

## An agribusiness group pioneering CSR practice in Africa

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*October 5 2015*



The example of the Côte d'Ivoire group SIFCA demonstrates that CSR is a guarantee of sustainability and functions as a performance lever for companies. Since 2007, SIFCA has been committed to sustainable development, showing that the success of CSR initiatives depends crucially on the extent to which every level within an organisation takes ownership of those initiatives and on the quality of the relationships the organisation has with local communities.

The agricultural industry is central to the major environmental and social (E&S) issues affecting land use, biodiversity conservation, planters' incomes and employee working conditions. The SIFCA group believes in corporate responsibility in these areas and adopted a sustainable development policy in 2007.

For a group of SIFCA's size operating in sub-Saharan Africa, good E&S management also drives improved performance. For example, reducing consumption of natural resources, improving working conditions and reducing the numbers of accidents - and hence absences - leads to lower operating costs and greater sustainability. The group's future is closely linked to the quality of its relationships with small-scale planters, who provide 60% of its agricultural resources. Access to raw materials is key, so it is vital to establish relations of trust with local communities near production sites. The SIFCA group also relies on protecting the environment, which underpins agricultural production.

### **An active commitment to sustainable development**

On the initiative of its General Director, the SIFCA group adopted a sustainable development and corporate social responsibility (CSR) strategy since as early as 2007. At this time very few African companies had taken these issues on board and SIFCA played a pioneering role.<sup>1</sup>

The group has relied on the services of the international Ernst & Young firm to assess the environmental impact of its operations, the working conditions of its employees and its relations with local communities. A 'sustainable development' team was then established within the group, followed by a seminar on the development and introduction of the strategy - launched the same year - and the appointment of a head of CSR in each subsidiary. All subsidiary heads and secretary generals worked with the heads of CSR to devise the sustainable development strategy. A bespoke organisation (*Box*) was set up to coordinate the overall strategy.

SIFCA's CSR strategy is based on six pledges. To start with the social sphere, it involves publicising and implementing the health and safety policy and establishing effective monitoring of workplace accidents (Pledge 1). employees must also have access to safe tools and equipment and subcontractors must be monitored to ensure that they comply with the regulations (Pledge 2). In addition, the group undertakes to provide accommodation for permanent and seasonal workers and their families, and to ensure provision of drinking water, sanitation and electricity (Pledge 3). Lastly, SIFCA is committed to the active implementation of a policy to prevent the spread of infectious diseases, notably HIV/AIDS and malaria (Pledge 4). In the environmental sphere, CSR involves preventing accidental soil pollution, identifying and assessing the environmental impact of each of the group's activities (Pledge 5) and encouraging sustainable practices, notably by promoting responsible planting. All these strategies ultimately rely on a strong partnership with local stakeholders. To this end, close and sustained dialogue is systematically established with the local communities with the aim of improving their health, education and income levels (Pledge 6). These pledges have been adopted by each subsidiary, taking account of the different regulatory requirements and local specificities of the countries where the group operates.

As part of their funding package, development finance institutions have supported the development of a CSR strategy in SIFCA subsidiaries. For example, Proparco has assisted Sucrivoire, GREL and Palmci in improving their E&S performance.

### **Compelling results**

SIFCA has directed its efforts towards improving the working and living conditions of its employees. For example, it has sought to reduce the frequency and gravity of workplace accidents (the degree of gravity has been cut by two-thirds since 2008) by upgrading equipment and raising awareness among its personnel concerning the major risks linked to their work. Safer working environments means fewer stoppages and ensures continuous operations. The group has also prioritised the fight against HIV/AIDS and malaria. Its anti-malaria programme has prevented 1 117 days of sick leave. All the group's subsidiaries now have screening centres.

There are also initiatives aimed at the 93,000 planters who sell their rubber, sugarcane and palm oil to the group. For example, the subsidiary SAPH has set up a "planter savings plan" and a tailored health insurance. For around 6,560 FCFA (€10) a month, deducted at source from their crop sales income, planters and their families benefit from health insurance covering 80% of medical costs. Planters are also offered training to help them to optimise their output.

The group is also developing local infrastructure (safe drinking water, transport, electricity) and programmes to give local populations access to health and education. As regards environmental issues, SIFCA has adopted a charter in which it commits to ensuring the treatment of liquid effluent, proper management of solid waste, reducing air emissions from factories and the responsible use of pesticides, herbicides and other chemicals. Energy efficiency measures have been introduced. The SANIA subsidiary is involved in a Clean Development Mechanism (CDM) to replace natural gas with biomass from felled rubber trees and seed husks as fuel for electricity generation for the palm oil refinery's new boiler. In 2013 this project made it possible to notch up 14,724 tons of CO<sub>2</sub> in carbon credits and to cut electricity costs by over 500 million FCFA (€765,000). Another innovative initiative has seen the construction of workers' housing using compressed stabilised earth blocks (CSEB), which have good thermal capacities and can be laid without cement. This project enabled the group to reduce its ecological footprint while also saving 2 billion FCFA (€3 million).

### **Buy-in - a crucial success factor**

SIFCA's experience shows that the success of a CSR policy largely depends on gaining the support of every level of management in the business and on the quality of relations with local communities. Internal awareness-raising and training need to be undertaken on a major scale to motivate staff and convince the many who are resistant to change. CSR is not always fully understood and is seen by some as 'something for westerners'. Being locally rooted is another determining factor. The strategy's instigator should preferably be a person who is 'local' and 'internal', part of the local community and of the company. Close cooperation between instigators of change and those tasked with its implementation is crucial. The establishment of an internal CSR network has also been vital for the project's success. Responsibility for CSR actions was given to managers already working in the company (for example, in departments responsible for Quality, Health, Safety and the Environment (QHSE), making it easier to structure the company around the new strategy. The involvement and empowerment of management at each subsidiary in developing the CSR strategy has also resulted in a high level of buy-in. Managers were involved in developing the strategy and made proposals as to how best to implement it in their companies.

This buy-in is particularly important because it determines the way that the strategy is communicated to the company as a whole. For an approach to work well, both managers and workers must believe in it. Another crucial element in the mobilisation of managers has been the inclusion of CSR results (combating HIV/ AIDS, frequency and seriousness of accidents, etc.) as a factor in their appraisals and remuneration.

It is also vital to build close relationships of trust with local communities and to ensure the acceptability of the group's activities and the projects implemented. Liaison committees have been set up to enable SIFCA to consult local communities regularly on the relevance and feasibility of projects and to produce reports on company and community relations. The committee representatives - a community leader or council, depending on local organisation - have a key role in discussions with the site managers. In Ghana SIFCA's GREL subsidiary regularly consults an organisation of 88 village heads. The resulting dialogue involves all stakeholders and enables the strategy to be implemented successfully.

In addition to the benefits for employees, local communities and the environment, these measures enhance SIFCA's development and attractiveness. They have helped improve the group's reputation and the confidence of shareholders and Financial organisations. However, the situation in Côte d'Ivoire is not conducive to the implementation and development of SIFCA's CSR strategy. There are no incentives for policies of this kind and the very high implementation costs must be borne entirely by SIFCA, in a highly competitive market. In addition, there are very few local CSR experts to support a CSR strategy in African companies, which are then obliged to call in expensive international experts with little understanding of local specificities. The recent law on sustainable development, unanimously passed by the Ivorian parliament on 26 May 2014, does open up new possibilities for CSR in Côte d'Ivoire. But companies cannot meet the expectations of the local populations on their own. Complementary action by all stakeholders in both private and public sectors is required to meet the challenges of development in Sub-Saharan African countries.

### **An ambitious CSR mechanism**

Governance of SIFCA's CSR policy is provided by several bodies. A dedicated team develops proposals for the group's CSR policies and strategies, promotes their implementation by subsidiaries and departments and organises reporting and external dissemination. It maintains the group's external relations with international bodies engaged in this area and steers major CSR partnerships with NGOs. It is also in charge of CSR research and development projects. In addition to this team there is a steering committee that meets at least once a year, comprising the group's executive committee and managers of the subsidiaries. This body devises CSR strategy, monitors the preparation of action plans and their implementation, draws lessons from the

experiences of the subsidiaries and provides a forum for discussion of CSR strategies. The sustainable development committee takes its members more broadly from people involved in implementing the group's CSR policy. It meets at least twice a year to discuss the functioning of operations carried out by the subsidiaries and current internal and external matters related to CSR. Lastly, each subsidiary has a manager responsible for CSR policy who, supported by a dedicated team, monitors the implementation of the policy within his company.

**Footnote:**

<sup>1</sup> Survival of the group's businesses has been under threat from global prices and political struggles. Once their future was assured, improving the living and working conditions of the group's employees quickly became a priority.

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