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The World Guide to CSR: A Country-by-Country
Analysis of Corporate Sustainability and
Responsibility

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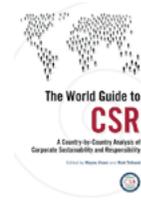
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54 Uganda

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■ Context

Uganda is often regarded as the birthplace of humanity and the ‘crib’ of civilisation. It is also endowed with tremendous natural beauty, wildlife, diversity and friendly people, leading Sir Winston Churchill to describe it in 1908 as a ‘beautiful garden where the staple food of the people grows almost without labour. Does it not sound like a paradise on earth? It is the Pearl of Africa’.

Uganda’s business activities can be traced back to the 17th century, when the Arabs introduced Islam and various forms of long distance trade, including the slave trade. In 1890, Uganda was colonised by Britain and remained under British rule until it gained its independence in 1962. Despite these ‘outside’ influences, Uganda is largely characterised by the norms and beliefs of African traditional society.

Theorists such as Okot P’bitek preached and campaigned for societal ethical values as early as 1950, with an emphasis on helping the needy, and wealthy families taking care of orphans (Imbo 2002). In many different communities, especially in central Uganda, it was also common practice to form small welfare groups called *muno mukabi* which provided assistance after the loss of loved ones or a bad harvest.

Other early influences on CSR include religious practices such as Catholic tithing (typically, giving one-tenth of personal annual income to support church welfare activities) and Islamic *Zakat*— a form of wealth tax for the relief of the poor and disadvantaged (Nkiko 2009). Christian missionaries also brought a tradition of voluntary community activity, such as building churches, schools and hospitals.

Models of CSR

While there is no single nationally applied and accepted CSR model in Uganda, a few models developed elsewhere are being adopted. For example, a recent UCCSRI study proposed that Freeman's stakeholder dialogue — centred around workplace, community, marketplace and environment — is the dominant approach to CSR in Uganda (Katamba and Gish-Boie 2008). Within these stakeholder categories, there are some distinctive Ugandan features. For example, under the workplace dimension, businesses focus on HIV/AIDS, and prohibition of child labour is a key focus.

The other CSR model that has gained some traction is Carroll's (1979, 1991) CSR pyramid, made up of economic, legal, ethical and discretionary (or philanthropic) responsibilities. Scholars such as Wanyama *et al.* (2006) have challenged the relevancy and applicability of Western corporate governance models to developing countries such as Uganda. Similarly Visser (2008) challenges the accuracy and relevance of Carroll's CSR pyramid in developing countries, suggesting a different order of CSR priorities from the classic American ordering. For example, in African countries, the CSR pyramid would more typically prioritise economic and discretionary (or philanthropic) responsibilities ahead of legal and ethical issues. This more accurately reflects the Ugandan experience of CSR, where the government has played little or no part in creating a policy platform for CSR (Nkiko 2009).

■ Priority issues

Poverty

Uganda ranks among the 20 poorest countries, with over 50% of the population living below the poverty line (FSD 2006). For decades, the country has been perpetually paralysed with problems of starvation, HIV/AIDS and widespread diseases, despite 50 years of continuous international aid-giving. Hence, businesses' engagement with CSR is now believed to play a critical role in alleviating poverty (DFID 2003; Wambura 2007).

Corruption

With a Corruption Perception Index score of 2.5, Uganda ranks as the 130th most corrupt nation in a world of 180 countries (Transparency International 2009), which in turn is hampering its achievement of the Millennium Development Goals and sustainable development. A recent UCCSRI study (Katamba and Gish-Boie 2008) revealed that corruption is especially prevalent in procurement, taxation, customs, regulatory functions, licensing and inspection of operational business areas in Uganda. According to the African Peer Review Mechanism report (Olupot 2008), corruption in procurement has adversely impacted on services aimed at improving the quality of life, especially health and education. The report presented to the Ugandan President further revealed that corruption, especially in the private sector, exacerbates poverty in Uganda.

Estimates of the scale of Uganda's corruption are diverse and extremely high. For example, the Global Integrity's 2006 report (Biryetega 2006) revealed that the Uganda Debt Network and Transparency International estimated Uganda's annual loss to corruption to be USD108 million and USD950 million respectively. The same report showed

that the Public Procurement and Disposal of Public Assets Authority (PPDA) estimates over USD184 million being lost annually to corruption in procurement. Unsurprisingly the World Bank believes the country would save USD18 billion (UGX30 trillion) annually by eliminating losses from corruption in public procurement alone (Olupot 2008). Similarly, the 2005 Auditor General's Report estimated that 20% of the value of public procurement (which accounts for 70% of public expenditure) was lost through corruption, prompted by weak public procurement laws. In addition to the Directorate of Ethics and Integrity's existing national efforts in fighting corruption, CSR can be part of the solution by adopting transparency practices such as sustainability reporting and 'publish what you pay' (disclosing financial flows to and from government).

Environmental issues

Common environmental concerns include deteriorating soil fertility; uncontrolled expansion of agricultural land; soil erosion; encroachment of forest reserves; deforestation (particularly outside protected areas) and the overgrazing of rangelands; decreasing quality and availability of water; water pollution due to industrial and domestic waste; unregulated encroachment and degradation of wetlands; decreasing fish stocks; water hyacinth infestation in Lake Victoria; and widespread poaching.

According to the World Bank (2004), 80% of Uganda's urban population and 47% of the rural population had access to clean drinking water. The annual increase in deforestation in 2005 was 2% compared to 0.8% for all of Sub-Saharan Africa. In addition, many wetlands have been drained for agricultural use. In 2002, permanent pasture comprised 26% and irrigated cropland covered 10.7% of the land area, as compared with 35% and 1% respectively for Sub-Saharan Africa. The invasive water hyacinth on Lake Victoria covers around 5,998 ha, or approximately 5% of the lake. Human pressure, along with traditional cultural, agricultural and business practices, have increased environmental degradation in Uganda and contributed to climate change globally.

Human rights

Human rights are provided for in Uganda's 1995 Constitution. Despite this, the country has a poor track record of human rights violations. The most serious problems, which are the focus of improvement efforts, include extra-judicial killings by security forces, disappearances, abductions, restrictions on the right to a fair trial, harsh prison conditions, torture, restrictions on press freedom and freedom of speech, violence and abuse of children.

In the business arena, the main issues are fair wages, labour rights, child labour, equal opportunities, non-discriminatory treatment, health and safety, consumer rights and obligations with regard to environmental protection. A recent United Nations report highlighted the negative impact of businesses' failure to uphold human rights in Uganda (Hamann *et al.* 2009). In particular, malpractices such as underpayment of employees, child labour, discrimination, poor health and safety and bullying at work were reported.

■ Trends

As previously mentioned, socially responsible practices in Uganda can be traced back to the 1950s when the communal values of African traditional society prevailed. Following the historical influences of Arab traders, Christian missionaries engaged more with communities on developmental issues such as building hospitals, schools and roads during the 1970s. Large local businesses used the same tradition of community engagement by engaging in charitable money-giving (philanthropy) to social causes. Among the early pioneers were Madhivani, Uganda Breweries Ltd (now East African Breweries Ltd) and Kakira Sugar Works.

From the 1970s, there was a fundamental shift from this philanthropy-based CSR to stakeholder engagement-oriented CSR. This period was characterised by globalisation and international trade, which fostered the introduction of CSR policies by multinational corporations (MNCs) such as Coca-Cola, Shell, Barclays Bank and MTN. Most of these MNCs have adopted voluntary CSR standards, such as those of the International Organization for Standardization (ISO), despite the lack of CSR-driven legislation in Uganda.

Since 1990, CSR has been embraced by all MNCs and a few SMEs. Unsurprisingly, there is a large difference in CSR practices between large and small businesses (Asongu 2007). For example, Tallow Oil plc (a large company) built a school in Kaiso-Tonya, whereas Bee Natural Uganda Ltd (an SME in Arua) makes an annual provision of two primary school scholarships for girls.

The 2000s have witnessed new trends in CSR in Uganda, such as environmental responsibility, mandatory requirements within the supply chain and voluntary CSR reporting. Environmental protection and climate change are now included in the CSR strategies of nearly all businesses. Furthermore, businesses within the supply chain of an MNC are now required to show some evidence of their CSR policies and practices, including those concerned with labour, the environment, and worker health and safety. A few companies, such as UTL, MTN and Thermocool Ltd are also informally communicating their CSR efforts to the public via their websites.

■ Legislation and codes

There is legislation relating to CSR in Uganda, even though adherence and enforcement is weak. These includes the Employment Act 2006, Fisheries Policy 2000, Forest Policy 2001, Labour Disputes Act 2006, Labour Union Act 2006, Land Act Cap 22726, Mining Act 2003, National Energy Policy 2000, National Environment Act Cap 153 (19 May 1995), Occupational Health and Safety Act 2006, Tree Planting Act 2003, Uganda Wildlife Act 1996, Cap 200 of 2000, Wetlands Policy 1994 and Wildlife Policy 1999.

■ Organisations

■ **Business Council for Sustainable Development Uganda.** Voluntary group working with businesses towards sustainable growth and development. <http://www.bcsdu.org>

■ **Directorate of Ethics and Integrity.** Responsible for the formulation, coordination and implementation of national anti-corruption policy. <http://www.dei.go.ug>

■ **Donor agencies.** These include DED (German Development Service), USAID and NORAD.

■ **Federation of Uganda Employers (FUE).** An umbrella organisation that advocates for workers rights and occupational issues. <http://www.employers.co.ug>

■ **Institute of Corporate Governance Uganda.** Builds the capacity of companies to implement corporate governance principles. <http://www.icgu.or.ug>

■ **National Environmental Management Authority (NEMA).** Supervises, assesses, coordinates and monitors all aspects of the environment. <http://www.nemaug.org>

■ **Uganda Chapter for Corporate Social Responsibility Initiatives (UCCSRI).** A voluntary initiative promoting CSR. <http://www.uccsri.com>

■ **Uganda Manufacturers Association.** Promotes, protects and coordinates the interests of industrialists. <http://www.uma.or.ug>

■ **Uganda National Bureau of Standards (UNBS).** Enhances the application of standards in trade, industry and consumer protection. <http://www.unbs.go.ug>

■ Case studies

Mobile Telecommunication Network: Uganda Ltd (MTN)

MTN is one of the leading providers of communication services, offering cellular network access and business solutions in Uganda, including payphone, fixed lines, fax and data, internet and mobile services. Through the MTN Foundation, the company builds capacity among Ugandan communities. The MTN Foundation has interventions in six programme areas which include education (science and technology); health and HIV/AIDS; music, arts and culture; environment; community development; and habitat for humanity. <http://www.mtn.co.ug>

Tullow Oil Plc (Uganda) Ltd

Tullow Oil plc is one of the largest independent oil and gas exploration companies, with operations in 22 countries. In Uganda, the company operates in Kaiso-Tonya near Lake Albert, where it practises CSR within the community. CSR activities include health and hygiene initiatives (tackling water, malaria, infant mortality and lifejacket availability), provision of access to villages (new roads and airstrips), a beekeeping initiative (supporting a substantial honey market) and education (building schools and providing teacher training). <http://www.tullowoil.com>

Uganda Telecom Ltd (UTL)

UTL is the leading provider of telecommunications services (both fixed and mobile networks) in Uganda. Its CSR initiatives include empowering the youth through educational programme sponsorships and leadership forums, running a child help line, and

providing solar powered mobile recharge centres in areas of the country where the electricity grid has not yet reached. The company is well known for its philanthropic sports sponsorships and providing ICT for development. <http://www.utl.co.ug>

Education

There are no CSR courses in the current Ugandan higher education curriculum. However, the following universities are engaged in CSR knowledge transfer through seminars, conferences and training:

- **Makerere University Business School.** <http://www.mubs.ac.ug>
- **Kampala International University (KIU).** <http://www.kiu.ac.ug>
- **Uganda Christian University, Mukono (UCU).** <http://www.ucu.ac.ug>
- **Uganda Management Institute (UMI).** <http://www.umi.ac.ug>

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