



# A GUIDE TO MANAGING CORPORATE SOCIAL INVESTMENT

**A Practical Tool Aimed at Empowering Corporate Donors and Beneficiaries**

Published in South Africa by  
SM Business Consultants



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# PREFACE

This guide has been produced by SM Business Consultants (Pty). It is meant to assist corporates in South Africa to implement and manage Corporate Social Investment (CSI) Programmes professionally, and in a manner that is responsive not only to their mandates, but to the needs of various communities. It is also designed to assist NGOs and other beneficiaries of CSI, to gain a better understanding of the variables that guide corporate donors in the design, implementation and management of CSI. Most important, the guide includes advice and guidance for beneficiaries on how to interact and manage relationships with corporate donors effectively.

This guide is a product of SM Business Consultants' collective experience gained through managing CSI programmes on behalf of corporates and through extensive engagement with all stakeholders in the development sector. SM Business Consultants is a specialist consultancy that exists to provide strategic support to companies in the implementation and management of socio-economic development (SED) programmes. The business is 74.9% black woman owned with Grindrod Financial Services Holdings Limited, owning the 25.1%.

Over the years, SM Business Consultants have worked with some of South Africa's big corporates. Our past and current clients include: BoE Private Clients, Nedgroup Balanced Investment Fund, Petra Diamonds, Harmony Gold, Adcock Ingram Healthcare, Airports Company South Africa and Total South Africa. Briefly, the services we provide are as follows:

- Management of Socio-Economic Development (SED) initiatives.
- Conducting Needs Analysis and project identification research studies.
- Management of development programmes and disbursement of funds for public entities and donor agencies.
- Impact assessment of socio-economic development programmes.

- Programme design, implementation and management for donor organisations.
- Donor Management Services for municipalities.
- Facilitation of project partnerships.

This is a simple and easy to use guide providing advice on some of the challenging areas of managing CSI both from the perspective of corporate donors and the beneficiaries they support. Section A to E provides an overview of CSI within the South African context, the processes involved in managing the CSI Portfolio within the business, key relationships that drive the implementation of CSI mandates as well as tools that companies need to implement CSI professionally. Sections F to K are aimed at NGOs and/or beneficiaries and they provide guidance for beneficiaries on how to improve efficiencies and effectiveness in managing corporate donor relationships.

For more information on SM Business Consultants, please visit the company's website: [www.smbusiness.co.za](http://www.smbusiness.co.za).

# 1. Corporate Social Investment within the South African Context

Companies in South Africa have been contributing to community development for decades. For many years most companies viewed this as charity, a politically correct thing to do, and as something that had no visible direct benefits for the business. In addition, there was not a lot of emphasis placed on impact achieved, but rather the focus was on being seen to be 'giving back' to communities. The landscape has changed and more stringent requirements have been placed on companies to demonstrate a much more structured approach to developing communities within which they operate, where their employees come from and those that consume or make use of their products and services. While the underlying philosophy to community development by the corporate sector has always been that of giving back, the emphasis today is on the role that corporate South Africa could and should play in addressing socio-economic disparities that are still very much evident in South Africa. In turn, this has shifted focus from just 'giving back' to seeking measurable impact that companies are making through CSI contributions.

The introduction of industry charters and the DTI Codes of Good Practice has created a very strong link between the role of the company in socio-economic development (SED) and its core business. While this ensures that companies will continue to set aside funds targeted towards socio-economic development, it does not guarantee that these funds will be invested in a way and in initiatives that deliver value for targeted communities. The danger also exists for companies to view community involvement as a compliance issue. If that happens, the intended outcomes of the charters and the Codes will not be met. Corporate South Africa contributes billions of rands per annum to socio-economic development. This is substantial and, invested strategically, could make visible impact in the fight against poverty, unemployment, and addressing the shortage of basic facilities in previously disadvantaged communities.



Companies need to differentiate between charity and sustainable socio-economic development. What is expected from the corporate sector are holistic strategies aimed at facilitating opportunities for the sustainable economic participation of targeted communities and previously disadvantaged groups. The focus is on the empowerment and strengthening of previously disadvantaged groups to enable them to achieve greater economic independence. Such an outcome cannot be achieved unless there is a clear, achievable, and measurable CSI strategy in place. The strategy should be aligned with the company's business strategy and values as well as with the development priorities and strategies of targeted communities. The individual at the helm of the company's CSI programme, therefore, needs to be business minded, strategic and should have an in-depth understanding of the broader development issues and challenges facing South African communities.

The relevance and practicality of initiatives supported also becomes critical. The identification, choice and implementation of these initiatives should be informed by the identified and felt local needs and priorities. Partnerships with other stakeholders are critical to optimize impact. These partnerships provide good opportunities for leveraging off funding and resources and ultimately for ensuring the ongoing sustainability of initiatives supported. Engaging with other stakeholders also provides opportunities for sharing lessons and experiences. Through socio-economic development, corporates have an opportunity of not only contributing funds to various entities, but of also transferring to social sector entities business skills that are critical in building the institutional capacity of these entities. Also, managed and invested properly, CSI funds can assist the company to build a positive image with its key stakeholders, employees, consumer base and to improve its competitiveness. Companies should view their involvement in SED as a business imperative and a vehicle through which they can contribute meaningfully to the strengthening of communities and the creation of better economic opportunities for millions of people still living in poverty.

Section A to E of this guide provides practical guidance for corporates in managing and implementing corporate social investment programme. It

outlines the basic minimum requirements that are critical to facilitate the professional management of CSI funds. Included in the manual are basic tools associated with each phase within the project funding cycle.