

CSR in the Oil Sector in Angola: World Bank Technical Assistance Study



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OBJECTIVE

The World Bank Group is engaging in a partnership with the Government of Angola (GoA), the country's private sector and civil society to provide technical assistance in strengthening the corporate social responsibility (CSR) agenda in the oil sector. The oil sector refers to all companies, public and private, engaged in the oil business in Angola. As part of this assistance, a World Bank mission visited Angola from October 20 – 26th, 2002, to collect data, analyze existing experience with CSR in the oil sector, and to consult with key stakeholders. The objectives were to:

- (1) Determine the receptivity of the GoA and oil companies to work collaboratively to address the country's development needs and optimize social investment through CSR activities;
- (2) Identify the shared strategic priorities of GoA and the oil companies as they relate to CSR activities;
- (3) Identify each sector's contributions in addressing the priority areas (i.e. each one's core competencies); and finally,
- (4) Draft a technical assistance CSR proposal for the GoA related to the Angolan oil sector.

To date, discussions have centered around four CSR issues relevant to the oil sector:

- (1) "Angola content" -- collaborative ventures to develop local skills and training as well as a local supply market in areas relevant to the oil sector;
- (2) Transparency and good governance;
- (3) Collaborative solutions to provide affordable energy to the underserved population in Angola / the poor;
- (4) Social and community development.

This study, submitted to the Ministry of Petroleum and the Ministry of Planning, recommends moving forward with a combination of the "Angola content" and transparency issues, and exploring interest in social and community development. Copies will also be sent to Sonangol, the Ministry of Industry and the Ministry of Education, and circulated amongst the other key counterparts with whom we met during the identification mission. Based on responses received, the team will move to the planned next stages of the technical assistance.

OIL SECTOR AND CORPORATE SOCIAL RESPONSIBILITY (CSR) IN ANGOLA

Corporate Social Responsibility (CSR) is the commitment of business to contribute to sustainable economic development - working with employees, their families, the local community and society at large to improve the quality of life, in ways that are both good for business and good for development. In political science terms, CSR includes:

- a company running its business responsibly in relation to internal stakeholders;

- its role in relationship to the state, locally and nationally, as well as to inter-state institutions or standards; and
- its role as a responsible member of the society in which it operates and the global community.

The first role involves the companies' core business in relation to its internal stakeholders (shareholders, management, employees, customers and suppliers). This includes ensuring its own house is in order, in terms of corporate governance, product responsibility, employment conditions, workers rights, training and education.

The second role includes abiding by relevant legislation, and the company's responsibility as a tax payer, ensuring that the state can function effectively - after all, there is little point in a company voluntarily financing scholarships if at the same time it is failing to pay the taxes that enable the Ministry of Education to function. It also includes providing a business perspective that can contribute towards state policy – in this case, towards curriculum design and pedagogical practices, focused on the skills and attitudes that will be needed for Angola to compete.

A company's third role, as a member of society, is also multi-layered. This involves the company's relations with the people and environment in the communities in which it operates and those to which it exports. Too often, CSR at this level is understood as a transfer of financial resources from business to a worthy activity - but a financial contribution alone fails to take advantage of the most valuable contributions that a company has to make. This third role lends itself well to partnership arrangements: voluntary, multi-sectoral, consensual, based on shared objectives and the notion of 'core complementary competencies', with each party providing resources that derive from their core activities and that are complementary to those provided by the other actors, resulting in synergistic improvements to outcomes¹.

The fact that Angola is a poverty dominated country with an oil dominated economy makes this process more complicated from the perspective of both the companies and the government. Angola produces nearly 1 million barrels of oil per day. The production rates are likely to double over the next decade. Angola's astonishing estimated growth rate of 18% in 2002² is almost entirely due to the fact that more than half of its GDP is attributable to the oil and gas industry. The industry accounts for more than 90% of Angola's exports, and around 90% of the Government's revenue. In economic texts, natural resource dominance conventionally leads to three impacts which are easily identifiable in the case of Angola:

- Angola is a classic victim of **Dutch Disease (DD)**. In other words, the oil boom has led to a tendency for real exchange-rate appreciation that has contributed to reducing the competitiveness of the non-resource/tradable sectors (predominantly agriculture and manufacturing). This has been massively exacerbated by 35 years of civil war in which production has been hindered by displacement, destruction

¹ For more on these partnership approaches to CSR, see 'Putting Partnering to Work', the final report from Business Partners for Development, at <http://www.bpdweb.org/>

² IMF staff estimates.

of infrastructure, instability, banditry, and landmines. To this challenging and complex business environment, should be added Angola's legacy of centuries of bureaucratic colonization and central planning.

- The dominance of oil revenue has reduced the Government's incentives to rely on non-oil tax revenues for the financing of its activities. This means that the relationship between the Government of Angola and its people is less based on the normal "social contract" arising from a better functioning taxation system.
- The potential for **rent seeking behavior** has been increased – i.e., only those with access to the oil sector can benefit, creating the incentives for patronage and lack of transparency.

These impacts are exacerbated if, as in the situation in Angola, the oil operations are mostly off-shore making local supply and support services less competitive. Although oil exploration and production as well as LNG production is increasingly moving on-shore.

The result is that Angola is scoring worse and worse on every index of development indicators. In 2000 UNICEF declared Angola as the worst country in the world for a child to be born. The following year, the UNDP Human Development Index ranked it 146 out of 162 surveyed countries despite its relatively high GNP. The war has displaced almost 4 of its 12.8 million population. Life expectancy is 46 whilst only 1 in 4 women are literate and less than 1 in 3 people have access to clean water. The humanitarian situation in Angola is clearly stark.

Despite these circumstances, there are clear signs that this might be "the golden opportunity"³ for Angola in terms of development and economic competitiveness:

- a ceasefire was declared on April 4th, 2002, and there is a widespread belief that this time the peace process is irreversible;
- full elections may take place in 2004 and, with more vocal and active civil society and an improved public sector wage structure, there is an increased incentive for responsible accountable government;
- the country will need to demonstrate sound macro-economic management and transparency if it is to attract favorable terms for interest on its existing cash flow deficit and proposed projects inside and outside of the oil sector;
- there are small signals that there is a concerted Government effort to improve the investment environment and transparency, e.g., in 2000, Ernst & Young performed an audit of the country's central bank and in 2001 audited the companies associated with ENDIAMA, the State-owned diamond concessionaire; undertook a study diamond sector; in 2001, Crown Agents was appointed to assist in the modernization of the country's customs services; in 2001, KPMG were commissioned to undertake an oil sector diagnostic with recommendations to improve the mechanisms for monitoring revenues more accurately; and in September 2002, the Ministry of Finance published recent oil revenue figures on its website;

³ This phrase was coined during a speech delivered by President José Eduardo Dos Santos in occasion of the signing of the cease-fire agreement between Government of Angola and UNITA, April 4, 2002.

- there are relatively few large oil companies operating in Angola making joined-up action a real possibility.

To date, the bulk of oil companies' CSR activity in Angola has been focused on humanitarian responses from a quasi-philanthropic perspective. Recognizing the unique opportunity to impact on the shared objective of peace and development in Angola, companies appear potentially ready to ratchet up that CSR involvement to a more strategic level, provided that they see a real commitment from the GoA to seek a more efficient and transparent partnership with the oil companies.

Experience from other countries suggests that a strategic and structured partnership approach that seeks to engage the strengths of corporations alongside those of government and civil society can yield better results for communities as well as for business, and in the context of Angola could provide a significant boost to efforts to bed down the current cease fire. The underlying principle of a more strategic CSR approach is that all partners act upon their core competencies - their complementary resources, knowledge and skills - to jointly address the complexities surrounding social development. This is very different from traditional, charitable approaches to corporate social responsibility, where companies might be expected to contribute little more than cash. Core competencies might include the **private sector's** financing, project and financial management, IT and engineering skills; the **public sector's** strategic co-ordination or ability to source funding, and oversight; **NGO's** ability to identify social and environmental issues of concern and to mobilize local community participation to help address them.

CSR ISSUE #1: "ANGOLA CONTENT"

This subject breaks out into two categories: Angolanization and development of the local supply market.

Angolanization:

Since 1982, and consistently through the years, the GoA has passed legislation to set targets for the hiring of local labor to which the foreign oil companies must adhere. Between 2002 and 2010, oil companies will be required to increase their Angolan staffing from 70% to 90% of their workforce operating in Angola. This process is referred to as "Angolanization". The staffing targets are based on worker grades: (1) 100% Angolanization will be required for unskilled workers, e.g., drivers, janitors, etc., (2) 80% Angolanization will be required for mid-level workers, e.g., travel agents, machinists, etc., and (3) 70% Angolanization will be required for higher level staff, e.g. managers, geologists, engineers, etc.

While many companies have already achieved compliance with the unskilled worker target, they are having more difficulty complying with the targets for higher level staff. There is a shortage of skilled and adequately trained labor in Angola. Several oil

companies have programs in place to train mid-level and higher-level staff at universities in their home countries. After completion of their studies, a number of trainees choose to stay abroad where they may find more options to succeed. The others return to Angola and are employed by the companies. In absence of reliable data on the percentage of returning students, oil companies continue to promote this type of expensive programs, while stating that they do so because of the absence of cost-effective opportunities to train their staff locally.

On the other hand, there is an overall consensus and building momentum amongst oil companies, the government (with the Ministry of Petroleum leading the charge) and other development institutions for a comprehensive approach to the problem of development of human capacity, skills and training, for Angolans both rethinking the strategy of sending students abroad as well as improving the educational infrastructure in Angola. While some are focused on the need for skills directly related to the oil sector, e.g., petroleum engineering, geology, seismology, etc., others see the benefits of building a broad and diverse skills base, including general mathematics, sciences and business training as well as more technical trade skills like shipbuilding, welding, etc. This training would support the oil services sector as well as other potential growth sectors for Angola.

The Ministry of Petroleum and Sonangol are chairing a consortium of government and private sector players to address the issue of Angola Content. It began in February 2002 and meets monthly. A report is expected in early 2003. Representatives from the Ministries of Petroleum and Industry made a speech in Houston on October 21, 2002 about the need for more Angolanization in the oil sector.⁴

Several people identified a role for the World Bank CSR Team in supporting sustainability efforts. **Whilst the World Bank does not necessarily endorse the Angolanization targets, it could serve as a catalyst for long-term investment in the education and training of Angolans.** It is critical that the skills identified are potentially transferable to other industry sectors, if this is to be in the long-term development interests of Angola. The Bank may also have a role to play in encouraging the use of core complementary competencies in this collaborative process. If the program agenda is carefully designed so that it reflects the goals of each sector and employs the most appropriate resources that each can bring to bear, this will contribute to a mutually advantageous, win-win proposition. It will be far less successful if companies feel they are being forced to comply with artificial and arbitrary government imposed standards. Companies could potentially spend more time and effort looking for loopholes than looking for ways to contribute to a common vision.

Local Sourcing:

Another key issue which companies and government agree on the importance of, is the development of a local supply market in Angola. It is common practice for oil companies to import everything they need from the buoys that hold their platforms steady

⁴ Augusto Alfredo, "Petróleos procuram maior angolanização do sector", *Jornal de Angola: Economia*, p. 9 (see Annex 4).

to the oil tankers to the food their staff eat and the water they drink. They simply cannot find high quality, cost competitive goods and services to procure locally, if they exist at all.

Several factors contribute to the underdevelopment of local business: 80% of Angolans are employed in the informal sector; small businesses have no access to capital; the majority of entrepreneurs have few skills, low educational levels and no previous business experience; there is no justice system in place to deal with commercial interests, land rights, etc.

People talked about the importance of building the capacity of downstream operations, instead of just upstream capabilities. Local supply markets need to get into the maintenance business of oil blocks. This will be a longer-term endeavor than directing all capacity towards the construction of oil blocks, which will have a finite duration.

We understand that the Angolan Chamber of Commerce is working on the issue of Angola content by bringing together local services companies. While we did not get the opportunity to meet with them on this trip, we consider them a potential partner on this pilot.

CSR ISSUE #2: TRANSPARENCY AND GOOD GOVERNANCE

At present the Angolan oil industry is the chief target of an international campaign involving governments and civil society in both the north and the south, and many major oil corporations, to establish a framework for more transparency in the extractive industries. In short, many of the organizations in the alliance are pushing for companies to publish all their payments to the GoA. This is due to a perceived lack of transparency and economic mismanagement, as alleged in documents such as Global Witness's "A Crude Awakening (2000)" and "All the President's Men (2002)". The 2002 round of Transparency International's Corruption Perceptions Index rated Angola as amongst the five most corrupt countries (in a list of 102) as perceived by business people, risk analysts, and the general public.

There is a general sense that the GoA is more concerned with national pressure than international pressure. Angolans tend to believe that the international press and community distort issues. There is some measure of domestic consensus that monies allegedly diverted during the years of civil war may have been necessary for the defense of the population. In keeping with this, now that the war is over, this is the time to introduce issues of transparency and accountability.

This report does not pass comment on the validity or otherwise of those reports and the mission was not tasked to do so. Our aim is to address this concern from the point of view of ensuring that oil revenue is managed for optimal social benefit. In any country, transparency is a key ingredient in that.

All of the companies we spoke to were keen to state that they complied fully with the terms of their operations as set out in their Production Sharing Agreement (PSA). Any information beyond the PSA might breach the PSA clauses on confidentiality. Several companies did admit that the lack of transparent business practices in Angola was damaging their reputations overseas. However, the companies are unanimously reluctant to meddle in the affairs of state and raise this issue. "It is not really the role of a foreign oil company to tell the GoA its business." The foreign oil companies would be willing, in principle, to disclose their payments to government, but will not do so unilaterally.

Sonangol stated to us that, whilst they could improve some things, the data required were available and that, due to their strong international reputation, they had no problem attracting project finance at favorable rates.

All parties agreed with the basic principle of improved transparency and that it should underpin any proposal that is taken forward. The Bank will work with the Government and other partners in tackling transparency and governance issues through a variety of instruments, such as the proposed Economic Management Technical Assistance credit, the ongoing Country Procurement Assessment and the forthcoming Public Expenditure Management and Financial Accountability Review, as well as this CSR technical assistance work.

CSR ISSUE #3: AFFORDABLE ENERGY SOLUTIONS FOR THE POOR

During the mission we discussed extensively the issue of affordable energy provision to the underserved in Angola. Our original assumption was that this was likely to attract the interest of - most if not all - the oil companies (core competencies), the GoA (infrastructure rehabilitation and development) and the NGOs (social and environmental concerns). In addition, we felt that we had an opportunity to set realistic deliverables within the pilot duration. Deliverables could include the passing of ad-hoc legislation by GoA to establish energy infrastructures in underserved areas, the inclusion of affordable energy to the new gas liquefying plant project, the creation of an energy private/public fund to promote renewable and/or cleaner energy sourcing, etc.

The following technologies were discussed during the mission as potentially promising for deployment in Angola:

- Solar energy. It can be used to supply electricity to small communities and families in areas with no grid access (both urban and rural). Implications for health clinics (refrigeration of medicines and vaccines), schools (lengthening the school day), water supply (pump operation), and telecommunication (satellite radio/TV, wireless phone operations, Internet kiosks).

There is no clear strategy by the GoA at the moment to deploy this technology, although it could make a significant contribution to rural development. Among the oil companies, only BP and Shell have solar energy products (photovoltaics), and

only BP is interested in introducing them into Angola. Currently, BP is exploring how significant the demand may be, and is deciding whether to deploy photovoltaic installation beyond its strategic voluntary charitable activities in Angola. They have equipped 2 schools (one in Luanda, one in Viana, just outside Luanda), and plan to equip clinics to allow refrigeration of medicines (no specific plan in place yet).

- **LPG.** Liquefied Petroleum Gas (a.k.a. propane, butane, or a mix of the two) is a lesser-value derivative produced with LNG (Liquefied Natural Gas). Gas is normally transported via a pipeline from the oil fields to a liquefying plant, which produces separate streams of LNG and LPG (and avoids the need for flaring gas offshore). LNG is then exported via special tankers, and LPG is usually bottled and distributed for local consumption. The LNG plant project, a multi-billion project involving several companies (ChevronTexaco, BP, ExxonMobil, Norsk Hydro, TotalFinaElf and Sonangol) and would represent the oil industry's first major onshore investment since the end of the war.

The plant would produce a considerable amount of LPG that could cover some of Angola's demand for power generation and cooking. In particular, LPG could assist the poor in graduating from inefficient and environmentally-harmful fuels such as wood, charcoal and kerosene. However, this could only be realized through a commitment by the LNG project to the commercial distribution of LPG in the local community and the rest of Angola (perhaps in partnership with local SMEs). This would represent a strategic change in the oil industry's approach to CSR in Angola, which has not traditionally involved the supply of energy services to local communities, and has tended to focus on philanthropic rather than commercial solutions.

Currently Sonangol produces a limited amount of LPG in Block 0, and distributes it in bottles of various sizes on the domestic market for cooking. The 15kg bottle retails for about USD 2.40. Prices are subsidized. The GoA has plans to reduce subsidies for various petroleum related fuels, but the subsidies will remain for LPG.⁵

- **Hydroelectric.** Angola's geophysical characteristics yield good potential for hydroelectric power generation, so much so that Angola could theoretically produce enough electricity with this technology to become a net exporter. There is, however, no interest with the oil companies. Furthermore, the LNG plant would provide excess LPG to be used for electric power generation. New small or medium plants could be build around the country, and old diesel-powered plants could be upgraded.

Although all the technologies discussed above are critical to provide affordable energy and contribute to the social and economic development of Angola, we have come to the conclusion that it is unrealistic to include energy provision as

⁵Under this plan, subsidies will also remain effective for kerosene, which is mainly used for illumination lamps.

part of the CSR Angola pilot. At this point in time, there is little or no interest within the oil companies, limited or absent coordination within the GoA, and inadequate understanding within the civil society - due in part to the many emergencies that the country is facing - for the positive impact that affordable energy could have. Our conclusion is that an affordable energy provision is not a viable option. However, we would be interested in GoA and company reaction to this conclusion.

CSR ISSUE #4: SOCIAL AND COMMUNITY DEVELOPMENT

Subsequent to the identification mission, discussions have begun with the Fundo de Apoio Social (FAS) to assess interest in integrating CSR activities with the FAS III, for which pre-appraisal discussions are underway. This would present an additional alternative for companies looking to invest in social and community development in Angola, which is becoming an increasingly popular CSR activity. Recently, several oil companies have announced social development initiatives in conjunction with various implementing partners.

Fundo de Apoio Social (FAS):

FAS is a governmental agency, with its own juridical identity and financial and administrative autonomy. FAS was created on October 28, 1994 by Decree 44/94 to implement part of the credit (2802 – A/ANG) negotiated between the Government of Angola and the World Bank in October 1995 that became effective on March 21, 1996. FAS benefits from a credit from the World Bank with the participation of the Government of Angola and bilateral donations from Sweden, Norway, Holland, etc.

The objective of the **FAS II** project is to contribute to the sustainable utilization of basic social and economic services through:

Part A: Social and Economic Infrastructure

Strengthening social and economic infrastructure in poor communities (as determined by the social economic indicators produced by the Borrower National Statistics Institute) through the financing of Subprojects in areas such as health, education, water and sanitation, feeder road rehabilitation, natural resources management, storage facilities and small irrigation facilities.

Part B: Capacity Building

Increasing the effectiveness and sustainability of community projects by building capacity through: (i) production and dissemination of technical manuals; and (ii) the provision of technical advisory services in support of training activities at the community level, level of implementing partners, local government, and level of FAS.

Part C: Monitoring and Evaluation

Increasing the flow and quality of information on project implementation through the: (i) provision of technical advisory services for the monitoring of project performance; (ii)

carrying out of qualitative appraisal and impact assessments of projects; (iii) carrying out of reviews and analysis of interim and final evaluations and the lessons learned; (iv) acquisition of material and equipment for the carrying out of project monitoring; and (v) carrying out of training programs in project monitoring for the staff of FAS.⁶

The **FAS III** is currently in the pre-appraisal phase and negotiations between the World Bank and the GoA are scheduled for July 2003. FAS III will expand upon FAS II by expanding coverage from 9 to 18 provinces throughout Angola, and broadening the remit to emphasize capacity-building. A new window will be proposed to address the needs of vulnerable groups, focusing specifically on: (i) participation and social inclusion, (ii) empowerment, capacity building of community based organizations and local administration, (iii) broad civic engagement, (iv) strengthened linkages with local government, and (v) support to ‘pro-community driven development’ enabling environment.

THE ISSUES TO TAKE FORWARD: (1) ANGOLA CONTENT THROUGH STAFFING, SOURCING AND ACCOUNTABILITY & (2) SOCIAL AND COMMUNITY DEVELOPMENT

(1) Angola Content through Staffing, Sourcing and Accountability

“All deposits of liquid and gaseous hydrocarbons ... belong to the Angolan people” (Angolan Law 13/78 of 26 August 1978).

The overarching objective of this CSR program in Angola is to work with the government to ensure that resources from the oil sector are shared more equitably and efficiently amongst the Angolan people. The way in which we intend to do this is by facilitating the discussion with the GoA and the oil companies to: (1) design and deliver oil sector-relevant education and training programs for Angolans; (2) enable and provide incentives for the development of local supply markets for the oil industry; and (3) ensure that issues of accountability and transparency are built into this dialogue.

Potential activities may include:

- **Assessment of oil companies’ and oil services companies’ hiring and sourcing needs and processes.**

Interview the major oil companies operating in Angola (or perhaps, initiate this process through the MinPet / Sonangol “Angola Content” consortium) to determine their staffing needs across all grade levels in their Angola operations. How many jobs and what types will be available each year? Which vocations are easier and more difficult to find qualified Angolans to fill?

⁶ Development Credit Agreement, Angola – Second Social Action Fund Project (FAS II) between Republic of Angola and International Development Association; Project ID# PO56393; 10/16/2000 – 2/29/2004; pp. 12-13.

Where do the companies procure their operations-related goods and services? What factors affect procurement decision-making? This should include everything from technical equipment and services to catering and entertainment.

- **Survey and analysis of education and training programs in Angola.**

How many years of schooling are required by GoA? How many, what types and what caliber of schools exist (primary, secondary, technical tertiary, university)? How many students matriculate each year?

What types of programs are specifically relevant to the oil industry? What ages can enroll in these programs? How many are trained per year? What is the typical curriculum? Does it include courses on management, business ethics, accounting?

What are the gaps and shortfalls between the stated hiring needs of the oil and oil services companies and the existing education and training opportunities in country?

- **Education and training dialogue / workshop potentially convened by Ministry of Education.**

There is consensus regarding the current inadequacy of the Angola schooling system to train and educate students for all levels of professional life. Institutions are generally recognized to be weak; their teaching staff is often underpaid and untrained, and most of the facilities are in less than adequate facilities. Internet access is normally not available. There are a few notable exceptions, like the School of Petroleum in Sumbe, the Instituto Medio Industrial de Luanda, and the Catholic University of Angola in Luanda. But these institutions can only deal with a number of students that falls far short of the needs of the country.

There is some current data regarding schools, universities, and technical training centers from the Ministry of Education, but a forecast for the next decade is needed. The Ministry of Planning is working on statistical projections relevant to the social and economic development of Angola for the next 10 years. Projections about the needs of the education system will be included (e.g. number of students/schools, geographical locations, curricula, etc). The Ministry of Education could use this information for its own planning purposes. Likewise, the Ministry of Industry is relying heavily on economic development projections.

A workshop, which might be convened by the Ministry of Education, could facilitate the collection of data and enable each of the relevant universities and training programs (see Annex 2) to share its experiences and discuss the collaborative steps to improve educational opportunities. A joint program for petroleum and geology between two or more institutions could be foreseen. Also, the idea of a pan-SADC comprehensive curriculum for the oil and mining industry should be considered (this idea has been floating around since 2000).

- **Survey and analysis of local small and medium-sized business in Angola potentially conducted jointly with UNDP.**

What types of local business exist both within the formal and informal sectors? Do they tend to be concentrated around certain areas? If so, what are they? What variables contribute to strengths in certain areas and impediments in others?

There is some relevant research that may inform this survey, e.g. “Promoting the Urban Micro-Enterprise Sector in Angola” by Fion de Vletter, study commissioned by the International Organization for Migration (IOM) and the United Nations Development Programme (UNDP).

What are the gaps and shortfalls between the stated procurement needs of the oil and oil services companies and the existing local supply markets?

- **Local economic growth and entrepreneurship dialogue / workshop potentially convened by Chamber of Commerce of Angola.**
Business associations like the Chamber of Commerce of Angola (see Annex 3) could serve as incubators for discussion and action to promote economic growth and entrepreneurship. This would need to be closely linked with the expressed demand for locally produced goods and services by the major oil and oil-services companies.
- **Stakeholders’ workshop or other venue to discuss scenarios to address the identified gaps between industry needs and existing education/training opportunities as well as local supply market issues.**
This dialogue would lay out the findings of the surveys and discuss possibilities for designing and delivering education/training programs to address. This forum would be informed by recommendation from the World Bank’s CSR team, but in no way held to them. The goal would be to convene a dynamic, sustainable group of interested stakeholders from GoA (including the Ministries of Petroleum, Planning, Education, and Industry), the oil industry led by Sonangol (and beyond where relevant), and relevant civil society representatives who are deemed ahead of time to have a potentially valuable contribution to make to this process. This group may already exist, at least in part, in the form of the “Angola Content” consortium convened by MinPet and Sonangol. The purpose of convening this group would be to create an ongoing forum in which to discuss these issues.
- **Policymakers’ briefing on supportive roles to play in strengthening CSR, related to staffing, sourcing and accountability.**
Depending on the discussions and needs identified during the stakeholders workshop/forum, this may or may not be considered necessary. This may also depend in part on the ease of tri-sector dialogue and the expressed need for confidentiality.

(2) *Social and Community Development*

- Convene meeting of potentially interested companies, government officials, and the Steering Committee of the FAS to discuss opportunities for social development partnerships (anticipated date: late February in Luanda).

THE CONTRIBUTIONS EACH SECTOR CAN MAKE

Public Sector:

Good practice from other countries suggests that public sector roles can be grouped as follows⁷:

- **Mandating:** In their mandating role, governments at different levels make policy clear, embedded within the legal framework.
- **Facilitating:** In their facilitating role, public sector agencies enable or incentivize companies to engage with the CSR agenda. In many of the approaches under this heading, the public sector plays a catalytic, secondary or supporting role.
- **Partnering:** The notion of partnership is central to the CSR agenda, bringing the complementary skills and inputs of the public sector, the private sector and civil society to tackle shared objectives. In their partnership role, public sector bodies may act as participants, convenors or facilitators.
- **Endorsing:** Public sector endorsement can take various forms, including inclusion of CSR topics in policy documents and direct recognition of the efforts of individual enterprises.

Private Sector:

The private sector impacts CSR at multiple levels, including⁸:

- Direct economic impacts – through customers, suppliers, employees, providers of capital, public sector, investment inflows.
- Corporate governance – through structure and governance, stakeholder engagement, overarching policies and management systems.
- Environmental – including materials, energy, water, biodiversity, emissions, effluents and waste, suppliers, products and services, compliance, transport.
- Social – through labor practices and decent work, including employment, labor/management relations, health and safety, training and education, diversity and opportunity.
- Social – through human rights, including strategy and management, non-discrimination, freedom of association and collective bargaining, child labor, forced and compulsory labor, disciplinary practices, security practices, indigenous rights.
- Social – through society, including community development, raising awareness against bribery and corruption, competition and pricing.
- Social – product responsibility through customer health and safety, products and services, advertising, respect for privacy.

⁷ For further details, see “Public Sector Roles in Strengthening Corporate Social Responsibility”, Fox, Ward and Howard, September 2002, The World Bank, Washington DC.

⁸ Tables are based on indicators in the GRI Framework, with a few additions and changes. See *Sustainability Reporting Guidelines*, Global Reporting Initiative, 2002, p.36.

Civil Society:

Potential civil society roles may include⁹:

- Building consensus for economic reforms, encouraging positive alignments within civil society and pushing for longer term development.
- Promoting institutional transparency and accountability, combating corruption and broadening the base on decision making.
- Combating inequality and exclusion, promoting and protecting human rights, and influencing the quality and distribution of economic growth.
- Delivering social and economic services using alternative values and methods.
- Improving natural resource management and environmental protection.
- Building constituencies for poverty reduction, sustainable development, and international co-operation.
- Promoting consumer activism.

Institutions:

Systemic indicators that affect the CSR enabling environment include:

- Legal systems / laws
- Property rights
- Political stability
- Business associations
- Consumers
- Peer groups
- Media
- Other formal and informal mechanisms.

PROPOSED NEXT STEPS

After this TA study proposal is submitted to the Ministries of Petroleum and Planning for their endorsement, the following are a series of proposed next steps to move the project forward. We, of course, anticipate and welcome input from the Ministries and others to whom this study is circulated.

1. Determine government and corporate interest in partnering on the various CSR activities proposed in this report – Angola content, transparency as well as social and community development activities.
2. Undertake assessment of oil companies' and oil services companies' hiring and sourcing needs and processes.
3. Undertake survey and analysis of education and training programs in Angola.
4. Convene / participate in education and training dialogue / workshop.

⁹ Table is based on ideas set forward by Mike Edwards, Sr. Civil Society Specialist at The World Bank; see <http://www.devinit.org/civilsociety.htm>.

5. Undertake survey and analysis of local small and medium-sized business in Angola.
6. Convene / participate in local economic growth and entrepreneurship dialogue / workshop.
7. Convene stakeholders' workshop or other venue to discuss scenarios to address the identified gaps between industry needs and existing education/training opportunities as well as local supply market issues.
8. Design and conduct policymakers' briefing on supportive roles to play in strengthening CSR, related to staffing, sourcing and accountability.
9. Convene meeting of potentially interested companies, government officials, and the Steering Committee of the FAS to discuss opportunities for social development partnerships (anticipated date: late February in Luanda).
10. Discuss and design financing arrangements for the CSR program. Part of the ensuing technical assistance will involve a serious look at alternative financial mechanisms to help ensure feasibility of the Government's plans concerning "Angola content" and transparency.

ANNEXES:

1. Meetings and contacts list for October 20 – 26th, 2002 World Bank mission.
2. Universities, Schools, Training Centers
3. Business Associations
4. Angolan Statutes on Corporate Social Responsibility, prepared by Agostinho Pereira de Miranda, October 2002
5. Jornal de Angola article by Augusto Alfredo, "Petróleos procuram maior angolanização do sector", October 21, 2002.

