

CONFERENCE PAPER

Urban Livelihood Environment Conference

Hotel Africana,

Date 21st – 22nd April, 2008

Topic of the paper: **"Role of CSR in enabling the urban - poor realize their potential: The Uganda context"**

Paper Presenter:

David Katamba,

Chairman,

**Uganda Chapter for Corporate Social Responsibility Initiatives
(UCCSRI)**

Plot 683, Willis Road, Namirembe Hill, P.O. Box 7602, Kampala-
Uganda,

Tel: +256 774 972532, +256 414 531 863, +256 414 531 246

Email: uccsri@googlemail.com,



Contents

1.0	Introduction:.....	3
1.1	What is UCCSRI?.....	3
1.2	What is CSR?.....	3
1.3	Current CSR trend and status in Uganda.....	4
2.0	Status of Uganda Urban – poor.....	5
2.1	Challenges of urban – poor occupied places:.....	6
2.2	Cause of Urban Poverty:.....	6
2.3	Indicators of Urban Poverty in Uganda:.....	7
3.0	Potential of urban – poor residents.	8
4.0	CSR activities that can help urban – poor realize their potential.....	8
5.0	The role of CSR in enabling the urban poor:.....	9
5.1	Key issues that will make CSR enable the urban poor:.....	11
5.2	The role that CSR will play in enabling the urban poor realise their potential:.....	11
6.0	Conclusion:.....	12
7.0	References and bibliography:.....	12

1.0 Introduction:

This conference paper shows the views from Uganda Chapter for Corporate Social Responsibility Initiatives (UCCSRI) on how CSR can enable the urban - poor realize their potential. It reviews current data and studies in relation to the status of the urban – poor and also gives the opinion of the UCCSRI members. It has imported the use of strategic marketing in enhancing competitiveness and market access for firms that embrace CSR and also how they can help the urban – poor since these are people who also provide greater market potential if they are enabled to participate in the value and supply chains. It concludes with a few references for policy makers and influencers as well as for business strategic persons. Where this work is indebted to efforts of other people and agencies outside UCCSRI, their efforts and works have been recognized in form of references and in-text citation.

1.1 What is UCCSRI?

- It is a voluntary initiative in Uganda that works with, helps and coordinates Ugandan enterprises to continuously embrace Corporate Social Responsibility (CSR) issues across all their operations.
- It is a CSR information and advisory source for companies in Uganda.
- A forum for discussion and exchange of CSR ideas and issues in Uganda.
- The general objective of the UCCSRI is to promote and support the implementation of CSR practices that improve the competitiveness and market opportunities for Companies, Corporations, and small & medium enterprises (SMEs) operating in Uganda. The purpose of the program is to support the implementation of CSR measures and activities among firms operation in Uganda.

1.2 What is CSR?

From the perspective of UCCSRI, Corporate Social Responsibility (CSR) is the voluntary commitment of a business to embrace, honor and fulfill its social obligations throughout its operations. Hence, corporate social responsibility (CSR) is a business approach that views respect for ethics, people, communities and the environment, as an integral strategy that increases value added and thus improves the competitive position of

a firm.

While CSR may include philanthropic activities, more critical are the directly business-related activities. The concept of CSR encompasses workers' rights, human rights, anti-corruption measures, environmental concerns, and promotion of community health and education. These social obligations are the key drivers that will give your business a competitive position so as to enter and even enhance your market access.

1.3 Current CSR trend and status in Uganda

The primary demand for CSR implementation in Uganda stems from consumers more critically concerned with responsible behavior from the producers of the products they buy (as per Uganda National Bureau of Standards). As part of this, large companies are becoming increasingly concerned about the actions and performance of the companies within their value chain to avoid adverse association with corporate irresponsible partners, as well as direct pressures from employees, communities, governments and NGO groups. These demands from diverse constituencies in Uganda and abroad are having a growing impact on Uganda enterprises and firms of all sizes.

Ugandan companies especially the big ones, have been seen practicing CSR in various ways. Some donate sports equipment, mosquito nets, helping flooded mothers and victims, giving money for treatment of acid burnt children and people, help HIV/AIDS vulnerable people, initiating programs aimed at community benefits, etc. UCCSRI is thankful to these companies and commends them to continue with such a corporate spirit. However, UCCSRI has observed that there is no continued commitment to such undertakings. Also some of these companies have no defined CSR agenda. They engage in many CSR activities at ago which makes them fail to make a corporate social impact in a defined direction / field and consequently not benefiting from their efforts.

For the large and small businesses themselves, the positive operational benefits of enhanced competitiveness through CSR may include increased revenues from improved market access and premium pricing; reduced costs from lower direct production costs for labor, material and energy; and lower marketing, compliance and financing costs. In the region, companies attach a particular value to preserving and enhancing

access to primary global markets and in improving workers' conditions and community support. As significantly, the actual and potential adverse impacts from ignoring social responsibilities are seen as material and growing costs for Ugandan enterprises / firms business in domestic and international markets.

Recognizing the increased importance of CSR in terms of company and country competitiveness, UCCSRI has embarked on a campaign and an initiative to bring CSR like-minded persons, companies and agencies so as to solicit ideas from different organizations in Uganda that are known to have experience and interest in CSR. Several of these organizations will be encouraged to join forces and respond jointly, resulting into a stronger voice and initiative to foster CSR in Uganda, share experience related to CSR and value chain management, having taught diverse advanced training courses and provided direct assistance in the development and enhancement of CSR activities and projects.

2.0 Status of Uganda Urban – poor

A separate PDF document of only one page has been appended to this paper, summarizing the current status of urban- poverty in Uganda. In brief, it highlights the urban profile key aspects to include:

- Urban population viza viz the area population
- Urban migration trends: close to 41% of all urban dwellers reside in capital city Kampala, 47% in Jinja, then Kalanga 43%. However, the urban growth rate is 5.1% p.a.
- Urban poverty ratios (while 4% of Uganda's poor people live in urban areas, 96% in villages and 10% of the urban population in all the selected areas is poor.
- Infrastructure and basic services: 8% of urban dwellers lack access to clean safe water. 2% of these urban residents lack sanitation coverage.
- Health: there has not been recorded data for children severely underweight (under 3 years old) and mortality rate of under 5 years among the urban poorest. However data exists for the rural poorest.

However, the information above is not as current as it was last updated in August 2002 by the Government of Uganda in partnership with USAID.

2.1 Challenges of urban – poor occupied places:

In order to discuss and implement CSR activities that can enable the Urban – poor realize their potential, its critical to categories the challenges faced by these citizens and even how they can be helped (this is reflected in section 2.0 of this paper). These include:

- *Resource flows* into urban areas across urban boundaries - water, food and other natural resources, building materials..... (influence on region and beyond)
- *Waste flows* out of urban areas (solid, liquid, air-borne, including hazardous wastes) - influence on wider region and beyond, and on global cycles and systems
- *Influence of urban land markets* and of urban consumers' housing and recreation demands far beyond urban boundaries
- *Flows* of people, capital, information.... across urban boundaries.
- *Health*: Most of the urban poor areas are characterised by congestion, making it easier for health hazards to find their way to them.
- *Income generation*: The urban poor that have managed to start income generating activities, are being restrained by tight local authorities laws (which of course favour big businesses in most cases)

2.2 Cause of Urban Poverty:

From the study conducted by UCCSRI as well as from the literature reviewed, the causes of urban poverty were equally diverse and included: Procurement processes (PPDA emphasis) that leaves their informal businesses out; incidence of high taxes; lack of education /skills resulting in low paid jobs; ill health; limited or no land; poor planning and policy and excessive competition from the sale of the same commodity (Republic of Uganda, 2000, pxvii). This is again typical but the “high taxes” and “limited or no land” are worth commenting upon.

2.3 Indicators of Urban Poverty in Uganda:

On the indicators of poverty the following were mentioned: lack of money resulting in not being able to buy basic necessities (food, education, clothes, shelter and medical care); stress from helplessness at not being able to solve his or her problems; inability to borrow from financial institutions [formal?]; large families; poor latrines and garbage collection and lack of access to roads (Republic of Uganda, 2000, pxvi)

Vulnerability was seen as “where a person, household or community may easily become worse off...” The entire community was susceptible to flooding as a shock; “they were all equally affected by the flooding problem during the rain season” (Republic of Uganda, 2000, p37). This problem of poor drainage and flooding was very strongly represented through the study as a major problem and/or issue. This is interesting as there is relatively little literature on the negative aspects of flooding in poor urban areas. Flooding is clearly a major problem to low income households in terms of hassle but also in terms of asset loss and increased spread of disease. In terms of specific groups the following were identified: “widows with dependants especially orphans, AIDs victims, the elderly..., the disabled, unemployed youth, illiterate female youth and single mothers....These vulnerable groups usually have few very or no productive assets, lack vocational skills, are sometimes isolated and excluded, and lack guidance and social support” (Republic of Uganda, 2000, xviii).

Finally the participatory work on trends in urban poverty was sharply contrasting with the quantitative household survey work noted earlier. Thus, the Poverty Participatory Assessment (PPA) in its executive summary notes that “Communities in Kampala felt that poverty was increasing” (Republic of Uganda, 2000, xvi). And then explain them in terms of the following reasons.¹

- Retrenchment and general lack of jobs
- Increased flooding
- Pressure from extended families
- High taxes

¹ *The importance of moral dimensions to poverty was identified in participatory work quite strongly in the studies in Kenya and Uganda. Even the street children in Kenya had very strong moral interpretations of their position (reference in Nelson and Jones) It is worth noting that these were not outsiders stereo types but were views held by the poor themselves. However the two are clearly not unrelated.*

- Increasing disease incidence
- Flooding.
- Poor Sanitation
- Essential commodities available but too expensive
- Low income but high cost of living
- Discrimination and nepotism
- Reduced farming and increased urbanization

3.0 Potential of urban – poor residents.

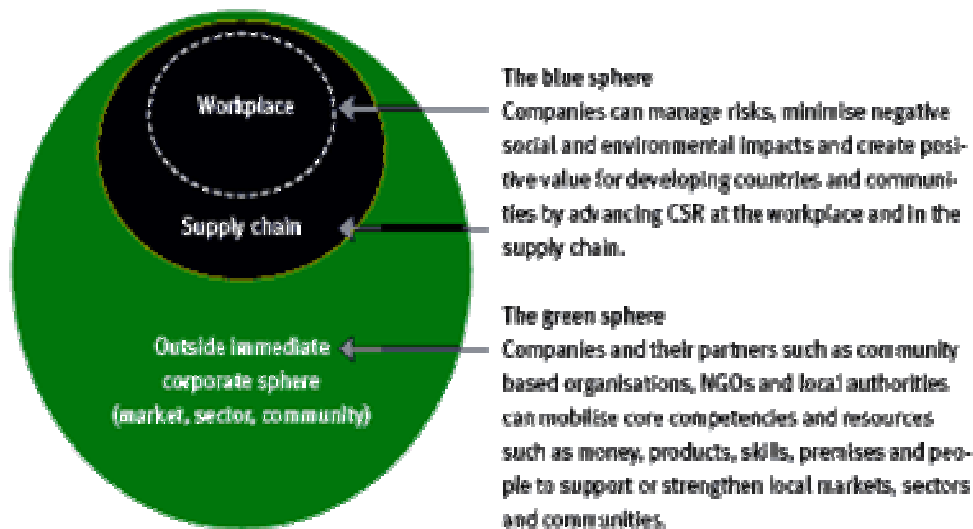
The urban poor have been identified to have the following potential which can be turned into meaningful benefit to the Ugandan society:

- Provide market to the produced goods.
- Investing in small and medium income generating activities
- Take their children to school.
- Add on academic knowledge
- Decision making regarding resource allocation
- Negotiations with local governments
- Community work force to bring about positive development especially in water management and waste management. Etc

4.0 CSR activities that can help urban – poor realize their potential.

In order to optimize resources allocated for activities, there is need to clearly define the roles and responsibilities of the various government ministries and agencies involved in policy formulation and implementation. This will avoid duplication, reduce bureaucracy and red tape in obtaining services, and facilitate planning and capacity building in the different organs. As reported in Bevan et al. (2003), though there are several sources of market and other forms of imperfections, interventions aimed at dealing with them must be carefully considered, clearly defined and justified both in terms of capacity to reduce the identified problem and impact on incentives elsewhere in the economy.

Various types of partnerships can advance CSR by targeting the local workplace and supply chain in the country urban areas, or through broader efforts targeted at the market, sector or community as illustrated below.



Source: Danish Embassy, Private-Public Partnership, <http://www.netpublikationer.dk/UM/7472/html/chapter04.htm> (retrieved, Monday, June 02, 2008)

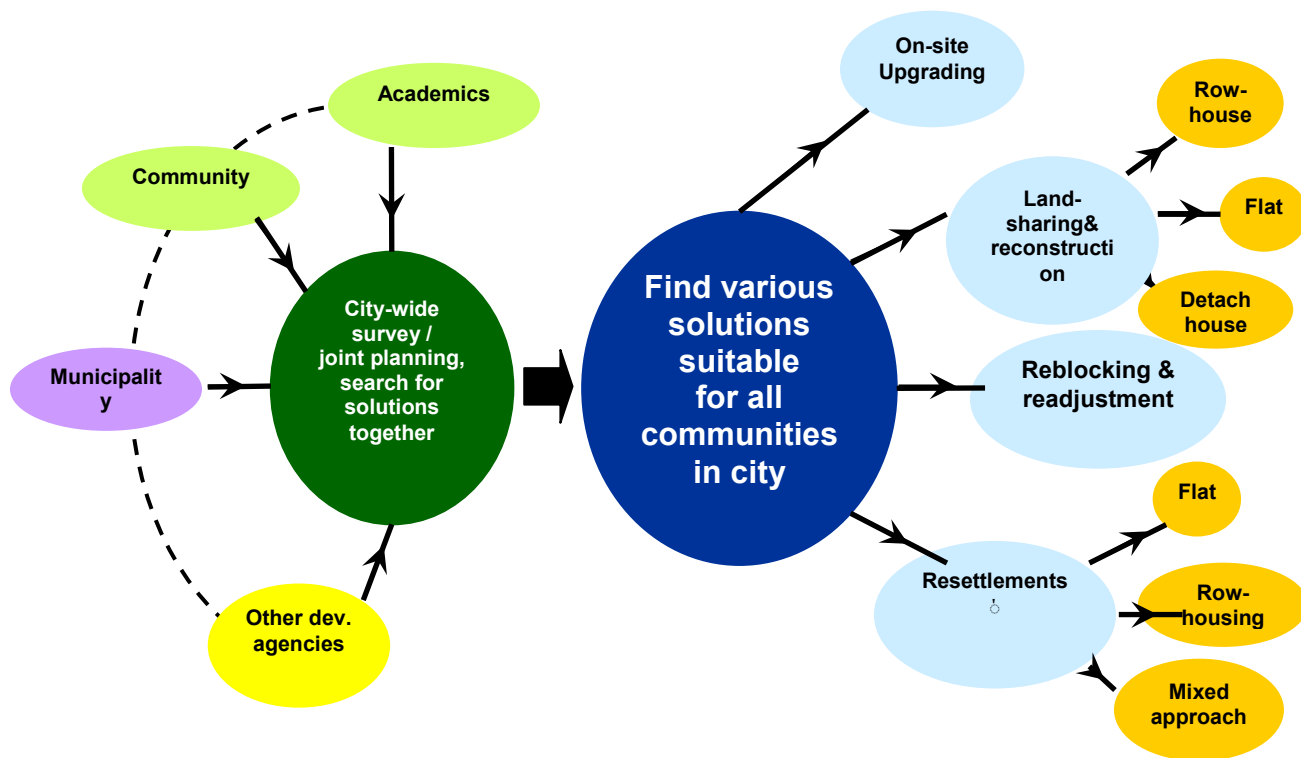
5.0 The role of CSR in enabling the urban poor:

The role CSR will play in enabling the Urban-poor realize their potential should be bended at an angle that will redress the challenges highlighted already in [section two](#) of this paper. These roles should hence revolve around:

- *Greater environmental health risks* if provision for infrastructure, services and waste management is absent; high concentrations of people, enterprises, vehicles, and their wastes
- *Greater capacity for management of environmental health problems and reduced health risks* when there is competent local government
 - Economies of scale/proximity for infrastructure and service provision; higher capacity to pay by households & enterprises.

- *A different range of occupational health and safety risks*
 - E.g. exposure to industrial chemicals and wastes, dust, dangerous machinery, excessive heat. Particular groups facing high risks e.g. waste-pickers.
- *Greater vulnerability to 'natural' disasters* for many urban dwellers because the only land to which they can get access for housing is at high risk from floods, landslides, earthquakes.....

The simple model below demonstrates how companies and agencies can invest in CSR to enable the urban poor realize their potential (based on the [potentials](#) and [challenges](#) identified in these urban poor areas).



5.1 Key issues that will make CSR enable the urban poor:

The fundamental issues to learn from the model that will make CSR enable the urban poor realize their potential includes:

- An urban focus is needed for environmental governance
- Environmental governance requires a focus both on environmental health and on more ecologically sustainable patterns of urban development
- To get a pro-poor environmental agenda, we need new ways to support community-driven 'environmental improvement' agendas
- Support partnerships between representative organizations of the urban poor and local government - Deep democracy
- Maximize use of local resources
- Put in place the governance structure to make urban governance recognize its environmental responsibilities beyond its boundaries

5.2 The role that CSR will play in enabling the urban poor realise their potential:

Having seen the urban poor challenges, the issues upon which CSR should be bended and the key issues learnt in the model, this show that CSR may play the following roles if implemented or embraced by the concerned parties:

- Creation of gainful employment leading to a sustainable living wage.
- Creates business, linkages and income generation.
- Refinement of a corporate agenda that will reduce scattering of resources.
- Implement projects cheaper and better, e.g., safe cheap tap water for the urban poor.
- Develop grassroots organizations that are controlled by and accountable to their members
- Learn from and support each other
- Influence policy by setting precedents
- Develop new legal solutions on the Poor's own terms
- Influence government policies at higher levels and also international agencies working there
- Influence the policies of international agencies.

- Credit to marginalized communities who would not usually have access to credit from formal financial institutions.
- Increase of incomes and improved welfare through the improvement of health, and improved housing and diet.
- Numerous jobs have to be created due to new projects in rural and urban areas, and existing businesses have expanded and, as a result, have employed more staff.
- Business capacities will be developed in marginalized communities.

6.0 Conclusion:

The urban poor provide a greater market potential and are the basement upon which big companies make a certain percentage of their profits. They often look unworthy to be considered and in most cases unheard when they make any plea. Therefore, the best way to support this market is by under taking and embracing CSR initiatives. Where companies had started, I commend them and even encourage them to continue.

7.0 References and bibliography:

A Good Return – Uganda (*February 1999*), series 1,

<http://www.tve.org/ho/doc.cfm?aid=412>, accessed, Monday, June 02, 2008

Amis Philip (Year not indicated), *Urban Poverty in East Africa: a comparative analysis of the trajectories of Nairobi and Kampala*, University of Birmingham CPRC Working Paper No 39.

Danish Embassy, Private-Public Partnership,

<http://www.netpublikationer.dk/UM/7472/html/chapter04.htm>

DED Uganda (German Development Services), Making Corporate Social Responsibility work –brochures.

MFPED (2002), *Uganda's Poverty Reduction Strategy Paper (PRSP) Progress Report 2002*, 1st Draft for January 2002.

Okidi John A., Ssewanyana Sarah, Bategeka Lawrence, Muhumuza Fred (2004) *“Operationalizing Pro-Poor Growth”* A joint Initiative project funded and managed jointly by AFD, DFID, GTZ, KfW and World Bank, Uganda Case Study. Economic Policy Research Center, Kampala, Uganda.

Participatory Poverty Assessment (PPA), Republic of Uganda, 2000.