sector

The agricultural sector is the backbone of Uganda's economy as its main source of livelihood and employment. Around 72% of the working population was engaged in this sector in 2012/2013 (UBS 2015). Uganda has favorable soil conditions and climate as most areas usually receive plenty of rain and temperatures vary only a few degrees above or below 20°C (although varying because of differences in altitude). The main food crops are bananas, cereals, root crops, pulses and oil crops. Uganda's export is dominated by traditional cash crops such as coffee, cotton, tea and tobacco. About 80% of the country's total land area is arable, although it is estimated that only around 30% is being productively utilized.

Besides Uganda's favorable climate and key importance of the sector to the workers population, there are also significant challenges to be dealt with. Farmers lack knowledge on how to responsibly use chemicals in their businesses, quality standards are often too low to meet export demands, environmental degradation and deforestation heavily impact the soil fertility in certain areas, etc.

CSR risks according to desk research¹⁵

- **The use of child labour** is an important issue in the agricultural sector (e.g. in the farming & cattle breeding and the production process of e.g. rice, sugar, coffee, tea, mate, vanilla, tobacco).
- **The use of forced labour and human trafficking** are serious issues in the Ugandan agricultural sector, especially with the seasonal nature of the agricultural labour market.
- **Unequal (exploitative) relations between small farmers and traders** as farmers are unable to unite themselves. Also workers on large plantations and temporary seasonal workers have difficulties in joining trade unions, especially when it concerns female workers. Workers do not feel free to join a union and fear being fired. In addition, small farmers find themselves in difficult conditions by **the contracts and debts** that they (are forced to) engage in with large companies. This means that they can only purchase seeds, pesticides, tools, etc. through loans by the large companies.
- **Working conditions of small farmers** do not meet safety standards or are harmful to the health of employees.
- **Seasonal workers** have worse salaries, hours and facilities than regular employees. Employees hired by employment agencies face even worse working conditions, since most agencies do not take regulatory guidelines concerning hours and salaries into account.
- **The (mis)use of fertilizer, pesticides and other products** in agriculture. Pesticides are not only applied on plants, but do end up in air, soil and water. Elevated concentrations of pesticides can lead to the disease and death of animals. Besides the risks to plants and animals, pesticides can also lead to health risks for humans.
- **Effects on the local community:** health and safety can be threatened due to the use of chemicals, machinery and communicable diseases. Traditional livelihoods are impacted due to monoculture, commercial fishing, over fishing, land use for cash crops, volume of water use and impact of effluent and wastes.
- **Market disruption and competition:** power of supermarket chains is increasing and they demand high environmental and social standards, but are often not willing to pay much more for these higher standards. This development puts profit margins in the Ugandan agricultural sector under even more pressure and favors the concentration of export trade into large firms. Smallholder farmers cannot compete with the large firms.
- **Significant greenhouse gas emissions** through e.g. the use of fertilizers.
- **Deforestation and biodiversity** are important issues in the sector. The conversion of natural ecosystems to crop and livestock production is the main driver of deforestation.
- **General decline and degradation of natural areas of high conservation value in Uganda** such as Bwindi Impenetrable National Park and Rwenzori Mountains National Park.
- **Soil and groundwater contamination** associated with the use of chemicals of crop production.
- **The use of GMOs** is controversial because its effects are largely unknown.

¹⁵ Source: CSR Risk Check 2016 and sector roundtable food & agri business.

In Uganda, agricultural waste was revealed as one of the pressing issues that call for CSR and sustainability engagements. Farming waste revealed include runoff and leaching of pesticides and fertilizers; erosion and dust from ploughing; improper disposal of animal manure and carcasses; crop residues (especially from horticulture crops like red pepper which have no proper disposal guidelines to be followed), and debris among others.

CSR challenges and risks according to Ugandan companies

In general, the CSR risks that were found through desk research, are known to the companies participating in the round table sessions. Often, these risks are not yet seen as the responsibility of the companies, or coping with these risks is not seen as taking up corporate social responsibility. Business often have no intrinsic motivation to start with CSR.

There is a lack of knowledge on CSR and CSR implementation. The benefits of CSR are not always clear or not apparent (distribution of additional costs is not always fair), and there are too many certification schemes: companies get confused.

In order to be effective in CSR, cooperation and trust in the sector (between small firms but also throughout the entire value chain) is very much needed. As of yet, there is not much trust, companies blaming each other for for instance green washing. Some of the current (self imposed) bans on export of fruit and vegetables due to pests and diseases can lead to bankruptcy of companies in the sector.

Box 5: CSR challenges and risks in selected agri-food companies

	SESACO (U) Ltd	KK Fresh (U) Ltd
Challenges:	<ol style="list-style-type: none"> 1. Expensive and limited source of fuel/burning materials replacing wood and charcoal 2. Limited access to appropriate technology in our food processing 3. Limited resources to sponsor more staff and public for training and exposure <p>Limited source of low cost or affordable funding to SMEs like SESACO LTD</p>	<ol style="list-style-type: none"> 1. Lack of extension services to rural smallholder farmers. Farmers have inadequate and unproductive planting materials and financial incapability's leading to inadequate production levels. 2. Insufficient funding to tackle the effects of climate change. The company is faced with a challenge of sustaining exports due to climate change which affects the production capacity of the farmers. The unexpected prolonged drought and unreliable rainfall in the country causes loses in production. 3. Inadequate skills in Good Agricultural Practices, Integrated Pest Management and Post-Harvest Handling. <p>Control of the False Codling Moth and other pests affecting entry of export products into the market place.</p>

Source: Generated from follow up interviews

International CSR trends in the food & agricultural sector

The box below provides a summary of the series of internationally claimed CSR trends that we find fit for Uganda's agricultural sector and players to adopt, strengthen and/or to get prepared for in case they want to position themselves against best practice players in the global agriculture supply chain and food security.

Box 5: International CSR trends in the food & agricultural supply chains

1. Labeling and fair trade certifications,
2. Transparency,
3. Bio-based business,
4. Need for more Green proteins,
5. Healthy products,
6. Strengthened proof for Local-to-local engagements.

Below, we provide some details about the above issues and trends.

Labeling and certifications

Other companies from Europe demand high environmental and social standards from their trade partners. But they are not always willing to pay (much) more for these higher standards.

Transparency

Transparency in the supply chain of agriculture & food products, especially, traceability of products, has become increasingly important. For example, the Dutch company Eosta - an importer and distributor of fruit from countries in Latin America and Africa - has developed a smart system through which the consumer can trace down the product and read about the farmer and its working environment.

Bio-based business

Many companies in the international food and agri business are experimenting with bio-based business concepts. They are making efficient use of resources and materials by reusing what otherwise would be wasted and thereby giving it a value. Examples include biodegradable packaging from banana waste or tomato waste.

Green proteins

Green proteins as a healthy alternative to meat are a trend. There are now a lot of meat-like products made out of green proteins (such as sea weed or soy) on the market. In the Netherlands there is the 'Vegetarian butcher', a very successful company specialized in vegetarian meat-like products. Also here it means less carbon emissions and good healthy alternative.

Healthy products

Especially in developed European countries but increasingly also worldwide, consumers have an increased awareness of the health of food products and beverages and the negative impact of too much additives, sugar, salt and fat in (processed) foods. A lot of food processing companies are decreasing the amount of artificial additives, salt and sugar while at the same time trying to remain the flavor that the consumer is used to.

Local to local

Instead of transporting food products around the world, more and more businesses start new ways of distributing. For example the local to local distribution of food products has increased. This means less food miles, less CO₂ emissions and traceability (knowing where your product comes from as a consumer). Also the home delivery of products has taken a surge.

Trends in Ugandan agriculture

The participants in the food & agri businesses roundtable discussion recognized some of the international trends mentioned above. Especially the trends regarding fair trade and increasing control throughout the supply chain, especially regarding the use of pesticides. The high demands for sustainability quality by the big (multinational) corporations are often seen as one-way-traffic. They only demand but are not committed to support or talk.

Moreover, the trend of increasing local to local production and sales is also very much recognised, as well as the trend of healthy and nutritious food.

It was added that an important trend is also the development of adding value throughout the entire supply chain, although this is also considered difficult to realise.

Lastly, increasing environmental awareness is also an important trend for Ugandan agriculture.

CSR opportunities

The above mentioned risks and trends set the agenda for the opportunities that the sector sees.

If fair trade is continuing to be an important trend, then fair trade production is continuing to be an important opportunity for the sector. Thus: better quality control, and implementation of the fair trade standards are needed. By complying to fair trade or other international CSR standards, CSR offers market opportunities: expansion, market access, increased attractiveness as vendor for international buyers

CSR also offers opportunities for new ways of marketing, by story telling and using technologies (big data/mobile applications/etc) thereby encouraging people to consume organic and/or healthy foods, for instance.

CSR in agriculture could also improve social and environmental conditions and thereby contribute to the Sustainable Development Goals.

Observations

We challenged the companies that were part of the roundtable session to come up with a sustainable and/or inclusive ambition. Various companies formulated ambitions, some were more focused on 'people' including increasing youth employment in the business, increasing consumer awareness on healthy foods, the establishment of a vocational training center and the inclusion of households in supplying high value export products. Other ambitions focus on the environmental side of CSR: e.g. creating awareness on the environment and climate change, production with minimal or no environmental harm, and effective pest control by farmers and reduce environmental impact in wetlands.

Companies cannot realize all these ambitions by themselves. They express an urgent need for more cooperation along the value chain, with similar companies, suppliers, supermarkets, multinational corporations, etc. In particular, companies would like the sector to become more organized (in good governed trade associations) so that they can lobby more effectively towards the government, influence government policies, startup awareness raising campaigns and share knowledge with other companies. Businesses need support for qualifying their personnel and purchasing advanced machinery (in order to grow production). They would also like to the government to play a role in making the certifications more consistent. In general, more awareness on CSR and CSR implementation, training and capacity building are much wished for by the food and agro companies present.

Follow up actions

The content analysis of the discussions and meeting with agricultural stakeholders, players & agricultural processes facilitators (like fertilize sellers, seed sellers, farmers, exporters, etc.) revealed the follow up CSR actions for the Ugandan agriculture-sector.

Box 6: Follow up actions to support CSR in the agriculture sector

What needs to be done

CSR awareness raising

- Facilitate mechanisms that will create more awareness on CSR (implementation, training, knowledge creation, etc.).

Knowledge sharing

- Promote knowledge sharing activities with other companies
- Provide support for qualifying CSR and sustainability personnel + advanced machines
- Initiate CSR training programs

Capacity building

- Capacity building (development of CSR and sustainability tools)
- Trade associations with common goals & good governance
- Facilitate and enhance coordination at the sector level
- Policy development: engage the government to develop CSR agricultural specific policies, lobby it to support agricultural players that embrace CSR
- Institute mechanism that will enable consistency of CSR certifications related to (a coordinating role of the government)

Sustainable marketing

- Support for health / consumer campaigns

Sectoral cooperation

- Cooperation with “fair trade value price-driven supermarkets” and big (multinational) corporations
- Facilitate agricultural players to partner with other suppliers / buyers / players that subscribe to good / sustainable agriculture practices, both in Uganda and internationally
- Developing business models for poor quality agricultural products, for instance for food industry

3.2 CSR risks and opportunities in the energy sector

General developments in the Ugandan energy sector

Although Uganda has abundant energy resources, in particular hydrological and other renewable resources, there is widespread energy poverty throughout the country. The sector faces some key challenges including acute power shortages, increased energy demand and the lack of new power-generation projects. Climate change is having an impact on hydropower generation, while the investment in other forms of renewable energy is hampered by the high upfront cost of technologies such as solar energy. Moreover, protracted procurement processes are delaying the implementation of energy projects (Tumwesigye et al. 2011).

CSR risks according to desk research

- **Pollution and negative health impact** caused by coal-fired power plants. These plants fill the air with toxic pollutants leading to an increased risk of lung cancer, stroke, heart diseases and respiratory diseases. Coal burning is one of the biggest contributors to this pollution.
- **Cool plants use a great amount of water** for their operation to generate electricity. Water is used as high pressure steam to drive turbines, to cool the systems and to wash and process coal.

- **The implementation of renewables and energy efficiency** in the (global) energy sector is successful but too slow to meet the 2°C target. This target is the maximum rise of global warming that we can handle before the impacts become devastating.
- **General decline and degradation of natural areas of high conservation value in Uganda** such as Bwindi Impenetrable National Park and Rwenzori Mountains National Park.
- **Access to electricity** - although numbers are increasing every year, in 2015 it was estimated that only 17% of the population has access to electricity ([Energylopedia 2016](#)). In the rural areas this percentage is much lower.

CSR challenges and risks according to Ugandan companies

The following CSR challenges and risks were mentioned by the companies in the energy business and other stakeholders:

- Wrong perception and expectations of the concept of CSR' (charity)
- Limited capacity and competence within companies
- The mentality of the communities (dependence syndrome)
- Lack of money (CSR initiatives are expensive, especially for start ups)
- Lack of innovation
- Lack of sustainable energy sources
- Enforcement of the government (compliance)
- Lack of regulation and incentives

International CSR trends in the energy sector

The following international CSR trends are important for Uganda:

Divesting in fossil fuels and the carbon bubble

There is a carbon bubble in the valuation of companies that are active in fossil fuel extraction business. The price of the shares and bonds are based on the assumption that all fossil fuel reserves will be exploited. However, if we want to halt climate change we cannot exploit all these fossil fuels. Thus the value of these companies will radically decrease. In the Netherlands various pension funds are therefore divesting in fossil fuels.

Local initiatives in the energy sector

There are more and more bottom-up local energy initiatives. In the Netherlands hundreds of collective solar programs have emerged and the first wind projects are starting. These initiatives turn consumers into shareholders, energy is locally produced and in a renewable way. Solar panels are bought collectively, by schools, neighbors, etc.

Climate neutrality and energy savings

An increasing amount of businesses want to be(come) climate neutral. Therefore new ways of cooperation and saving energy are in development. E.g. in the Netherlands a consortium of companies forms the energy service company that provides services to the owner of a building. This results in better quality and cheaper energy, less environmental impact and a good step towards big energy savings and climate neutrality.

Box 7: Mini-case energy initiatives

The Dutch company Solar Now (www.solarnow.eu) wants to transform lives by providing sustainable energy solutions. It offers a range of high-quality solar home systems and electrical appliances that are designed to fit the needs of rural households and small entrepreneurs. Operations started in Uganda in May 2011, building on management's 7-year experience with the Rural Energy Foundation ("REF") training hundreds of rural entrepreneurs across Africa to develop solar energy enterprises and recognizing the potential in Uganda to develop a scalable commercial business. SolarNow has since sold 10,000's of solar systems. The Ugandan distribution network is strong and growing, with increasing levels of repeat orders from existing customers. Client repayment performance is excellent with low delinquencies and minimal write offs.

Source: www.solarnow.eu

CSR trends according to Ugandan companies

The companies that participated in the round table in Uganda, agreed that limited access to energy is a very important challenge for Uganda. The energy demand is rising every year, partly because the Ugandan population and its economy is growing annually.

In general, they see a lack of strategic policies by the government as to how to cope with this challenge, especially if you rate it to the international trends towards renewable energy.

Solar energy is upcoming in the rural areas, like other innovative solutions, but the government is hardly involved.

At the same time, there is a growing interest of foreign energy companies in Uganda .

Box 8: CSR / Sustainability challenges & risks mentioned by Government agencies

Ministry of Energy and Mineral Development	Ministry of Water and Environment
<p>The public wants free electricity whereas there is limited budget. It also wants to be compensated for the use of their land. The electricity tariffs are so high because nothing has been done between the 1950s and 2000s. There were very little plants. Public money was put in power plants. The ministry wants to get more (industrial!) clients so that it can lower the tariffs.</p> <p><i>Fossil fuels</i> are important because of energy security Uganda has, however, relatively green energy sources. The ministry's focus for the future will lie on <i>nuclear</i>. Capacity building on this topic is needed.</p> <p>Energy mapping has been done by the Dutch Embassy: rural areas are so dispersed so that <i>solar energy</i> is the only viable solution for the electrification of the rural areas. Households can become energy suppliers in rural areas - getting off the grid.</p> <p><i>On wind energy</i> The ministry is working on the mapping of potential wind mills / looking into the opportunities (mainly in Eastern Uganda).</p> <p><i>On energy saving and climate change</i> The ministry is working on energy saving programs, is involved in the Clean Development Mechanism, but could be dealing with climate change problems/solutions perhaps a bit more. The cutting of trees is a problem.</p>	<p>For the government (= high political level) the environment is not a priority, but roads are, and health. Policies are written but they are not all responded to. The laws and regulations are there. But there isn't enough capacity for the implementation. And self regulation doesn't work. Corporates know the inability of the government and take advantage of it.</p> <p>There is a lack of resources. The polluter pays principle is not being enforced. Climate change is a cross cutting topic. Important challenges are:</p> <ul style="list-style-type: none"> • Increased pollution • Disappearing wetlands • Waste management • Lack of awareness among citizens. <p>Should the government use sticks or carrots to stimulate sustainability and CSR? Who is the convener for the discussion?</p> <p>The ministry could empower the communities to demand responsibility from corporations through trainings, but it will take time. NGO-private sector partnerships are needed.</p> <p>The way businesses think and act upon CSR should change. CSR is relatively new. Banks need to be on board, as do telecom communications, private sector in general.</p> <p>More cooperation between Environment & Water is envisaged. Green economy = CSR. The ministry wants to be clear about the win win benefits, best practices, show them and scale them up. The ministry is moving towards this direction.</p>

Source: Authors

CSR opportunities

A clear vision of the government on sustainable energy (more energy friendly politics) would encourage the further development of the energy sector. More cooperation within the sector, and more industry lobby would probably support the development of a government vision on the Ugandan energy sector and would encourage public-private cooperation.

Companies and others have identified also other CSR opportunities:

- The introduction of smart meters (currently not possible yet)
- Dutch - Ugandan cooperation through the supply chain (Dutch firms implementing CSR through Ugandan firms in rural/energy/water)
- Awareness among the communities (combating vandalism, illegal connectivity)
- Capacity building (training, schools, curriculum)
- Innovation and trends (power needs of 80% of rural Ugandan is an opportunity to innovate)
- Connectivity (promote connectivity because there is power)

Observations

The companies in the energy sector found it difficult to come up with their own CSR ambitions. Even some innovative companies in the renewable energy sector claim to be at a ‘defensive stage of CSR’. They comply with the rules and although the companies do combine a commercial approach with a positive impact mission, they find it challenging to get a solid foot on the ground in the base of the pyramid-market where people want a lot of value for little money and where there is a lack of legislation. The companies are small with limited access to organized groups, but keep trying to develop sustainable and economically viable business models that improve the lives of Ugandan people.

The bigger companies in the energy sector focus mainly on community investment by investing in hospitals, schools and infrastructure. At the same time, these companies experience that, when they stop funding or intervening in a particular village or project, the program will also stop. Often their interventions are not sustainable in the sense that the community is or acts as a receiving party and not an empowered party with a sustainable improvement in the quality of life and/or economic opportunities.

The government also plays an important role in the energy sector. They tend to focus on the big investment projects e.g. in the oil and gas industry. It is in the government’s (short-term financial) interest that people are drilling in the national parks. The right incentives are missing. Companies also express the need for government support in terms of good governance, regulations, encourage public-private partnerships and tax incentives. Companies want to form more partnerships and work together in an industry association. Other needs include low-cost financing, consistent data and the capacity to organize communities in sustainable initiatives.

Follow up actions

Box 9: Follow up actions to support CSR in the Energy sector

What needs to be done

CSR awareness raising

- focus on good governance, land ownership, pollution and health issues

Knowledge sharing

- how to provide access to electricity in remote area’s

Capacity building

- support of local initiatives
- training of government representatives in opportunities for renewable energy

Sustainable marketing

- promotion of e.g. solar panels

Sectoral cooperation

- cooperation in order to scale up renewable energy
- attracting foreign investments in renewable energy

Source: Authors generated from Energy sector round table discussions, meetings and follow up interviews (see, Appendix 5)

3.3. CSR risks and opportunities in the tourism sector

General developments in the Ugandan tourism sector

In brief, the Ugandan tourism sector is growing, but Uganda is not yet realizing its full potential as tourism destination. In 2013 a total of 1.206.334 tourists¹⁶ were registered and has almost doubled compared to tourist arrivals in 2007 (641.743) (Ministry of Tourism 2014). There are tremendous opportunities in the tourism sector: its wildlife, adventure tourism, national parks and variety in natural landscapes coupled with current investments in tourism facilities and resurgence of numbers of wildlife are promising. However, the sector has been hampered by gaps in its policy framework, leadership, coordination and funding. The sector only received 69.472bn shillings of the national budget in FY 2016/2017 compared to 87.55bn shillings in 2015/2016 representing a decline of 21% share of the national budget (Civil Society Budget Advocacy Group - CSBAG, Position paper on the Tourism Trade and Industry Sector BFP FY 2016/17). Also deforestation and other forms of environmental degradation are posing threats to Uganda's tourist top attractions.

CSR risks according to desk research

Also in tourism, general risks for Ugandan tourism are corruption, access to finance and inadequate infrastructure

Risks that are considered typical for Ugandan tourism are:

- **Land ownership:** uninhabited or less populated areas are often expropriated for touristic purposes. In many cases, no permission is asked or compensation is inadequate. Local communities lose their property and use rights and natural resources are damaged.
- Tourism, transport hubs and/or light pollution from large projects can cause **negative environmental impacts such as pollution and noise**. Poorly planned development of hotels and resorts can result in habitat destruction.
- **Animal welfare risks:** wildlife tourist attractions often involve some form of animal abuse. E.g. very young animals being taken from their mothers, beaten and abused during training to ensure they are passive enough to give rides, perform tricks or pose for pictures with tourists.
- **Freedom of association:** employees in the tourism industry are often not allowed to reunite themselves or to join a trade union.
- **Seasonal and uncertain work:** there is frequently extensive use of temporary or seasonal workers hired by employments agencies. Contracts are often uncertain and seasonal.
- **Worker conditions:** employees often have to work long hours in the tourism sector, including working involuntary overtime and a lack of rest days.
- **Trafficking and bonded labour** occur in tourism mostly with women, children and migrant workers. Workers can be living in very poor conditions, working long hours and receiving low or no wages.
- **Discrimination & gender:** there are often big differences in the payment and career opportunities of local and western employees. Also discrimination against workers from other cultures occurs in tourism. Migrant workers may be subject to degrading treatment and lack of equal opportunity for promotion.
- **General decline and degradation of natural areas of high conservation value in Uganda** such as Bwindi Impenetrable National Park and Rwenzori Mountains National Park.
- **Water scarcity:** it occurs that scarce water sources are used in the tourism industry, e.g. for showers, pools, lawn maintenance and golf courses. Tourists also consume much more water than local communities. Fresh water is therefore sometimes taken away from the local community.

¹⁶ Tourists are persons who are non-Ugandan residents entering the country from any border point (Ministry of Tourism 2014).

- **Plastics are by far the most prevalent debris item recorded.** Plastic debris continues to accumulate in the marine environment.

CSR challenges and risks according to companies in Uganda

The Ugandan companies recognize many of the above mentioned challenges and risks in tourism, but to them, the major challenges are:

- the lack of hospitality and customer care knowledge and capacities amongst communities and the sector itself
- Consumers are not willing to pay more for CSR
- Lack of proper information on the Internet and lack of good Internet facilities
- Lack of regulations regarding for instance permits
- Bad infrastructure (roads)

Like in many other sectors, the government has no clear vision on the development of tourism in Uganda, nor is there enough trust within the sector to cooperate and work on a joint agenda for tourism. At the same time, the reputation of Uganda in Europe is not very good due to external developments (e.g. anti-homosexuality law, Ebola).

International CSR trends in the tourism sector

There are several global trends identified in tourism :

Strive for authenticity

Many tourists, in particular on the high-end side of the market, want to have ‘authentic holiday experiences’: get in touch with the local community, stay with a local family and learn about local ways of living, habits, traditions, etc.

Country branding

In general country branding is important. A collective message to the outside world makes a country stronger and less vulnerable to media critics and external developments. It can also help to make unknown destinations more popular. In this respect, you see also that sustainability is more and more being used as a positive unique selling point to tourists.

Sustainable labels

We see an increase in CSR certificates, labeling and programs. E.g. Travelife is an international certification scheme. This organization works with travel businesses to help them improve social, economic and environmental impact. Green Key is another eco label for hotels, restaurants and other accommodations.

Digital revolution

With the surge of the internet in the 21st century, also more and more online platforms have appeared such as Tripadvisor and Booking.com. The first thing that people do when they want to book a holiday, is go online and do research. Customer reviews are very important and thus the reputation of a tourist company can make or break you. Branding and reputation management is key and sustainability is increasingly seen as a unique selling point. \

Green - cool

If you compare the tourism sector now with 10 to 20 years ago, a big increase in the so-called eco tourism and responsible travel has taken place. There is an increase of conscious consumers who want to go to sustainable destinations and minimize their (negative) impact on the environment and the communities.

CSR trends according to companies in Uganda

The companies recognized the international trend regarding authenticity. Tourists want nature experience + more. And also the number of independent travellers, and diversification of travellers is a trend that is influencing tourism in Uganda too. These tourists request higher product quality and use the internet in order to get the best information and the best deal.

Another trend in tourism is that impact entrepreneurship is increasing, that is tourism that has a positive impact on people, planet and profit.

CSR opportunities according to the companies in Uganda

In general, a better organisation of the industry would directly benefit the development of the sector. Cooperation in the sector and cooperation between government and the sector could for instance lead to a better branding of the country.

Moreover, the sector could benefit from more innovative services for tourists, creating more experiences, for instance in the field of water and marine tourism, or birding tourism.

The creation of a Centre for excellence on hospitality - training and capacity building would improve the quality of the services.

Observations

The tourism companies found it hard to express their CSR ambitions. The tourism companies that are active in terms of CSR often focus on working closely with the communities, e.g. working with local farmers so that they can supply food to tourist accommodations, involving local people to wash linens but also working on inclusive agro tourism where tourists get the opportunity to learn about local production (e.g. of tea/coffee). Nowadays a lot of food products come from Kampala, whereas it would be more efficient to locally source these products. Therefore public-private partnerships and the improvement of food quality and production are a necessity.

On the one hand, many tourist accommodations need to be (come) sustainable as they lack water and electricity because of their isolated locations. On the other hand, in general tourists are not demanding sustainability and do not want to compromise on comfort and quality.

In terms of needs, companies want the Ministry of Tourism to enforce CSR-related regulations in a better manner. Also there is a need for better infrastructure and efficient processes in terms of proper internet, quality of bank services and speed of processing gorilla permits by the government. The companies do express a willingness to cooperate more and form a tourism coalition so that they can more effectively lobby the government and express statements (e.g. on Uganda's political situation). Knowledge of- and the sharing of success stories are also sought for, just as the opportunities of circular business models.

6.7 Follow up actions

Box 10: Follow up actions to support CSR in the Tourism sector

What needs to be done

CSR awareness raising

- Gaining more insights in the risks and challenges regarding tourism in Uganda

Knowledge sharing

- Certification programs
- Sharing of best practices

Capacity building

- Training in hospitality
- Investments in infrastructure

Sustainable marketing

- country branding

Sectoral cooperation

- cooperation in order to fight the biggest CSR risks in the sector
- cooperation with international tour operators to enhance development of sustainable tourism

Source: Authors generated from Tourism sector round table discussions, meetings and follow up interviews (see, Appendix 4)

4. General conclusions



Photo 3: Tourism - one of Uganda's National Game Parks

4.1 Positioning the concept of CSR

In Uganda there are few companies and organisations that have a holistic approach of CSR based upon the international understanding of the concept. Generally speaking, there is little knowledge and awareness on CSR as an integral business approach. This goes for both companies, governmental organisations and NGO's. Companies that are engaged in CSR tend to focus on single issues of certain elements of CSR. The concept CSR is very much associated with charity and community involvement. Therefore it was even suggested by a number of participants in the consultations that, to successfully boost the international concept of CSR in Uganda, other vocabulary should be used. E.g. sustainable and inclusive business seems to better cover the holistic approach of corporate social responsibility. It is also important to realise that CSR understanding and implementation is largely dependent on the cultural context. Some activities aimed at supporting local communities would be considered 'charity' in Western countries, but might have a clear business case in a Ugandan context. Supporting local communities can help to avoid conflicts with the locals or may help to attract a loyal and educated workforce.

International definition of CSR:

CSR is the strategic focus of core business activities on long-term value creation in the three dimensions of People, Planet and Profit, combined with the willingness to get into dialogue with society and stakeholders.

The companies that are actively implementing CSR are in general mostly big companies and/or exporting companies with international markets. Also foreign companies operating in Uganda tend to be engaged more in sustainable and inclusive business practices and could play a big role in awareness raising and sharing best practices.

In order for CSR to become the way to go for the majority of businesses in Uganda, it must become an integral part of the business case, directly linked to operational results. Therefore it is important that companies learn about the business opportunities of CSR, e.g. savings of energy costs, opportunities of export markets, new ways of working with your supply chain partners and encouraging employee's

wellbeing thereby increasing productivity. Cooperation (within the sector, but also with governments, NGOs and communities), knowledge sharing, training, awareness raising campaigns are therefore essential.

4.2. Labour, environment and governance: roles of the government

The government has a very important role to play regarding CSR. First of all, the government itself has to be aware that sustainable economic development can only be reached in partnership between government, private sector and civil society. The role of the government is to support sustainable development by providing a supportive legal framework for companies. Moreover, the government can set the ambitions and a vision for sustainable development of the country. The government could also be an example for businesses, by being transparent and implement CSR in the governmental bodies itself.

4.3 Promising sectors: need for cooperation and expertise

Generally speaking, in all three sectors the need for more sectoral cooperation was expressed. On the one hand, so that businesses can work together, share knowledge and experiences, on the other hand, so that the sector can lobby more effectively and create a strong voice in public debates or in dealings with the government of Uganda. There are sometimes already trade associations in place, but often these are poorly governed and not effective. Businesses should find ways to work together, with or without the already existing associations, and hereby focus on knowledge sharing, innovation and new ways of doing business in a sustainable and inclusive manner. Also there is a need for basic training on the understanding and implementation of CSR. Some companies want to get more involved in sustainable business but simply do not know where and how to start.

5. Recommendations & Follow-up



Photo 4 : Farmer to Farmer informal crop improvement discussions

5.1. Enhancing CSR through organizational capacity building

In order to support the further development of CSR in Uganda, the various CSR institutions could be supported in the following ways and directions:

(i) UCCSRI

This organization is the most important knowledge organization in the field of promoting and popularising CSR in Uganda. UCCSRI could develop and be supported in the development of its services especially in the field of:

1. Knowledge sharing and dissemination in general
2. Tool development for CSR capacity enhancement and building, especially tools focused on SME's like reporting and communication tools, stakeholder engagement, CSR Risk & Opportunities assessment tools, etc.
3. Sectoral programmes: sharing expertise on working at the sector level

Additionally, UCCSRI could play a role in the awareness raising of CSR among students and young professionals. It could be aided to promote CSR as a subject or discipline that could be added to the education curriculum to create formal academic awareness about social and development issues and the role of CSR in contributing to sustainable development. Such an approach will encourage and motivate young minds, prepare them to face future development challenges and help them work towards finding more innovative solutions to the concerns of the needy and the poor. The involvement of professionals from the corporate sector, NGOs and academic institutions would be key in ensuring an all-inclusive participation in social, ecological /environmental and community development issues.

(ii) B-Space

This organization is well placed for cross sectoral, innovative collaboration projects in the field of CSR. As such, it is an organization that could also facilitate international cooperation in the field of circular, inclusive and regional projects.

(iii) NUTIP

NUTIP is well-placed to disclose the business opportunities in Uganda, also from the CSR perspective. What are the social and environmental problems in the country and how can business provide solutions for these problems? Moreover they can facilitate the development of sustainable Dutch-Ugandan trade and investment relations.

(iv) Uganda National Bureau of Standards (UNBS)

As a government agency /organisation, UNBS has a lot of knowledge regarding standards that promote market place dimension of CSR. This organization could be supported by:

1. International expertise with translating the ISO 26000 guideline in practical tools for SME's
2. International expertise in drafting sector specific translations of ISO 26000
3. Training of consultants or trainers that can train Ugandan businesses.

Additionally, given its national mandate, UNBS is very well positioned to act as an authority on behalf of government of Uganda in the field of CSR. It can be aided to draft a national definition of CSR in cooperation with various relevant stakeholders, and maybe also establish some accreditation mechanism for companies through an independent agency for mainstreaming and institutionalizing CSR in the main business framework of the companies.

5.2. Recommendations regarding Uganda business

In general it is important to encourage the debate on the concept and understanding of corporate social responsibility. We have learned that CSR in Uganda is very much perceived as philanthropy. Therefore it is advisable to describe CSR in other words, such as sustainable and inclusive business.

Generally speaking the level of knowledge regarding the international normative framework of CSR is lagging far behind. Awareness raising among Ugandan businesses of the why and how of CSR is crucial. This should be the focus of any CSR program in Uganda.

Moreover, the facilitation of sector cooperation is very much needed in Uganda. Despite the fact that companies do know each other and communicate with one another, many of the social and environmental challenges that are harming the sector ask for more sectoral cooperation. Many of the social and environmental challenges are pre-competitive, which means that they harm the whole sector and not just individual companies. Companies that are, however, not used to sectoral cooperation, need some support and convincement before they are open to cooperation.

Lastly, we feel that in all three sectors international cooperation within the supply chain on CSR would benefit the performance on CSR throughout the supply chain.

5.2.1 Agri food sector

The recommendations for CSR in the agri food sector are:

The biobased economy is an interesting opportunity for the Ugandan economy. Expertise and business interest is needed for developing business models for agricultural waste. For instance: chilli peppers that are produced for the European market have to be of A quality. Chilli peppers of B-quality are, however, used for bio gas

installations. This is a second best option, as the best option would be if the food industry would use these peppers for other products. There is hardly any involvement of foreign companies in the production in Uganda: more involvement of foreign companies in the field of CSR would benefit sustainable production and might solve some of the most urgent problems in the sector. For instance, companies have problems with keeping vegetables and fruits fresh, due to a lack of cooling houses. Foreign companies could take up more responsibility, also as part of their own CSR policy and supply chain responsibility. Investments in their supply chain are needed and can directly positively affect CSR risks like waste, soil degradation, pollution, etc.

The local market for sustainable food products is growing. Companies with healthy and nutritious products experience that the market is asking for more products, but that they are not able to produce more. This is mostly due to inefficient production in the supply chain. Support and investments in the supply chain are very much needed.

MVO Nederland is running a program on green proteins, with Dutch companies active in this field, willing to expand their activities in developing countries. Moreover, MVO Nederland is running a Soil Initiative with companies active in soil improvement in a sustainable way. Cooperation between these two initiatives with Uganda food industry and agriculture could be an opportunity.

Box 11: Priority CSR issues in Agriculture

For expansion and sustainability of Dutch-export /import markets, the following CSR elements as far as horticulture value chains in Uganda are concerned should be considered in the project:

- (i) Soil, water management and conservation for increased horticulture production (proper pesticide usage, fertilizers and crops refuse management, sustainable irrigation, etc.)
- (ii) Markets and market access - increased access to sustainable market information, etc.
- (iii) Management and control of pest, weevils and horticultural plant diseases
- (iv) Environmental protection an safeguard against pollution in application and utilization of agrochemicals by involvement of sensitization and training activities on such aspects
- (v) Sustainability measures in resource access and availability - i.e. seed, finances, agrochemicals
- (vi) Cold chain storage facilities for fresh horticultural produce
- (vii) Capacity building of horticulture player to adopt or live by the Good Agricultural Practices (GAP)

Source: Authors

5.2.2 Energy sector

In general, the energy sector is very much affected by international agreements like the Paris Agreement under the United Nations Framework Convention on Climate change (2015). The international trend is that we are moving towards economies that will use less fossil fuels. At the same time, Uganda is facing an economy that needs much more energy while the majority of the households is not even connected to the grid.

In this context, it seems important that Uganda develops a strategy on the transition to a climate neutral economy. Focus should be put on the development and exploitation of renewable energy.

The Netherlands has some interesting examples of bottom up energy production by private households and by for instance farmers that are able to produce so much energy that they are able to produce not only for themselves but also for the grid.

The off-grid solutions for instance in the field of solar power seem to have great potential in Uganda. A Dutch company like Solar Now, is very successful. It is interesting to see that Dutch companies might have more space to develop new technology in countries like Uganda than in the Netherlands itself. This might eventually boost renewable energy production in the Netherlands as well. But also in Uganda, businesses like Solar Now are a very good example for sustainable business development.

An important topic in Uganda is also the use of biomass for cooking. This causes a lot of carbon emissions, but also health problems with indoor smoke. Products like energy efficient and durable cook stoves, produced as a bottom-of-the-pyramid product with innovative financing and distribution models, could be a good opportunity for companies, focused on solving a major environmental and health problem in Uganda.

5.2.3 Tourism sector

Tourism has great potential for the country's economy. However, the image of Uganda has been effected by some negative attention to Uganda or Africa in general. Ebola in West Africa, anti-homosexuality law in Uganda, hunger in Africa: all of these happenings effect the image of Uganda in countries like The Netherlands. One of our first recommendations is to start the debate in the Netherlands about the image of Uganda, and to work on a better image of Uganda among the Dutch public.

Cooperation is very much needed in all sectors, but especially in tourism it is important to jointly develop a vision on the development of tourism and to work on the positive branding of Uganda among European tourists.

Nature is one of the biggest assets for tourism in Uganda. Nature conservation is thus of crucial importance.

If there is a clear national vision of the importance of tourism for Uganda, it is also important to communicate this through national media, and show people why it is so important, what tourism can bring. The tourist industry emphasized that training in hospitality is important in order to make tourism more successful. If more awareness is raised on the importance of tourism, and tourism can be developed in a sustainable way, people will understand why hospitality among all citizens is so important.

5.2.4 Other recommendations

Firstly, there is a need for **creation of awareness about CSR** amongst the general public to make CSR initiatives more effective. This awareness generation can be taken up by various stakeholders including the media to highlight the good work done by the business sector. This will bring about effective changes in the approach and attitude of the public (and all stakeholders) towards CSR initiatives undertaken by corporate houses. This effort will also motivate other businesses (SME inclusive) to join the league and play an effective role in addressing developmental goals (education, health care, poverty, etc.).

Secondly, there is a need for **collaborative working between all stakeholders** including the private sector, employees, local communities, the Government and society in general are either not effective or not effectively operational at the grassroots level in the CSR domain. This scenario often creates barriers in implementing CSR initiatives. Appropriate steps should be undertaken to address the issue of building effective bridges amongst all important stakeholders for the successful implementation of CSR activities. As a result, a long term and sustainable perspective on CSR activities should be built into the existing and future strategies of all stakeholders involved in CSR initiatives.

Businesses and NGOs should actively consider **pooling their resources and building synergies** to implement CSR best practices to scale up projects and innovate to reach out to more beneficiaries. This will increase the impact of their initiatives on the lives of the common people. After all, both corporate houses and non-governmental organizations stand to serve the people through their respective projects and initiatives. The scaling up and sustainability of CSR projects need to be safeguarded at all costs for their efficiency and efficacy.

Lastly, a **training program for government representatives** about how to involve business in the social, environmental challenges of Uganda society could give a boost to the role that the government could play in the field of CSR.

5.3 Way forward for Netherlands Embassy CSR strategic development and promotion:

Since the ultimate purpose of this country scan is to guide the Netherlands Embassy shape and promote CSR in Uganda, we propose the following three ways to stimulate CSR development Uganda:

1. Build capacity of agencies already promoting CSR so as to enable them scale up their operations.
2. Ensure public sector buy-in into the CSR agenda
3. Offer/support tailored (cluster /sector specific) interventions

Table 6: Snap short of possible CSR strategy for the Netherlands Embassy in Uganda

Intervention option	Promising potential activities	Quick wins
1. Capacity Building	<ul style="list-style-type: none"> - Facilitate CSR knowledge exchanges & flows (e.g., CSR Roundtables discussion; Platforms; workshops; etc.) - Developing generic but Ugandan responsive toolkits to guide CSR interventions. - Organize and facilitate company trainings into topical CSR issues (e.g., Child Labour; Supply Chain; Environmental Responsibility; Workplace responsibilities, etc.) - Enter into Memorandum of Understanding (MoU) with selected CSR agencies in Uganda in order to institutionally strengthen their current CSR promotion activities. - Support some universities in Uganda to run CSR 	<ul style="list-style-type: none"> - A steadily shaped agenda towards balanced CSR interventions, that is, interventions which embrace multiple CSR dimensions). - Localized CSR knowledge assimilation - Strengthened ground for sustainability of CSR promotion. - Transformed CSR engagements, that is, from being largely philanthropic (Defensive) to being Strategic or Transformative.

Intervention option	Promising potential activities	Quick wins
	<p>lectures /courses units, conduct CSR related research.</p> <ul style="list-style-type: none"> - Facilitate student CSR and sustainability exchange programs between Netherlands Universities / students and Ugandan counterparts 	<ul style="list-style-type: none"> - Grooming future CSR managers - More CSR information generated to facilitate and influence CSR related decisions in Uganda
<p>2. CSR Policy formulation & Influence in the public sector</p>	<ul style="list-style-type: none"> - Design and implement a CSR Training and capacity building program for government officials in public entities. This can be done in collaboration with the UCCSRI and UNBS. - Start the facilitation process for development of a national position on CSR 	<ul style="list-style-type: none"> - Initiated public awareness and appreciation of the value of CSR - Levelled ground for developing a <u>National definition of CSR</u> as well as a <u>national CSR policy</u> - Accelerating public sector backup of the CSR uptake by private entities dealing with government institutions.
<p>3. Clustering of Private sector beneficiaries for CSR support</p>	<ul style="list-style-type: none"> - Developing sector or industry specific responsive CSR interventions and joint sustainable business development. This can best be done by using a clustering approach. E.g.: <ul style="list-style-type: none"> • A CSR cluster for Small and Medium sized Enterprises (SMEs) Seed Value Chain Players. • A CSR cluster for Horticulture Development, e.g. cooperation with the Dutch Soil Initiative (http://mvonederland.nl/publicatie/soil-initiative) • A CSR cluster for Food, e.g. cooperation with Dutch Green Proteins Initiatives of Wageningen University, Het Planeet and MVO Nederland • A CSR cluster for Sustainable Tourism, e.g. cooperation with CSR Network Tourism (MVO Nederland and ANVR) • Cluster for cross-cutting cooperation and trade facilitation issues (E.g., the current support of Kajjansi food market, see: http://twentyone.futureproof.community/library/report-of-the-kajjansi-junction-project) 	<ul style="list-style-type: none"> - Tailored [sector specific, company size specific, etc.] CSR interventions thus cutting costs on promoting CSR. - Promote sustainable business match-making and trade relations between Uganda and Dutch firms

Appendix 1: Participants in the Agri -food roundtable meeting

Name	Company	Address
1. Albert Kramer	Wagagai	albert@wagagai.com
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