Corporate Social Responsibility, Public Policy
And the Oil Industry in Angola

Study for the Corporate Social Responsibility Practice of the World Bank

Summary Report
August 21, 2003

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# List of Key Terms and Acronyms

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<th>Definition</th>
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<tbody>
<tr>
<td>AGIP</td>
<td>Azienda Generale Italiana Petrolio</td>
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<tr>
<td>AGOA</td>
<td>Africa Growth and Opportunity Act</td>
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<tr>
<td>Angolan Provincial Governments</td>
<td>18 provinces: Bengo, Benguela, Bie, Cabinda, Cuando Cubango, Cuanza Norte, Cuanza Sul, Cunene, Huambo, Huila, Luanda, Lunda Norte, Lunda Sul, Malanje, Moxico, Namibe, Uige, Zaire</td>
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<tr>
<td>Angolanization</td>
<td>The procedure by which the training of Angolan workers and the gradual placement of Angolans into management and other positions of responsibility is encouraged</td>
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<tr>
<td>Block</td>
<td>A geographic area reserved for exploration and production of oil and natural gas. Typical size between 1,000 and 10,000 sq km, either onshore or offshore.</td>
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<tr>
<td>BP</td>
<td>formerly British Petroleum</td>
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<tr>
<td>BU</td>
<td>Business Unit - typically defines operations in a specific country. i.e. the Angola Business Unit</td>
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<tr>
<td>CABGOC</td>
<td>Cabinda Gulf Oil Company</td>
</tr>
<tr>
<td>CNRL</td>
<td>Canadian Natural Resources, Limited</td>
</tr>
<tr>
<td>Corporate Governance</td>
<td>The system by which business corporations are directed and controlled</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<tr>
<td>CVX</td>
<td>ChevronTexaco</td>
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<td>DFID</td>
<td>Department for International Development</td>
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<tr>
<td>Downstream</td>
<td>The downstream petroleum industry includes all activities to market, distribute and sell processed petroleum and natural gas products</td>
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<tr>
<td>EIA</td>
<td>Environmental Impact Assessment</td>
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<tr>
<td>EITA</td>
<td>Extractive Industry Transparency Initiative</td>
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<tr>
<td>ENI</td>
<td>Ente Nazionale Idrocarburi</td>
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<tr>
<td>EP</td>
<td>Exploration and Production</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>Flaring</td>
<td>The burning off of natural gas at oil find site</td>
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<tr>
<td>GoA</td>
<td>Government of Angola</td>
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<tr>
<td>HIV/AIDS</td>
<td>Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome</td>
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<td>HQ</td>
<td>Headquarters, typically define the corporation main office</td>
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<td>HSE</td>
<td>Health, Safety and Environment</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
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<td>IDA</td>
<td>International Development Agency</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>INGO</td>
<td>International NGO</td>
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<tr>
<td>Inter alia</td>
<td>Among others</td>
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<tr>
<td>ISO</td>
<td>International Organization for Standardization</td>
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<td>JV</td>
<td>Joint Venture</td>
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<td>LNG</td>
<td>Liquefied Natural Gas</td>
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<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<tr>
<td>MinFin</td>
<td>Ministry of Finance</td>
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<tr>
<td>MinPet</td>
<td>Ministry of Petroleum</td>
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<tr>
<td>MPLA</td>
<td>Movimento Popular da Libertação de Angola</td>
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<td>NEPAD</td>
<td>New Partnership for Africa's Development</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>ODI</td>
<td>Overseas Development Instrument</td>
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<td>PDF</td>
<td>Portable Document Format</td>
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<tr>
<td>PSA</td>
<td>Production Sharing Agreement</td>
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<td>SEED</td>
<td>Schlumberger Excellence in Educational Development</td>
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<td>SIA</td>
<td>Social Impact Assessment</td>
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<td>SONAIR</td>
<td>Sonangol Air Services</td>
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<td>Sonangol</td>
<td>Sociedade Nacional de Combustíveis de Angola</td>
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<tr>
<td>Sustainable Development</td>
<td>Development that meets the needs of the present without compromising the ability of future generations to meet their own needs</td>
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<tr>
<td>Transparency</td>
<td>An environmental measure for just, sound and sustainable government and/or business activities</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UNEP</td>
<td>United Nations Environment Programme</td>
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<tr>
<td>Upstream</td>
<td>The upstream petroleum industry includes all activities that find, produce, and process oil and natural gas, including the treatment of liquid petroleum gas, condensates, crude oil, heavy oil, and crude bitumen.</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>WB</td>
<td>World Bank</td>
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Executive Summary

The World Bank defines Corporate Social Responsibility (CSR) as the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life, in ways that are both good for business and good for development. The World Bank’s CSR Practice, located in the Investment Climate Department of the Private Sector Development Vice Presidency, is focused on building public sector understanding of CSR and improving strategic interactions between business and government.

The current report is part of an ongoing multi-country study of Corporate Social Responsibility (CSR) and public sector policies and practices in developing countries. The ultimate objective of this project is to improve the impact of CSR by advising the public sector within developing countries on their potential roles, and by supporting implementation activities led by private sector companies in strategic economic sectors.”

A World Bank mission to Angola in October 2002, with participation from the Angola Educational Assistance Fund (AEAF), led to a Technical Assistance Study on CSR in the Oil Sector in Angola published in January 2003. This study presented a baseline discussion of public sector roles in strengthening CSR. The present report expands the findings of that study, providing a detailed analysis of CSR investments undertaken by oil and oil services companies in Angola. It does so with particular attention to:

- Discerning the motivations, or “business drivers,” behind CSR investment projects by oil companies currently in Angola;
- Identifying and categorizing, or “mapping” these investments;
- Assessing the relative success of these investments, in terms of business value and impact upon intended beneficiaries;
- Describing the current role of the public sector in promoting CSR activities; and
- Identifying potential public sector roles that would assist, broaden, and deepen corporate efforts.

The report is divided into two parts. The first part contains information that can be freely distributed. The second part contains confidential information and is therefore not recommended for unrestricted circulation.

Section 1 is structured as follows:

Chapter 1 places this report in the context of the World Bank’s broader CSR research agenda, describes the specific objectives of the report, and explains the research methodology used to attain these objectives. In brief, this methodology consists of two simultaneous data gathering efforts: a) primary research, conducted via structured interviews with selected representatives of ten major foreign oil companies currently operating in Angola; and b) archival and online research involving the collection and review of publicly available CSR-related material published by oil companies, government agencies, international financial
institutions, think tanks, consulting firms, academic research centers, and a host of other sources.

**Chapter 2** is a question-by-question analytical review of the data generated during the interview phase. Areas of potential bias, informational lacunae, and other constraints encountered in scheduling, conducting, and analyzing these interviews are highlighted in this section.

**Chapter 3** draws tentative conclusions and issues initial recommendations on the basis of the previous chapter’s analysis.

**Annex 1** is the “CSR Diagnostic Tool” developed for World Bank by the Overseas Development Institute. This Diagnostic Tool presents the analytical framework around which WB’s overall CSR research and policy advising project is being developed.

**Annex 2** is the interview guide. It has been designed adapting core elements of the CSR Diagnostic Tool to our specific research and analytical needs vis-à-vis corporate social responsibility practices in the oil sector in Angola.

**Section 2** is structured as follows:

**Chapter 4** presents condensed summaries of almost all of the data collected during the interviews in a series of Data Summary and Analysis Tables.

**Chapter 5** consists of brief Corporate Profiles of the eighteen oil and oil service companies targeted by this study. Note that not all of these targeted companies have participated in interviews as of this writing. Much of the information contained in Chapter 5 derives from our review of corporate websites and official company literature, though a number of divergent sources and viewpoints, including those of prominent CSR watchdog groups such as Friends of the Earth, and well-respected CSR consultancies such as Businesses for Social Responsibility, have also been consulted and included.

**Annex 3** is the Terms of Reference and the Work Plan agreed on for this study.

**Annex 4** contains the full text of all ten completed interview guides from which the data presented in Chapters 2, 3, and 4 have been drawn.

**Annex 5** is a log of all persons contacted at all of the companies included in this study.
1. Background, Objectives, and Methodology

Background
The World Bank defines Corporate Social Responsibility, or CSR, as the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life, in ways that are both good for business and good for development.

Many businesses in emerging markets are realizing benefits from CSR-based initiatives, with quantified improvements in revenue and market access, productivity, and risk management. While emerging market companies tend to focus more on short-term cost savings and revenue gains, intangibles like brand value and reputational issues are more significant for companies in developed countries. Regardless, the contemporary CSR agenda is relatively immature in all countries. Despite widespread rhetoric, impact is still patchy; in practice, many companies’ implementation is shallow and fragmented.

Governments are beginning to view CSR as a cost-effective means to enhance sustainable development strategies, and as a component of their national competitiveness strategies to compete for FDI inflows and to position their exports globally. There is a significant opportunity for the public sector to harness business enthusiasm for CSR to help improve poverty-focused delivery of public policy goals. The challenge today for public sector bodies in developing countries is to identify CSR priorities and incentives that are meaningful in their national context, and to play a role in strengthening appropriate local initiatives.

The World Bank’s CSR Practice, located in the Investment Climate Department of the Private Sector Development Vice Presidency, is focused on building public sector understanding of CSR incentives and pressure points, and on improving strategic interactions. The team provides a country-specific diagnostic designed to enable developing country governments to work more effectively with business on this issue, to use CSR more strategically in development plans, and to take advantage of dynamic linkages between CSR-based voluntary approaches and regulation.

This report is part of an ongoing multi-country study of Corporate Social Responsibility (CSR) policies and practices in developing countries. The study, launched in April 2002, is focused on the following countries’ economic sectors and areas of intervention:

<table>
<thead>
<tr>
<th>Country</th>
<th>Sector</th>
<th>Area of Intervention</th>
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<tbody>
<tr>
<td>Angola</td>
<td>Petroleum</td>
<td>Good governance, local skills development, and employment generation</td>
</tr>
<tr>
<td>El Salvador</td>
<td>Industry-wide</td>
<td>General education</td>
</tr>
<tr>
<td>Philippines</td>
<td>Mining</td>
<td>Social and environmental best practice</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Athletic Footwear</td>
<td>Fair labor practices</td>
</tr>
</tbody>
</table>

The ultimate goal of the project is to improve the business environment and promote socially responsible business practices by a) mapping the current state of CSR activities undertaken by leading firms in strategic sectors; b) examining the current roles played by
public, private and non-profit sector stakeholders in designing and implementing these activities; and c) issuing recommendations to relevant public sector policymakers on how best to improve the CSR environment to support poverty-focused development.

A World Bank mission to Angola in October 2002 with the participation of an AEAF consultant led to a Technical Assistance Study on CSR in the Oil Sector in Angola published in January 2003. The study presents a baseline discussion of public sector roles in strengthening CSR. The report can be found at http://www.aeaf.org/wb/.

The present report expands the findings of that study to give a detailed assessment of CSR activities carried out by private sector companies in Angola.

**Objectives**
The following is an analysis of CSR resource commitments by major oil and oil service firms in Angola. It is the outgrowth of a January 2003 “World Bank Technical Assistance Study on CSR in the Oil Sector in Angola.” Specifically, this report attempts:

a) To assess the motivations, or “business drivers,” behind CSR investment projects undertaken by oil companies currently in Angola;
b) To identify and categorize, or “map” these investments;
c) To assess the relative success of these investments, in terms of business value and impact upon intended beneficiaries;
d) To describe the current role of the public sector in promoting CSR activities; and identify potential public sector roles that would assist, broaden, and deepen corporate efforts.

**Methodology**
To accomplish the above objectives, the team first identified eighteen companies believed to be involved in current oil exploration and/or production activities in Angola. We then conducted an extensive review of recent news and literature pertaining to these companies’ core business activities and CSR practices in Angola. This archival research involved, *inter alia*, close readings of company websites, Annual Reports, and press releases, and a review of recent studies on the Angolan oil sector by international NGOs, the IMF, World Bank, and a range of other international financial institutions, private consulting firms, and development agencies. Information conducted during this phase of the project was used to sketch rough “Corporate Profiles” of each of the companies. These profiles were further developed on the basis of information collected during the interview stage described below. Completed or, in some cases, nearly completed profiles for each of the companies are included in Section 7 of this report.

While archival research was being conducted, the team developed a detailed interview guide to be administered to selected respondents at each of the target companies. This survey instrument was designed with careful attention to the definitions, categories, and

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1 The initial list of companies was: ENI-Agip, BP, ChevronTexaco, Canadian Natural Resources-Ranger Oil, ExxonMobil, Halliburton, Marathon, Norsk Hydro, Occidental, Odebrecht, Petrogal, Prodev, Schlumberger, Shell, Sonangol, Statoil, Teikoku, and Total S.A.
axes of analysis described in the “CSR Diagnostic Tool” developed for the World Bank earlier this year by Dr. Michael Warner at the Overseas Development Institute. For each of the World Bank’s CSR program countries, some variant of this diagnostic has been conducted. This was done in hope that our data, conclusions and recommendations with respect to CSR in the Angolan oil sector might bear fruitful comparison to the data, conclusions and recommendations generated by parallel studies commissioned by the World Bank of CSR practices in other countries and sectors.

We then identified and contacted potential respondents via email and phone to explain the project to them, enlist their support in completing the questionnaire, and gather any additional information of relevance to the project. As of this writing, structured interviews have been conducted with one or more representatives from nine of the original eighteen companies.\(^2\) In addition:

- Representatives of three others have expressed willingness to participate in the study but requested more time to gather the requested information,\(^3\)
- Representatives of two others have explained that their activities in Angola have been discontinued or reduced to such an extent as to obviate the need to include them in the survey;\(^4\)
- Two companies have either not replied to our team’s repeated efforts to enlist their participation or have replied without indicating their willingness to participate;\(^5\)
- Finally, we have been unable to identify a suitable point of contact at two of the companies from our original list of eighteen.\(^6\)

The full text of each completed interview guide has been included in Annex 1 of this report. The data from each section of the interview guide has been condensed into a separate table. These are presented, along with a question-by-question analysis of the aggregate results, in Chapter 5. Because the data upon which this report is based does not include input from several major players in the Angolan oil sector, and because the information provided by several others contains substantial lacunae, the Analysis, Findings and Recommendations submitted here should be viewed as highly tentative and subject to significant, even fundamental, revision as more information is collected and analyzed. We expect to update our analysis and findings over the course of the next several weeks, as additional data are collected from many if not most of the heretofore participating and non-participating companies.

\(^2\) To wit: BP, ChevronTexaco, Halliburton, Norsk Hydro, Odebrecht, Schlumberger, Shell, Statoil, and TotalFinaElf.
\(^3\) To wit: ENI-Agip, CNR-Ranger and ExxonMobil.
\(^4\) To wit: Occidental and Marathon.
\(^5\) To wit: Sonangol and Petrogal.
\(^6\) To wit: Teikoku and Prodev.
2. Data Review and Analysis

**Questionnaire Part 1: Motivations of CSR Investments in the Angolan oil sector.**

Our investigation into the motivations, or “business drivers,” for CSR investments in Angola involved a review of the stated CSR philosophies of the target companies as described in their Annual Reports, websites and other corporate literature, followed by a series of questions posed during our interviews with the business units and, in some cases, headquarters representatives, with respect to:

a) The relative importance of CSR to the company’s business unit in Angola vs. the company’s corporate headquarters; and

b) The process by which CSR spending priorities are established or negotiated between the BU and HQ, including the relative influence of HQs vis-à-vis BUs and other key stakeholders such as the Government of Angola.

Somewhat predictably, responses to Questions 1.1 and 1.2, asking respondents to rate the importance of CSR to Corporate HQ and their Angola BU, respectively, tended to be high, with the average rating for Corporate HQ being 7.72 on a scale of 1-10, and for the Angola BU, 8.05.

Our intent in designing the interview guide was to compare these self-reported ratings to a somewhat more objective measure of the relative importance of CSR investments to the various companies, namely, annual CSR spending as a percentage of total revenues (see questions 2.2 and 2.4 of the survey instrument). Unfortunately, responses to Questions 2.2 and 2.4 were skeletal at best, with only one company actually reporting its CSR spending in the requested format.

With respect to Questions 1.3 and 1.4, concerning the process by which Angola CSR priorities are set at each company, the data points to a clear pattern of business unit autonomy, with the nine participating companies ascribing, on average, 57% of the CSR decision-making process to the Angola business unit, 29.2% to Corporate HQ, 10.3% to the Government of Angola, and only 1.1% to other stakeholders.

Most of the companies on our original target list, and almost all of the companies interviewed for this study, have well-developed official statements of corporate CSR philosophy which include, *inter alia*, references to ethical business practices, high standards for Health, Safety, and the Environment (HSE), and the pursuit of long-term profitability through good corporate citizenship and sustainable business practices. Responses to Question 1.5 tended to refer to these founding documents and, in some cases, to quote from them verbatim.

Question 1.6, asked respondents to rank the four major categories of CSR\(^7\) in descending order of importance to their company’s Angola Business Unit. Responses were as follows:

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\(^7\) As put forth in the WB-ODI CSR Diagnostic Tool, cf. Annex 4.
That Corporate Governance ranks last is hardly surprising, given the well-known lack of transparency pervading Angola’s oil sector. The ordering of the other three categories might be explained by a) the extreme poverty and underdevelopment of the country as a whole, making Social and Economic investments of obvious and paramount importance, and b) the fact that most oil and gas exploration and production in Angola takes place offshore, where environmental degradation resulting from spills, leaks, and flaring has a less direct impact on human health and economic productivity than it does in majority on-shore oil producing nations such as Nigeria.

**Questionnaire Part 2: Identification and Categorization of CSR Investments**

Due to the paucity of Angola-specific information available on most company websites, and the tight (30-45 min.) time constraints under which our interviews with company representatives were conducted, the descriptions of CSR programs provided in response to Question 2.1 are not comprehensive, even for many of the companies that agreed to participate in the study.

Generally speaking, most CSR projects described during the interviews and identified in the course of our archival research can be grouped under the Social heading, followed by Economic, Environmental, and Corporate Governance, in that order. It is important to point out, however, that if one were one to rank the relative importance of the four WB-ODI CSR classifications within the Angolan oil sector *in terms of dollars spent under each*, “Economic” and “Environmental” would be far out in front, with “Social” and “Corporate Governance” a distant third and fourth, respectively. This is owing to a) the enormous revenues that flow from foreign oil companies to GOA, in the form of taxes, royalties, signing bonuses, etc., *for their core business activities*, and b) the high cost of “Environmental” investments closely related to their core business, e.g. the multi-billion dollar Sanha Condensate and Angolan LNG projects.

The most significant activities described under each category include:

For Social CSR, companies reported a wide variety and broad scope of projects in such areas as General Medicine & Public Health, HIV/AIDS prevention, Agriculture, Education, Vocational Training & SME Development, Micro-credit extension, Humanitarian Assistance, Support for Orphans and the Handicapped; ICT Extension, and Community Development.

In the area of Economic CSR, several companies mentioned major “Angolanization” and/or staff training & technology transfer initiatives. Other common investments included technical support to government (especially the Ministry of Petroleum) and local sourcing for procurement and service delivery.
Under Environmental CSR, major initiatives mentioned during the interviews include EIAs and SIAs in support of core business; the Sanha Condensate Project and Angolan LNG Project; attainment of or progress toward ISO 14000 certification; and activities to mitigate and/or compensate for the effects of mining and hydroelectric production.

Corporate Governance was the least common category of response, with 5 out of 9 companies listing no activities at all in this area. Among those mentioning corporate governance investments, two cited support for or involvement in the Extractive Industries Transparency Initiative (EITI), one mentioned the New Partnership for African Development (NEPAD), and one its internal and external auditing standards and ethical business codes.

Responses to Question 2.2 and 2.3 were quite incomplete, with most respondents providing data on financial expenditures only, and only for FY 2002. Still, it is possible to discern from our very small (n = 4 to n = 8) and unscientific sample a general upward trend in per-company CSR expenditures in the Angolan Oil Sector over the last five years, from a per-company average of $1.16 M in 1999, to $1.41 M in 2000, to $2.84 M in 2002, to $3.16 M in 2002, and $3.39 M in 2003.

No such trend can be determined for the respective companies’ Corporate HQ on the basis of data gathered through Question 2.3, though a 2002 per-HQ average of $45.88 M can be calculated on the basis of data provided by 5 companies.

**Questionnaire Part 3: CSR Measurement and Impact**

This section examines a) the methods employed by oil companies to assess the efficacy of their CSR investments in terms of both impact on intended beneficiaries and business value; and b) the perceived, relative impact of different kinds of CSR investments on beneficiaries and business value.

In response to Question 3.1, on methods used to measure CSR impact on beneficiaries, data from nine companies indicates a clear preference for “Anecdotal Evidence from Communities,” which accounts on average for 41.1% of all CSR measurement in this area. Other preferred methods include “Monitoring and Evaluation (M&E) Systems – External,” at 21.1%; and “M&E Systems – Internal,” at 16.7%.

Interestingly, respondents ascribed much less importance, on average, to “Feedback from the Government of Angola” (7.8%), “Media Coverage” (6.7%), and “Crises Averted and License to Operate” (4.4%).

Responses to Question 3.2, on the perceived, relative impact on beneficiaries of actual CSR activities described in Section 2, align closely with the rankings of the four CSR categories derived from Question 1.6. That is to say, there was an overwhelming tendency among respondents to give very high impact-on-beneficiary rankings to CSR

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8 “Crises Averted / License to Operate” was presented as a possible method for measuring impact of CSR on both business value and communities, since community uprisings and other crises which disrupt oil and gas production are both harmful to core business and indicative of unsuccessful CSR investments.
investments in the Social realm, followed by slightly lower (but still high) rankings for Economic CSR investments, and dramatically lower rankings for investments in the areas of Environment and Corporate Governance.

**Question 3.3**, on methods for measuring CSR business value, elicited similar responses to those given to **Question 3.1**, with the notable exception that “Feedback from the GOA” becomes much more important, accounting for fully 20% of business value measurement. “Anecdotal Evidence from Clients and Customers,” at 40.8%, is the most important method reported by the six companies answering this question, with “M&E Systems – Internal” (13.3%) “M&E Systems – External,” (11.7%), “Media Coverage” (7.5%), and “Crises Averted and License to Operate” (0%) completing the picture.

Data for **Question 3.4**, on the *perceived, relative business value* of actual CSR investments are less complete than for **Question 3.2**, though responses from five companies indicate a tendency to rate Economic and Social investments as having high business value, and Environmental and Corporate Governance related CSR investments as having low or negligible business value.

**Questionnaire Part 3B: Principal CSR Constraints**

**Question 3.5** seeks to identify and categorize the principal internal and external constraints faced by Angolan oil companies in designing and implementing their CSR activities.

Though respondents did not provide a wealth of specific information on this somewhat sensitive topic, eight out of nine of them identified Budgetary issues as at least one of several internal constraints, followed by Technical and Organizational issues (mentioned four times each), and other issues of varied importance and nature.

Specific internal constraints cited by various respondents were as follows:

**Budgetary:** Respondents mentioned the relatively low priority given to CSR budgets as compared to core business budgets as a constraint, especially in the intensely competitive environment of Angola. They also mentioned the impossibility of ever meeting the demand for CSR services, which many viewed as boundless. Finally, one respondent mentioned the difficulty in demonstrating a tangible rate of return on CSR investments as a constraint to increasing CSR budgets.

**Organizational:** A few respondents mentioned organizational constraints relating to the HQ-Business Unit divide, but most had no concerns relating to organizational constraints.

**Technical:** Respondents were about evenly divided between those who claimed to face no technical constraints at all in implementing their CSR programs, and those who mentioned serious technical constraints relating to the “very difficult” in-country technical and infrastructural environment.
Other: Most respondents did not mention any “other” internal constraints, though one pointed to difficulties in identifying good projects and another to the overall lack of transparency in the country.

As for external constraints, problems or concerns relating to international NGOs, and pertaining especially to their lack of coordination and high operating budgets, were mentioned five times, problems with GOA were a close second (mentioned four times), with issues concerning Local communities, Other, Private firms, and International Development Agencies appearing thrice, twice, twice, and once, respectively.

Specifically, respondents mentioned the following kinds of external constraints:

Government of Angola: Several respondents declined to comment on constraints relating to GoA, though two mentioned the government’s “lack of international credibility” and another their occasional failure to comply with the terms of production sharing agreements as constraints on CSR.

With respect to International Development Agencies, most respondents had nothing to say but those who did pointed to duplication of effort and the need for better coordination among IDAs. These comments were reiterated with regard to International NGOs, which were also criticized for their expensive overhead rates.

It should be noted that about half of our respondents had generally positive things to say of their experiences working with IDAs and International NGOs.

Most respondents did not comment on external constraints relating to Private Firms, though two mentioned a relative dearth of high-quality private firms in Angola (other than oil companies) and attributed this to the very high level of political risk in the country.

As for Local Communities, one respondent mentioned their unrealistically high and misplaced expectations as a problem, saying that they often blame the oil companies for not providing services which the government, not the private sector, should provide. Several respondents had no comment for this category of constraint, and several others stated that local communities should be viewed as an asset rather than a constraint in the design and implementation of good CSR programs.

**Questionnaire Part 4: Current and Potential Public Sector Roles**

This section of the questionnaire sought to map the current roles – both helpful and hindering -- of GOA with respect to CSR activities by each respondent’s company in Angola. Using the analytical categories established by WB-ODI in the CSR Diagnostic Tool, Question 4.1 asked respondents to provide input on past and current public sector roles in CSR activities undertaken by their company in Angola, in terms of:

- Mandating laws and regulations;
- Facilitating incentives, guidance, and deterrents;
• Partnering with business and/or civil society; and
• Endorsing political support, awards, leadership by example.

Question 4.2 then asked respondents what public sector roles, in their opinion, would be most helpful to their company’s CSR efforts in Angola? The response table for this question was also divided into the four categories listed above.

Responses to Question 4.1 can be summarized as follows:

With respect to Mandating Laws and Regulations, four out of eight respondents had no comment. Typical responses included “GoA not doing much,” “GoA not playing much of a role,” “GoA has done a satisfactory job,” etc. No strong opinions were expressed by any of the respondents.

On Facilitating Incentives, etc., four out of eight respondents did not comment, while the four who did generally agreed, again, that GOA was “Not doing much in this area.”

Similarly, four out of eight respondents did not comment on GOA’s past or current role in Partnering with Business and/or Civil Society on CSR activities. Of the four who did, two mentioned partnerships w/ Sonangol and one with the Ministry of Petroleum.

With regard to Endorsing Political Support, etc., five out of eight respondents did not comment, two said that GOA was “not doing much in this area,” and one expressed the somewhat contrarian opinion that GOA had been “very supportive of CSR.”

Overall, responses to the above questions were data-poor, with many respondents providing no information or minimal information in one or more categories. One possible explanation for this is that GOA truly has not played a particularly active role in CSR design and implementation in Angola. Another possible explanation for non-responses is respondent fatigue, since these questions came toward the end of our interview and many respondents were pressed for time by this point.

Though all respondents were advised at the beginning of the interview that the information they provided would not be attributed to them as individuals or to their individual companies, it is nonetheless possible that a perception of political risk may have biased their answers in the direction of non-controversial statements and, in some cases, reticence. The relative complexity of these questions may also have influenced the quality of responses received.

Responses to Question 4.2, on “Future Public Sector Roles,” were slightly more complete, as described below.

Mandating laws: Three out of eight respondents did not comment on this category. Among those commenting, three called for more clarity, consistency and/or stability in the development and application of laws pertaining to business licensing, land ownership, and labor, tax and environmental law; two called for GoA to get more involved in such
areas as micro-credit & SME development, and in setting benchmarks for local content above the current levels.

*Facilitating incentives:* Three out of eight respondents did not comment. Other responses varied, though two companies mentioned financial incentives, the development of enterprise zones, and AGOA qualification as potential areas for GoA action.

*Partnering activities:* Two out of eight respondents did not comment on this category. Other responses varied, with respondents mentioning NEPAD, the need for better coordination among businesses, and the need for more businesses with which to partner.

*Political support:* Three out of eight respondents had no comment, one thought GoA had “no role” to play in this area, one misunderstood the question, while one – and only one - mentioned lack of transparency and the need for cross-sector cooperation as well as political leadership to solve this problem.

**Questionnaire Part 5: Future CSR Plans**
Responses to the four questions in this final section of the interview guide were generally straightforward, intuitive, and brief. This is most likely attributable to respondent fatigue, as most interviews went well past the stated 30-minute limit.

**Question 5.1** asked about the company’s plans for future CSR in Angola. All respondents mentioned plans to either maintain or increase their current levels of CSR involvement, while two mentioned plans to develop a more systematic and/or focused approach to CSR design and implementation.

**Question 5.2** asked respondents to rank the sustainability of their company’s CSR investments in Angola on a scale of 1-10. Among the seven respondents who provided a ranking, the mean score was 8.14.

**Question 5.3** attempted to probe any less than successful CSR investments made by the company in Angola. All nine respondents denied knowledge of any out-and-out failures, and only one acknowledged the existence of “some small projects” that were no longer ongoing.

**Question 5.4**, the last question in the interview guide, requested open-ended feedback on any other issues related to CSR not previously covered. Responses were brief and varied, covering such areas as the need for CSR guidelines and incentives and the need for other industries besides oil to become more involved with CSR in Angola.
3. Conclusions and Recommendations

Several conclusions can be drawn on the basis of information collected during this study.

**First,** it is clear from our interviews with representatives of nine oil and oil services firms in Angola that these individuals are broadly familiar with current issues in the field of Corporate Social Responsibility, and moreover that they tend both to recognize and to embrace the ethical and practical imperative for their companies to operate in a safe, socially responsible and environmentally sustainable manner.

**Second,** it is clear that communication, coordination, and partnership among oil companies, between oil companies and GOA entities (including Sonangol) and between both of these groups and the local and international development communities are imperfect at best. Several of our respondents mentioned overlap and lack of coordination as problems hindering the effective implementation of CSR projects and, by extension, the attainment of sustainable economic and human development in Angola. Though most respondents were understandably wary about criticizing GOA or Sonangol directly, their relative silence in response to questions about “Past and Current Public Sector Roles in CSR” may, in fact, speak volumes. Several respondents were not so reserved in their criticism of what they perceived as the resource-seeking, ad hoc nature of international NGO activities in Angola.

**Third,** it is evident from the extremely incomplete answers supplied by almost all respondents to our questions about CSR resource commitments that either or both of the following conditions apply: a) more time and direct technical support will be required to assist the companies in gathering the necessary data; b) a full accounting of financial and other CSR resource commitments will not be possible until larger issues of transparency in the Angolan oil sector are satisfactorily resolved.

While these tentative conclusions are interesting, it should be repeated, in closing, that this study does not include input from several key members of the Angolan oil sector, most notably the state-owned oil and gas company, Sonangol. The omission of Sonangol from our study is significant because, under Angolan law, Sonangol is the sole concessionaire of all of the country’s onshore and offshore hydrocarbon resources. Because Sonangol can, in effect, dictate the terms of access to these resources to foreign firms, and because these terms often include mandatory “social bonuses” valued in the tens of millions of dollars and paid directly to Sonangol -- ostensibly to fund CSR-related activities -- our inability to elicit direct feedback from Sonangol means that our findings to date offer a very incomplete picture of the country’s current and potential CSR resource pool and activity “map.”

Also missing from the current report, at least at the time of this writing, are data from at least three companies known to have significant, current interests in oil and gas
exploration and production in Angola. These are ENI-Agip Angola, ExxonMobil, and CNR-Ranger Oil and Gas. Input from all three companies, but especially from ENI-Agip and ExxonMobil, is absolutely essential if a full reckoning of the role of foreign firms in delivering CSR benefits in Angola is to be made.

It should be noted that even if our team had received the full cooperation of all of the above companies, including Sonangol, any conclusions we might draw with respect to our four main axes of analysis would necessarily be tentative and biased toward the views and interests of the companies themselves. Our team’s heavy reliance upon self-reported information and our inability effectively to “ground-truth” many of the statements and figures supplied by our respondents means that the data and analysis contained in this report should not, in and of itself, form the basis for World Bank policies or policy recommendations. Rather, we recommend a follow-on study with the following objectives:

a) To collect supplementary data from those target foreign companies not participating in this study, and especially from ExxonMobil and ENI-Agip (currently the fourth largest oil producer in Angola), to allow for a more comprehensive assessment of the current state and future prospects of CSR activities in the country;

b) To ground-truth the self-reported data collected here and supplemented as per (a) above, by means of external stakeholder interviews and one or more fact-finding missions by members of the World Bank consultant team to Angola; and

c) To undertake a comprehensive review of the role of the Angolan public sector, including Sonangol, in CSR design and implementation.

With respect to task c), it has become clear over the course of our research that a simple 30-minute interview and supplementary online research alone would be grossly inadequate for analyzing the important, even determinative role Angolan Government agencies, including Sonangol, the National Bank, the Office of the Presidency, and closely allied private groups such as the Fundação Eduardo dos Santos (FESA), have played and could play in shaping CSR investments in Angola.

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9 To wit: CSR motivations, CSR activity mapping, CSR impact assessment, and Current and future public sector roles in CSR design and implementation.

10 This is especially true with respect to the reported success and sustainability of the various companies’ CSR projects.

11 Examples of external stakeholders whose perspectives on the information supplied by the oil companies would be most valuable include: representatives from the major UN Agencies with offices and/or activities in Angola, including UNDP, UNHCR, WFP, UNICER, etc.; the World Bank Country Representative in Angola; selected program officers and directors of USAID and other bilateral and multilateral development agencies active in Angola; members of the local and international NGO communities, especially from those NGOs named by our oil company respondents in Part 2 of the interview guide; and, perhaps most important of all, members of the beneficiary communities in Angola whose interests are ostensibly served by the CSR activities described in this document.