

## **TANZANIA - COUNTRY PAPER ON CORPORATE SOCIAL RESPONSIBILITY**

### **Background:**

In order to follow up the Parliamentary Appropriation Doc. 10 (2008 – 2009) – on *Corporate Social Responsibility (CSR) in a global economy*, the Embassy has developed this country paper to try to give potential Norwegian actors and investors' useful information and guidance in a Tanzanian setting.

During recent years Tanzania has experienced positive economic growth (appr. 7% annually the last few years – despite a significant reduction this year due to the global financial crisis 4-5% estimated). The climate for private sector participation and foreign investments has improved, and are being promoted by the Government of Tanzania (GoT). However, there are certain constraints and structural inefficiencies that create difficulties for private investors entering Tanzania, and therefore a thorough analysis and assessment should be undertaken prior to undertaking any investment.

World Economic Forum's Global Competitiveness Report<sup>i</sup> rank Tanzania<sup>ii</sup> nr. 100 of 133 countries, and points to limited access to financing, corruption, tax rates, inadequate supply of infrastructure and inefficient government bureaucracy as major constraints for doing business. However it should be mentioned that several initiatives for private sector development are underway, both by GoT and also by Development Partners (DPs). One particular initiative of interest is the BEST process (*Business Environment Strengthening Tanzania*), being an underlying process within the overall General Budget Support structure.

**Tanzania Investment Centre**<sup>1</sup> (TIC) is the focal agency for anyone looking for information, or planning to invest in Tanzania. Its role is to be *'the primary agency of Government to coordinate, encourage, promote and facilitate investment in Tanzania and to advise the Government on investment related matters'* (*Investment Opportunities report, 2007*).

TIC provides useful information on preferred sectors, infrastructure, capital markets etc. and will furthermore be the entity assisting with issuing of licenses, permits and necessary documents.

### **Corruption:**

Despite Tanzania's efforts to establish regulations, laws and oversight institutions aimed at preventing, investigating and sanctioning corrupt practices, both petty and grand corruption are still common in political and administrative systems. In 2006, Tanzania was ranked 102<sup>nd</sup> out of 180 countries in Transparency International Corruption Perceptions Index<sup>iii</sup>.

As referred to above the World Economic Forum's Global Competitiveness Report for 2008-09, mention corruption as one of the main constraints for doing business in the country. However, there are also positive signs showing that the level of corruption is perceived to have declined in recent years. The recent grand corruption scandals that led to the resignation of the Prime Minister and other senior politicians have shown that the President is committed to the fight of corruption<sup>iv</sup>.

Tanzania is a signatory to the UN Convention against Corruption<sup>v</sup>.

### **Labour standards:**

Tanzania has ratified all eight ILO core conventions which are considered to cover the fundamental principles and rights at work<sup>vi</sup>. However, regardless of the ratifications, labour rights are continuously being violated throughout the country. Trade union rights are difficult to exercise and are of concern for ILO's committee on the application of standards<sup>vii</sup>. Mainland and Zanzibar governments do not have the same labour laws and they enforce them separately. Child labour is common and it is estimated that tens of thousands of children are forced into work.

### **Human Rights:**

Despite an improved situation, human rights are being violated in Tanzania. Violence against women and children, discrimination against persons with disabilities and harsh and life threatening situations

in prisons are of concern. Men, women and especially children are trafficked internally for the purpose of forced labour and sexual exploitation<sup>viii</sup>. Killings of people with albinism have received a lot of media coverage which led to arrests and prosecutions<sup>ix</sup>.

Land disputes are quite common in Tanzania as a British-inspired legal system for properties co-exist with customary land rights. Land rights could therefore be of concern for companies wanting to acquire land.

**Environment:**

Environmental policy formulation, monitoring, planning and coordination issues lie under the responsibility of the Vice President’s Office (VPO)<sup>x</sup>, Division of Environment (DoE). There under the National Environmental Management Council<sup>xi</sup> (NEMC) is responsible for advising the DoE on environmental conservation - and management issues. Tanzania is signatory to several international environmental conventions and these are followed up by NEMC. NEMC will also be the institution in charge of Environmental Structural Impact Assessment’s being carried out, and thereafter issuing certificates.

An increasingly investigative and critical media has become much more interested in reporting on environmental issues, and furthermore there are several smaller NGO’s trying to act as watchdogs to ensure environmental sustainability in Tanzania, within its different sectors.

**Practical Steps from Statoil Tanzania AS – for Integrating Integrity and Social Responsibility (ISR) in business planning**

- Taking into account both the short – and long term strategy in Tanzania (Business case)
- Performing a country - and reputation risk analysis
- Identifying ISR risks and mitigation actions – generate opportunities (i.e. education)
  - o Seek to build local capacity/strengthen local content
  - o Promote human right and transparency
  - o Improve local conditions
- Create a strategic approach to social investments – within sponsorships and donations (win-win situation for both business and society)
- These social investment projects are thereafter monitored, and regularly re-assessed

**Activities at the Embassy:**

The Embassy has several ongoing activities linked to CSR. One concrete example is the newly released report on the Mining sector’s effect on environmental toxins, under the auspice of Norwegian Church Aid, a strategic partner of the Embassy within civil society. Another of the Embassy’s strategic partners is the Norwegian People’s Aid, supporting the Foundation for Civil Society – an umbrella organization and fund providing support to several hundred smaller and large NGO’s throughout Tanzania. Their goal is to strengthen the position of weak groups within their civil, political, social and cultural rights.

Within corruption, the Embassy together with other development partners within the General Budget Support push for increased will by the GoT to reveal, investigate and prosecute corruption cases. Furthermore the Embassy provides support to the Tanzanian Prevention and Combating of Corruption Bureau (PCCB), in order to enhance their capacity.

Finally, the Embassy has established an informal group of the largest Norwegian companies in Tanzania who meet at the Embassy 4-5 times a year. The agenda of the meetings are mostly information sharing with key speakers from business and financial institutions.

Large companies such as Statoil Tanzania AS, Yara and Green Resources have a well established Corporate Social Responsibility program with Ethics Code of Conduct or Integrated Social Responsibility (ISR) as Statoil Tanzania AS defines CSR.

Norwegian companies in the position of establishing an office in Tanzania would be able to learn from the mentioned companies’ experiences.

## Relevant links:

World Bank Tanzania:

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/TANZANIAEXTN/0,,hPK:261262~menuPK:258804~pagePK:141159~piPK:141110~theSitePK:258799,00.html>

World Bank – Doing Business Report:

<http://www.doingbusiness.org/>

US Embassy – Tanzania:

<http://tanzania.usembassy.gov/>

Tanzania National Business Council:

<http://www.tnbctz.com/>

Tanzania Development Gateway – Tanzania Business Portal:

<http://www.tanzaniagateway.org/business/default.asp>

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<sup>i</sup> World Economic Forum: Global Competitiveness Report

<http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm>

<sup>ii</sup> World Economic Forum: Global Competitiveness Report - Tanzania

<http://www.weforum.org/documents/GCR09/index.html>

<sup>iii</sup> Transparency International

<http://www.transparency.org/>

<sup>iv</sup> Overview of corruption in Tanzania

<http://www.u4.no/helpdesk/helpdesk/query.cfm?id=201>

Tanzania Corruption Tracker

<http://www.corruptiontracker.or.tz/>

Business Anticorruption Portal, Tanzania country profile:

<http://www.business-anti-corruption.com/country-profiles/sub-saharan-africa/tanzania/snapshot/>

<sup>v</sup> The United Nations Convention against Corruption

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>

<sup>vi</sup> ICFTU: Internationally recognised core labour standards in Tanzania. Report for the WTO General Council Review of the Trade Policies of Tanzania <http://www.icftu.org/www/pdf/corelabourstandards2006tanzania.pdf>

<sup>vii</sup> Annual survey of violation of trade union rights 2009

<http://survey09.ituc-csi.org/survey.php?IDContinent=1&IDCountry=TZA&Lang=EN>

<sup>viii</sup> U.S. Department of State: 2008 Human Rights Report Tanzania:

<http://www.state.gov/g/drl/rls/hrrpt/2008/af/119028.htm>

<sup>ix</sup> Amnesty International: Human Rights in Tanzania

<http://www.amnesty.org/en/region/tanzania/report-2009>

<sup>x</sup> Tanzania official governmental website – on environment

<http://www.tanzania.go.tz/environment.html>

<sup>xi</sup> National Environmental Management Council

<http://www.nemctan.org/>