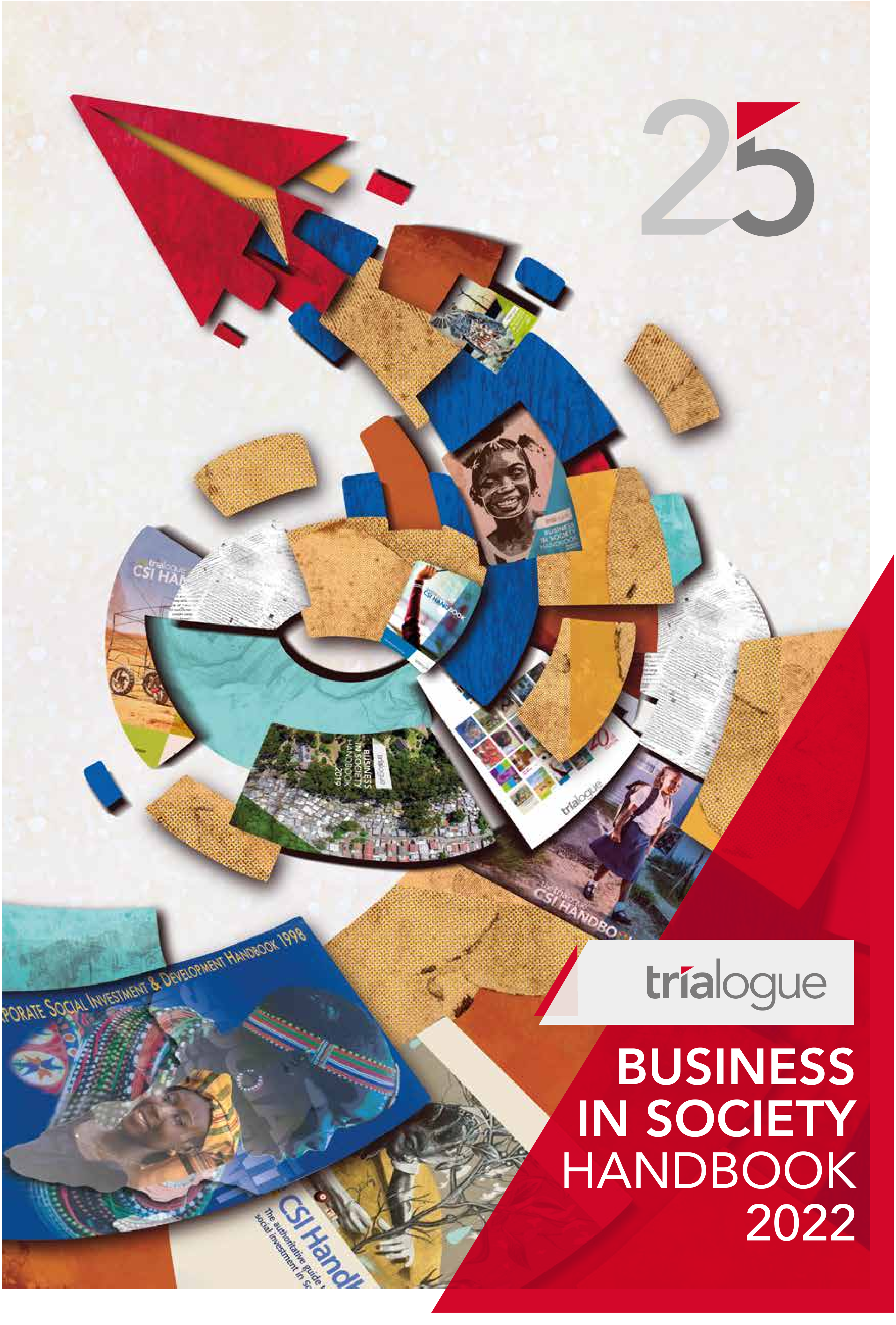

trialogue

BUSINESS IN SOCIETY HANDBOOK 2022

ABOUT THE BOOK

25

This year marks the 25th anniversary of *The Trialogue Business in Society Handbook* – a watershed year in our collective history as we navigate the world beyond pandemic lockdowns and redouble our efforts to achieve the vision set out in South Africa's National Development Plan and the United Nations Sustainable Development Goals. In this edition of the Handbook, we explore the evolving role of business in society as the realities of the climate emergency and biodiversity loss become more evident, and we examine how greater social impact can be achieved in South Africa, a country still hungry for meaningful transformation.

COVER IMAGE: **Amy-Leigh Braaf**

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The Trialogue Business in Society Handbook 2022 (25th edition)

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PRINTED BY Tandym Print

ISBN: 978-0-6397-0979-6

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Supporting better business

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Trialogue thanks the following companies for their long-term support of *The Trialogue Business in Society Handbook*.

20 years or more

15 years or more

10 years or more

THE ARCHWAY

Each of us reading this epic 25th anniversary edition of *The Trialogue Business in Society Handbook* has a burning passion for and commitment to our country, and an abiding and continuous desire to see equity, prosperity, safety and opportunity for all who live in it.

It is a profound honour to write this guest foreword for an audience such as you, who works tirelessly day by day to achieve this vision for all in South Africa.

Post-pandemic, we are confronted with a multitude of social issues, including deepening inequality and inequity. We live with growing uncertainty regarding essentials, such as water, electricity and food supply for all, exacerbated by the challenges of ongoing corruption, a legacy of state capture, and growing criminal behaviour.

None of this has made for an easy transition from pandemic crisis management to post-lockdown recovery, in the grip of economic uncertainty, high unemployment and political instability.

Those in the development community know we have our work cut out for us, and we all need to redouble or quadruple our efforts. Yet there is essentially no single problem in South Africa that does not have a solution.

We live in a land of 'milk and honey', of immense natural abundance. We have the sunshine and wind that can more than abundantly produce the electricity we need. We have vast lands that can produce nutritious and healthy food for all, with innovations for water (including desalination plants, rainwater harvesting, and other mechanisms) that can ensure everyone can always get enough healthy water to drink. These, and multiple other sectors that solve our very basic needs, can and will create more sustainable jobs.

Our people have the potential, the drive and the commitment to achieve extraordinary feats in education and skills development, given the right opportunities.

They say that potential is equally distributed, but opportunity is not. There are working models that change the game, and the readers of this Handbook are the people and organisations working to find these innovative but viable and proven solutions, and to implement them no matter what it takes, at both micro and macro levels.

The 25th anniversary of *The Trialogue Business in Society Handbook* is a moment for deep reflection in our collective history, as we look back on a quarter century of societal giving in South Africa, most notably within the ambit of corporate social investment (CSI).

There are forces that both promote our shared goals, and those that retard them. Throwing money at a problem doesn't stick.

It is not enough for companies to 'do good', comply with legislation, or work towards national and global goals. We need to relentlessly focus on impact – measurable, repeatable, reliable, sustainable, scalable and low-cost impact. We need to seek it out, nurture it and scale it. We need to be smarter, with fiercer and sharper intellectual discrimination, with bold determination, alongside expanded hearts, to find entirely different ways of reimagining the world. This edition of the Handbook provides some guidelines on how to go about achieving this.

Broad-based black economic empowerment (BBBEE) has offered unique ways to find common interest between the private sector and civil society.

It is amazing to reflect that Maharishi Invincibility Institute's 24.1% BBBEE ownership deal with Trialogue (through the Imvula Education Empowerment Fund) is 16 years old. At the core of this partnership has been the principle of collaboration and shared value. We have helped each other in a variety of ways to maximise impact and reach, and the growth we have seen in achieving this impact has been awe-inspiring. From our perspective, we are most grateful for all the ways in which Trialogue has helped our organisation, whether through providing internships, jobs, advice, introductions, funding or joint ideation.

As much as our country and all of us should take collective responsibility for what has gone wrong in the past 25 years, there is a lot that has gone right. We alone are accountable to take the best of this, and build on it, and remain obsessed with achieving measurable impact. Many of the answers we seek are already here.

Nothing is more powerful than our vibrant South African human spirit, as we collectively search for the 'second element' to change the status quo. Martin Luther King stated it beautifully: "Darkness cannot drive out darkness; only light can do that. Hatred cannot drive out hate; only love can do that."

As high as the mountain that we need to climb may seem, and as daunting as the task remains today, as it was 25 years ago, all together, as a united force for good, we *are* going to achieve our dreams in the next 25 years. Happy reading, thinking, striving, achieving.

Dr Taddy Blecher
Chief Executive Officer of the Maharishi Invincibility Institute and the Imvula Education Empowerment Trust

We are delighted to share with you the 25th anniversary issue of *The Trialogue Business in Society Handbook*, formerly known as *The CSI Handbook*. For a quarter of a century, Trialogue has provided meaningful, reliable data on corporate social investment (CSI), while also providing insights into the evolving responsibilities of business in society.

As Edelman South Africa's 2022 report 'The Cycle of Distrust' reveals, business is increasingly playing a part in helping to resolve societal and environmental challenges. With companies stepping into roles traditionally the responsibility of government, or civil society, business leadership has never been as impactful and transformative as it is now.

This provides companies with an unprecedented mandate to shape social and environmental outcomes and actively bring about meaningful change. They can also reverse some of the damage done over the past few decades. A good example of this is Walmart, previously synonymous with corporate greed and anti-competitive behaviour, which has declared its intention to become a fully regenerative business by 2040. Walmart will invest in smallholder farms, amplify worker and community voices, and set out to restore at least 50 million acres of land and one million square miles of ocean by 2030. Read more about what it means to be a regenerative company in our article 'Capitalism: do we need a new paradigm?' on page 146.

While companies have been working on how to disclose climate-related risks and opportunities through their reporting processes, thanks to the Task Force on Climate-related Financial Disclosures (TCFD), the next challenge will be analysing their nature-related risks and opportunities. The Task Force on Nature-related Financial Disclosures (TNFD) is due to provide a comprehensive set of guidelines that will help companies reduce the risk of nature loss in four key areas: general biodiversity, land, the oceans, and freshwater regions. Read more about the next frontier for companies in our article 'Biodiversity in crisis: what companies can do' on page 170.

This issue of the Handbook includes a special education focus in Chapter 5, given the fact that almost all companies support education through their CSI initiatives (98% of companies surveyed by Trialogue in 2022 support education programmes). Although we have made some strides in early childhood development and infrastructure, sector progress has been slow and uneven, and the pandemic has exacerbated existing inequalities in education.

Collective impact is needed so solve some of the systemic challenges we face, which is why the Teacher Internship Collaboration South Africa (TICZA) provides a way forward for both the education sector and potentially other sectors. This multistakeholder partnership draws on support from government departments, trade unions, non-profits, universities and implementers to build on the success of programmes offering extended student teacher internships and aims to make a positive impact in the Initial Teacher Education (ITE) field. Read the case study on page 214, which is a prime example of what we call CSI 3.0.

This recent approach to CSI has companies acknowledging the complexity of the development landscape, along with the need to partner with other stakeholders to bring about meaningful change. Read more about the three distinct phases of CSI in South Africa in 'CSI 3.0: The evolution of corporate social investment' on page 26.

This commemorative issue of the Handbook takes the theme of looking back and looking forward. What lessons have we learnt over the past 25 years, and more recently, during the Covid-19 pandemic? What practices do we want to take forward to shape CSI and responsible business in South Africa?

We can take the opportunity to create a more equitable, inclusive and frankly liveable world – or we can ignore our collective ethical responsibility and 'reap the whirlwind', which is no longer a metaphor in a decade of catastrophic climate change.

The *Harvard Business Review* has pointed out that we are entering the age of corporate social justice, which will reframe our approach to corporate social responsibility. "Corporate Social Justice is a framework regulated by the trust between a company and its employees, customers, shareholders, and the broader community it touches, with the goal of explicitly doing good by all of them," writes author Lily Zheng.

While many companies in South Africa have already taken steps in this direction, some have explicitly broken the contract between business and society, profiting at our expense. As the National Business Initiative (NBI) points out in its trenchant article 'Curbing corruption in the private sector', the notion that the private sector is significantly less corrupt than the public sector has been debunked by the Judicial Commission of Inquiry into Allegations of State Capture, better known as the Zondo Commission. Read the NBI's recommendations for strengthening the business sector on page 154.

A big thank you to everyone who has worked so hard on this silver anniversary edition of the Handbook – my directors and my amazing colleagues, who have truly made this a team effort, as well as our valued sponsors, advertisers, expert contributors, and many enthusiastic collaborators. Once again, we would like to extend a hearty thank you to the companies and non-profit organisations that took part in our primary research, which contributes to a solid body of knowledge about CSI in South Africa. We hope you enjoy reading the Handbook as much as we enjoyed putting it together.

Managing Editor
Fiona Zerbst
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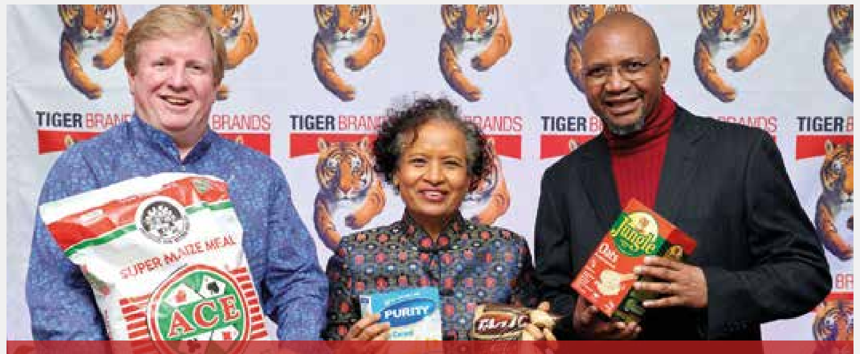
Tiger Brands' *Isondlo* supports child nutrition in food insecure families

Tiger Brands recently launched a multi-million-rand child nutrition programme, ***Isondlo***, to help address the challenge of malnutrition amongst children aged five and under across South Africa. Recent reports indicate that the number of hunger-related deaths within this age group is on the rise with KwaZulu-Natal, the Western Cape and Eastern Cape worst affected. Poverty and lack of household food security are cited as the biggest contributing factors to the challenge.



From left: Noel Doyle, CEO, Tiger Brands; Dr Geraldine Fraser-Moleketi, Tiger Brands chairman; and Dr Stanley Maphosa, interim CEO, Nelson Mandela Children's Fund, at the launch of ***Isondlo***, Tiger Brands' Child Nutrition programme initiated to address nutrition amongst children aged five and under.

"As Tiger Brands, we see it as a moral obligation to help improve food security within communities and we will certainly not be an onlooker in the battle against child hunger in South Africa. Our children will determine what a future South Africa will look like, and we must play our part in contributing to a better future for them: a future in which our children are resilient and in which they are able to live to their fullest potential because we collectively acted when they were young," says Dr Geraldine Fraser-Moleketi, chairman, Tiger Brands.

Isondlo, in partnership with the Nelson Mandela Children's Fund as an enabling partner, will support 10 000 children aged five and under and their families across South Africa, with a monthly food hamper. The food hamper will support a family of four. This is in addition to the 35 000 food hampers Tiger Brands distributes monthly as part of its existing food nutrition programmes.

The ***Isondlo*** food package contains items carefully selected to satisfy the critical nutritional needs of children aged five and under.

Identified as food insecure, the children and their families will receive a monthly food hamper for a period of nine months. In addition to the monthly food hamper, each family receives a once-off vegetable garden starter kit to encourage sustainable nutrition. This aligns with the Nelson Mandela Children's Fund's sustainable livelihoods programme to address the poverty issues of the communities where children are located.

"In 2021, Tiger Brands celebrated its centenary, and what better way to mark this milestone than by giving back to our community and strengthening our commitment to deliver on our purpose to nourish and nurture lives every day through ***Isondlo***," says Noel Doyle, CEO, Tiger Brands.

To reach those most in need, ***Isondlo*** will harness the resources, infrastructure and skills of the Nelson Mandela Children's Fund and their 19 grassroots implementing non-profit organisations in 17 districts across South Africa.

"The Fund has partnered with Tiger Brands as part of our Child Survival Development and Thriving Programme aimed at improving the mortality rate and the development of children under five through various interventions. ***Isondlo*** will allow us to ensure that children in this age group get the proper nutrition that they need in order to grow and develop optimally" says Dr Stanley Maphosa, interim CEO, Nelson Mandela Children's Fund.

Number of Beneficiaries per Province

Province	Beneficiaries
KwaZulu-Natal	**3 685**
Western Cape	**1 835**
Eastern Cape	**1 400**
Gauteng	**1 130**
Northern Cape	**600**
North West	**500**
Limpopo	**400**
Mpumalanga	**250**
Free State	**200**

isondlo
A child nutrition initiative powered by Tiger Brands.

For more information on our work, visit https://www.tigerbrands.com/sustainability/social

Art transforms our social spaces and fosters inclusivity

As a young, coloured woman who makes her living from art in South Africa, I am preoccupied with several issues that have historical resonance, such as identity, access and inclusivity. Being coloured, I experience my identity in a layered, nuanced way, which makes my ability to adapt to different spaces easier. However, I realise we can't presume to understand one another readily, and my experience of racial ambiguity is reinforced when I am asked to tick a box on a form. Such 'othering' has little to do with the complex human being I am, shaped by my environment, my skills and my success. It is within this nexus that I believe that art can play a valuable role. Art can foster empathy and inclusivity, allowing one to feel at home even in communities with which one does not often interact.

Art can also play a major role in development, and this has emotional as well as spatial implications. When communities believe in themselves, and there are resources and funds available to help them invest in self-expression, there is room for beautiful things to grow. Over the years, I have witnessed several artistic developments in community spaces, in which aspiring artists express themselves through murals and other public art forms, both physical and digital. There have been many such projects in Pretoria, where I currently live, which allow young creatives to learn and grow, to be taught and to learn how to trust themselves. There are undoubtedly great funding opportunities for artists in South Africa, but these are not available to everyone. A select few young talents can access grants, residencies and similar opportunities.

The power of art should not be underestimated as it influences how people feel every day, how they experience their environments, and how they interpret the world around them in impactful ways that influence those who witness this. Art has an empowering role to play in many environments, and if South African artists were given more opportunities to get involved in uplifting projects, they could help to draw attention to developmental and other important issues.

When I was invited to contribute artworks to the 25th edition of *The Trialogue Business in Society Handbook*, I was drawn to the complex topics discussed in the publication. Finding a visual language for the issues raised was daunting, but as I progressed, I found myself working through ambiguity and abstraction towards a nuanced, multi-layered vision of how the world could look.

The theme of this year's Handbook, 'Looking back, looking forward', invited me to reflect on how we can learn from the past, and reframe our roles in society. I used storytelling techniques to work with concepts and covers from previous editions of *The Trialogue Business in Society Handbook* (formerly *The CSI Handbook*). I wanted to reflect the past while anticipating the future.

I began by sketching out concepts, plotting the outlines of the sketches, then filling the outlines with solid colours. I then explored the textures of paper, with the previous Handbook covers providing nuance and richness. Every element arose from a simple foundation – for example, the textures I used were created from a variety of brushes I had used to create the original designs. The previous covers I used were built up in collage format, and glitched to a point at which the text was broken up, like fragments of memory. This fragmentation technique allowed me to further build on the idea of reflecting on the past and preparing for the future.

Working on the project led me to reflect on the role of business in society. I think that companies have a duty to establish their vision and ethical stance, and to regulate environments in which employees feel excluded and unheard. Businesses have an important role to play in creating jobs and opportunities for communities. Additionally, they have a duty to take environmental, social and governance (ESG) issues to heart, since we invest so much in them as employees and consumers. We are stakeholders who deserve to have a voice.

I hope you are stimulated and inspired by the artwork in the 25th edition of the Handbook – it reflects a world I would like to see, and I hope you feel the same way.

Amy-Leigh Braaf

Transforming South Africa's education system for a **better future for all**

Takalani Netshitenzhe, Vodacom South Africa External Affairs Director

Ensuring access to quality education is critical if we are to build an inclusive sustainable future for South Africa. Education can increase employment opportunities, eliminate poverty, contribute to national socioeconomic development and reduce existing inequalities. Education supports innovation to address present-day challenges while preparing the next generation for reaching their potential in the digital age.

Although significant progress has been made in accelerating access to quality education since 1994, there are still obstacles preventing an enriching school experience for learners in this country. Many schools in underserved areas cannot provide basic infrastructure, such as sanitation and electricity, let alone educational resources. Keeping children in the school system to complete their education continues to be a pressing concern, exacerbated by the Covid-19 pandemic. The *National Income Dynamics Study – Coronavirus Rapid Mobile* Survey (NIDS-CRAM) revealed that the school dropout rate tripled from 230 000 to 750 000 in May 2021.

Our youth are also experiencing a crisis in the labour market, with South Africa's unemployment rate at 63.9% for those aged 15–24, according to the latest *Quarterly Labour Force* Survey. This figure is set to only increase if we don't equip learners with relevant skills and knowledge needed for the jobs of today and tomorrow as adoption of technology gathers pace.

Developing an education ecosystem for 21st-century South Africa

In recognising that there is an urgent need to overcome the barriers to quality education in South Africa, Vodacom has developed a multifaceted education ecosystem. Working in partnership with the Department of Basic Education (DBE), and other non-governmental and private-sector organisations, the model supports the government's 2030 Vision for a strengthened education system, incorporating early childhood development (ECD), secondary schools, teacher training and local communities.

In addition to upgrading education facilities into safe, sustainable spaces for learning, Vodacom's education ecosystem is focused on using our expertise in information and communications technologies (ICTs) to unlock the transformative power of technology. Connectivity, and digital tools and platforms open up life-changing possibilities for educators, learners, parents and communities, enhancing access to quality education while developing digital literacy and skills for socioeconomic upliftment now and into the future.

Supporting schools with the right tools

As part of the education ecosystem, 13 Schools of Excellence have been established across South Africa, to offer quality education through the use of technology and expose learners to the skills in demand in the digital era. Vodacom has invested more than R25 million in upgrading infrastructure, eradicating pit latrines and improving sanitation, increasing security, installing a fully equipped ICT lab and training educators at these schools. It is important that we are supporting a safe, inclusive environment conducive to promoting lifelong learning, which is why 20 skilled psychosocial support professionals have been placed throughout these schools to offer psychosocial interventions that include prevention of gender-based violence and bullying.

Since the inception of these Schools of Excellence in 2019, thousands of learners every year from disadvantaged backgrounds have access to quality education to improve their learning outcomes and future employment opportunities. For example, one of the schools, Strydenburg Secondary School, was rated the most improved school in the Northern Cape, increasing its pass rate from 61% to 90% in 2021.

Laying a solid learning foundation

Strong evidence links inclusive ECD care and education with wellbeing and learning success throughout life. To this end, Vodacom has committed to upgrading 15 ECD centres located near the Schools of Excellence across the country. Improvements include painting, fixing ablution facilities and increasing security. Each centre has an ICT trolley solution, providing access to tablets loaded with numeracy and literacy software and Vodacom's zero-rated e-school platform, as well as other technical equipment and connectivity. Since adopting ECDs into the ecosystem four years ago, 1 200 educators and young learners have been able to benefit from an enabling environment for quality early education.

In 2021, eight of these ECD centres took the first steps on a sustainability journey with Vodacom's ECD Green Programme. Viable food gardens are being planted at each centre to supplement local feeding schemes while promoting sustainable practices, including educational workshops and sustainable farming training for educators and parents. The centres have also been fitted with clean solar energy and a rainwater supply. The programme is ensuring that children are given the best start in life while supporting education and preserving our planet for the future.

Empowering teachers with digital abilities

Core to this pioneering education ecosystem is empowering educators with the right skills to drive learning progress and instil confidence and talent in technology. Vodacom has collaborated with the DBE, Microsoft and other organisations in training teachers to integrate ICT in classrooms, with 92 teacher centres having been refurbished and maintained with unlimited connectivity. These teacher training centres have the dual purpose as technology hubs for communities to access the internet, contributing to ICT transformation and online learning and, as a result, opportunities for economic growth and social wellbeing.

In October 2022, the Vodacom Foundation, in partnership with the DBE, launched the Virtual Classroom solution with a robotic and coding component at Dr WF Nkomo Secondary School in Atteridgeville, Pretoria. This virtual classroom takes the Foundation's education ecosystem to another level of the comprehensive approach to education which prepares learners to deal with societal ills through psychosocial support and to embrace the Fourth Industrial Revolution. When the entire project is complete across the thirteen schools, about 14 000 learners will benefit from this virtual classroom initiative.

The education ecosystem's impact on young learners and their communities in just a few years since its launch serves as an applicable model of what schools in this country can achieve if we are to prevent inequalities from widening and ensure no one is left behind in the digital economy. To drive and sustain this success, we need to continue drawing on the strength of public and private partnerships in developing solutions to some of the socioeconomic problems plaguing our society today and building a brighter future for all in South Africa.

For more information, visit **www.vodacom.co.za**

CORPORATE RESEARCH RESPONDENTS

Trialogue thanks the following companies for their participation in the 2022 primary research.

Absa Group
AECI
African Bank
AfriSam
Airports Company South Africa
Alexforbes
Altron
Anglo American Chairman's Fund
Anglo American Platinum
Anglo Gold Ashanti
Aspen Pharmacare
AVBOB
AVI (National Brands)
Barloworld
Capitec Bank
Cashbuild
Clicks Group
Clientèle
Coca-Cola Beverages South Africa
Coronation Fund Managers
Datatec
Development Bank of Southern Africa
Deutsche Bank
Dimension Data
Discovery
Eskom Development Foundation
Exxaro Resources
Futuregrowth Asset Management
Growthpoint Properties
HCI Foundation
IDC
Investec
Johannesburg Stock Exchange
Liberty
Massmart
Momentum Metropolitan Foundation
Mondi South Africa
Mr Price Group
MTN SA Foundation
Nedbank Foundation
Netcare Foundation
Old Mutual
PepsiCo
Primedia
Rand Water Foundation
RCL
South African Sugar Association
South African Post Office
Sappi Limited
Sasol
Shell
Shoprite Holdings
Standard Bank
Ster-Kinekor
Sun International
Telkom
The Foschini Group
Tiger Brands
Total Energies South Africa
Transnet National Ports Authority
Transnet SOC
Volkswagen South Africa
Woolworths
Yum Foods

Lucky draw winner

Respondents were entered into a lucky draw upon completion of the corporate research questionnaire. Congratulations to the winner, Dimension Data.

Read more about this organisation in their complimentary feature on the opposite page.

NPO RESEARCH RESPONDENTS

Trialogue thanks the following non-profit organisations for their participation in the 2022 primary research.

AtoZ Fundraising
African Angels Trust
Afrika Tikkun South Africa
Al-Fidaa Foundation
Auckland Park Academy of Excellence
Autism Western Cape
BOTUSAFE Investments
Bright Kid Foundation
Cape Town Society for the Blind
Carel du Toit Trust
Community Environmental Education Programme (CEEP)
Central University of Technology, Free State
Centre for Early Childhood Development
Child Care South Africa
CHOC Childhood Cancer Foundation South Africa
Chris Burger Petro Jackson Players' Fund
Columba Leadership
Community Chest Durban
Corruption Watch
Desmond and Leah Tutu Legacy Foundation
Develop Dental
DOCKDA
Early Learning Resource Unit
Ezrah Community Training and Development
Faded Black Innovations
Feed the Babies Fund
Fisantekraal Centre for Development
Free To Fly NPC
goldYouth Development Agency
Great Girls
Hearts of Hope
help2read
HIVSA
Hlasempho Community Development Projects
I can Innovate NPC
Ikhaya Lothando Community Centre
Inkuthazo Yesizwe Youth Organisation
JET Education Services
Johannesburg Child Welfare Society
Khidmatul Khalq Foundation SA
Kids Haven
Kin Culture
Knysna Education Trust
LEAP Science and Maths Schools
Lejwe La Thuso Foundation
Lethukukhanya Health Institute
Little Eden
Making a Difference South Africa
Malamulele Onward
Maritzburg College
Masicorp
Maths Centre Incorporating Sciences
Matrixmen
Monte Christo Miqlat
Meals on Wheels Community Services SA
Michaelhouse Community Partnership Trust
Mosaic Community Developments
Msunduzi Hospice Association
National Council of Societies for the Prevention of Cruelty to Animals
National Mentorship Movement
Neil's Comfort Fund
Neighbourhood Old Age Homes (NOAH)
Partners in Sexual Health
Phakamani Young Minds Academy
Pinelands High School
Practical CBO Development Solutions
Project CodeX Foundation
Programme for Technological Careers (PROTEC)
Reading to Learn South Africa
RecruitAgri
Reyathusana Community
Rhiza Babuyile
Rise Against Hunger Africa
Rotary Club of Newlands
Sanlam Foundation
Sechaba Lefatse
SECTION27
Sinakekela Umphakathi
Singakwenza Early Childhood Education NPC
Siyakholwa Support Care Centre
Skateistan South Africa
Smile Foundation
Social Cause Foundation
South Africa Partners
South African Women and Sports Foundation
Soweto Association of Persons with Disabilities
Sp(i)eel Arts Therapies Collective
Split Second Science - Education Foundation
St Bernard's Hospice
St David's Marist Foundation
StellCare: Stellenbosch & District Family Services
The Cancer Association of South Africa
The Equinox Trust
The Heartlines Centre NPC
The Living Link
The Novalis Ubuntu Institute
The Nsasani Trust
The Power of One
The Sozo Foundation
The Teddy Bear Clinic
Tomorrow Trust
Trevor Noah Foundation
Triple-P
Turfhall Cheshire Home
Upper Highway Baby Home
Uviwe Child & Youth Services
Vula Programme at Hilton College
West Rand Association for Persons with Disabilities
Western Cape Primary Science Programme
Wits University
Zero2Five Trust

Lucky draw winner

Respondents were entered into a lucky draw upon completion of the NPO research questionnaire. Congratulations to the winner, DOCKDA.

Read more about this organisation in their complimentary feature on the opposite page.

DOCKDA
RURAL DEVELOPMENT AGENCY

DOCKDA **uplifts** the Northern Cape

Development of Community Knowledge and Direct Access (DOCKDA) is a non-profit organisation (NPO) established in 1994. The organisation operates in the Northern Cape, a province plagued by a myriad of social issues and often overlooked by corporate social investment (CSI) initiatives. DOCKDA believes that empowered individuals and community-based organisations (CBOs) can be catalysts for positive change. Consequently, DOCKDA partners with CBOs and supports them with grant funding, training and mentorship.

SUPPORTING COMMUNITY DEVELOPMENT IN THE NORTHERN CAPE

The Northern Cape is the largest and most sparsely populated province in South Africa, accounting for nearly a third of the country's land area.

While the Northern Cape is rich in minerals such as manganese, iron ore, diamonds and semi-precious stones, and has a thriving agricultural sector, it is characterised by high levels of poverty, particularly in rural areas. This is a direct result of lack of resources, poor service delivery and unequal access to opportunities. The province also experiences high incidences of substance abuse and teenage pregnancy.

Recent extreme weather patterns and natural disasters have also affected the Northern Cape.

During 2021, Kuruman experienced the worst flooding since the early 1970s. This resulted in widespread damage to homes and livelihoods. The province has also been affected by sweeping fires across grazing and farmland. These too have destroyed homes and livelihoods.

Despite this, the Northern Cape remains overlooked when it comes to support and investments. In some instances, corporates operating in the Northern Cape fund projects in other parts of the country without allocating any spend to the province. This is backed by research published in *The 2021 Trialogue Business in Society Handbook* which shows that Gauteng receives the highest amount of CSI funding, with 57% of companies supporting at least one project in the province and an average of 21% of CSI expenditure allocated to Gauteng. In contrast, the Northern Cape receives the least amount of support. Only 28% of companies support projects in the Northern Cape and an average of 1% of expenditure is allocated to the province.

WORKING FOR TRANSFORMATION AND SOCIAL JUSTICE ALONGSIDE THE MARGINALISED

DOCKDA's vision is a world in which rural women and men are equal and active citizens. The organisation's mission is to build transformational women's leadership and networks of community organisations to change the lives of communities in rural areas.

DOCKDA partners with CBOs to strengthen their capacity to deliver community development interventions that respond to the needs of the communities.

Interventions are underpinned by the principles of the asset-based community development (ABCD) approach. The ABCD approach is built on the belief that communities have the skills, resources and knowledge they need to bring about positive change. They also have unique insights and the innovative ideas they need to solve the issues within their specific context. DOCKDA therefore supports CBOs with training, peer learning, community dialogues, mentorship and direct access. Direct access speaks to giving CBOs access to resources such as small financial grants, donations of goods and services, and access to networks of other developmental organisations that also offer the CBOs opportunities for learning and growth. DOCKDA runs successful grantmaking, women's leadership, food security, gender-based violence (GBV) prevention and response, and girls' and women's rights to health and equal education programmes.

LESSON FEATURES OF THE DOCKDA MODEL

The DOCKDA model has been developed over years of experience and is built on a deep understanding of the socioeconomic context of the Northern Cape. Key lessons learnt in the time since the organisation was established are:

1. Partnerships and collaboration are the cornerstone of sustainable development. Community-driven approach is essential to success.
2. Understanding context and providing direct access is key to ensuring deep levels of trust within target communities and that interventions address community needs and priorities.
3. Structured, long-term interventions deliver more meaningful impact.
4. Agility and innovation in the face of crises such as pandemics and natural disasters is key to ensuring the wellbeing of vulnerable communities.
5. Sound governance, accountability, and strong financial and planning skills lead to sustainable organisations that can be relied on to do the work they say they will do.

LOOKING AHEAD

Looking to the future, DOCKDA will extend the network of organisations it supports. This is informed by a scoping exercise conducted in April and May 2021, during which 18 CBOs that are not yet part of the DOCKDA network were identified. These organisations implement a range of programmes aimed at children, people living with disabilities, the elderly, vulnerable homes, income generation and GBV prevention. Due diligence was conducted for each of these organisations to assess their governance structures, levels of accountability and capacity to implement projects. DOCKDA will continue this partnership with the CBOs.

Other key issues DOCKDA plans to address include women's access to economic opportunities and climate change mitigation programmes. The focus in this regard will include the use of renewable energy by CBOs, solar cookers for soup kitchens, water harvesting for food gardens and food gardening techniques that ensure water retention.

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DOCKDA is a registered NPO (NPO 015-469) and PBO (PBO 930 016 051) and a Level 1 BBBEE organisation. Donations from a business or personal income are tax deductible for the donor in terms of Section 18A of the South African Income Tax Regulations.

DOCKDA
RURAL DEVELOPMENT AGENCY

Sustaining lives and livelihoods

Growing Mathematics and Science Skills

SDG Goals: 4 Quality Education, 5 Gender Equality

Omnia's Chemicals division, Protea Chemicals, has partnered with Primestars to support school learners.

Protea Chemicals – A member of the Omnia Group

For Protea Chemicals, maths and science are critical subjects to find solutions to the global challenges we face, making a positive impact on society to empower the youth of South Africa through education. The Primestar programme provides examination-focused assistance to Grade 12 students from +52 schools across South Africa. The skills gained from the programme help students access employment, open study opportunities and grow key industries such as science and technology, engineering and healthcare.

CAREER GUIDANCE making the right choices for future-proofed skills

MATRIC MATHS AND SCIENCE exam revision sessions

YOUTH ENTREPRENEURSHIP developing green economy job creators

OMNIA

Our Community Commitments

Omnia's purpose is linked to its ambition of innovating to create a greener future in its focus sectors of agriculture and mining. Omnia makes a big impact on food security, water resources and livelihoods, supporting the efficient application and extraction of resources. The sustainable livelihoods we create through employment and growth opportunities are closely aligned to our community programmes. These programmes are focused on strengthening education and skilling people who operate within our sectors and beyond.

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Food Security and Farming Skills for the Future

SDG Goals: 13 Climate Action, 15 Life on Land

INNOVATION – A WHOLE FOOD SYSTEM APPROACH

Omnia Group partners with Afrika Tikkun to develop agricultural skills in our communities.

The appropriate training and skilling of future farmers is essential for them to get to grips with a wide range of issues such as climate change, leveraging researching, infrastructure realities, climate information services, on-farm solutions, processing, market access and shifting job expectations. Omnia's Agripreneurship Programme is the development of human capital for full and permanent inclusion in the agricultural economy of South Africa.

OMNIA

JOB CREATION – SUPPORTING LIVELIHOODS

SDG Goals: 3 Good Health and Well-being, 8 Decent Work and Economic Growth

Omnia's Agriculture division, Omnia Nutriology®, partners with Great North Business Incubator to support local community food gardens.

Ten community gardens received inputs and gardening tools, supporting 110 people from Omnia's Agriculture Division. The inputs include vegetable seeds, plant covers and organic manure whilst larger gardens were tractor-ploughed, planted, fenced and gated. The programme provides access to assets (land, inputs, implements), skills and technical training, financing and co-ordination of access to markets.

omnia NUTRIOLOGY • NUTRILOGIE

SUSTAINING LIFE – FOOD SECURITY

SDG Goals: 1 No Poverty, 2 Zero Hunger

Omnia's Mining division, BME, partners with Reel Gardening to establish household food gardens.

Reel Gardening helps people in communities start their own successful vegetable gardens by supplying a gardening kits that produce one serving of vegetables a day for four people for an entire year. Packed according to the area of planting and factoring in seasonality, the planting process is as simple as adding water.

All households need a 16m² area to plant, access to two litres of water a day to water the garden and access to a mobile phone to enable learning through the App.

bme – A member of the Omnia Group

TARGETED OMNIA IMPACT

4 385 000	21 695 000	16	10 000	30 000	R50 000 000
KG GROWN	LITRES SAVED	HECTARES PLANTED	PRIMARY BENEFICIARIES	SECONDARY BENEFICIARIES	ADDITIONAL INCOME

Chapter one

Findings from Trialogue's 2022 research into corporate social investment (CSI), followed by the winner of Trialogue's Strategic CSI Award 2022, an overview of global giving trends, information on establishing a foundation, and published CSI expenditure of 120 companies.

TRENDS IN CORPORATE GIVING

1

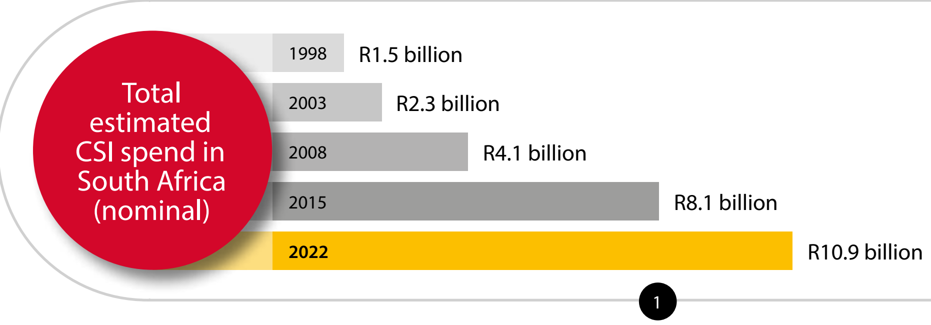
CSI 3.0:
The evolution of corporate social investment

Corporate social investment (CSI) has evolved significantly over the past 25 years. As we celebrate 25 years of *The Trialogue Business in Society Handbook* (previously *The CSI Handbook*), it is worth examining CSI's transition through three distinct phases which we term CSI 1.0, CSI 2.0 and CSI 3.0.

From the early days of CSI, in which companies took the first steps to contribute to socioeconomic upliftment in South Africa, business has played an integral role in development. The increasing professionalisation of CSI has seen a transition from reactive grantmaking, where businesses made charitable donations to non-profit organisations (NPOs), to the complexity of bringing about systemic change.

This article charts the evolution of CSI from pre-democracy South Africa, through political transition and economic transformation, to the 'lost decade' under former president Jacob Zuma, which presented developmental challenges, as economic growth achieved between 1994 and 2008 was reversed. Despite these challenges – or perhaps because of them – CSI continues to strive for transformational change in the country.

CSI plays no small role in helping to bring South Africa closer to the United Nations (UN) Sustainable Development Goals (SGDs) Agenda 2030, the African Union Agenda 2063, and the Southern African Development Community's Regional Indicative Strategic Development Plan, with which the National Development Plan (NDP) is aligned. Goals include the elimination of poverty, a reduction in inequality, and growing an inclusive economy.



Total expenditure over
25 years
in real terms (2022):
R223 billion

CSI 1.0

- Grantmaking/once-off charitable donations approach
- A 'welfare' approach and the support of 'worthy' causes
- Mostly cash donations
- The CSI function housed separately from business operations
- Reporting: images of projects and beneficiaries

CSI 2.0

- A shift from a welfarist to a developmental paradigm, in the context of the global sustainable development agenda
- Longer-term flagship projects
- Companies supporting programmes for three to five years
- Companies looking holistically at what impact is created by interventions
- Stronger alignment of initiatives with business goals and shared value
- Reporting: emphasis on outcomes, tracking and measuring

CSI 3.0

- More complex, taking the entire ecosystem into consideration
- Using financial models such as innovative finance and outcomes-based finance
- Funding advocacy as part of programmes
- Emphasis on knowledge-sharing and collaboration
- Increased use and application of data

Learn more by listening to the Trialogue Talk CSI 3.0 from the Trialogue Business in Society Conference 2022

From CSI 1.0 to CSI 3.0

CSI 1.0

South African companies played a complex, yet important, role in South Africa's transition to democracy. The establishment of the Urban Foundation in 1976 laid the groundwork for focused corporate giving during its 18 years, with more than 350 companies helping to raise funds for education and housing.

At the same time, companies that were deeply entrenched within the apartheid system had to rethink their stance, especially considering the global rise of corporate social responsibility (CSR), and the values of social, economic and political justice embedded in the Sullivan Principles, which guided the conduct of US companies operating worldwide.

These principles provided a framework for corporate giving and allowed South African companies to bring some formality to their corporate giving in the form of nascent CSI programmes. Companies like Anglo American, De Beers, Gencor, Gold Fields and Liberty formed charitable trusts and foundations to manage their donations (see 'Establishing a foundation' on page 90).

The early years of CSI in South Africa saw the private sector increasing philanthropic giving, but it lacked the strategic intent that would become a feature of CSI 2.0. Giving was largely reactive and only incidentally part of a largely transformative effort. In his master's thesis 'Corporate social responsibility: evaluating three South African companies' initiatives', Neil Fourie called the early years of CSI "a feel-good charitable side-show", in counterpoint to an industry that is now a strategic and integral part of transformation in the country.

CSI 2.0

The publication of the second King Report on Corporate Governance for South Africa (King II) in 2002 brought into focus the fact that social responsibility and corporate citizenship could inform how companies thought about their business. This marked a shift in CSI, with companies choosing to fund projects that aligned with their values and strategies. In 2004, the Broad-Based Black Economic Empowerment (BBBEE) Act was signed into law, with wide-ranging implications for companies, as CSI was included in the codes and charters. This meant set targets and expenditure requirements, turning CSI into a performance-driven pursuit for businesses wishing to improve their BBBEE scores.

CSI 2.0 was characterised by greater investment in communities as stakeholders, rather than just beneficiaries. This was the era of three- to five-year flagship projects, with companies investing in one or two sectors rather than disbursing funds wherever need was identified. This sustained support, together with greater consultation with implementing partners and communities, proved fruitful – it facilitated long-term relationships and strong branding opportunities. Social investment became a focal area, and the 'professionalisation' of CSI began with the appointment of specialists and the introduction of dedicated, formula-based CSI budgets.

With the establishment of a CSI industry, greater emphasis was placed on meeting regulatory requirements and achieving developmental impact in partnership with other stakeholders, most notably government and civil society. Grantmaking became far more strategic, moving away from 'doing good' to bringing about long-lasting change.

CSI 3.0

Research conducted by Trialogue in 2021 shows that companies use three primary sources to inform their CSI strategies and practices: company strategy (90% of survey respondents), government policy documents and development plans (77%), and global codes and standards like the UN Global Compact (UNGC), the UN SDGs, the Global Reporting Initiative (GRI), and others (72%). With a multitude of metrics against which to benchmark their CSI initiatives, companies are acknowledging the complexity of the development landscape, along with the need to partner with other stakeholders to bring about meaningful change.

Companies and other stakeholders are taking a more holistic approach to development, considering the entire ecosystem in which they operate. Increased collaboration and cross-sector engagement are taking place, driven by innovative and outcomes-based finance. In addition, companies are more willing to support legitimate and lawful advocacy work, particularly in a post-pandemic world of accelerating inequality and injustice.

A good example of CSI 3.0 is the Teacher Internship Collaboration South Africa (TICZA) initiative, the convening group of which consists of JET Education Services, the Bertha Centre at the University of Cape Town, BRIDGE Innovation in Learning, and Trialogue. The Global Teachers Institute (GTI) has played a key role in conceptualising the initiative. TICZA is supported by funding from Absa, the Maitri Trust, the Standard Bank Tutuwa Community Foundation and the Zenex Foundation. For more on TICZA, see page 214.

Timeline

1937 The **Department of Social Welfare** was established by government to coordinate civil society's philanthropic work with government's welfare activities.

1961 **Social auditing** was introduced so companies could regularly and systematically publish accounts of their social impact as well as their financial performance.

1972 The notion of **corporate-community giving** was introduced, to get business leaders involved in the communities surrounding their operations.

1976 The **Urban Foundation**, the first large-scale corporate commitment to disadvantaged people, focused primarily on housing and education, and played a role in laying the groundwork for focused corporate giving.

1977 The term 'corporate social responsibility' was introduced in the **Sullivan Principles**, a voluntary code of conduct for US companies operating worldwide.

1983 The **Development Bank of South Africa (DBSA)** was established to provide finance for large development projects.

1990s

1992 The **Joint Education Trust (JET)** was established by South Africa's leading companies and various civil society groups. This national programme was set up to support existing educational initiatives. Between 1991 and 1995, 14 companies contributed R560 million to JET. Today, its successor, **JET Education Services**, works with government, the private sector, international development agencies and education institutions to improve the quality of education and the relationship between education, skills development and the world of work. It is a founder member of the TICZA (read 'A collective impact approach contribution to strengthening education' on page 214).

1993 **BMI primary research:** 56% of a sample of 100 corporate grantmakers used the term 'corporate social investment' to describe their community development activities. The BMI research was a precursor to the Trialogue Handbook.

1994 South Africa held its first-ever non-racial democratic elections. The new government instituted its **Reconstruction and Development Programme (RDP)** to address and dismantle apartheid's social inequalities.

The first **King report on corporate governance (King I)** was published.

1995 The **National Business Initiative (NBI)** was established with a mandate of 150 member companies. The NBI was set up as an NPO to use business leadership and resources to address socioeconomic challenges. Today, NBI is a voluntary coalition of South African and multinational companies that are actively working towards sustainable growth and development in South Africa. Since 1995, NBI has made a measurable impact in several developmental areas, including schooling, further education and training, energy efficiency and climate change, crime prevention, housing delivery, local economic development, public sector capacity building, and public-private partnerships.

The **South African Grantmakers' Association (SAGA)** was launched, supported by about 60 companies and other funders, including the Kagiso Trust, Interfund, the Ford Foundation and the Charles Mott Foundation. Its aim was to support positive social and economic change in previously disadvantaged communities. SAGA closed down in 2006, due to a lack of funding.

Following a pledge made by Nelson Mandela in 1994 to donate R150 000 of his annual salary to a children's trust, the **Nelson Mandela Children's Fund (NMCF)** was launched to raise funds and disburse them to projects aimed at uplifting previously disadvantaged children. The advocacy and social development agency celebrated its 27th anniversary in 2022.

1996 The RDP was replaced by the **Growth, Employment and Redistribution (GEAR)** macroeconomic policy.

1997 The **Non-profit Organisations Act** superseded the outdated Fundraising Act of 1978. A draft NPO bill was released in 2017 following a review of the 1997 NPO Act, with a view to regulating the sector better.

1998 The first **Corporate Social Investment and Development Handbook** was published by BMI to provide widely accessible information about CSI. It estimated annual CSI expenditure at R1.5 billion. The largest individual budget was R20 million and 54% of CSI spending went to education.

The **White Paper for Social Welfare** forged a vision for developmental welfare in South Africa, in line with global notions of development. **The Non-Profit Partnership (NPP)** was launched as a joint initiative by the South African Non-Governmental Organisation Coalition (SANGOCO), SAGA and the Charities Aid Foundation (CAF) to strengthen the financial sustainability of the NPO sector.

The **National Development Agency (NDA)** was established through the National Development Act of 1998 to administer large development funds and be the premier partner to civil society, the donor community and the government in eradicating poverty. See pages 226–227 for more on the NDA.

1999 **Tshikululu Social Investments (TSI)**, a non-profit management consultancy, was established as a specialist donor support agency to manage the CSI activities of corporate grantmakers.

The **Business Trust** was established in 1999 as a five-year initiative to focus on human development, job creation through tourism and crime reduction. It was supported by 145 companies that provided over R1.2 billion in funding. Its mandate was extended and in the 12-year period until its closure in 2011, it mobilised and managed R1.8 billion. By working together, business and government were able to improve the lives of four million people.

2000s

2000 **Trialogue** was registered as a company and the Handbook became the Trialogue CSI Handbook.

The **Taxation Laws Amendment Act** introduced the concept of the 'public benefit organisation' (PBO) and provided tax-exempt status for many organisations.

The Department of Social Welfare was renamed the **Department of Social Development (DSD)**.

The **National Lottery** was launched in March 2000. See our article 'The National Lotteries Commission: where to for NPOs?' on page 254.

The **Millennium Development Goals (MDGs)**, which were derived from the UN Millennium Declaration, committed world leaders to fighting poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women over a 15-year period.

2001 The **New Partnership for Africa's Development (NEPAD)** was adopted at the 37th Summit of the Organisation of African Unity (OAU) as a vision and strategic framework for Africa's renewal and development.

2002 The **World Summit on Sustainable Development (WSSD)** was held in Johannesburg.

The **King II Report on Corporate Governance in South Africa** was launched, superseding the 1994 King Report. The report recommended that social and environmental reporting (as part of the 'triple bottom line') be considered as important as regular financial reporting.

Timeline (continued)

2003 The **Johannesburg Stock Exchange (JSE)** launched its **Socially Responsible Investment (SRI) Index** to track listed companies' responsiveness to South Africa's socioeconomic and environmental challenges.

2004 The **Broad-Based Black Economic Empowerment Act** was signed into law, placing BEE firmly on the corporate agenda.

2006 The Community and Individual Development Trust (CIDT) becomes a part-owner of Trialogue. The trust is now named the Imvula Education Empowerment Fund, and it aims to provide talented, but historically disadvantaged youth, access to education and employment opportunities – see Maharishi Invincibility Institute on page 79.

2007 The Black Economic Empowerment (BEE) Codes of Good Practice were gazetted and a number of Transformation Sector Charters were introduced.

The **Trialogue CSI Conference** was launched, convening development practitioners from companies and NPOs to share lessons and ideas on how to improve the impact of CSI.

2009 The **King III Report on Corporate Governance in South Africa (King III)** was released.

The **University of Cape Town Graduate School of Business (GSB)** launched the first specialised postgraduate programme in CSI.

Nelson Mandela's 91st birthday on 18 July marked the first **Mandela Day**, calling on South Africans to give 67 minutes of their time to social causes, representing his 67 years of public service. From 2010, the day became an international volunteering day under the auspices of the UN.

2010s

2011 The new **Companies Act, 2008 (Act No. 71 of 2008)** came into effect from 1 May, introducing the **non-profit company**, "a company incorporated for public benefit", which replaced the Section 21 company.

2012 The **National Development Plan (NDP)**, a strategic framework for addressing the socioeconomic and developmental challenges facing South Africa, was approved by government.

Mark Kramer and Michael Porter founded the **Shared Value Initiative** to enhance knowledge-sharing and practice surrounding shared value globally (for more on shared value, see 'Capitalism: do we need a new paradigm?' on page 146).

2013 The GRI's **G4 Sustainability Reporting Guidelines** were released, revising the reporting process to focus managers on linking material sustainability issues to the value chain.

The **National Education Collaboration Trust (NECT)** was formed to address key challenges in education. NECT is a partnership initiative driven by business and it includes government, labour and other civil society stakeholders.

Businessman **Patrice Motsepe** became the first African billionaire to sign **the Giving Pledge**, dedicating at least half of the funds generated by his family assets to philanthropy.

2014 The **Trialogue Strategic CSI Award** was launched, recognising projects that epitomise best practice in CSI in South Africa.

Trialogue launched its **CSI Forums**, quarterly events that engaged on a range of CSI and responsible business topics.

2015 The **JSE/FTSE Responsible Investment Index Series** replaced the JSE SRI Index as the JSE partnered with global index provider FTSE Russell to make progress around promoting corporate sustainability practices in South Africa.

Launch of the **Sustainable Development Goals (SDGs)** by the UN General Assembly, with the aim to achieve the Global Goals by 2030.

The **African Union's Agenda 2063** was adopted. This set of initiatives outlines a plan to achieve economic development, political integration, improvements in democracy and justice, and the establishment of security and peace on the African continent over a roughly 50-year period.

2016 South Africa signed the **Paris Agreement** on climate change in New York. The Agreement is a legally binding international treaty that was adopted by 196 Parties at COP21 in Paris, on 12 December 2015.

2017 The **Trialogue Knowledge Hub** was launched as a freely accessible online body of knowledge for CSI practitioners.

The 20th edition of the Handbook is published as *The Trialogue Business in Society Handbook*, in recognition of the increasingly holistic role of business within society; encapsulating, but not bound by the concept of CSI.

2018 The **Nonprofit Organisations Amendment Bill** was released for public comment – see 'The NPO Amendment Bill - more questions than answers?' on page 257).

2019 The **Carbon Tax** Act, 2019 (Act No. 15 of 2019) came into effect on 1 June.

2020s

2020 Virtual **Trialogue Webinars** replaced the in-person CSI Forum breakfast sessions during the Covid-19 pandemic. The monthly online webinars reached a wider audience, with panellists from other parts of the world included.

2021 In 2021, South African companies spent 7% less on CSI due to a decrease in corporate profit during the pandemic. However, companies extended increased humanitarian aid at this time, focusing on disaster relief, health measures and food security. Education remained the sector that received the most support.

2022 The South African Treasury launched South Africa's first national **Green Finance Taxonomy**.

The JSE released its **Sustainability and Climate Disclosure Guidance** that aims to guide listed companies on best practice in environmental, social and governance disclosure.

The **Trialogue Academy** was launched as an online platform for learning more about responsible business, sustainability and CSI.

The Trialogue Business in Society Handbook celebrates its 25th anniversary.

Sources

- *The Trialogue Business in Society Handbooks*, 1998–2022.
- The Trialogue Business in Society Conference 2022.
- Idowu, S. and Filho, W., eds. (2009). *Global Practices of Corporate Social Responsibility*. Accessible at: https://www.books.mec.biz/tmp/books/HZR13OGS1654XSRUG6VH.pdf

RESEARCH FINDINGS at a glance 2022

Total estimated CSI expenditure in 2022 was

R10.9 billion

This represents a 6% increase from the R10.3 billion in 2021

Top three contributing sectors

1. Basic materials (mining, water, forestry and chemicals)
2. Consumer services (retail, media, travel and tourism)
3. Financials

NON-CASH GIVING

companies gave products, services and/or time

2022: 77%

2021: 29%

52% of companies have been practising CSI for over 25 years

CSI spend changes of companies

increased 44%

stayed the same 29%

decreased 27%

Most supported development sectors

Sector	% of CSI spend	Companies
EDUCATION	average of 44% of CSI spend	98% of companies
Social and community development	13%	74% of companies
Food security and agriculture	10%	58% of companies
Entrepreneur and small business support	8%	40% of companies
Disaster relief	8%	71% of companies

64% of companies supported more than 10 projects

26% supported more than 50 projects

Many projects

NPO SUPPORT

94% of companies supported NPOs in 2022

NPOs received an average of 58% of CSI expenditure

Corporate funds accounted for 27% of NPO income

76% of NPOs received income from South African companies

MANAGEMENT OF CSI

83% managed at least some of their CSI internally

43% had a separate legal entity for at least some of their CSI

CSI MOST COMMONLY REPORTED TO CORPORATE AFFAIRS

Median of 3 CSI employees

Volunteering

75% of companies had employee volunteering programmes (EVPs)

Of these, 64% had a stated EVP policy and 69% had a separate budget for EVP

93% of companies offered company-organised volunteering initiatives, which had a staff participation rate of 47%, but were the least liked by NPOs

MONITORING AND EVALUATION

66% of companies measure the outcomes of all grants

Only 2% of CSI spend towards M&E on average

Overview of 2022 CSI research

Trialogue is pleased to present its 25th consecutive year of research into the state of corporate social investment (CSI) in South Africa. This chapter outlines the most noteworthy results from the 2022 primary research, as well as Trialogue's secondary analysis of CSI expenditure. Note that '2022' refers to data from the 2021/22 financial year, which differs across organisations, depending on the month of financial year-ends.

Total estimated CSI expenditure in 2022 was

R10.9bn

This represents a 6% nominal and an almost zero percent real change from the R10.3 billion estimated spend in 2021

Estimate of total CSI expenditure

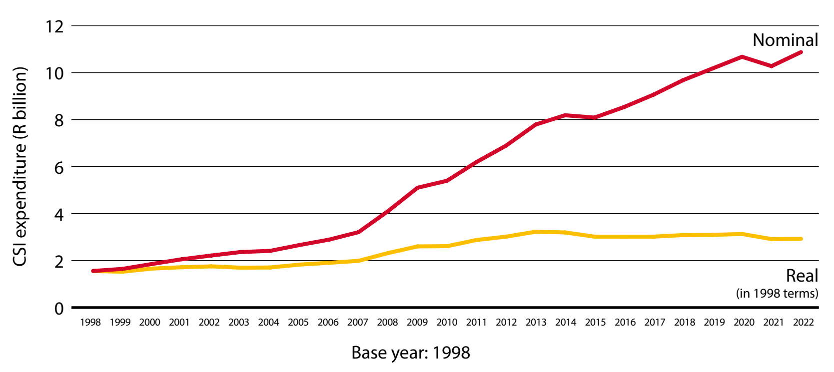
This estimate is based on analysis of the CSI expenditure of listed South African companies and multinationals operating in South Africa, as well as state-owned enterprises. It includes an extrapolation based on the total number of companies operating in South Africa and is thus an estimate for CSI expenditure by *all* companies in South Africa. Trialogue's analysis considers:

- Year-on-year changes in the CSI expenditure of 118 companies and the net profit after tax (NPAT) of 153 companies listed on the Johannesburg Stock Exchange, using publicly reported data.
- A triangulation of published CSI expenditure as a percentage of published NPAT with South African Revenue Service (SARS) data on total company taxable income and tax.
- Year-on-year changes in the CSI expenditure of 33 companies that participated in Trialogue's 2021 and 2022 primary research, as well as the proportion of companies in our 2022 sample that reported increases and decreases in CSI expenditure.
- A comparison of the combined CSI expenditure of the top 100 companies and scenario analysis of how much of the total market the top 100 companies represent.
- An extrapolation of total expenditure based on the number of medium and small companies in South Africa.

Growth in total CSI expenditure

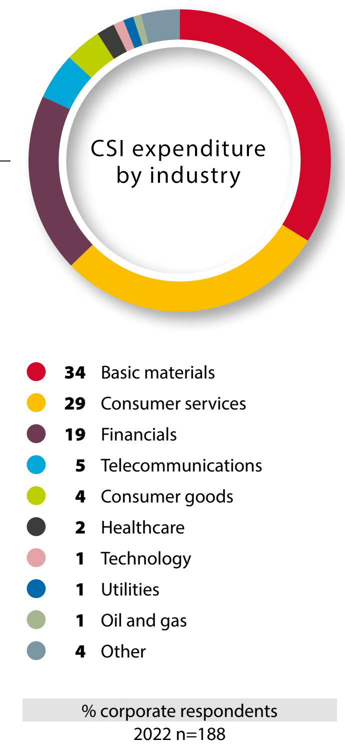
- Growth in CSI expenditure has not shown a consistent trend since a period of growth in real terms between 1998 and 2013. In 2014 and 2015 CSI expenditure experienced negative growth in real terms. In 2016 and 2017 real growth flattened, and in 2018 and 2020 it showed a slight increase.
- After a 4% decrease (7% in real terms) in 2021, largely due to pandemic shocks and impact on NPAT, CSI expenditure grew by 6% to R10.9 billion in 2022. This equates to an almost zero percent increase in real terms.
- Based on published CSI expenditure as well as results of Trialogue's 2022 primary research, significantly more companies reported an increase in CSI expenditure than those that reported a decrease.
- NPAT of listed companies was significantly higher this year with a median increase of 57% (across the 153 companies with published NPAT data for two years). However, the lower increase in CSI expenditure could be attributed to a lag between NPAT and CSI expenditure, with CSI budgets typically set as a percentage of NPAT based on the financial performance of the previous year. This bodes well for growth in CSI expenditure in 2023.

Nominal versus real growth in CSI expenditure



CSI spend by industry

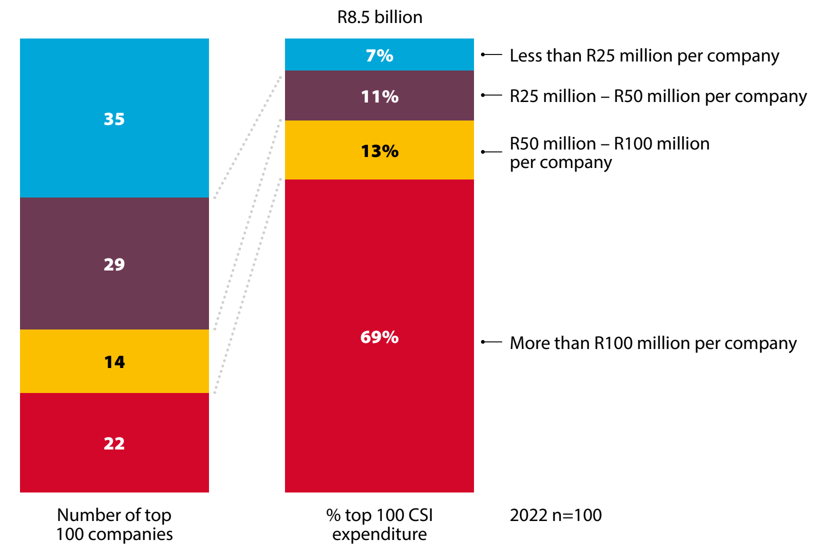
- Based on available CSI expenditure data of 188 large companies with sector classifications, the top three sectors remained the same in 2022 as in previous years.
- Basic materials, which is made up of mining, chemicals, water and forestry, accounted for the largest portion of CSI expenditure (34%) in 2022.
- Consumer services – constituting retail, media, travel and leisure – was the second-largest contributor at 29% of CSI expenditure, with the increase from previous years largely driven by non-cash giving (product donations and media public service announcements).
- Financials were the third-largest contributor at 19% of CSI expenditure.



CSI spend across the top 100 companies

- CSI expenditure remained concentrated with the top 100 companies (by available data on CSI spend) accounting for 79%, or R8.6 billion, of total CSI expenditure estimated at R10.9 billion.
- Of the total R8.6 billion spent by the top 100 companies, over two-thirds (69%) was spent by the 22 companies whose CSI expenditure was more than R100 million in 2022.

CSI spend across the top 100 companies



Respondents

Corporate

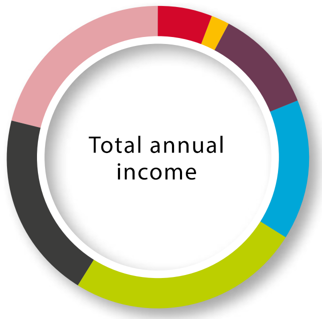
Between May and August 2022, professional researchers conducted virtual interviews with CSI representatives from large South African companies. Companies also had the option of self-completing the online questionnaire, which was then verified by the researchers.

- There were 65 participating companies. Of these, 74% also participated in 2021.
- Since it was first measured in 2011, the financial sector has been the best-represented sector in the corporate respondent sample (29% in 2022), followed by consumer goods (17% in 2022).
- The surveyed companies were large, with seven in ten companies (71%) having an annual income of over R1 billion in their latest full financial year, and 45% having an income of over R10 billion. More than half of the companies (57%) had a net profit after tax (NPAT) of over R500 million.
- Over half of the companies (55%) employed more than 5 000 people, with one-fifth (20%) having more than 20 000 employees.
- Two-thirds of the companies (61%) had a BBBEE status of Level 3 or better. Nearly half (49%) had a BBBEE status of Level 1 or Level 2.
- Most companies (72%) scored the full five points for the socioeconomic development (SED) element of the BBBEE Scorecard.
- Twenty-six companies (40%) were included in the FTSE/JSE Responsible Investment Index. Of these, 17 were in the Top 30 of the Index.

- 29 Financials
- 17 Consumer goods
- 12 Basic materials
- 9 State-owned and public enterprises
- 5 Consumer services
- 5 Technology
- 3 Oil and gas
- 3 Healthcare
- 3 Telecommunications
- 3 Utilities
- 11 Other

% corporate respondents
2022 n=65

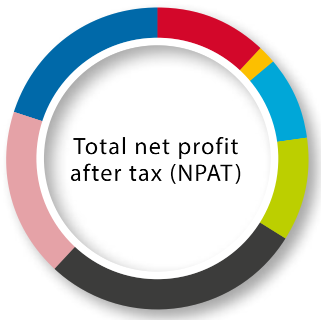
5



- 6 Less than R500 million
- 2 R500 million – R1 billion
- 11 R1 billion – R5 billion
- 15 R5 billion – R10 billion
- 25 R10 billion – R50 billion
- 20 More than R50 billion
- 21 Don't know

% corporate respondents
2022 n=65

6



- 12 Loss (negative NPAT)
- 2 R0 to less than R50 million
- – R50 million to R100 million
- 9 R100 million to R500 million
- 11 R500 million to R1 billion
- 28 R1 billion to R5 billion
- 18 More than R5 billion
- 20 Don't know

% corporate respondents
2022 n=65

7

- 17 Fewer than 1 000
- 22 1 000 – 5 000
- 18 5 001 – 10 000
- 17 10 001 – 20 000
- 17 20 001 – 50 000
- 3 Over 50 000
- 6 Don't know

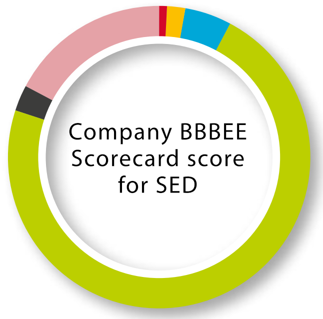
% corporate respondents
2022 n=65

8

- 35 Level 1
- 14 Level 2
- 12 Level 3
- 12 Level 4
- 2 Level 5
- 5 Level 6
- 8 Level 7
- 12 Don't know

% corporate respondents
2022 n=65

9



- 1 One
- 2 Two
- – Three
- 5 Four
- 72 Five
- 3 Not applicable
- 17 Don't know

% corporate respondents
2022 n=65

10

- 40 Yes
- 38 No
- 22 Don't know

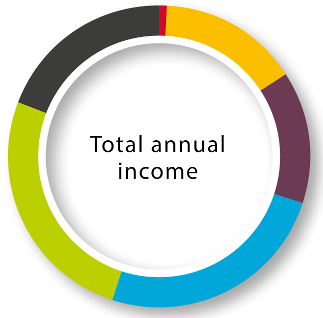
% corporate respondents
2022 n=65

11

NPO

Information was collected from non-profit organisations (NPOs) between May and August 2022, using the online survey tool Qualtrics.

- A total of 115 NPOs participated in the 2022 research. Of these, 20%, or 23 organisations, also participated in 2021.
- In 2022, half of the NPOs (51%) surveyed were medium-sized organisations with an income of between R2 million and R20 million. About one-fifth of the sample (19%) had annual incomes of more than R20 million.
- Nearly three-quarters of participating NPOs (72%) employed fewer than 50 people.



- 1 R0 or loss-making
- 15 Less than R500 000
- 14 R500 000 – R2 million
- 25 R2 million – R5 million
- 26 R5 million – R20 million
- 19 More than R20 million

% NPO respondents
2022 n=73

12

- 28 1 – 10 people
- 20 11 – 20 people
- 24 21 – 50 people
- 17 51 – 100 people
- 7 101 – 500 people
- 4 More than 500 people

% NPO respondents
2022 n=115

13

Global Exchange

Trialogue is the southern Africa partner in a global network of responsible business and social development-focused organisations, called the Global Exchange. The initiative is overseen by the US-based Chief Executives for Corporate Purpose (CECP). We once again aligned our corporate questionnaire with the CECP *Global Impact at Scale* survey, which includes data from 17 South African companies that participated in Trialogue's research. All international research findings quoted in this chapter are from the CECP 2022 *Global Impact at Scale* report. All US findings are from the CECP 2022 *Giving in Numbers* report.

CECP Global Exchange Country Partner

Read 'Global trends in ESG and social investment' on pages 74–76.

trialogue

SUPPORTING BETTER BUSINESS

THOUGHT LEADERSHIP PLATFORMS

Trialogue's knowledge-sharing platforms provide corporate clients with the opportunity to profile their work, position their brands as thought leaders, and share their insight with peers in the development sector.

THE TRIALOGUE BUSINESS IN SOCIETY HANDBOOK

For more than two decades, ***The Trialogue Business in Society Handbook*** has been the leading corporate social investment (CSI) publication in South Africa, providing reliable data and insight that has contributed to deepened understanding and impact in the developmental sector. The publication responds to the increasingly holistic role of business within society, encapsulating but not bound by the concept of CSI.

THE TRIALOGUE BUSINESS IN SOCIETY CONFERENCE

This annual event convenes more than 400 civil society, private- and public-sector delegates to share insights and innovations, in order to strengthen development interventions. In 2022, we hosted our first hybrid event, which explored the theme of reconnection after the lockdowns and physical distancing brought about by the Covid-19 pandemic. Diarise **9 and 10 May 2023** for the must-attend next Trialogue Business in Society Conference.

THE TRIALOGUE KNOWLEDGE HUB

A freely available online platform, the Trialogue Knowledge Hub is a comprehensive and growing body of knowledge on topics across numerous development sectors. The Hub provides companies with the ability to showcase their social investment work across chosen areas of development and to reinforce good citizenship positioning of their corporate brand. Additionally, the NPO Directory on the Hub helps funders identify non-profit organisations (NPOs) for potential partnerships.

THE TRIALOGUE ACADEMY

The Trialogue Academy is an educational platform offering online and hybrid courses in responsible business, sustainability and corporate social investment. It distills more than two decades of industry experience and thought leadership, providing professionals with the knowledge and skills they need to deepen their understanding of key concepts in development.

TRIALOGUE WEBINARS

Trialogue hosts monthly webinars, providing expert input and insights on a range of responsible business topics. CSI and responsible business practitioners can engage in discussions that help to enhance the impact of responsible business initiatives.

STORYTELLING SERIES ON SABC 3'S *EXPRESSO* MORNING SHOW

Trialogue has partnered with *Expresso*, SABC 3's award-winning breakfast show, to provide select companies with the opportunity to showcase their responsible business initiatives. This unique opportunity amplifies companies' commitment to social and community development.

Corporate clients interested in profiling their CSI and responsible business initiatives, positioning their brands as thought leaders, and contributing to knowledge-sharing that enhances developmental outcomes, are invited to partner with Trialogue on a holistic thought leadership strategy.

CONSULTING SERVICES

Trialogue supports its clients in making their CSI and sustainability practices more effective through its end-to-end consulting process, which covers strategy development and implementation, stakeholder engagement, management and measurement systems, benchmarking, and evaluation.

1 SOCIAL IMPACT ADVISORY

Our social impact advisory services include presentations to boards and executives on CSI trends, developing company-specific CSI policies and strategies, and supporting companies to implement their CSI strategies. Support includes help with identifying new projects or programmes, developing monitoring and evaluation (M&E) frameworks, and conducting project evaluations. We also assist with CSI communications, and training executives and staff on CSI practices.

2 MONITORING & EVALUATION

Trialogue offers a range of M&E services to private-sector companies, NPOs, government departments and state-owned entities, including developing M&E frameworks, ongoing monitoring support, conducting project and programme evaluations, benchmarking, and strategically positioning CSI programmes and projects on a spectrum of both social and corporate benefit.

3 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ADVISORY

Our integrated thinking and sustainability services include gap analysis to assess positioning and practices as viewed against lead practice, benchmarking of positioning against peer companies, and development of sustainability strategies and roadmaps. We also offer support in advancing sustainability practices, including the conscious adoption of standards and codes, materiality and stakeholder engagement processes, internal management accountability and performance tracking, integrated ESG/sustainability management frameworks, and internal and external communication.

4 CORPORATE REPORTING

Trialogue offers a full reporting service, which focuses on authenticity and transparency. We support our clients in meeting the various regulatory codes and standards, while moving beyond compliance-based reporting. Specific corporate reporting services include integrated reporting, sustainability reporting and social impact reporting, with a full range of support from concept design, information collection, writing and editing, through to print management and delivery.

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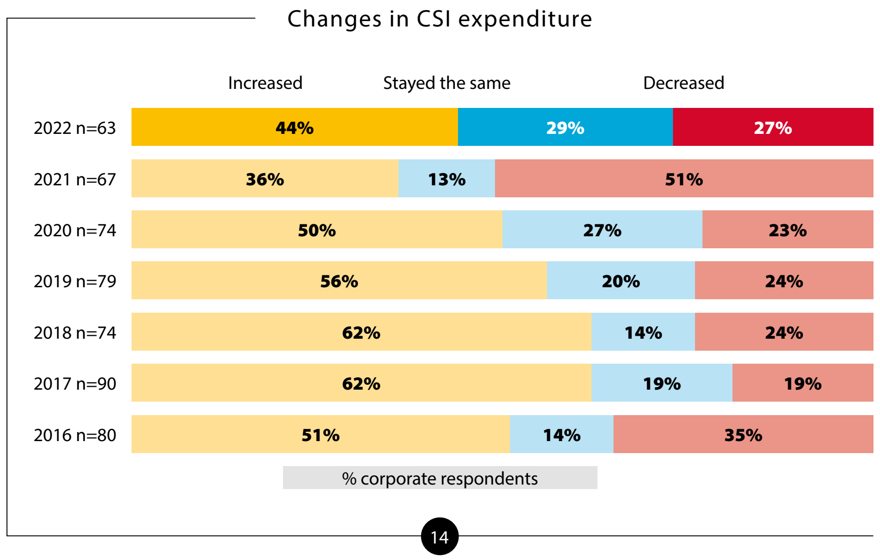
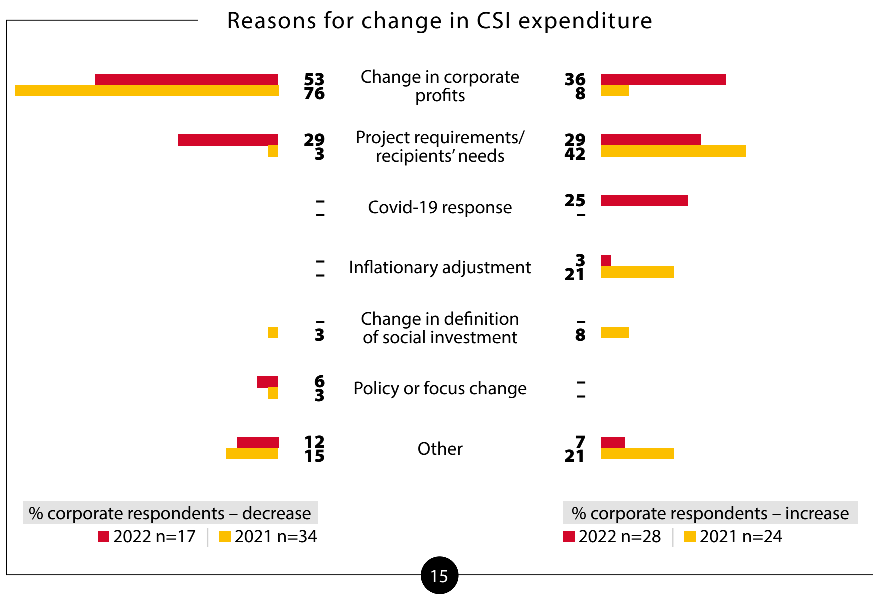
CSI expenditure in 2022

Changes in CSI expenditure

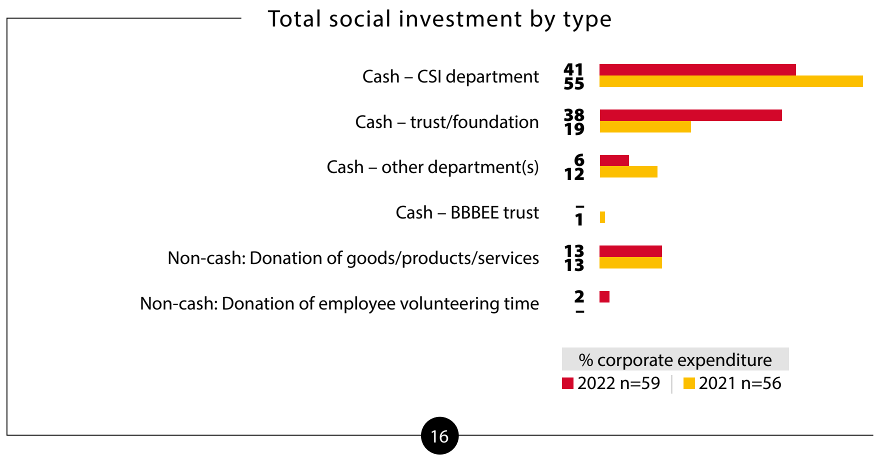
- In 2022, 44% of the companies in the sample reported an increase in CSI expenditure, up considerably from 36% in 2021. There was also a significant drop in the proportion of companies reporting a decrease: from 51% in 2021 to 27% in 2022.
- This positive trend follows the increased profitability of companies in 2021: among the 28 companies that reported increased CSI expenditure, a third cited an increase in corporate profits (36%) as the main reason for the increase.
- The main reason for decreased CSI expenditure by South African companies was a change (decrease) in corporate profits, which 53% of the 17 respondents listed as a reason for the decrease, down from 76% in 2021.
- Most companies surveyed were optimistic about social investments over the next two years, with 60% predicting that there would be an increase in resources and budget for CSI, up from 41% in 2021. About a third of companies (34%) expect social investments to remain the same (42% in 2021). Only 6% expect that there will be a decrease in social investments over the next two years (down from 17% in 2021).
- This compares favourably to the global data where 61% of companies expect resources to stay the same and 28% expect an increase over the next two years.

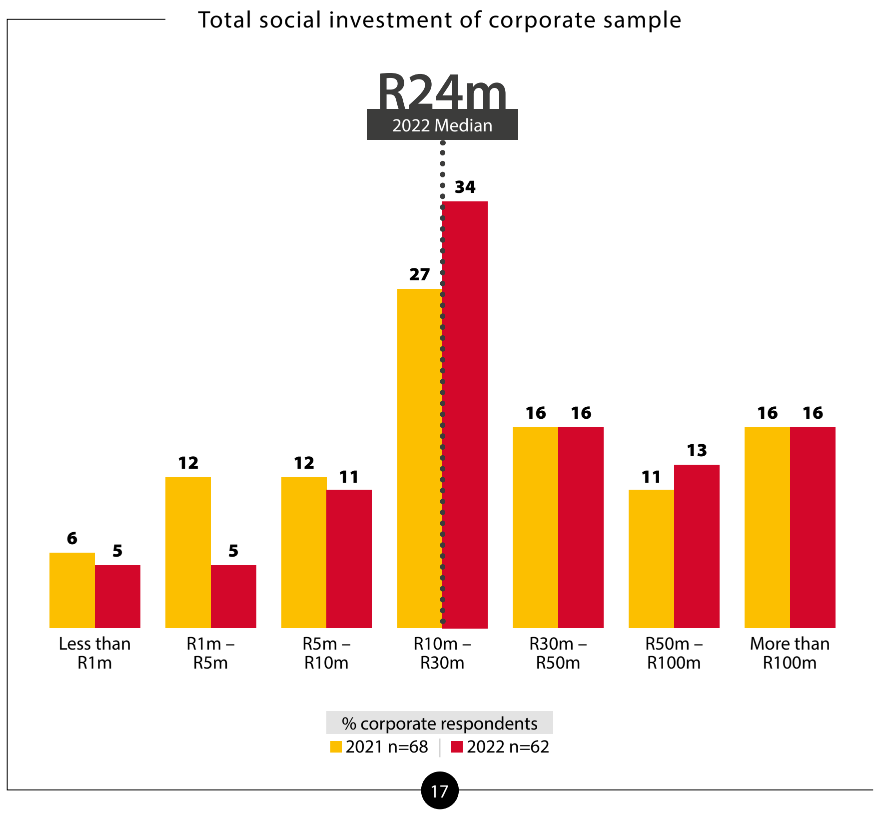




Value of social investment of corporate sample

- Total social investment of the 59 companies that reported expenditure figures for 2022 was more than R2.7 billion (cash plus non-cash, including donations of goods and services as well as employee volunteering time). Most social investment was in the form of cash expenditure by a CSI department (41%) followed by cash expenditure through a trust/foundation (38%).
- None of the participating companies in 2022 reported spending through BBBEE community ownership trusts.
- Nearly eight in ten companies (79%) that reported expenditure figures spent more than R10 million on social investment in 2022, with 18 companies (29%) investing more than R50 million. Of these, 10 companies invested more than R100 million.
- The 2022 median social investment increased from R23 million in 2021 to R24 million in 2022. The average social investment decreased to R47 million in 2022 from R63 million in 2021 and R76 million in 2020.

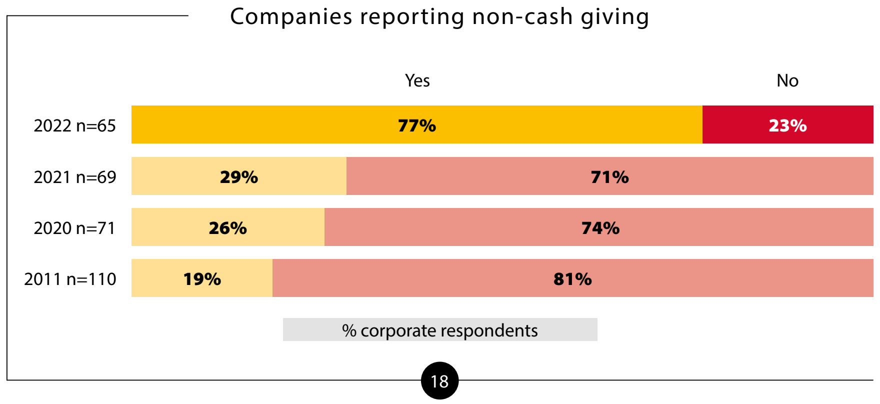


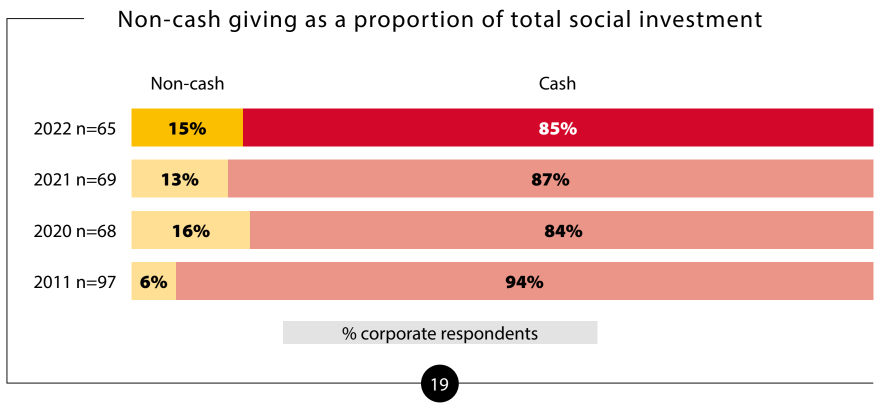


CSI expenditure in 2022 (continued)

Non-cash giving

- In 2022, 50 participating companies (77%) reported non-cash giving. This is a significant increase from 29% of the 69 companies surveyed in 2021, and the highest since it was first measured.
- Only 23 of the 50 companies reported the value of non-cash giving, which amounted to R415 million in 2022. Of this, 85% (R350 million) was the value of goods and services, and 15% (more than R64 million) was the value of employee volunteering time.
- More companies reported the value of volunteering time (six, up from four in 2021) and the total value increased significantly from R4 million in 2021 to R64 million in 2022.
- Non-cash giving as a proportion of total social investment increased from 13% in 2021 to 15% in 2022 (in line with the 2020 figure of 16% but higher than the 6% reported in 2011). The 23 companies that provided the value of non-cash giving reported an average non-cash expenditure of R18 million.

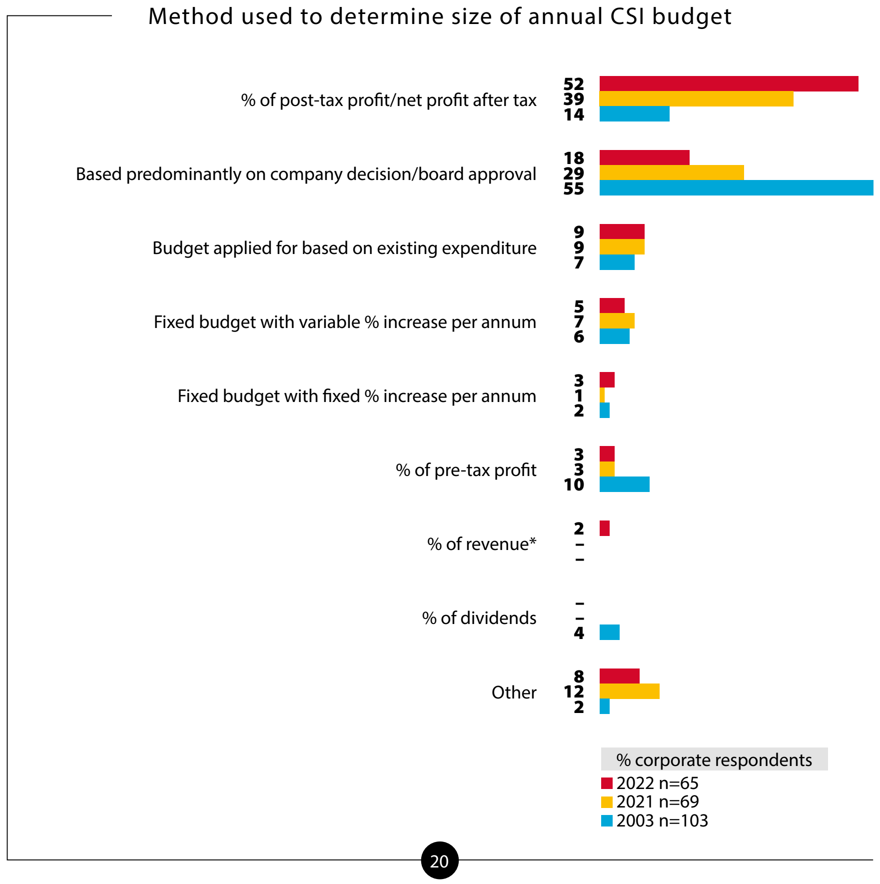




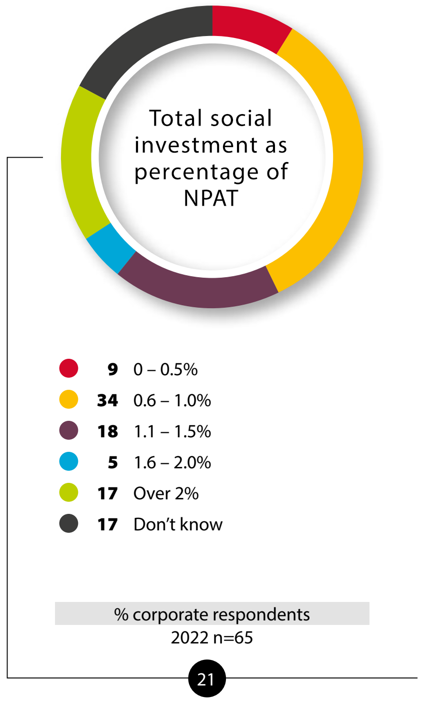
For more information on how to value non-cash giving.

Method used to determine CSI budgets

- In 2022, more than half of the participating companies (52%) determined their annual CSI budget as a percentage of after-tax profit or net profit after tax (NPAT). This has been the dominant method since the introduction of the BBBEE Empowerment Act, prior to which budgeting was primarily based on company decision and board approval.
- The companies that used this method in 2022 allocated between 0.6% and 4% of after-tax profit to the annual CSI budget, with most allocating between 1% and 2% of after-tax profit, in line with the target for SED spend of 1% of NPAT in the BBBEE Scorecard.
- Regardless of budget method used, two-thirds of companies in the sample (66%) estimated that their social investment accounted for up to 2% of their NPAT in 2022, with more than half (52%) in the range of 0.6% to 1.5% of NPAT.
- The second most common method for determining CSI budget was on the basis of company decision/board approval (18% of companies). This is down from 29% in 2021, and significantly down from when it was the most popular method in 2003 (55% of companies).



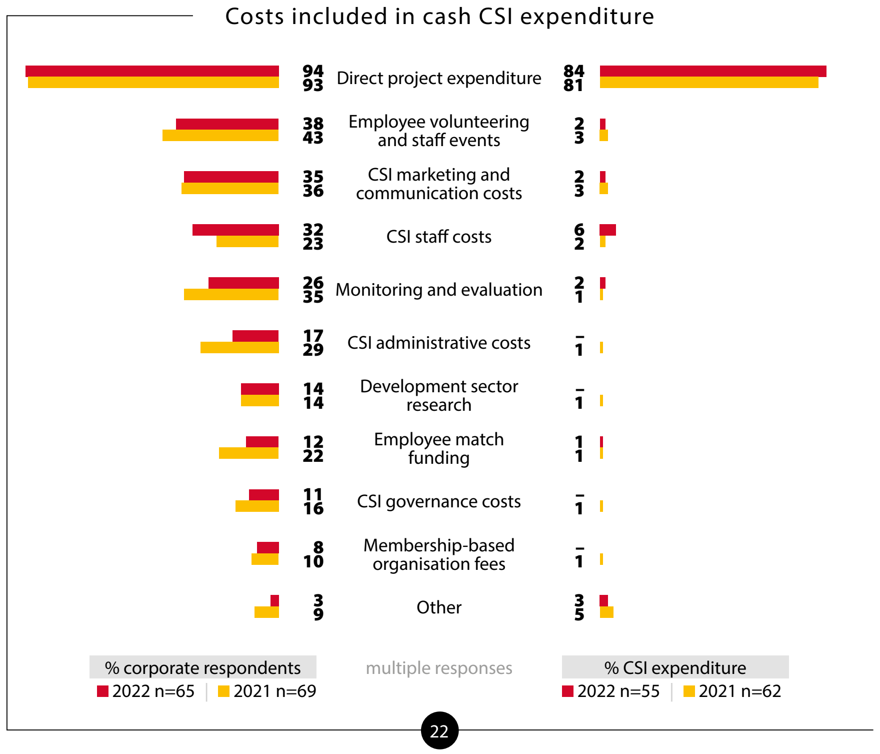
* New category in 2022.



CSI expenditure in 2022 (continued)

CSI expenditure line items

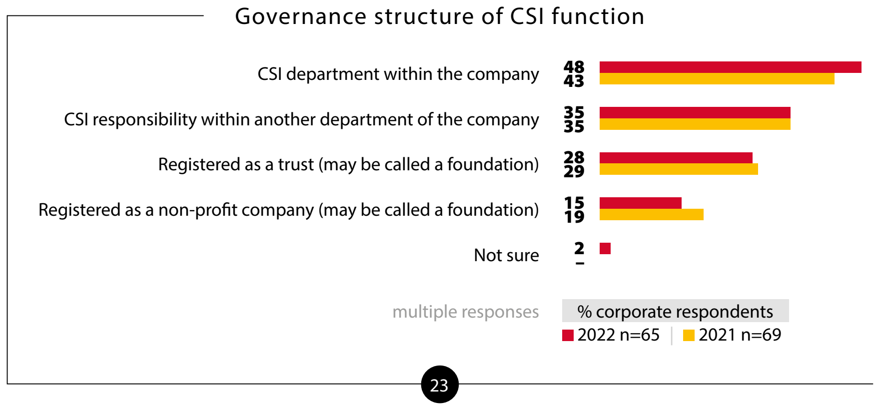
- Most respondent companies (94%) included direct project expenditure in cash CSI expenditure, and it comprised 84% of total CSI expenditure on average, in line with previous years.
- Costs related to employee volunteering and staff events were the second most prevalent expenditure item (38% of companies in 2022), but comprised only 2% of companies' cash CSI expenditure on average.
- This was closely followed by CSI marketing and communication costs, included by 35% of companies, and which comprised 2% of cash CSI expenditure on average.
- Expenditure on monitoring and evaluation increased marginally from 1% of cash CSI expenditure in 2021 to 2% in 2022, while spend on development sector research decreased from 1% in 2021 to nothing in 2022.

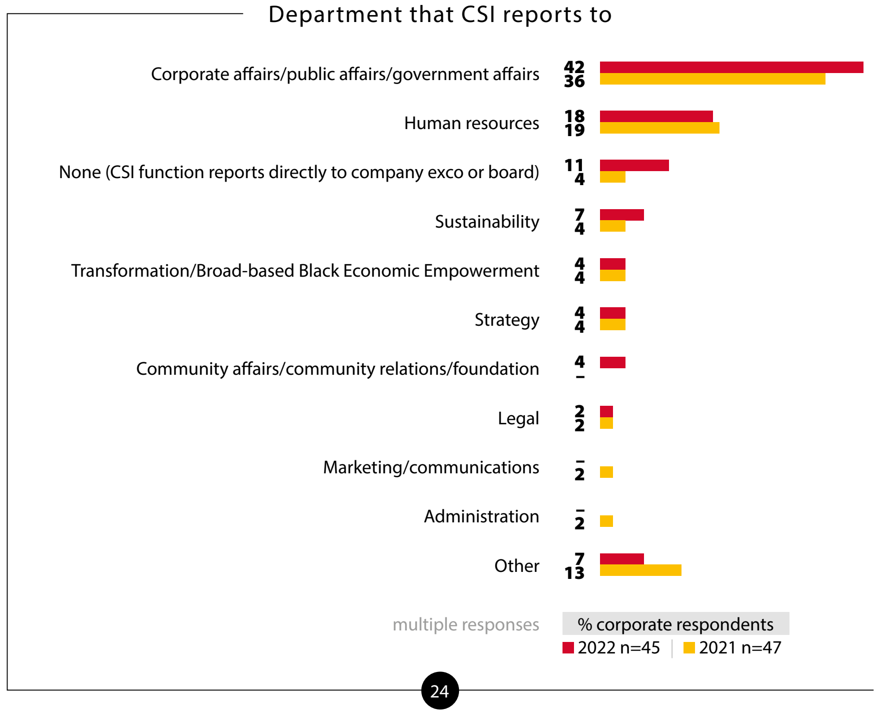


Governance and management

Governance structure

- In 2022, one-quarter of participating companies (16 companies) reported having multiple structures for managing CSI. In most cases, respondents had a CSI department in the company and a separate legal entity, such as a trust. This is in line with 2021 where 18 corporates (26%) reported CSI expenditure through multiple structures.
- Almost half of company respondents (48%) managed their CSI through a dedicated department within the company in 2022 (up from 43% in 2021, but still lower than 57% in 2020). Twenty-three companies (35%) had the CSI responsibility carried by another department of the company.
- In 2022, 19 companies (42%) that managed their CSI within the company reported to the corporate affairs/public affairs/government affairs department (up from 36% in 2021), while 18% reported to human resources. The proportion of participating companies reporting directly to the company exco or board increased from 4% in 2021 to 11% in 2022.
- Fourteen companies had both a CSI department and a foundation in 2022 (12 companies in 2021). Over one-third of these companies (36%) reported no linkage between the foundation and the CSI department, significantly up from 2021 when none of the companies reported no linkage and most (75%) reported that the foundation and CSI department were managed by the same people.

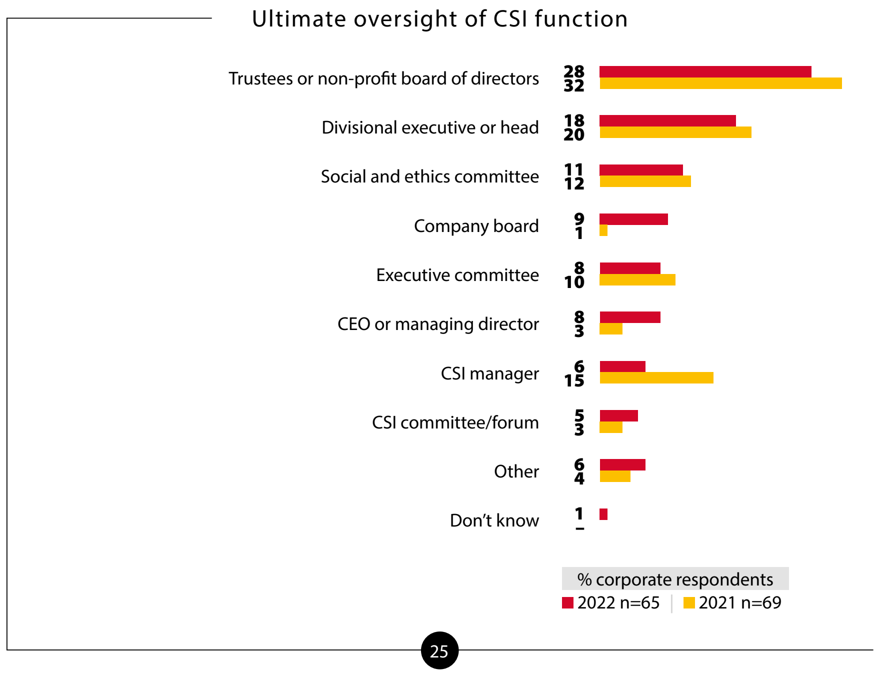


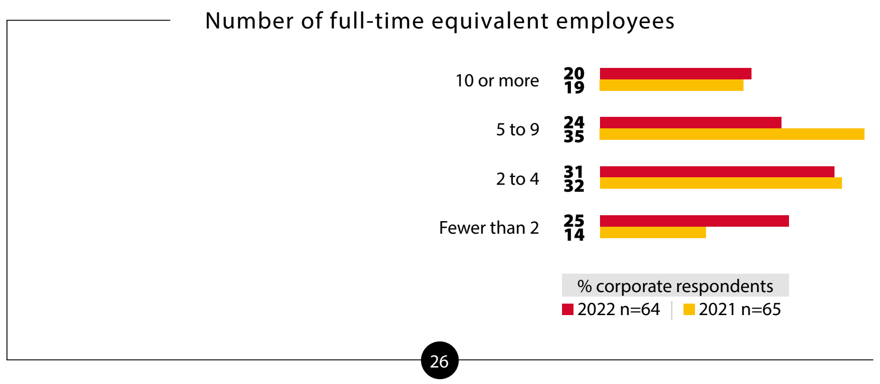


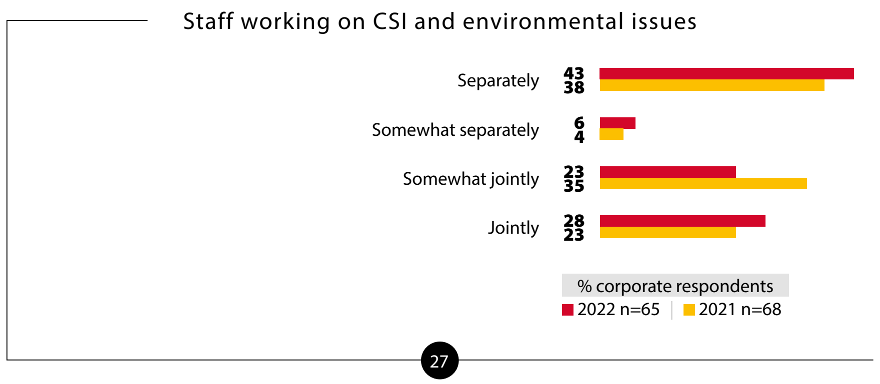
Governance and management (continued)

Management of CSI functions

- In line with the number of companies that reported having a registered trust in 2022, 18 companies (28%) indicated the trustees or non-profit board of directors have ultimate oversight of the CSI function. For one in five companies, ultimate oversight sits with the company directors (11% social and ethics committee, and 9% company board). Where ultimate oversight sits within the company, it is most often with the divisional executive (18%).
- Over half of participating companies (55%) had between two and nine employees managing and administering CSI in 2022. One-quarter (25%) had fewer than two employees and one-fifth (20%) employed ten or more people. In 2022, the median number of CSI employees was three (down from five in 2021).
- More than half of companies (51%) indicated some form of joint working between CSI and environmental staff. The remainder (49%) reported that their CSI staff work separately or somewhat separately from staff working on environmental issues. This indicates a slower integration than globally, where 83% of companies reported some form of joint working, and only 17% reported separate working.



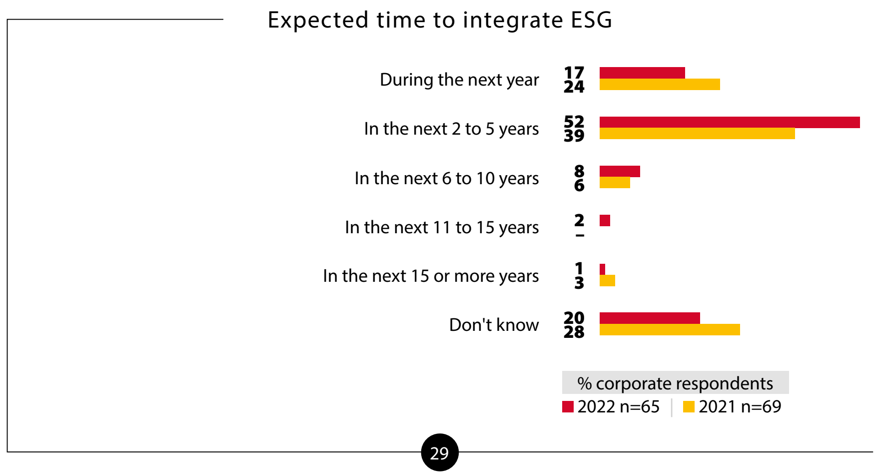


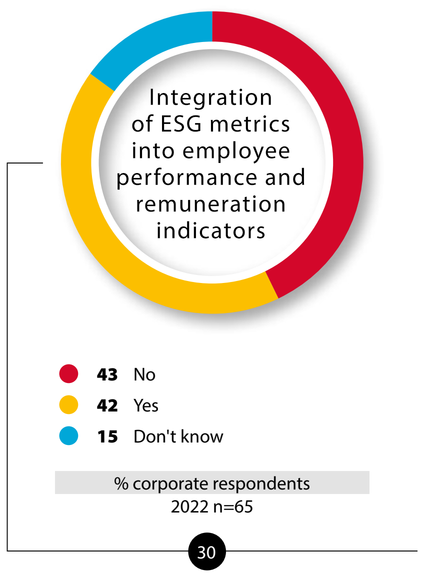


Strategy and risk

ESG strategy

- In 2022, over two-thirds of respondents (69%) said their company's overall business strategy very much integrates and responds to their company's material environmental, social and governance (ESG) issues. A further 20% indicated their business strategy responds to critical ESG issues to some degree. These results are in line with global findings, where 72% of companies reported very much integration and 26% somewhat integration.
- Most respondents (69%) in South Africa and 80% globally expect ESG to be integrated across every department in the next five years, with 11% expecting integration after six years, and the remainder unsure.
- Almost equal numbers of companies report integrating ESG metrics into employee performance and remuneration indicators (42%) and not integrating them (43%), with the remainder unsure.

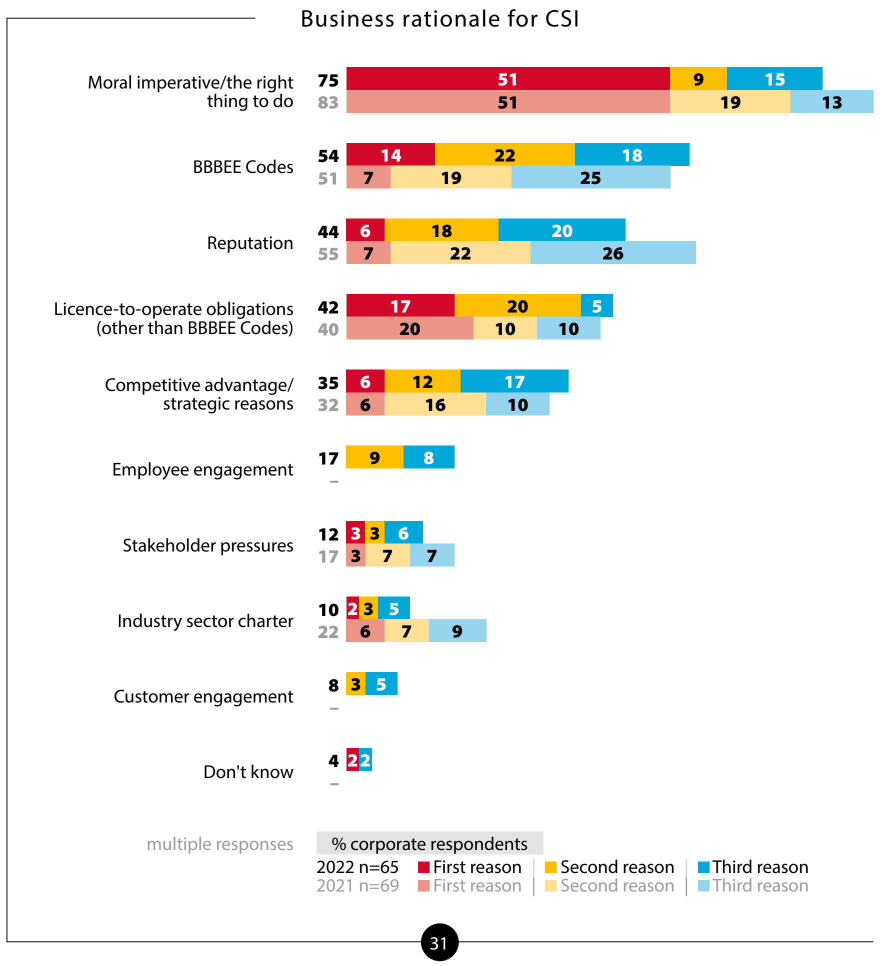


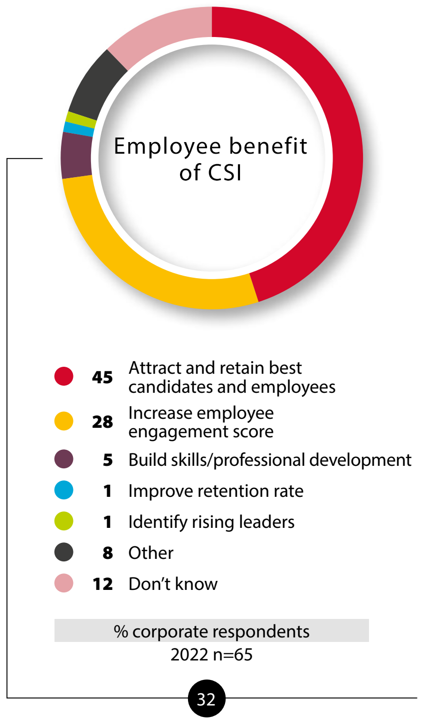


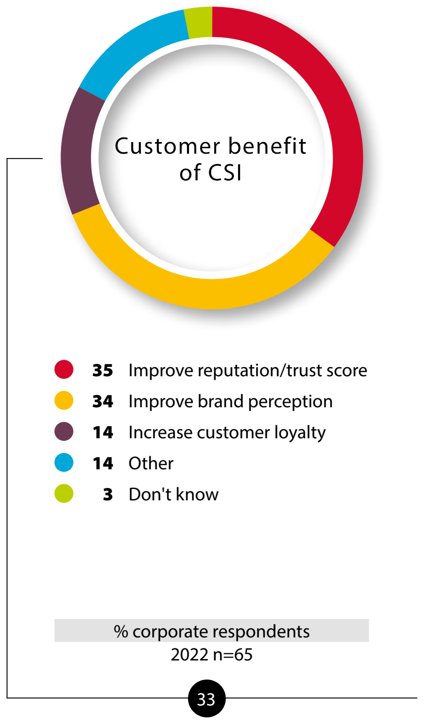
Strategy and risk (continued)

CSI rationale and benefits

- In 2022, moral imperative/the right thing to do was ranked as one of the top three reasons for supporting CSI by three-quarters of companies (75%), with over half (51%) rating it the top reason. This has been the top reason for doing CSI every year since it was first measured.
- BBBEE codes moved from third place in 2021 to second in 2022, with 54% of respondents including it as a top-three reason, while reputation moved from second place in 2021 to third in 2022, with 44% of respondents including it.
- Fewer companies (10%) included the industry sector charters as a reason for doing CSI, down from 22% in 2021 (and 28% in 2013).
- Attracting and retaining the best candidates and employees was listed by almost half of companies (45%) as the main employee benefit of CSI. This was followed by improving employee engagement scores (28%), which was ranked highest by global companies.
- Close to a third of companies each considered improved reputation/trust scores (35%) and improved brand perception (34%) as the main customer or brand benefits of CSI. Fourteen percent cited increased customer loyalty as the third most important customer benefit, with the remainder selecting other reasons, or unsure of the customer benefits.
- Similarly, global companies rated improved brand perception and improved reputation as the most important brand benefits of social investment.

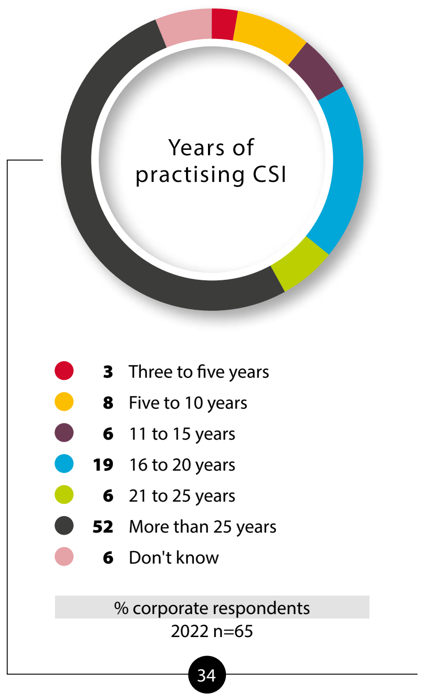


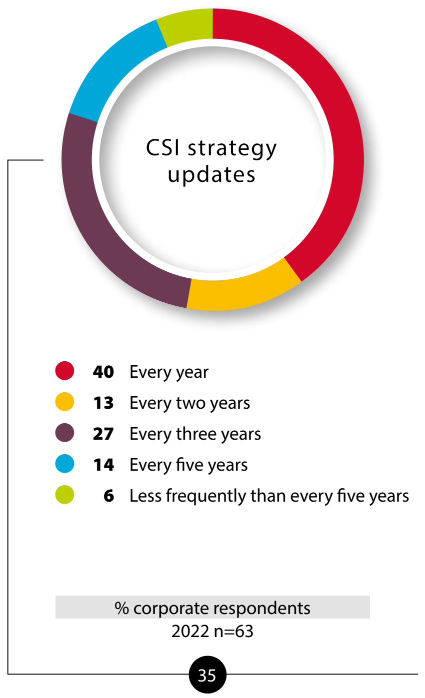




CSI strategy

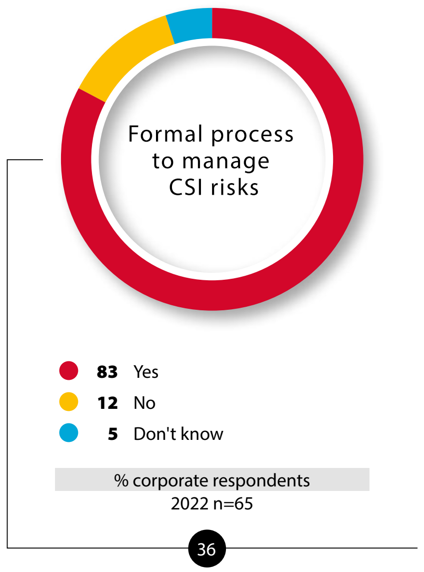
- In 2022, more than three-quarters of companies (77%) had practised CSI for 16 years or more, with over half (52%) practising CSI for more than 25 years. Only two companies in the sample had practised CSI for five years or less.
- All the companies in the sample, bar one, had a CSI strategy in 2022. Most of the NPOs surveyed (88%) also had a formal strategy.
- Over half of companies (53%) update their CSI strategies at least every two years, with 40% updating their CSI strategies every year. Forty-one percent of companies update their CSI strategy between every three to five years, with four companies (6%) doing so less frequently than every five years.
- More than two-thirds of NPOs (65%) update their strategies at least every two years, with more than half (55%) doing so every year. Nearly a third of the NPOs (30%) update their strategies between two and five years.

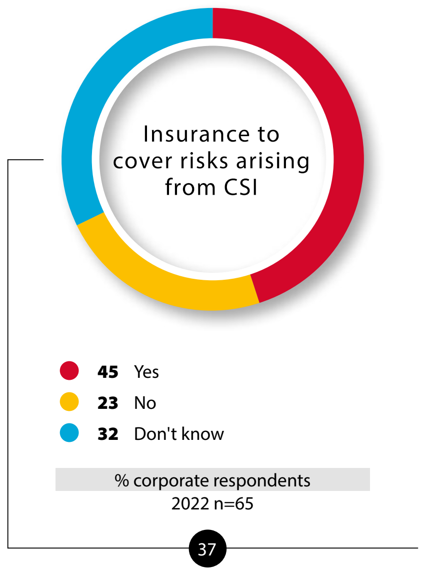




Risk management

- In 2022, most companies (83%) had a formal process to manage risks associated with CSI programmes or specific projects. Nearly three-quarters of NPOs (73%) had a formal process to manage programme/project risks.
- Almost two-thirds of companies (65%) incorporate CSI risks into the company's risk register and manage CSI risks through the company's risk function. Almost a quarter of companies (23%) manage CSI risks through the CSI function, independent of the company risk function.
- Over half of companies (52%) did not require NPOs/projects to have risk management plans as a condition for accessing funding. In line with this, only a third of NPOs (32%) claimed they were required to have a risk management plan to access funding.
- Under half of the participating companies (45%) had insurance cover for risks arising from CSI initiatives, although a third of respondents (32%) did not know, with almost a quarter (23%) not having insurance in place. More than half of NPOs (58%) claimed to have insurance cover for programme/project risks.



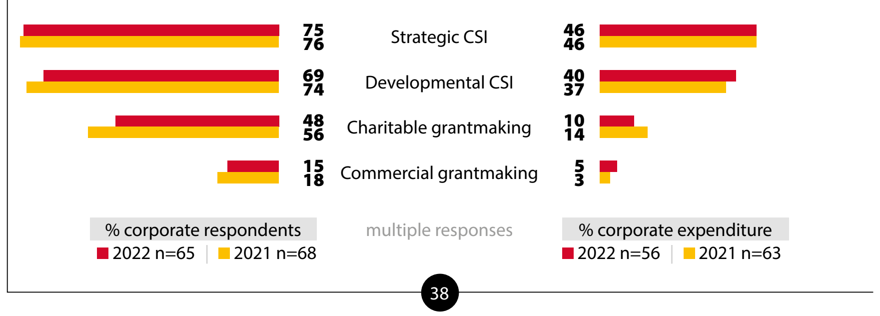


Strategy and risk (continued)

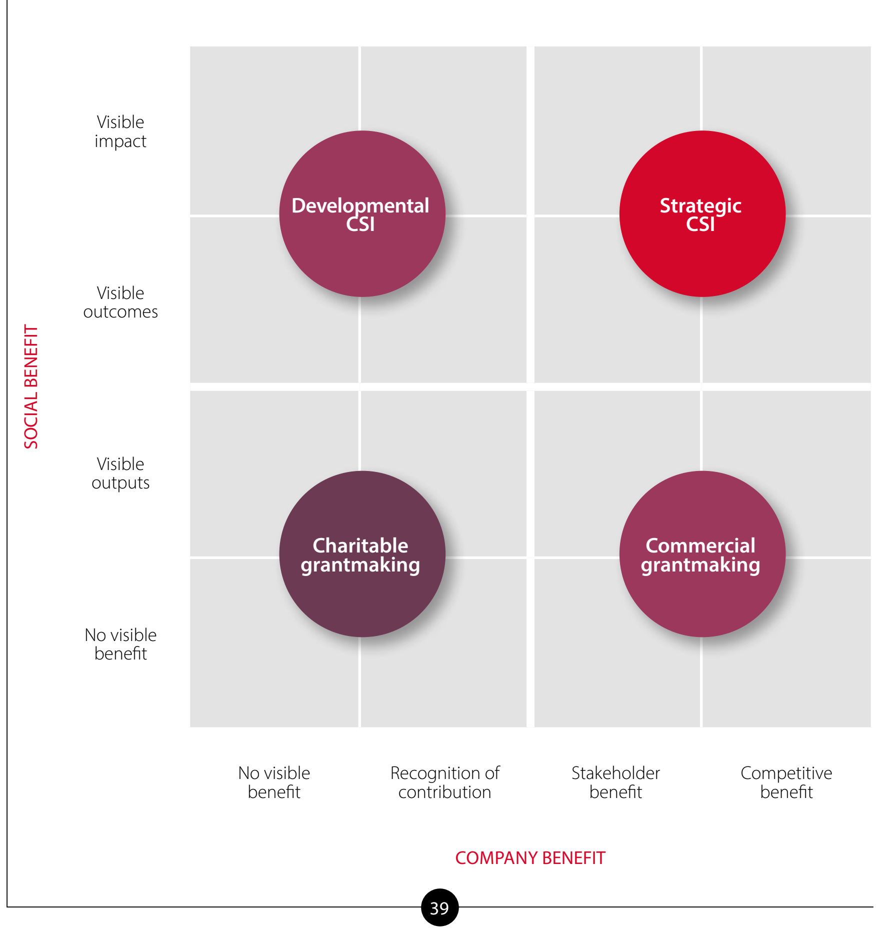
CSI positioning

- In 2022, companies reported practising an average of two types of CSI approaches, as depicted in Trialogue's CSI Positioning Matrix. This is in line with the results of 2021.
- The most popular approach reported was strategic CSI, practised by three-quarters of companies and receiving an average of 46% of CSI spend. Strategic CSI shows evidence of developmental results (outcomes or impact) and business benefits that go beyond reputation to significant improvements with business stakeholders or competitive advantage.
- There was a slight drop in the percentage of companies that reported practising developmental CSI, from 74% in 2021 to 69% in 2022. Developmental CSI refers to CSI that generates significant social outcomes with limited alignment to the core business. The average CSI spend on developmental CSI increased to 40% in 2022 from 37% in 2021.
- The proportion of corporates supporting charitable grantmaking projects declined from 56% in 2021 to 48% in 2022, with the average CSI expenditure also dropping to 10% in 2022. Charitable grantmaking often takes the form of once-off donations, without focus on business value or developmental benefits.
- Commercial grantmaking prioritises corporate benefit over social benefits, and remains the least practised approach. While the percentage of corporates practising this approach decreased from 18% in 2021 to 15% in 2022, the average CSI spend increased (from 3% in 2021) to 5% in 2022.

CSI positioning



The Trialogue CSI Positioning Matrix



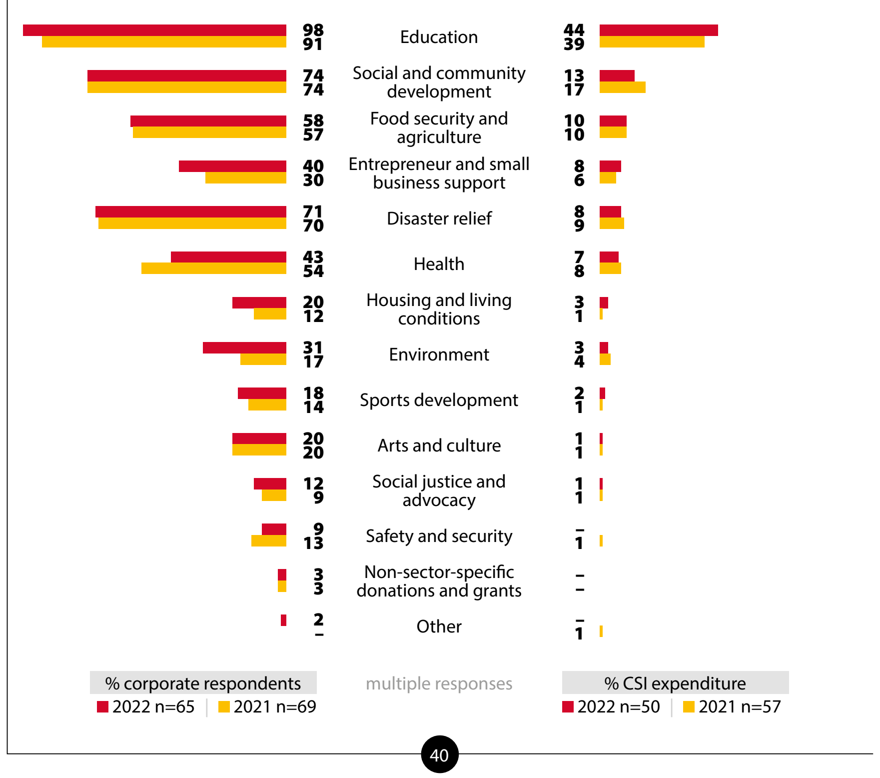
Read pages 84–85 for the winner of the Trialogue Strategic CSI Award 2022.

Development sector funding

Corporate

- Companies supported an average of five sectors in 2022, with 24 companies (37%) supporting more than five sectors. This is in line with 2021, and slightly above the average of 4.6 sectors supported in 2020.
- Education remains the most popular cause. Almost all companies (98%) supported education in 2022 (up from 91% in 2021). The average CSI spend on education increased from 39% in 2021 to 44% in 2022, still below the half of average CSI spend recorded in 2020.
- Social and community development remains the second most supported cause, supported by three-quarters of companies in 2022 (74%). However, the average CSI spend decreased to 13% in 2022, from 17% in 2021.
- Disaster relief continues to be the third most popular cause, supported by 71% of companies in 2022. Average CSI expenditure decreased marginally to 8% in 2022, from 9% in 2021.
- Consistent with 2021, more than half the companies (58%) supported food security and agriculture interventions in 2022. The average CSI spend on this sector remained at 10% in 2022.
- More companies (40%) supported entrepreneur and small business support in 2022 (up from 30% in 2021). The average CSI spend for this cause also increased from 6% in 2021 to 8% in 2022.
- Less than half of companies (43%) supported health-related interventions in 2022 (down from 54% in 2021). As a result, health dropped from fifth to sixth place of the most supported causes in 2022, with average CSI spend below 10%.
- More companies supported environment, housing and living conditions, and sports development in 2022 than in 2021, supported by 31%, 20% and 18% of companies, respectively. The average CSI spend in each of the three sectors remains below 5%.

Corporate support and CSI expenditure by development sector



Coke Ville

‘We continue to drive our business through innovation to grow sustainably into the future while influencing the company’s long-term vision. As we plan for 2022 and beyond, we will apply key learnings and continue to execute our transformation agenda, because the path continues and does not get easier, especially when you reach the top.’

Velaphi Ratshefola, CCBSA Managing Director

COCA-COLA’S COMMITMENT TO COMMUNITY EMPOWERMENT

Coca-Cola Beverages South Africa (CCBSA) is the South African-based subsidiary of Coca-Cola Beverages Africa (CCBA). CCBSA manages 13 manufacturing plants, including in Polokwane, Pretoria West, Midrand, Devland, Nigel, Wadeville, Heidelberg, Phoenix, Bloemfontein, Elgin and Epping, employing over 7 500 people. Over the past few years, CCBSA has made significant investments to create impactful social development and sustainability opportunities in South Africa.

Working towards a world without waste

We are working to make packaging part of a circular economy, placing a strong emphasis on packaging design. This forms part of the organisation’s World Without Waste vision to recycle the equivalent of every bottle or can it produces in the market by 2030. CCBSA has improved the recyclability of its packaging at more than 95%, tracking ahead of the global target of 100% by 2025.

After the Covid-19 pandemic outbreak, beverages were donated and funds were disbursed in relief efforts benefiting 101 006 waste reclaimers, in partnership with the National Disaster Fund and product sponsorship.

CCBSA partnered with internal stakeholders, logistics and special events teams, and distributed personal protective equipment (PPE) to over 170 NGOs, caregivers and frontline workers in Gauteng, KwaZulu-Natal, the Western Cape, the Eastern Cape, Limpopo, Mpumalanga, the Free State and Northern Cape provinces.

COASTAL REGION: Hand sanitisers, handwash liquid soaps, soft drinks and Bonaqua still water were donated to communities in KwaMashu hostel and surrounding informal settlements in Durban, as well as to Zodwa Mchunu Foundation, who were assisting street kids with accommodation at the Durban Exhibition Centre during the lockdown.

In the **EASTERN CAPE**, hand sanitisers, handwash liquid soaps and beverages were donated to communities in North-End and the Door of Hope Children’s Home in Gqeberha (formerly Port Elizabeth). Cases of Bonaqua still water were also donated to the Adelaide community in the Eastern Cape.

INLAND REGION: The region rallied into action by donating PPE, sanitisers, beverages and food supplies to the Free State Department of Health and Free State Department of Social Development (DSD).

CCBSA partnered with Imbumba Foundation Trust non-profit organisation (NPO) in their Soap for Hope Campaign and bought 300 care packs filled with groceries during this tough time for the elderly and disadvantaged in our communities. This also included dignity care packs with sanitary items for boys and girls. A total of 250 of these care packs were delivered to the DSD to be distributed to a centre which houses homeless people.

GAUTENG REGION: CCBSA partnered with two NPOs, Afrika Tikkun and Ikusasa Lethu Youth Project, to assist in distributing 1 000 essential hampers in various areas in Gauteng. In March 2020, 100 essential kits were delivered to Afrika Tikkun in Alexandra and 100 to Ikusasa Lethu Youth Project where health workers and caregivers received and packed the hampers according to the various households’ needs in Freedom Park and Motsoaledi.

Bizniz in a Box

Bizniz in a Box aims to create an ecosystem of viable micro-businesses offering products and services in township communities, using the traditional spaza shop as the anchor. Each business operates out of a custom-designed container, covering various core needs of the local community, including business services. CCBSA has trained 726 young entrepreneurs and rolled out 224 Bizniz in a Box outlets since the inception of the programme, of which 47% are female-owned businesses.

Coke Ville – groundwater harvesting for rural and peri-urban communities

CCBSA has invested over US$640 000 since 2019 on the implementation of groundwater harvesting projects that can potentially produce 90 million litres collectively at full capacity per year, impacting over 15 000 households. Coke Ville is a groundwater harvesting project that makes water accessible to water-scarce remote communities that have limited economic opportunities. The project entails constructing off-grid, solar-powered water treatment plants at various sites to provide clean water.

This year, CCBSA has rolled out 12 new systems, including nine in drought-stricken Gqeberha. Typically, groundwater is naturally clean and safe for consumption because the overlying soil and rock act as a filter. Groundwater can be safely used for general purposes and potable uses such as cleaning, taps, toilets, showers and gardens. Yet only about 40% (three billion m^3/year) of available groundwater is used.

Enterprise supplier development transformation

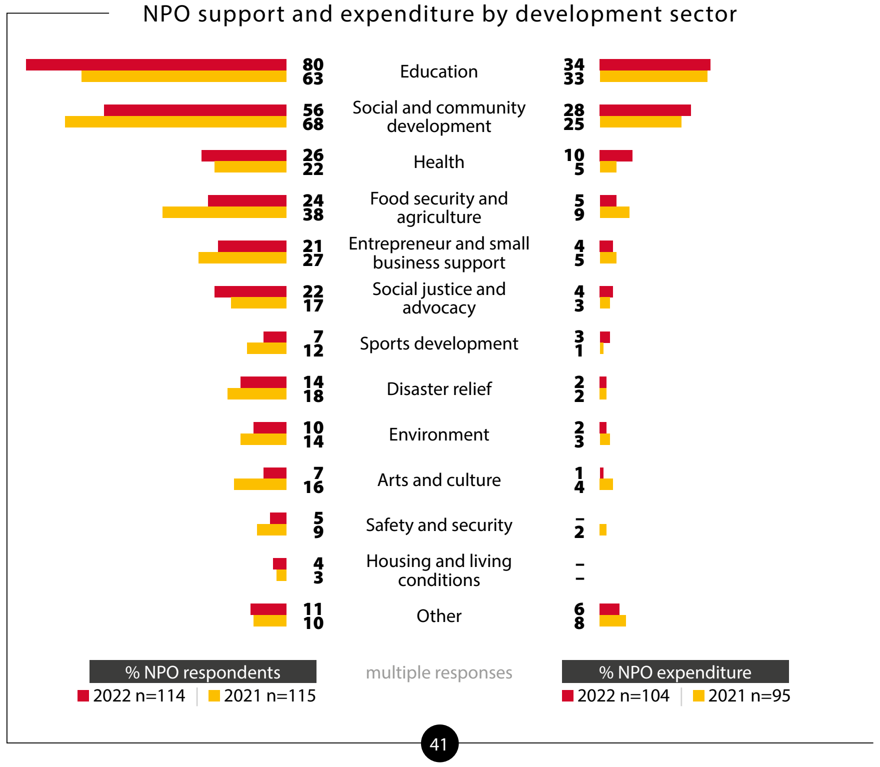
CCBSA has transformed 61% of its procurement spend to black suppliers. Of this spend, approximately US$293 718 000 was spent with black women-owned suppliers, which equated to more than 30% of CCBSA’s preferential procurement spend. Furthermore, CCBSA has retained its Level 1 broad-based black economic empowerment (BBBEE) status for 2022. This is reflective of CCBSA’s commitment to real transformation and sustainable economic contribution to the country’s broader development agenda. CCBSA has invested over R125 million to develop black-owned small, medium and micro enterprises in the value chain, leveraging its distribution network. The Ikageng Employee Share Trust, formed in 2020, granted every employee equal shares through an established trust regardless of staff level, race or years of service. It is one of the significant contributing factors towards CCBSA maintaining its Level 1 BBBEE status.

Development sector funding (continued)

NPO

- There was a decrease in the number of sectors supported by NPOs, from an average of 3.2 development sectors in 2021, to 2.6 in 2022. The number is still lower than corporates, reflecting the role of NPOs as implementers.
- Education, and social and community development remained the most supported sectors, supported by 80% and 56% of NPOs, respectively and accounting for an average of 34% and 28% of NPO spend, respectively.
- Health became the third most supported area in 2022 – a shift from 22% of NPOs supporting this cause in 2021 to 26% in 2022, and with average expenditure doubling from 5% to 10%. Support for, and average expenditure on, food security and agriculture both decreased in 2022.

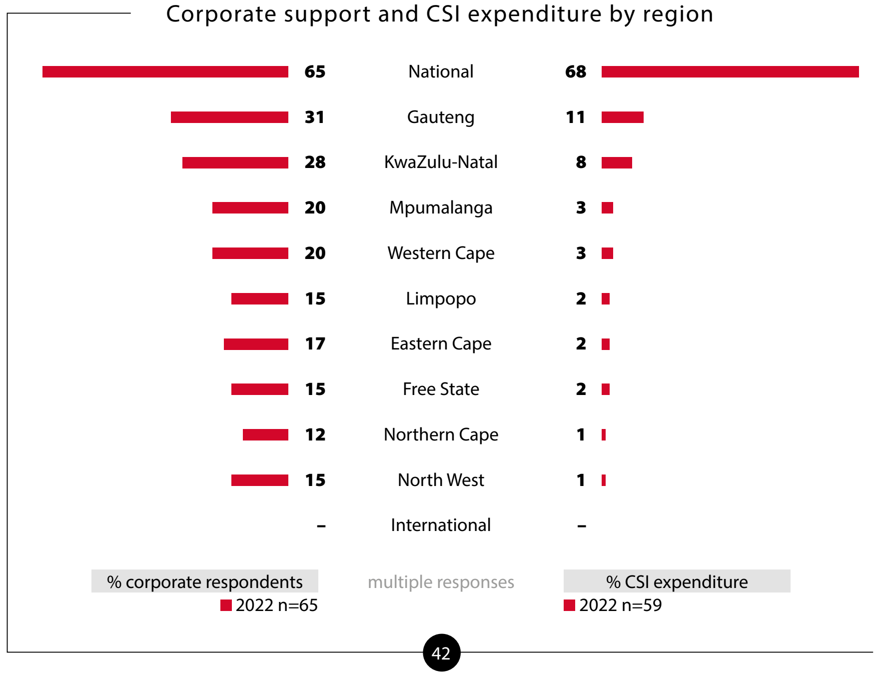
Read Chapter 2: Development Sectors on pages 102–135.



Geographic distribution of funding

Corporate

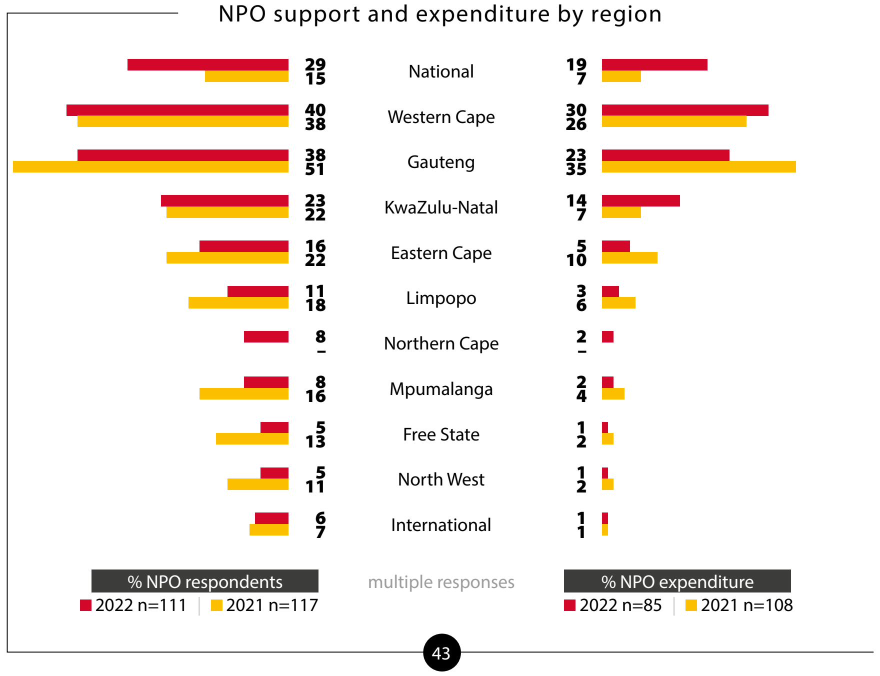
- Similar to last year, companies supported projects in an average of five provinces in 2022, excluding national projects (those operating in two or more provinces).
- Nearly two-thirds of companies (65%) supported national projects, which accounted for an average of 68% of company expenditure in 2022.
- Gauteng was the most supported province, with 31% of corporates supporting at least one project in Gauteng in 2022. The average CSI expenditure on projects in the province was 11% in 2022.
- Over one-quarter of the companies (28%) supported at least one project in KwaZulu-Natal in 2022. The average CSI expenditure to the province was 8%.
- None of the companies surveyed in 2022 supported international projects, compared to 7% in 2021. Globally, 62% of companies made at least one grant that had international impact.



Due to a change in how this question was asked in 2022, comparison to 2021 has not been possible.

NPO

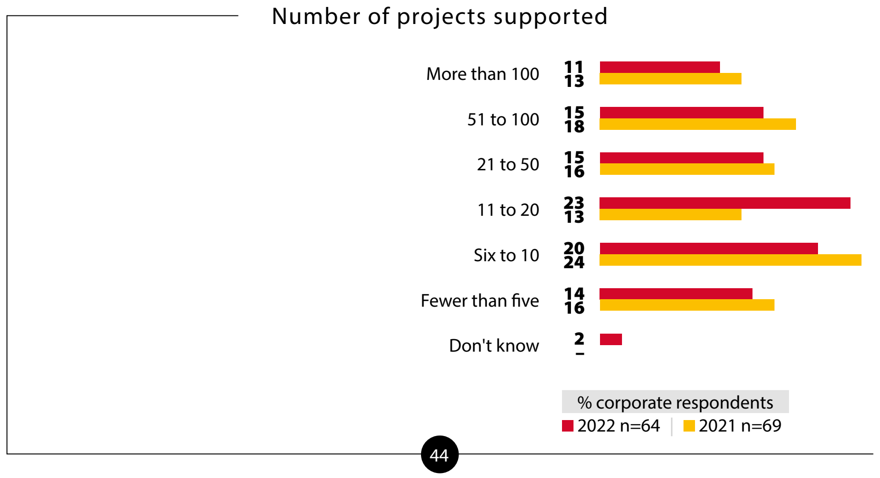
- NPOs operated projects in an average of two provinces, excluding those operating nationally and/or internationally.
- The proportion of NPOs operating projects nationally increased to 29% in 2022, up from 15% in 2021, with the average expenditure increasing from 7% in 2021 to 19% in 2022. Despite the increase, average NPO expenditure on national projects was lower than corporate expenditure on national projects (68%).
- The distribution of NPO resources was otherwise similar to that of companies, with South Africa's two economic hubs (Gauteng and the Western Cape) cumulatively receiving more than half (53%) of sample NPO resources.

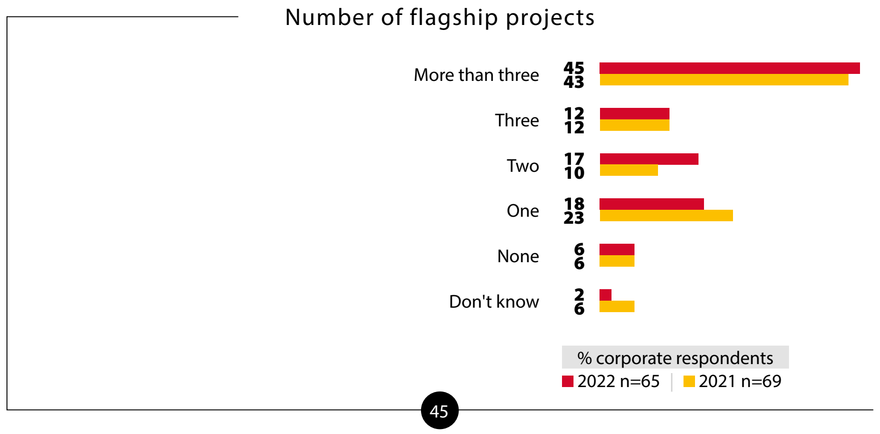


Funding recipients

Number and types of projects supported

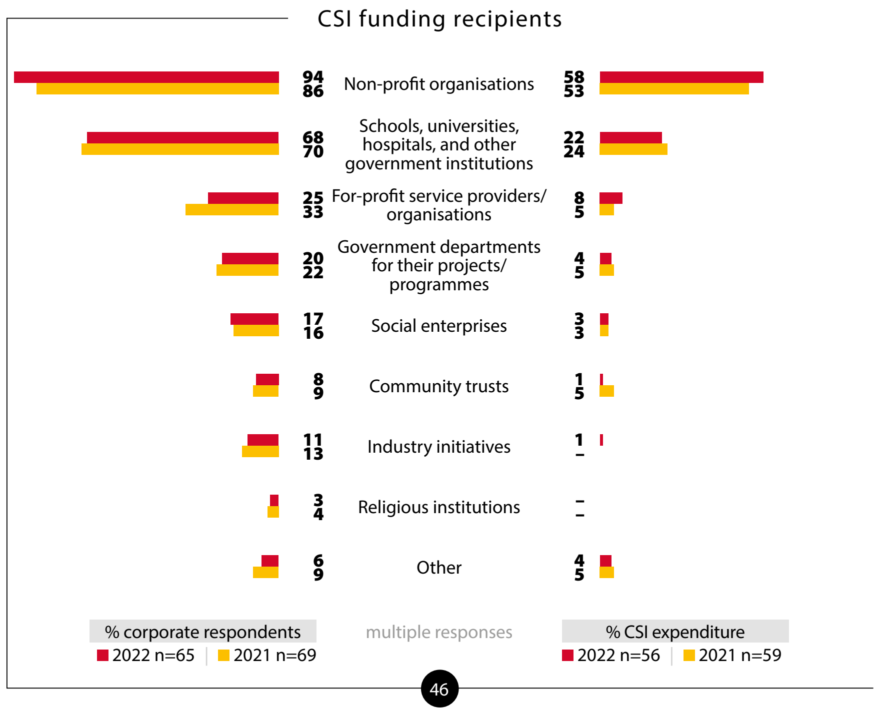
- In 2022, most companies (83%) proactively identified CSI projects through the CSI function. The remainder identified projects by a reactive selection through applications.
- Companies supported many projects, with 64% supporting more than ten CSI projects and 26% supporting more than 50 projects in 2022.
- Over half of companies (57%) supported three or more flagship projects in 2022. More companies supported more than one flagship project in 2022 (74%, up from 65% in 2021).
- On average, corporate respondents spent 61% of their CSI budget on flagship projects. The median CSI budget allocation to flagship projects was 70%.





Types of organisations supported

- NPOs remained the most popular recipient of CSI funding, with 94% of companies directing an average of 58% of their spend to NPOs in 2022.
- Schools, universities, hospitals and other government institutions were also popular recipients, supported by 68% of companies and receiving over one-fifth (22%) of funding.
- This was followed by for-profit service providers and government departments, receiving 8% and 4% of average CSI expenditure in 2022 respectively.

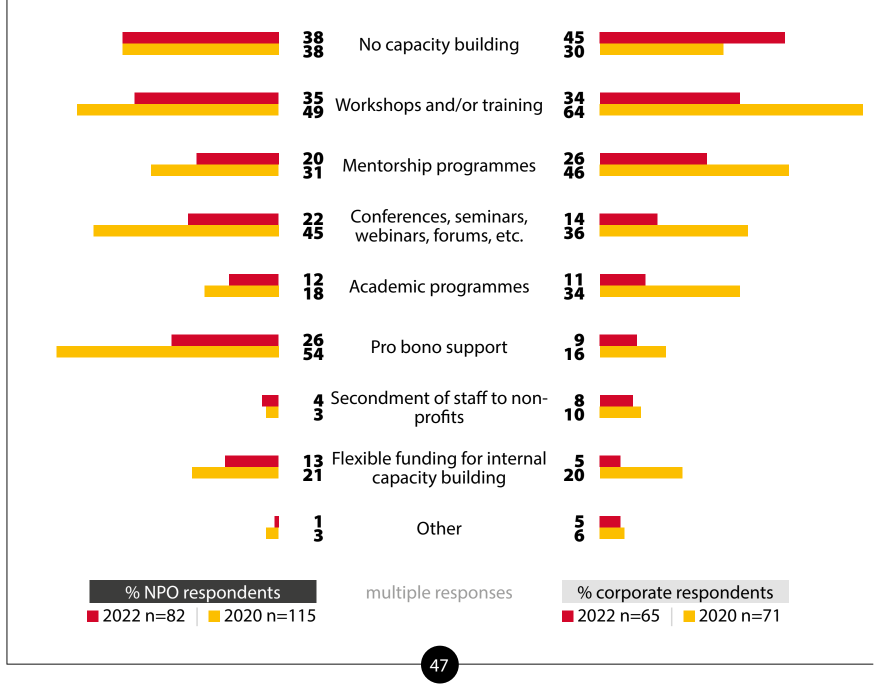


Funding recipients (continued)

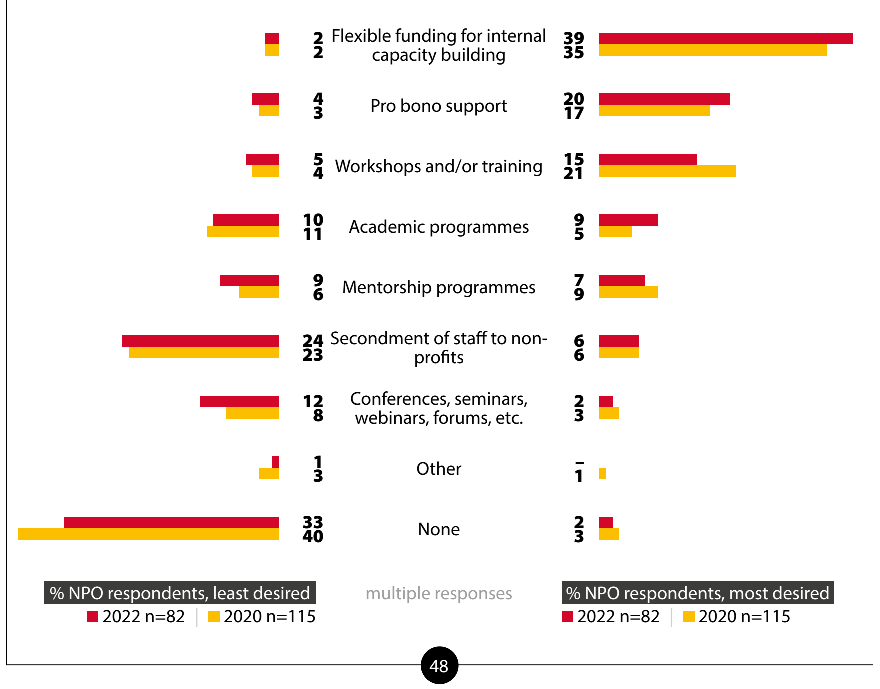
Capacity building

- Nearly half of the participating companies (45%) did not offer any form of capacity building to NPOs in 2022. Workshops or training programmes, offered by one-third (34%) of companies in 2022, remained the most common type of support provided since this question was last asked in 2020.
- Thirty-eight percent of the NPOs sampled did not receive capacity building in 2022. Workshops or training programmes were the most common type of capacity building received by NPOs (35%), followed by pro bono support (26%). These were also the most common types of capacity building received in 2020.
- Flexible funding for internal capacity building was the most preferred form of capacity building by NPOs (39%), followed by pro bono support (20%), and workshops and/or training programmes (15%). The least liked were secondment of company staff to non-profits (24%), organised knowledge-sharing platforms such as conferences, seminars, etc (12%) and academic programmes (10%). NPOs' order of preference for types of capacity building in 2022 was broadly in line with the results of 2020.

Types of capacity building support received



Most/least desired types of capacity building

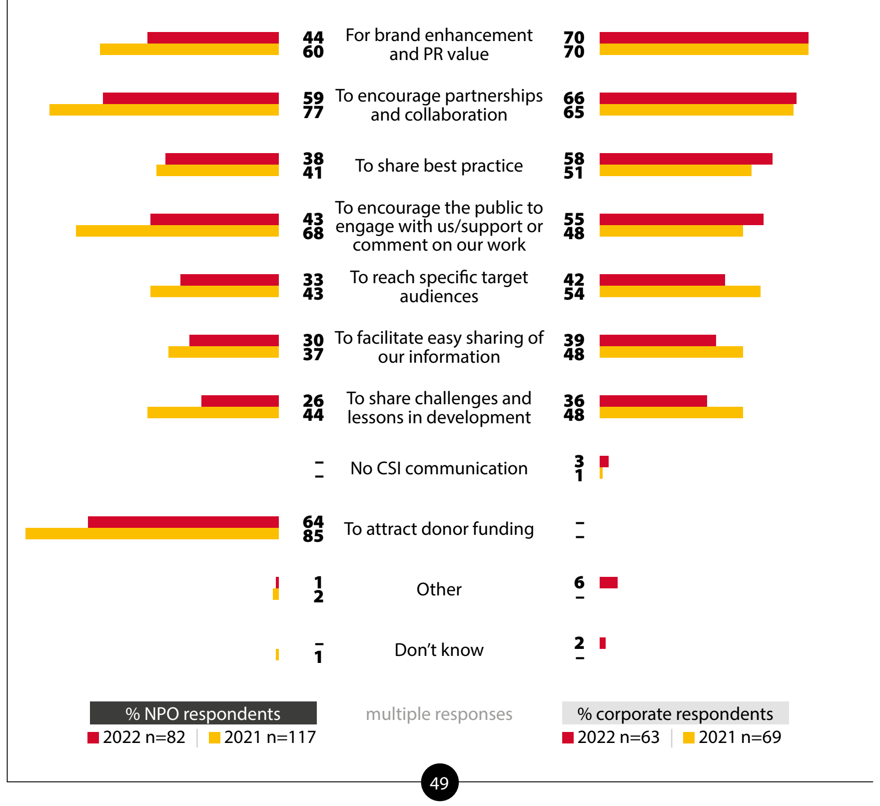


CSI communication

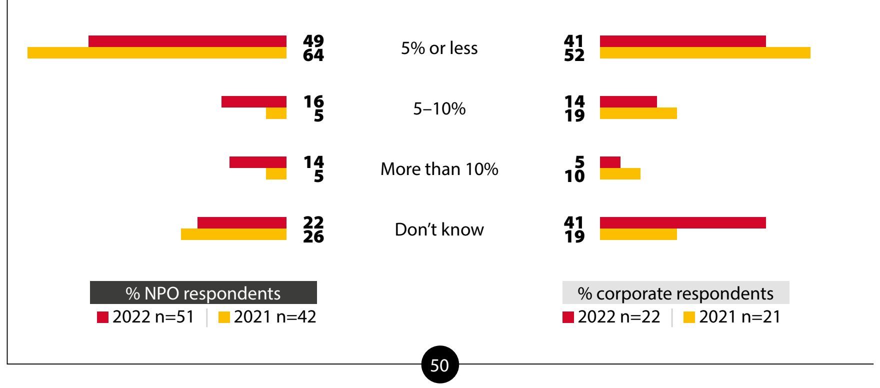
Communication rationale and budgets

- The most common reason for communicating CSI was brand enhancement, cited by 70% of companies in 2022. This was followed by encouraging partnerships and collaboration (66%).
- NPOs communicated their work to attract donor funding (64%) and to encourage partnerships and collaboration (59%).
- The least common reason for companies and NPOs to communicate their work was to share challenges and lessons learnt. Best practice was more readily shared.
- Approximately one-third of participating companies (34%) allocated a portion of their CSI budget to communication. On average, these companies that provided data allocated 5% of their CSI budget to communication, ranging from 0.4–15%.
- Fifty-one NPOs (44%) allocated a portion of their budget to communication in 2022.
- The 40 NPOs that provided communication budget information allocated an average of 6% of their budgets to communication (up slightly from 4% in 2021). Nearly a third of NPOs (30%) allocated more than 5% of their budgets to communication, up from 10% of NPOs who allocated this proportion in 2021.

Reasons for communicating



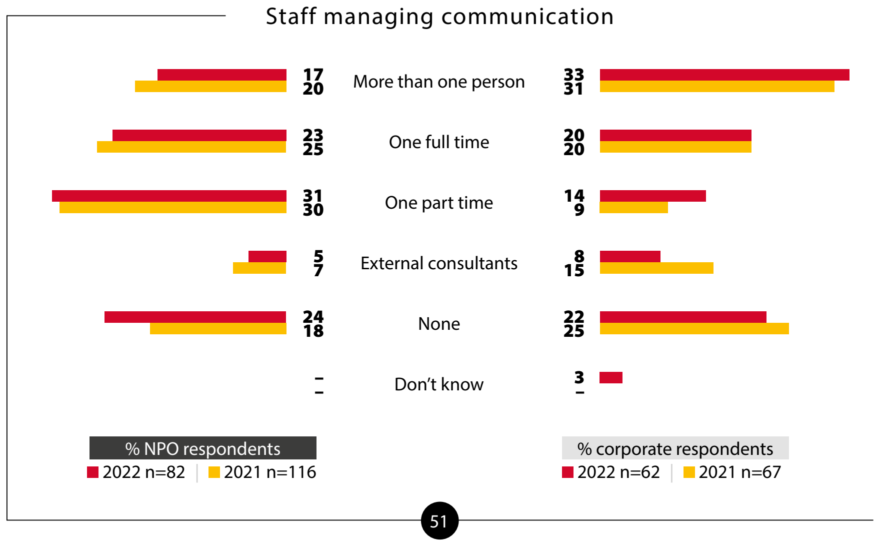
Budget allocated to communication

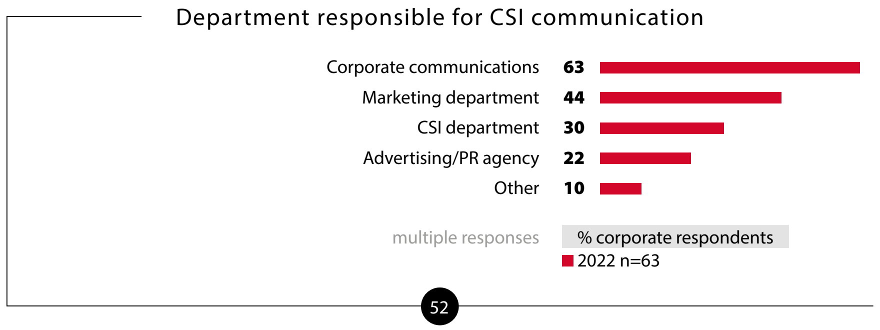


CSI communication (continued)

Communication staffing

- A third of the companies (33%) employed more than one person to manage CSI communication in 2022, while one-fifth (20%) employed one full-time person for this role. Over one-fifth of companies (22%) did not employ or contract anyone to manage CSI communication.
- Only 30% of companies managed CSI communications within the CSI department (in line with the third of companies that allocated a portion of the CSI budget to communication). Most companies used the corporate communications (63%) or marketing (44%) departments to manage CSI communication.
- The majority of NPOs surveyed (71%) have one or more persons appointed to manage communication internally, either in a full-time or part-time capacity. However, more NPOs (24%) did not have any staff managing the communication function compared to last year (18%).





*The **Development Bank of Southern Africa** (DBSA) is a state-owned development finance institution (DFI) established in 1983. DBSA's purpose is to promote inclusive and sustainable economic development, growth and regional integration through infrastructure finance and development that improves the quality of life for people in Africa. As part of its mandate and obligations as a responsible corporate citizen, DBSA aims to allocate 1% of net profit after tax to corporate social investment (CSI) initiatives in education and health.*

DBSA
DEVELOPMENT BANK OF SOUTHERN AFRICA
Building Africa's Prosperity

The Covid-19 pandemic, the rising incidence of natural disasters and the social unrest experienced in Gauteng and KwaZulu-Natal (KZN) in July 2021 exacerbated the prevalence of poverty, unemployment, unequal access to healthcare and an aging infrastructure as some of the most urgent challenges facing South Africa. In response to this, the South African Government launched the South African Economic Restoration and Recovery Plan, which sets out a development agenda for the country's economy, with the aim of stimulating equitable and inclusive growth. Infrastructure development and job creation lie at the heart of the agenda. As a state-owned DFI whose mandate it is to conceptualise infrastructure projects through a programmatic approach that tackles pressing socioeconomic challenges, DBSA has a key role to play in contributing to this effort.

Building Africa's prosperity through infrastructure development

In the three decades since its establishment, DBSA has developed a deep understanding of the challenges facing South Africa and the African continent more broadly. This experience has culminated in a clear set of strategic objectives designed to enable DBSA to achieve its purpose of *Building Africa's Prosperity*. The bank's strategic objectives are built on four pillars as outlined below:

1. **FINANCIAL SUSTAINABILITY**
   Maintaining profitability and operational efficiency to enable growth in equity and fund developmental activities
2. **ACCELERATING DEVELOPMENT IMPACT**
   Aggressively growing businesses to maximise development impact
3. **FUTURE-FIT DBSA**
   Harnessing the power of the Fourth Industrial Revolution (4IR) to drive internal efficiencies while maintaining relevance through a future-fit workforce and a culture of high performance and accountability
4. **SMART PARTNERSHIPS**
   Fostering purpose-driven collaborations that co-create development solutions and enhance private-sector participation in infrastructure projects that promote inclusive growth

DBSA's CSI programmes and initiatives are informed by the bank's purpose and strategic objectives. Furthermore, DBSA's CSI programmes and initiatives are aligned with the National Development Plan (NDP), the United Nations' Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change.

A holistic approach to CSI

DBSA is proactive in its selection of projects and strives to align its flagship programmes with its purpose. The bank's CSI interventions are structured around flagship three-year programmes in the thematic areas of health and education. Projects are selected based on the socioeconomic needs identified in the communities in which DBSA operates and implemented in partnership with registered and established non-profit organisations, non-governmental organisations and public benefit organisations. The engagement and participation of stakeholders including communities and beneficiaries is a critical component to all CSI projects and initiatives.

In exceptional cases DBSA's three-year commitments may be reviewed and extended for a further three years, granted on a year-by-year basis dependent on developmental impact and residual needs. New projects are added on a rollover basis to allow continuity and sustainability while unsolicited applications are accommodated as pilot projects pending a decision for inclusion as a flagship programme. The approach enables the bank to pursue an integrated approach to social investments and encourages sustainable socioeconomic growth while remaining responsive to the urgent needs of communities brought about by emergencies such as natural disasters, social unrest and pandemics.

CASE STUDY: Supporting communities in rural KZN through infrastructure development

During 2021, DBSA invested in the construction of a bridge in the remote villages of KZN. Located in the Jozini and uMhlabuyalingana Local Municipalities, the villages had previously been facing challenges due to a lack of transport and direct access routes to schools and a clinic. This meant learners had to walk long distances and cross rivers to get to and from school, posing significant health and safety risks to children. These risks included drowning, contracting waterborne diseases, and the threat of crime and violence. Similarly, the elderly would cross the river to go and collect their pensions or conduct other personal affairs, often having to undress in public in order to cross the river. The construction of the bridge has not only provided the community with direct access to schools and healthcare facilities across the uHlanjana River, it has contributed to improved health, safety and dignity among local residents.

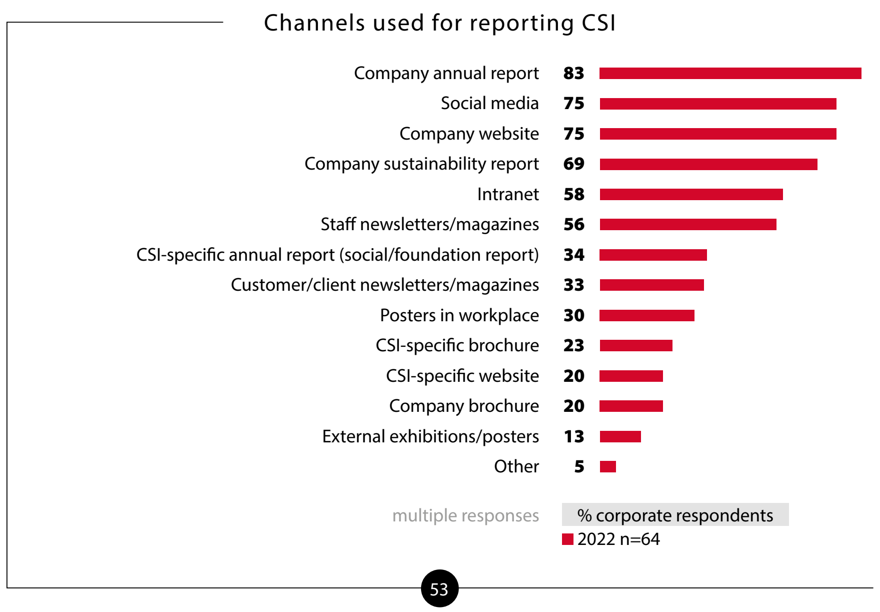
DBSA proactively identifies and invests in projects that cater to the needs and immediate priorities of the communities in which it operates. In addition, the bank actively engages with various stakeholders across relevant sectors prior to and during the completion of projects. In line with this approach, local residents were involved in the conceptualisation and design of the project. Stakeholders such as local municipalities, civil society and government were also involved during and upon completion of the project.

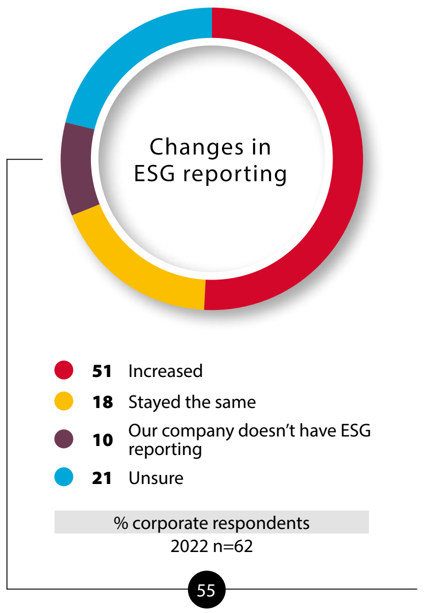
Construction of the bridge has been completed and the bridge was handed over to beneficiaries in April 2022. DBSA believes the collaborative approach taken in the execution of the project will contribute to meaningful and sustainable impact. Local residents view the bridge as a community asset and are motivated to maintain it.

CSI communication (continued)

Communication channels and reporting

- In 2022, company annual reports (83%) followed by social media platforms (75%) and company websites (75%) were the most common channels used for reporting CSI. Fewer companies used CSI-specific brochures (23%), CSI-specific websites (20%), and external exhibitions/posters (13%).
- Over a third of companies surveyed (34%) used the Global Reporting Initiative (GRI) standards for ESG reporting. A quarter of companies (25%) used the Carbon Disclosure Project (CDP) standards, while 14% did not use any ESG reporting standards and 36% were unsure.
- Around half of the companies (51%) reported that the amount of their ESG reporting increased in 2022, with 18% reporting that it stayed the same. No companies reported a decline.





Old Mutual Foundation

The Old Mutual Foundation (OMF) Trust was established in 1999 and is about inclusive, transformative and sustainable socio-economic development. OMF values working in partnership with registered non-profit and profit organisations, government, state-owned entities, civil society, international development agencies and the private sector. It is the social investment arm of Old Mutual and is governed by a Board of Trustees.

OMF comprises two portfolios: Education and Humanitarian and Disaster Risk Reduction.

Humanitarian and Disaster Risk Reduction (DRR)

The objective of the Humanitarian and DRR portfolio is to respond rapidly to natural or human-made disasters and to be able to help in ways that will have considerable and prompt positive impact. This portfolio is underpinned by the two strategic imperatives of the OMF strategy for 2021–2025: strategic partnerships as well as accurate, targeted and impactful initiatives. Through this portfolio the Foundation aligns itself with national and international frameworks that place more emphasis on investing in Disaster Risk Reduction and Resilience Building. This portfolio has also established strategic partnerships with key stakeholders such as the national government, state-owned entities, international and non-governmental organisations.

The portfolio has made remarkable strides in the following areas:

1 Emergency Humanitarian Response, ensuring agile and rapid response before and during the disasters, to assist in protecting lives and restoring livelihoods within a short-term period.

The Foundation earned much respect for its response to the global Covid-19 pandemic, in partnership with the traditional leaders in the KwaZulu-Natal (KZN) province as well as its response after the social unrest that gripped the country in July 2021, particularly in KZN where communities were left desperate and without income, and schools and businesses were vandalised. The Foundation provided psychosocial support and financial relief to small businesses.

In 2022, the Foundation again responded swiftly by providing humanitarian relief to communities in the North West, KZN, Eastern Cape and Free State provinces after severe flooding in these areas.

Disaster Risk Reduction and Resilience Building, focus on preventing new risks, reducing the impact of existing risks and building resilience among communities.

2 Affordable and Social Housing. The Foundation, in partnership with strategic stakeholders, has adopted an integrated housing solution approach which restores the dignity of communities after disaster incidents. Funds are split, with 70% going towards rebuilding houses and 30% towards the implementation of Disaster Risk Reduction and Resilience Building measures such as the provision of food and water security, renewable energy, dignified sanitation, and mental wellness and psychosocial support.

In April 2022, the Foundation, in partnership with the Collen Mashawana Foundation and uKhozi FM, provided three houses to distressed families living in uninhabitable conditions in Caluza and uMbumbulu in KZN after severe flooding.

Two houses were also handed over to women affected by gender-based violence and femicide (GBVF) in Thaba-Nchu in the Free State, in partnership with Habitat for Humanity South Africa.

3 Gender-based Violence and Femicide (GBVF). The Foundation focused on the boy child and creating awareness among communities, it supported the production of documentaries, a docu-series and films on GBVF, titled #WeDoCare, Growing Up Without a Father and the movie *What About the Boys*. The Foundation also provided capacity building to GBVF hotspots in partnership with the Centre for Mental Wellness and Leadership.

In 2022, the GBVF combat team was launched in Lusikisiki, a GBVF hotspot in the Eastern Cape province. A team of social workers from the provincial Department of Social Development and the South African Royal Princesses Network were trained to provide trauma counselling and psychosocial support.

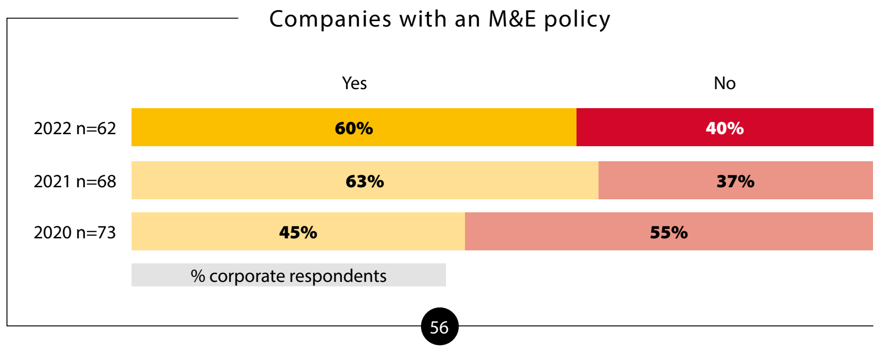
4 Social Cohesion and Peace-building. The Foundation partnered with the Institute of Afrikology to provide capacity building and skills development to community leaders to facilitate social cohesion and a peace-building programme in their communities. A national social cohesion and peace-building workshop was held in March 2022 with the nine Provincial Social Cohesion Advocates. A monitoring and evaluation application for facilitators was also launched (Social Cohesion App). In September 2022, the Youth Social Cohesion and Heritage programme was hosted in Bungeni Village in the Vhembe District, Limpopo province and was attended by the Deputy Minister of Sports, Arts and Culture.

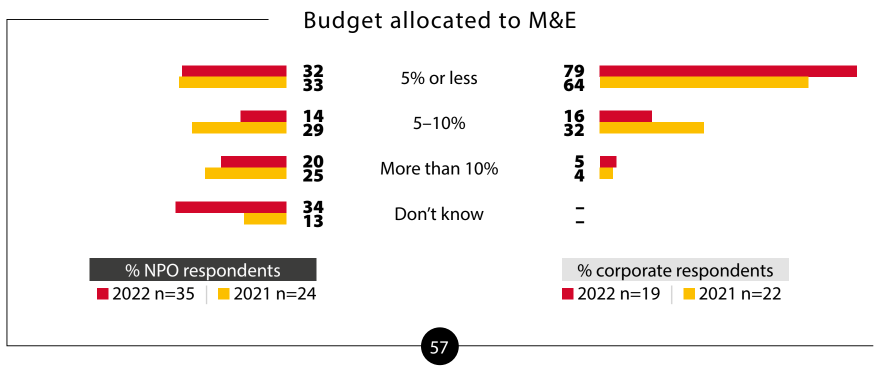
Old Mutual has been part of the communities in which we operate for more than 177 years. As a responsible and caring organisation, we will continue to demonstrate in practical ways that Old Mutual cares. We want to contribute to inclusive, transformative, impactful and sustainable socio-economic development in communities where we operate, through a deliberate partnership approach and by promoting shared value.

Monitoring and evaluation (M&E)

M&E policies and budgets

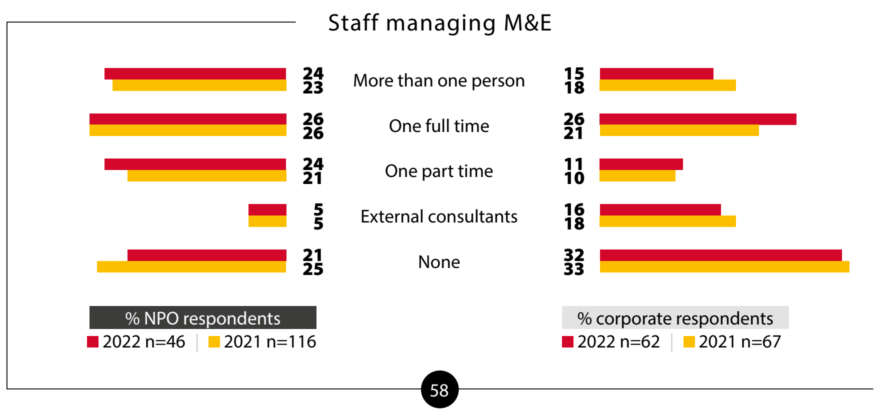
- Sixty percent of companies had a stated policy on M&E in 2022.
- Nineteen companies (30%) allocated a portion of the CSI budget to M&E, accounting for an average of 5% of the CSI budget.
- Of the 19 companies that provided M&E budget data, most (79%) allocated 5% or less of their CSI budget to M&E. Around a fifth of companies (21%) allocated more than 5%. The budget allocation ranged from 1% to 15%, with a median of 4%.
- More NPO respondents reported having a budget for M&E (45%, up from 36% in 2021). Of these, twelve NPOs (34%) allocated more than 5% of their budget to M&E, down from 54% in 2021. The median proportion of budget NPOs allocated to M&E was 7%, with an allocation ranging from 0.05% to 30%.





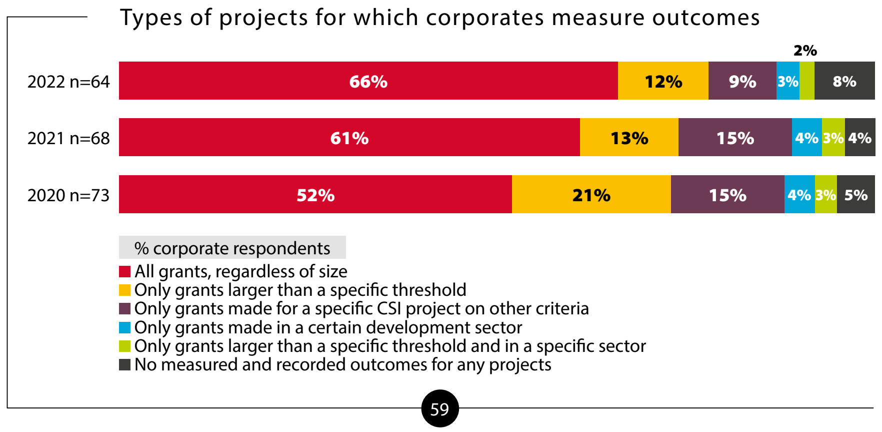
M&E staffing

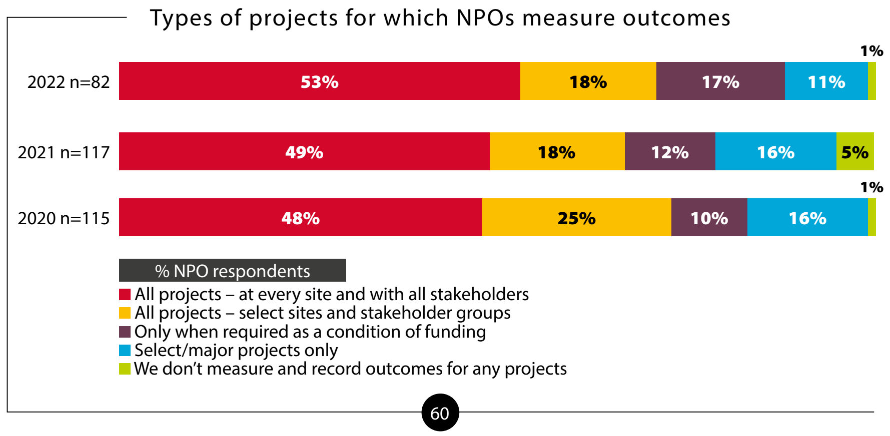
- Almost a third of companies (32%) and over a fifth of NPOs (21%) do not have any internal or external resources dedicated to managing M&E.
- The proportion of companies with internal staff to manage M&E has remained fairly consistent at around half (50% in 2020, 49% in 2021 and 52% in 2022). The proportion of NPOs using internal staff (either part time or full time) increased slightly from 70% in 2021 to 74% in 2022.
- More companies (16%) than NPOs (5%) used external consultants for M&E.

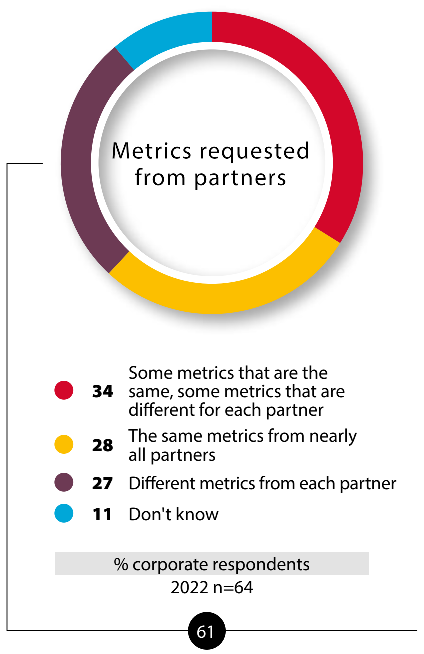


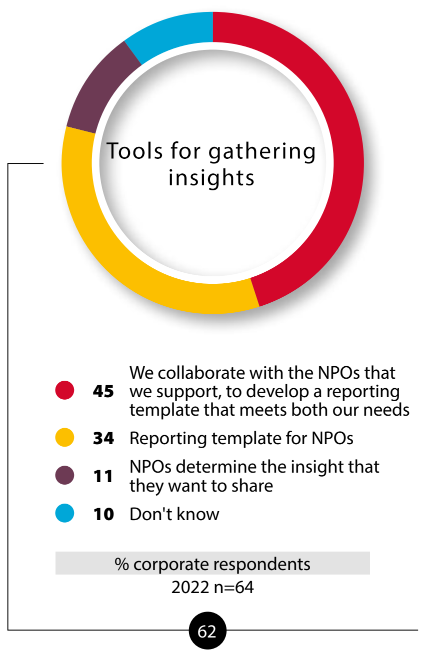
Measuring outcomes

- Despite many companies and NPOs not having dedicated staff, only 8% of companies and one NPO sampled did not measure outcomes for any projects.
- More companies are measuring outcomes for all grants (52% in 2020, 61% in 2021 and 66% in 2022). The proportion of companies that only measure outcomes for grants larger than a specific threshold has remained the same (13% in 2021 and 12% in 2022). Notably, the share of companies measuring outcomes for only grants made for a specific CSI project, based on other criteria, decreased from 15% in 2020 and 2021 to 9% in 2022.
- Around half of NPOs (53%) recorded and measured outcomes for all projects in 2022, in line with recent years (48% in 2020 and 49% in 2021). The proportion of NPOs that measured outcomes for all projects, but only at selected sites or stakeholders, remained the same. The proportion of NPOs measuring outcomes for projects only when it is a condition of funding increased to 17% (12% in 2021), while those measuring outcomes for selected or major projects only decreased to 11% (16% in 2021).
- Eighteen companies (28%) requested the same project output and outcome metrics from nearly all partners. While a similar proportion of companies (27%) requested different metrics from each partner, about one-third (34%) had a mixed approach.
- Nearly half of the participating corporates (45%) collaborated with the NPOs they support in developing reporting templates. About a third of companies (34%) have standard reporting templates and 11% of companies allow NPOs to determine how they report on results.





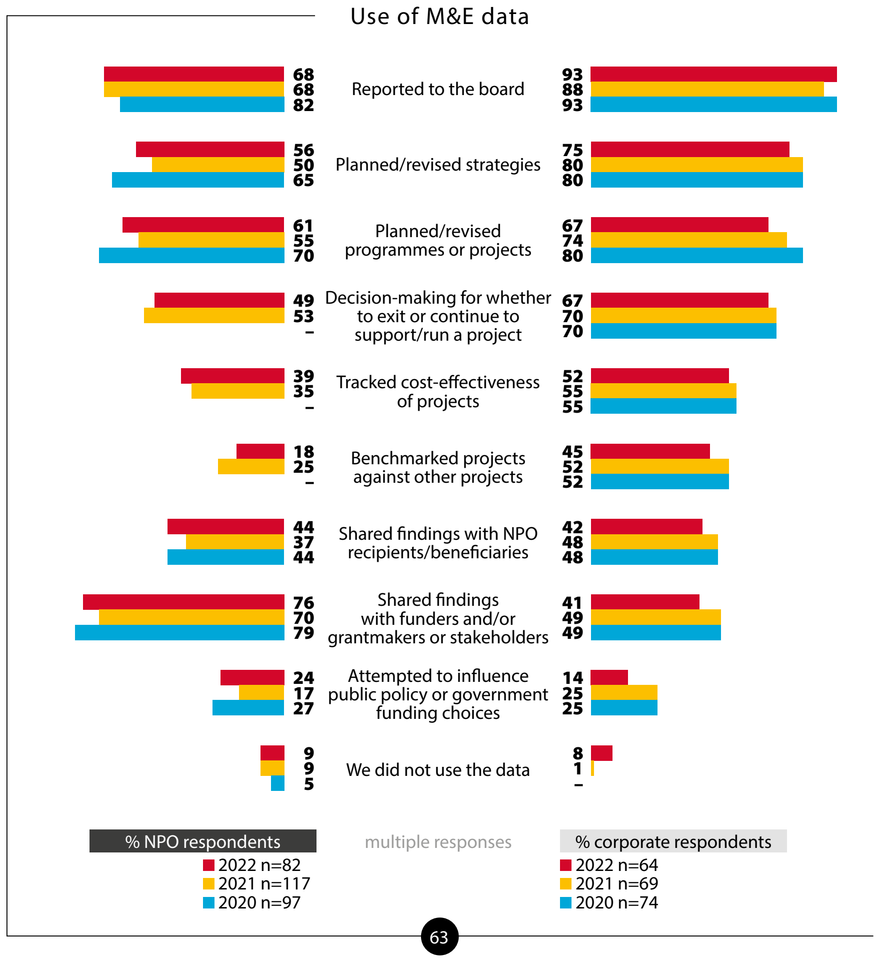


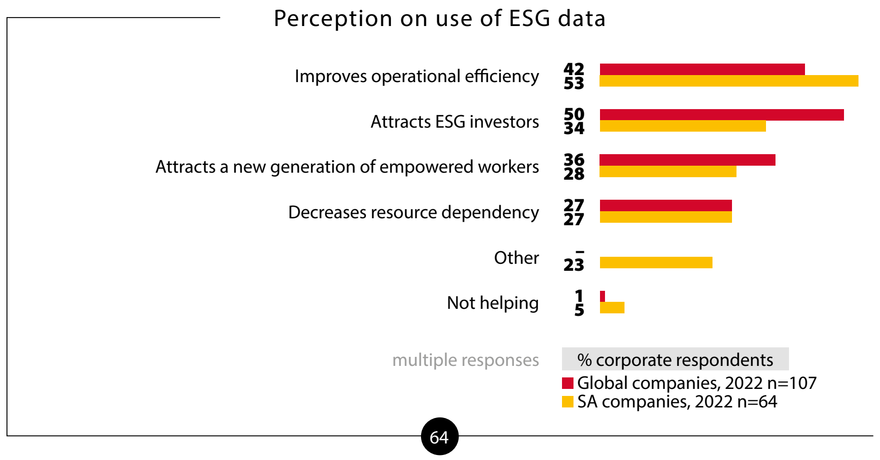


Monitoring and evaluation (continued)

Use of M&E data

- Companies used M&E data mostly to report to their boards (91%), to plan or revise strategies (75%) and projects (67%), and to make decisions around exiting or continuing with support (67%). There was an increase in companies not using M&E data collected, from none in 2020 to 8% in 2022.
- The most common use of M&E data by NPOs was to report back to funders (76%) and to report to their boards (68%).
- More than half of company respondents (53%) believed that ESG data helped to improve operational efficiency. Approximately one-third (34%) believed that ESG data would attract more ESG investors. Three companies held the view that ESG data yielded no benefit.
- Globally, the top two uses of ESG data were the same as in South Africa: 50% of companies believed that ESG would attract ESG investors and 42% believed it helped to improve operational efficiency.

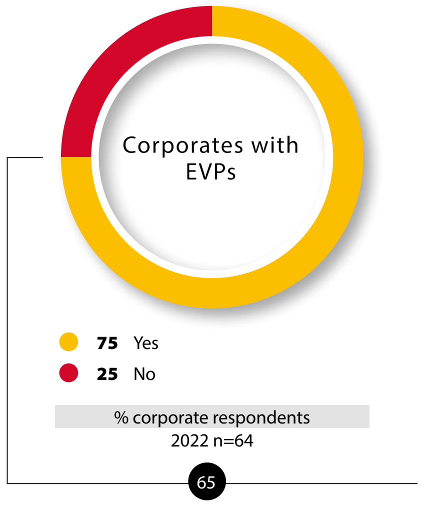


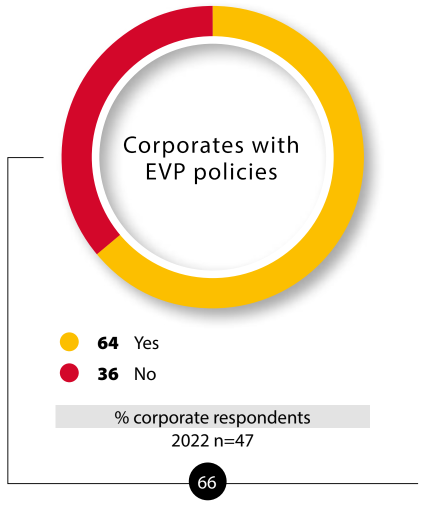


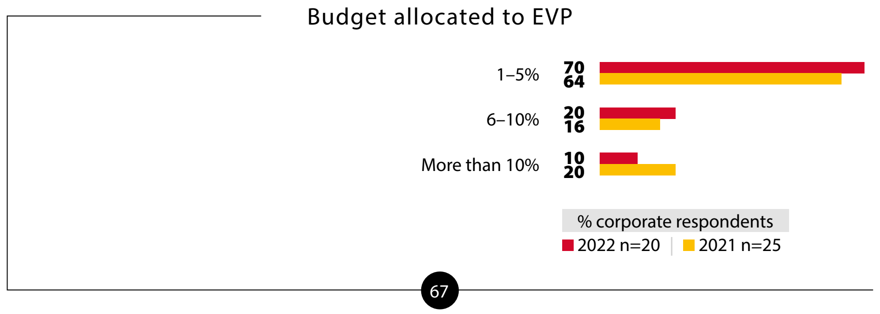
Employee volunteerism

EVP policies and budgets

- Three-quarters of companies (75%) had employee volunteer programmes (EVPs) in 2022, up from 71% in 2021. Of the 47 companies that reported having an EVP, 64% had a stated EVP policy and 69% had a separate budget for EVP.
- Twenty companies provided budget information on employee volunteerism in 2022. Most of these (70%) allocated between 1% and 5% of their CSI budget to EVPs. A fifth (20%, or four companies) allocated 6% to 10%, and two companies allocated more than 10% of their CSI budget to EVPs.
- In 2022, the average budget allocation to EVPs as a percentage of total CSI budget was 6%, while the median was 5%. The lowest allocation was 0.02% and the highest 25%.
- The proportion of NPOs with a budget for managing volunteers and volunteer programmes remains low (12% in 2022, 14% in 2021).



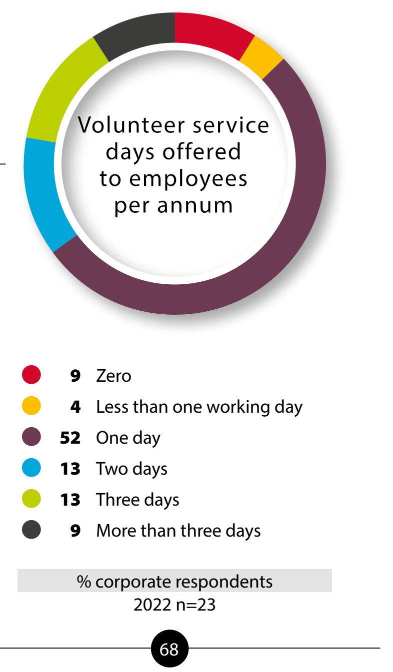




Employee volunteerism (continued)

Volunteering time

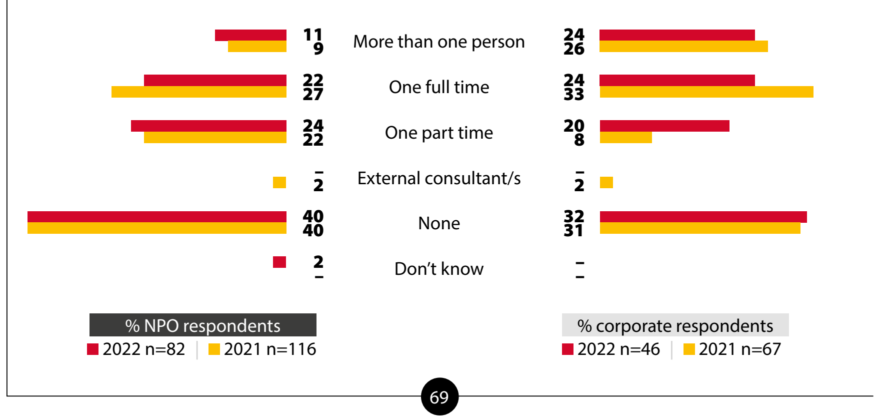
- Of the 23 companies that could report the amount of paid volunteering time given to employees each year, the most common amount was eight hours or one day (52% of companies).
- Globally, companies offered employees a median of 16 annual hours, or two days. The most common annual number of hours offered was eight hours (24% of companies).
- Eighteen companies with EVPs (41%) claimed that time spent volunteering by employees was included and recorded as part of total social investment. However, only two companies provided a rand value amount, totalling R62 million, in their disclosure of the components of total social investment.



EVP staffing

- In 2022, 68% of companies had one or more people appointed to manage volunteerism in a full-time or part-time capacity, in line with 2021 (67%). A third of companies had no one dedicated to managing employee volunteerism.
- More than half of NPOs (57%) have one or more people appointed in a full-time or part-time capacity for managing employee volunteering, despite only 12% of NPOs having a budget for volunteering.

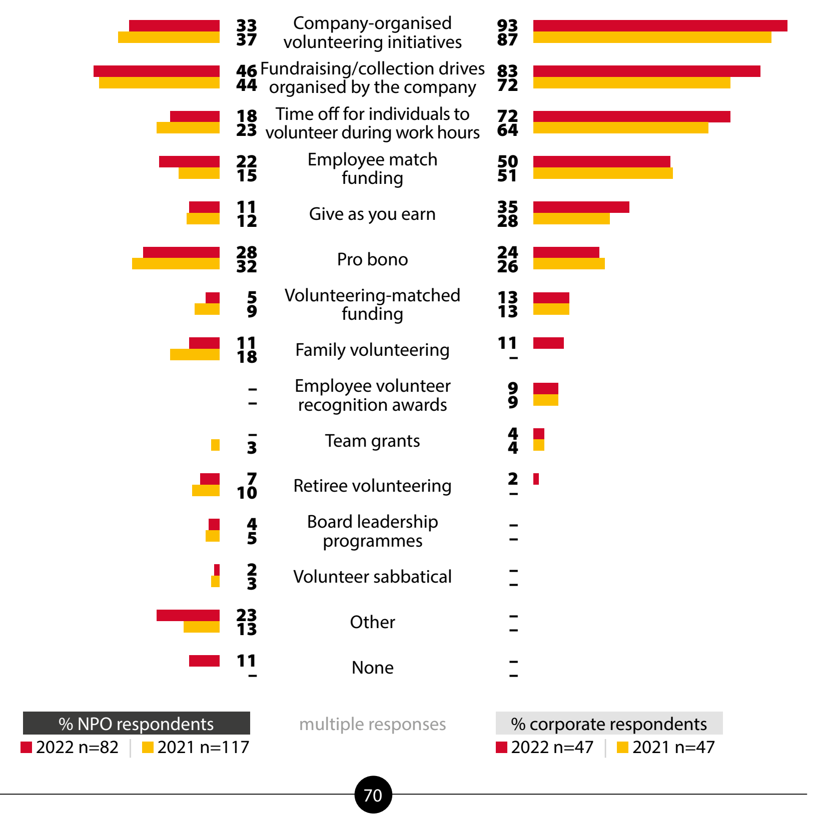
Staff managing EVP



Types of EVP

- In 2022, companies offered four types of employee involvement initiatives on average, slightly up from 3.6 in 2021.
- Most companies with EVPs supported company-organised volunteering initiatives (93%), fundraising/collection drives (83%) and time off for individuals during work hours (72%). Company-organised volunteering initiatives and time off for individuals to volunteer during work hours also had the highest participation rates, at 47% and 39% of staff respectively.
- Whereas the majority of companies organise staff volunteering initiatives, far fewer NPOs (33%) were recipients of these, suggesting that, although widespread, these initiatives are not reaching most NPOs. They also remain the least-liked type of initiative, selected by over a quarter of NPOs (26%) as their least desired type of EVP. Employee-matched funding was the most liked EVP in 2022, selected by 20% of NPOs as their preferred EVP type.
- The most received type of initiative was fundraising/collection drives (46% of NPOs), which was also the second most liked (16% of NPOs selected it as their most desired type of EVP).
- Nearly half of companies (49%) do not restrict EVP initiatives to existing CSI projects. Another 23% of companies fully restricted EVPs to existing CSI projects and nine companies (19%) allowed for some flexibility.

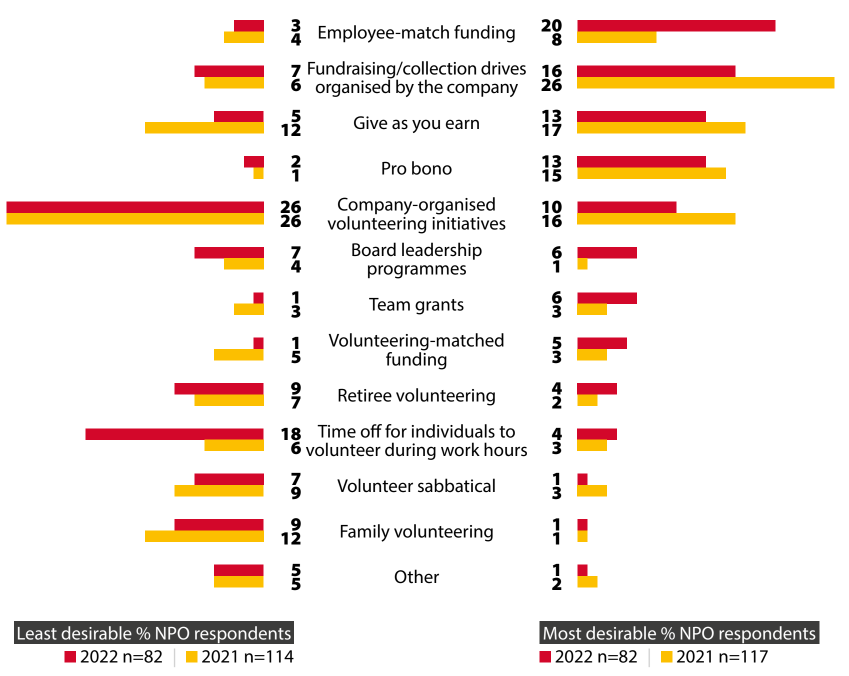
EVPs received by NPOs/offered by companies



Employee participation in corporate EVPs

Employee volunteerism (continued)

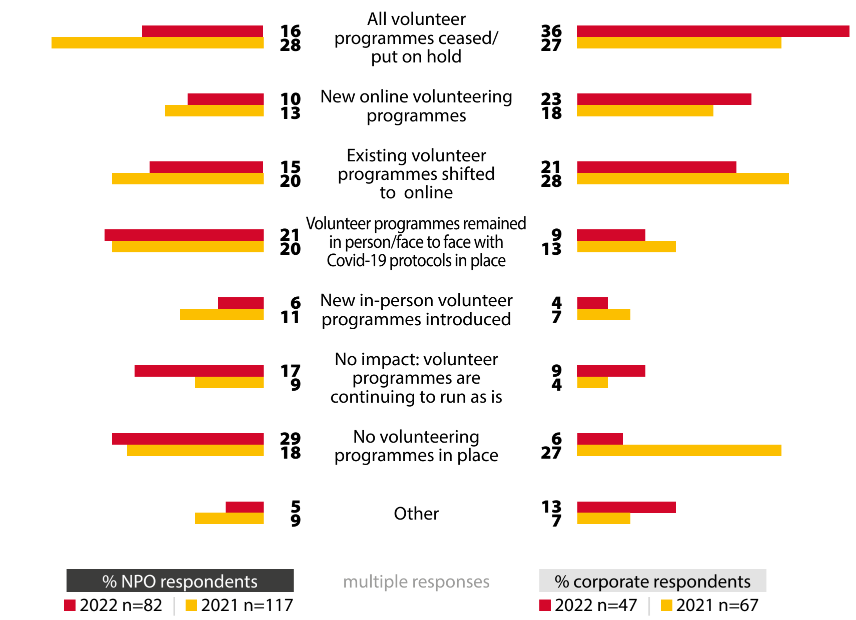
Most and least desirable corporate EVPs



Impact of Covid-19 on EVP

- More than a third of companies (36%) and 16% of NPOs said the Covid-19 pandemic resulted in all volunteer programmes stopping, or being put on hold in 2022.
- Conversely, more companies and NPOs claimed that the pandemic had no impact on employee volunteerism in 2022, up from 4% to 9% and 9% to 17%, respectively.
- The proportion of companies offering new online volunteering programmes increased from 18% in 2021 to 23% in 2022. Only 10% of NPOs reported offering new online volunteering programmes in 2022.
- Fewer companies and NPOs shifted existing volunteer programmes to online in 2022 (down from 28% to 21% of corporates and 20% to 15% of NPOs). ■

Impact of Covid-19 on EVP



AfroCentric enhancing skills to **transform healthcare**

AfroCentric medical bursaries

The AfroCentric Group is committed to enhancing the quality of life for all by enabling quality access to healthcare. Our commitment has been demonstrated in various ways over the years, from working with the government to ensure people can access their chronic medication through the Central Chronic Medicine Dispensing and Distribution partnership, to providing mobile clinics towards vaccination support when needed most at the height of the Covid-19 pandemic.

One area that is critical to enabling access to healthcare – one that is close to the heart of AfroCentric – is a skilled human resources base. We are proud of our efforts in growing the pipeline of qualified healthcare workers, including doctors, to serve the healthcare needs of South Africa. In addition to this, these efforts are helping to address the youth unemployment challenges facing our country.

In 2016, the AfroCentric Group awarded bursaries to four young black women from disadvantaged backgrounds. These women had decided to pursue medicine in a country where access to higher education remains a significant challenge for individuals from poor areas, especially rural areas.

The four women – Tovhowani Mulovhedzi, Risuna Rivombo, Maggie Ramela and Masana Baloyi – were selected based on their exceptional results and acumen. They are currently all in their final year of study at the University of Pretoria and in the case of Baloyi, at Sefako Makgatho Health Sciences University, formerly known as the Medical University of South Africa.

According to AfroCentric Group Chairman, Dr Anna Mokgokong, these bursaries form part of the group's mission to bridge the gender gap in the healthcare sector and empower more young women to pursue careers in science, technology, engineering and maths.

This year, two more students, Thato Phahlane and Reratilwe Dikgale, joined the group's bursary programme. They are currently studying towards their BPharm degrees at the North-West University.

For Group CEO Ahmed Bandeker, sponsoring these students is more than just paying for their fees. AfroCentric is also equipping them with the tools required to make their career journey a success, giving them access to mentors and coaches to help guide their decisions. "For us it isn't just about the EFT; it's also about truly holding their hand through the years. We sometimes lose sight of how deep our investment in people goes. This investment will uplift the individual and the entire family around them. These doctors will also do wonders for the communities they came from!"

AfroCentric Youth Day hackathon in partnership with AfriNurse

In 2022, the AfroCentric Group celebrated Youth Month with a bigger purpose in mind. On 17 June, the group, in partnership with AfriNurse, hosted a hackathon aimed at offering solutions to the challenges faced in the nursing industry. Young nurses from both public and private sectors teamed up with young software developers to identify problems in the nursing industry and used technology to produce innovative solutions to mitigate those problems. AfriNurse and AfroCentric Group are both committed to innovation and aimed to use the event as a catalyst to promote innovation in the nursing industry. The objective of the event was to celebrate South African youth in the nursing and health-tech industries.

During the hackathon, teams were given five hours to create and develop a mock solution to a real problem faced by nurses in the nursing industry and later given an opportunity to present their mock solutions to the judging panel. As one of the main players in healthcare in South Africa, AfroCentric is invested in both the nursing and the health-tech industries. This event also allowed AfroCentric to help celebrate the youth, who are integral to AfroCentric's business.

SUPPORTING learners and educators

with water and sanitation infrastructure

Water, Sanitation and Hygiene (WASH) is at the heart of the Rand Water Foundation's strategy. Its goal is to maximise communities' access to clean water and adequate sanitation, further promoting healthy and hygienic conditions within communities. This case study highlights the rollout of the Rural Sustainable Water Supply Project at Wit Mfolozi Combined Primary School in Vryheid, KwaZulu-Natal, and Emalahleni Local Municipality in Mpumalanga.


Rural Sustainable Water Supply Project 1: Wit Mfolozi Combined Primary School

RURAL SUSTAINABLE WATER SUPPLY PROJECT

1 WIT MFOLOZI COMBINED PRIMARY SCHOOL

in Vryheid, eMadlangeni Local Municipality in KwaZulu-Natal

According to the United Nations Children's Fund (UNICEF), poor sanitation, water scarcity, inferior water quality and inappropriate hygiene behaviour are disastrous for infants and young children, and are a major cause of mortality in children under five. Those conditions are also detrimental to the health of school-aged children, who spend long hours in schools. The physical environment and cleanliness of a school facility can significantly affect the health and wellbeing of children.

Rand Water Foundation is proud to have responded positively to a request from the South African Local Government Association (SALGA) in 2020 to assist the Wit Mfolozi Combined Primary School in the community of Vryheid, eMadlangeni Local Municipality, KwaZulu-Natal, with water and sanitation infrastructure.

"Millions of children go to school every day in unsafe learning environments, with no drinking water, proper toilets, or soap for washing their hands. These conditions are disastrous and detrimental to the learning environment and can significantly affect the health and wellbeing of learners", said Linda Mngomezulu, the chairperson of the Rand Water Foundation.

"It is our hope that the abovementioned intervention will contribute towards the positive learning and development of the learners in the school. When children have access to safe water, toilets and soap for handwashing at school, they have a better environment to study, to learn and to realise their full potential, and girls are more likely to attend when they are menstruating."

The following infrastructure was provided:

- Borehole drilling, equipping and installation of purification unit, providing safe, clean drinking water
- Construction of two educators' ablution facilities with washing basins, replacing the dilapidated and unsafe infrastructure
- Construction of two foundation-phase ablution facilities with washing basins, replacing the dilapidated and unsafe infrastructure
- Construction of four girls' ablution facilities with washing basins, replacing the dilapidated and unsafe infrastructure
- Construction of two boys' ablution facilities with urinals and washing basins, replacing the dilapidated and unsafe infrastructure
- Installation of a septic tank to receive waste water from the school

As a socioeconomic change agent, promoting Rand Water as a good corporate citizen, the Foundation continues to strategically utilise Rand Water's Corporate Social Investment (CSI) resources to advance the quality of life in communities and their surrounds, undertaking community development projects in partnership with various donors and relevant stakeholders.

"This infrastructure will improve the water and sanitation standards of the school, contributing to better hygiene for the pupils and educators."

"Our decision to agree in establishing the water and sanitation infrastructure at the school was motivated by one of our core values of caring, and this request spoke to this value because it allows us to help in advancing the quality of life in communities by improving access to water and sanitation."

RURAL SUSTAINABLE WATER SUPPLY PROJECT

2 EMALAHLENI LOCAL MUNICIPALITY

Mpumalanga

The Rand Water Foundation board handed over fully equipped and functional boreholes to the eMalahleni Local Municipality in Mpumalanga in 2021, benefiting vulnerable communities in the following regions:

Community area	Ward number	Number of households
Benicon	19	58
Masakhane (Kwa Sibhamu)	19	120
Masakhane (Joy Crèche area)	19	120
Spring Valley	18	321
eMalayinini	27	87
Elbion	32	32
Total number of households		**738**

In **Spring Valley**, 24 250W solar panels were installed, and the existing solar panel stand raised to 4m to prevent easy access and theft. Cables, the control panel, and the entire water supply system including the damaged ClearVu fence were repaired.

In **Benicon** an already drilled borehole was tested and equipped through supply installation of 310W panel solar pump, pipeline and installation of taps, installation of a 10 000-litre water storage facility, and installation of a steel pipeline for security purposes.

In **Masakhane** (Joy Crèche area) existing borehole testing was conducted, a 310W panel solar pump was supplied and installed, along with a pipeline and taps, and a 10 000-litre water storage facility was installed. A steel pipeline was also installed, for security purposes.

"Previously, we used to fetch water in the river streams and, in most instances, we would share water with animals in the streams. That has now come to an end because Rand Water Foundation has provided us with boreholes that are yielding purified water that is accessible and safe for drinking."

Community member

In **eMalayinini** a new borehole was drilled, tested and equipped. The borehole is solar-powered by a 310W solar panel that is supported by a 4m stand. The borehole currently provides 2 500 litres per hour through a newly constructed water storage facility with a capacity of 10 000 litres.

The **Elbion** community currently enjoys clean water from a newly drilled borehole powered by four 250W solar panels, supported by a 4m stand. The borehole was tested and further equipped through the supply and installation of a water storage facility, and secured by palisade fencing. A total number of 50 temporary jobs were created for local community members through this project.

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RAND WATER FOUNDATION

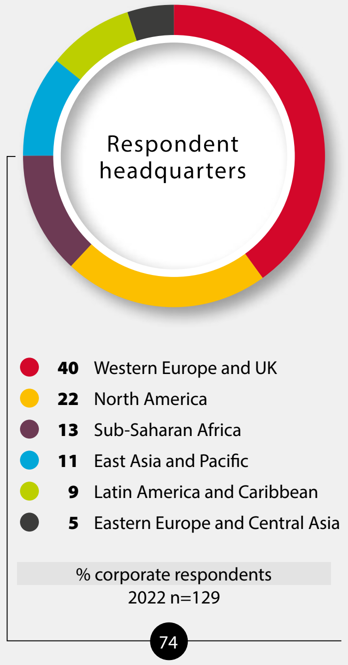
Global trends in ESG and social investment

This article presents highlights from the 2022 *Global Impact at Scale* report, published by Trialogue's global partner Chief Executives for Corporate Purpose (CECP). The report is based on environmental, social and governance (ESG) data collected from 134 companies headquartered in 15 countries.

Respondents

Over 60% of respondent companies were headquartered in Western Europe, the UK and North America. South African respondents made up 13% of the sample, with data included from 17 companies surveyed by Trialogue.

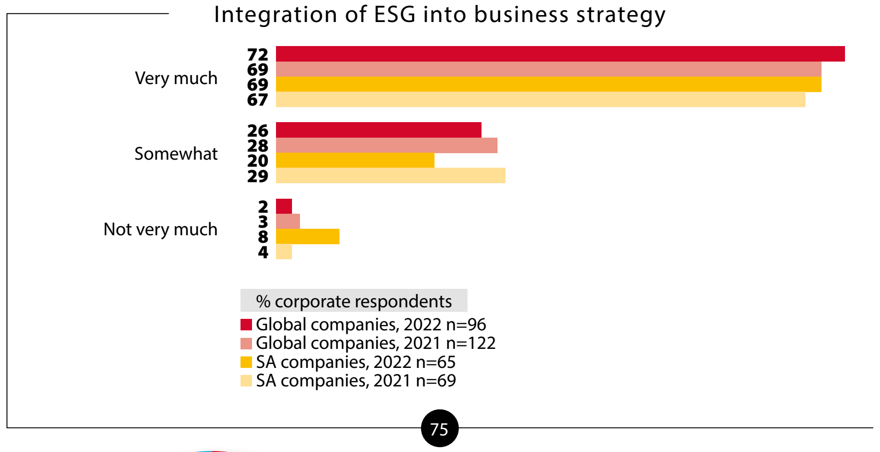
Most of the respondents were large companies. Almost half (47%) reported revenue of $10 billion (R182 billion) or greater and 65% reported having more than 10 000 employees. The financials industry followed by industrials had the highest representation in the sample at 22% and 16% respectively.

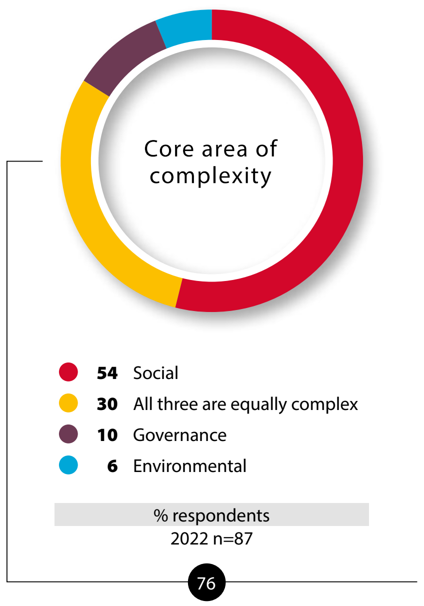


Integration of ESG into business strategy continues

Over 70% of companies surveyed globally (and 69% of South African companies) indicated that ESG is very much integrated into their corporate strategy, and more than a quarter reported that it is somewhat integrated. This is in line with 2021 results for both the global and South African samples.

Over half of respondents (56%) predict that ESG will be integrated across all departments in the next two to five years. The largest portion of these companies are from the financials industry.

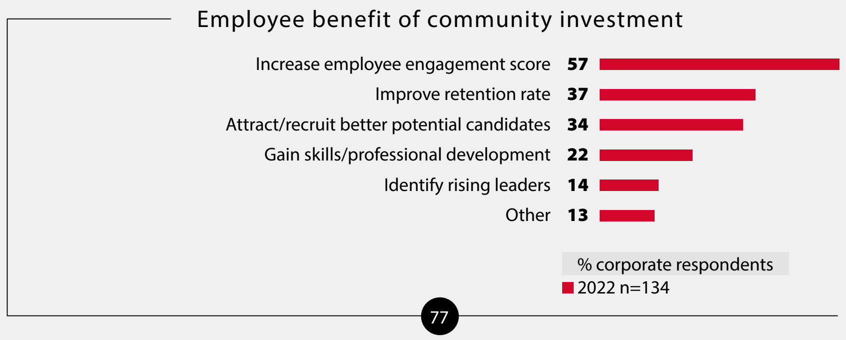


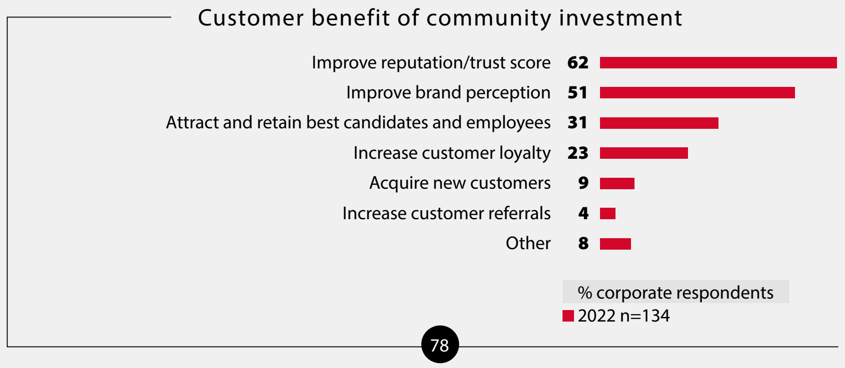


Over half of the respondents indicated that the social component of ESG is the most complex and just less than a third have indicated that all three components are equally complex.

Community investments as a tool to attract and retain employees

The most important benefits of community investments internally are the improvement of employee engagement and retention. Externally, attracting and retaining the best candidates and employees is the third-highest-rated benefit, after improved reputation and brand. South African companies also rated employee engagement, and attracting and retaining of employees highly (see page 48).

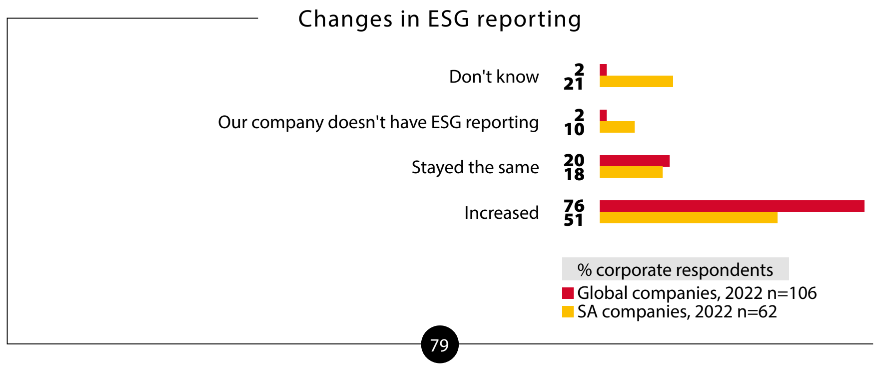


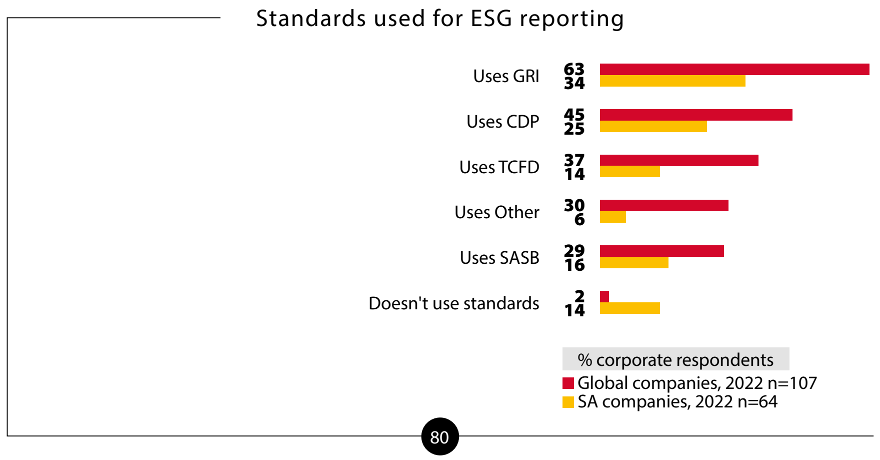


ESG reporting increasing

The trend of increasing public ESG reporting has remained strong in 2022 and is expected to maintain its trajectory over the short to medium term. Globally, 76% of companies increased the amount of public ESG reporting over the past year, compared to 61% in the prior year. Almost all these companies use reporting standards to report on ESG, with only 1% saying they do not use any standards. Fewer South African companies (51%) increased their reporting and a larger proportion do not have formal ESG reporting (10% of South African companies versus 2% globally).

Most global companies use some form of non-regulatory/voluntary standards for ESG reporting with only 2% saying their company does not use standards for ESG reporting. The most used standards are the Global Reporting Initiative (GRI) (63%) and the Carbon Disclosure Project (CDP) (45%). This trend was also seen across the South African companies surveyed; however, there were more companies (14%) that did not use any standards in comparison to their global counterparts.

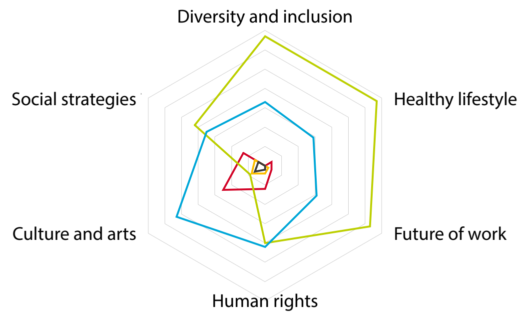




Resource allocation to social issues on the rise

There has been a positive shift in resource allocation to issues of diversity and inclusion, healthy lifestyle and future of work. Resources for culture and arts have been steadier.

Focus area



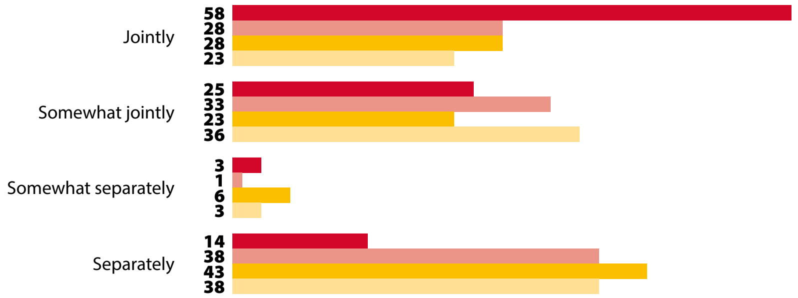
Don't know | On the decline | On the rise | Steady | No resources

81

Social and environmental staff increasingly working together

In 2022 there was a significant increase in the proportion of companies with staff working on CSI and environmental issues jointly from 28% to 58% globally, and from 23% to 28% in South Africa. There was a corresponding decrease in the number of global companies where the functions work separately, although South Africa saw a marginal increase.

Staff working on ESG and environmental issues



% corporate respondents
- Global companies, 2022 n=105
- Global companies, 2021 n=133
- SA companies, 2022 n=65
- SA companies, 2021 n=68

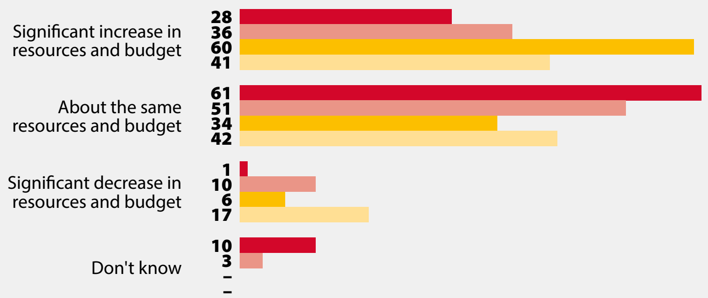
82

Changes in social investment and volunteering

Globally, most companies (61%) reported that they anticipated an unchanged social investment budget and resource allocation from 2021, and 28% of companies are expecting a significant increase in budget and resources. More South African companies (60%) reported an expected increase in spend, and fewer (34%) reported that they anticipated the budget and resource allocation would remain about the same.

Most companies that were able to report on volunteering time allocated to employees globally and in South Africa offered an annual total of eight hours per employee. Globally, 60% of companies offered at least one matching gift programme. Across all industries, the average participation rate of matching gift programmes was 18%.

Expected changes in social investment over the next two years



% corporate respondents
- Global companies, 2022 n=90
- Global companies, 2021 n=144
- SA companies, 2022 n=65
- SA companies, 2021 n=67

83

Read 'CSI 3.0: The evolution of corporate social investment' on page 26.
Read '25 years of ESG: from talk to strategic action' on page 138.

HEINEKEN IS BREWING A BETTER WORLD

Our aspirations as a responsible corporate citizen are encapsulated by Brew A Better World; a strategy which guides our actions in the areas of ENVIRONMENTAL, SOCIAL and RESPONSIBILITY.

Each of these pillars has clear goals: in the area of Environment, our sights are set on achieving carbon neutrality, circularity and healthy watersheds. Our Social priorities are diversity, fair and safe workplace, and positive community impact, while our Responsibility pillar sees us focusing on healthy choices, addressing harmful use of alcohol and promoting moderation. These goals can be summarised as a path to zero impact; a path to an inclusive, fair and equitable world, and a path to moderation and no harmful use.

During the past year, we undertook a number of initiatives in support of these aims.

ENVIRONMENTAL

Our efforts to reduce carbon emissions were bolstered by the establishment of a solar plant at our Sedibeng Brewery. The output of the 14 000 panels that make up the plant will help us decrease our carbon impact by 30%.

We're attacking carbon emissions from a different angle, too, using tree planting as a de-carbonisation mechanism. This year, through our partnership with Food and Trees for Africa, we planted trees in densely populated urban areas, across 27 beneficiary sites and sequestering 125,13 tonnes CO^2.

Our accent on promoting healthy watersheds led to the establishment of a water reclamation plant at our Sedibeng Brewery. This makes it possible for us to recycle the water used in our production processes, ensuring that we use less municipality-supplied water.

We have also introduced education campaigns around water preservation, to raise awareness among staff members.

We continue to take part in recycling initiatives and projects that promote the circular economy. Project Vuselela, a KZN-based programme which encourages the collection and recycling of glass bottles, is a case in point.

SOCIAL

The challenges presented during the past year have placed enormous strain on South Africans. We rose to the occasion, offering aid and support wherever possible, in our efforts to have a positive impact on our communities.

With the understanding that our staff is our most important community, we took special care to offer support to employees affected by the KwaZulu-Natal floods or impacted by the Covid-19 pandemic and looting. We broadened our support to external communities affected by these disasters, too, distributing food parcels for victims of the floods. We assisted with the rebuilding of a residence for the blind in KZN and distributed water in communities.

We also distributed food parcels for recyclers in our communities, increasing our activity in this area around Mandela Day, when we also distributed care packs. HEINEKEN also participated in various unique projects including renovating and providing supplies for a Victim Empowerment Centre; installing water tanks and hygiene stations in water scarce areas and setting up a communal food garden amongst others.

HEINEKEN

RESPONSIBLE

We are long-time supporters of responsible consumption campaigns, especially those promoting safe driving without drinking. In fact, we're helping to make moderation cool by allocating 10% of our annual media spend on campaigns promoting responsible consumerism; reaching one billion people.

However, we have gone beyond this to tackle the issue of excessive consumption in South Africa, with a tavern outreach programme to educate visitors about responsible drinking. This is part of our endeavour to address harmful use.

We are also a proud member of Aware.org, an organisation helping the youth and adults understand the dangers of harmful drinking and how this impacts on all areas of life.

To ensure we practise what we preach, we encourage stockists to make sure that Heineken 0.0 is readily available. This strategy falls under our commitment to ensure there is 'Always a choice', and sees us ensuring that there are alcohol-free options. To make it easier for people who want to make different choices, we have committed to ensuring that all of our products feature accessible, transparent product information.

VIEWPOINT

The Giving Pledge and its relevance in current times

The Giving Pledge (www.givingpledge.org) is an initiative started by Warren Buffet, Bill Gates and Melinda French Gates to encourage the ultra-wealthy to commit to spend over half of their wealth on philanthropy, either during their lifetime or at their death. **Anna Vayanos**, specialist adviser to donors and non-profit organisations (NPOs), explains.

The pandemic has seen an increase in billionaires as well as an increase in extreme poverty. How does this increase in inequality reflect on campaigns like the Giving Pledge?

According to the Forbes Billionaire's List for 2022, more than 1 000 billionaires are richer than they were a year ago and a further 236 people have also been added to the list.

There is certainly growing intolerance of excessive wealth, particularly where it is not being used towards solving the many challenges the world is facing. The Giving Pledge acknowledges this and seeks to shift the norms around wealth and giving – encouraging commitment by the wealthy to greater giving and greater impact.

Encouragingly, while the number of billionaires has increased, so too has the number of signatories taking the pledge. At the same time, while there have been high levels of growth in the net worth of the wealthy, there have also been high levels of giving. For example, according to *Forbes* magazine, Elon Musk's wealth rose significantly during the pandemic, but he gave $5.7 billion to charity in 2021.

How many African philanthropists have become involved in the Giving Pledge?

More than 230 billionaires from 28 countries have taken the pledge. Of these, only four are listed as being from Africa: Patrice and Precious Motsepe (South Africa), Strive Masiyiwa (Zimbabwe) and Mohammed Dewji (Tanzania). Elon Musk and Mo Ibrahim have also taken the pledge, but are not included under Africa as they do not reside here.

Should more African philanthropists consider getting involved?

While the public nature of the pledge is in an effort to encourage larger-scale giving, it does not mean that those choosing not to sign up are not giving, or are not committed. It might just be that they prefer to keep their philanthropic endeavours more private. Some of Africa's richest individuals, Aliko Dangote and Mike Adenuga, both from Nigeria, are well known for their commitment to philanthropy. Closer to home, we have our own billionaire philanthropists like Nicky Oppenheimer and Michiel le Roux, who may not have signed up to the pledge, but are some of our most generous donors.

Has the Giving Pledge made a difference in terms of how much billionaires give?

Looking at how much funding should become available as a result of billionaires signing up to the pledge, it is significant. The collective net worth of the signatories is over $3 trillion, which means that at least $1.5 trillion would be channelled into philanthropy by the signatories alone.

Should a wealth tax be imposed in South Africa?

The idea of a wealth tax has been put forward as a way to ensure higher levels of giving among the wealthy, and while there is merit in this in theory, it brings with it its own challenges like the risk of discouraging investment in the country, and also determining who would be best placed to decide on how the funds collected should be spent.

Does the Giving Pledge specify where, when and how donations should be made?

One of the main criticisms is that signatories are not required to set a timeline for their giving nor to account for how the funds will be spent – other than that it must be towards charitable initiatives. One of the aims is for participants to share knowledge and learn from one another, so although there are no detailed rules on how a pledger's philanthropic initiatives should be conducted, they are encouraged to focus on high-impact, effective philanthropy and are provided with resources and opportunities to learn how to do this.

What are the pledged funds being used for?

Glasspockets.org has some interesting data on The Giving Pledge and, according to them, the pledge focuses on a variety of areas of philanthropy, the main ones being health, 'human services', education, and arts and culture. Signatories also show a willingness to take risks, which is one of the big advantages of private philanthropy. This is one of the reasons in favour of signatories, and philanthropists in general, not being too restricted in what they become involved in philanthropically, or how funds are spent.

Can anyone join the Giving Pledge?

Unfortunately not, as not many of us would qualify. A person must have at least $1 billion in personal net wealth to sign up. However, one need not be a billionaire to be a philanthropist.

As Warren Buffet put it in his pledge letter: "More than 99% of my wealth will go to philanthropy during my lifetime or at death. Measured by dollars, this commitment is large. In a comparative sense, though, many individuals give more to others every day."

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Corporate and NPO reputations

As part of its annual primary research, Trialogue asks corporate and non-profit organisation (NPO) respondents to name the three companies and NPOs that they perceive to be having the greatest developmental impact. These rankings are based on the perceptions of respondents and are not necessarily reflective of actual performance or impact.

Corporate developmental impact

Top companies as ranked by companies

Ranking (n=57)	Company	Number of mentions*	Percent mentions
1	Vodacom	19	13
2	MTN	15	10
3	Anglo American	12	8
4=	FirstRand#	9	6
	Nedbank	9	6
6	Woolworths	8	5
7=	Investec	7	5
	Standard Bank	7	5
9	Old Mutual	6	4
10	Sasol	5	3

* Multiple response question; 57 companies mentioned 49 companies; total number of mentions = 146 (up to three mentions per respondent allowed; not all respondents mentioned three companies)

\# FirstRand mentions include mentions of FNB and RMB.

Top companies as ranked by NPOs

Ranking (n=73)	Company	Number of mentions*	Percent mentions
1	Anglo American	14	7
2	Nedbank	11	6
3	FirstRand#	10	5
4	Standard Bank	9	5
5	Old Mutual	8	4
6	Woolworths	7	4
7=	Sasol	6	3
	Vodacom	6	3
9=	Allan Gray	5	3
	Discovery	5	3
	SAB	5	3
	Telkom SA	5	3

* Multiple response question; 73 NPOs mentioned 87 companies; total number of mentions = 192 (up to three mentions per respondent allowed; not all respondents mentioned three companies)

\# FirstRand mentions include mentions of FNB and RMB.

- **Vodacom** was ranked first by companies for the sixth consecutive year and has been ranked in the top five since 2012. Its ranking by NPOs fell to seventh place, from fifth in 2021 and first in 2020.
- **MTN** was ranked second by companies, up from third in 2021. The company was not ranked in the top ten by NPOs.
- **Anglo American** was ranked third by companies and first by NPOs, moving up from fifth as ranked by both companies and NPOs in 2021. In 2012, Anglo American was ranked first by both companies and NPOs.
- **FirstRand** remained in the top five as ranked by companies and NPOs. It was ranked joint fourth by companies and third by NPOs. It did not appear in the top ten in 2012.
- **Nedbank** also remained in the top five as ranked by companies and NPOs. It was ranked joint fourth by companies and second by NPOs.
- **Standard Bank** was ranked fourth by NPOs, up from eighth position in 2021, and joint seventh by companies. It did not appear in the top ten in 2012.

Looking back: company rankings in 2012

- **Anglo American** was ranked first by companies and NPOs.
- **SAB** was ranked second by companies.
- **Nedbank** was ranked third by companies and joint first by NPOs.
- **Old Mutual** was ranked third by NPOs and joint eighth by companies.
- **Vodacom** and **Absa** rounded out the top five positions for companies and NPOs.

NPO developmental impact

Top NPOs as ranked by companies

Ranking (n=56)	NPO	Number of mentions*	Percent mentions
1	Gift of the Givers	33	23
2	Afrika Tikkun	14	10
3	FoodForward SA	6	4
4	Nelson Mandela Foundation	5	3
5	Kutlwanong Centre for Maths and Science Technology	4	3
6	Meals on Wheels	3	2
7=	Centre for Early Childhood Development	2	1
	Cotlands	2	1
	Doctors without Borders	2	1
	Food and Trees for Africa	2	1
	Imbumba Foundation	2	1
	NECT	2	1
	Ntataise	2	1
	Reach For A Dream Foundation	2	1
	Rise Against Hunger	2	1
	Smile Foundation	2	1
	SOS Children's Village	2	1
	Tears Foundation	2	1
	The Clothing Bank	2	1
	WWF	2	1

* Multiple response question; 56 companies mentioned 72 NPOs; total number of mentions = 144 (up to three mentions per respondent allowed; not all respondents mentioned three NPOs).

Top NPOs as ranked by NPOs

Ranking (n=77)	NPO	Number of mentions*	Percent mentions
1	Gift of the Givers	24	13
2	Afrika Tikkun	7	4
3=	Childhood Cancer Foundation South Africa (CHOC)	6	3
	Harambee	6	3
5	The Cancer Association of South Africa (CANSA)	4	2
6=	DG Murray Trust	3	2
	Valcare	3	2
8=	Child Welfare SA	2	1
	Childline SA	2	1
	Community Chest	2	1
	FoodForward SA	2	1
	GBVF Response Fund	2	1
	Inyathelo	2	1
	Nal'ibali	2	1
	Partners for Possibility	2	1
	Reach For A Dream Foundation	2	1
	Shine Literacy	2	1
	SmartStart	2	1
	Solidarity Fund SA	2	1
	SPCA	2	1
	Thandanani	2	1
	WordWorks	2	1
	WWF	2	1

* Multiple response question; 77 NPOs mentioned 130 NPOs; total number of mentions = 192 (up to three mentions per respondent allowed; not all respondents mentioned three NPOs).

- **Gift of the Givers** continued to be ranked first by companies and NPOs.
- **Afrika Tikkun** was ranked second by companies and NPOs. It has been in the top three of both lists since 2018.
- **FoodForward SA** was ranked third by companies, same as last year. It dropped to joint eighth position in the NPO rankings, from joint third in 2021.
- **CHOC** and **Harambee** were ranked joint third by NPOs. CHOC moved up from joint eighth position in 2021, while Harambee was not ranked last year.
- The only other organisations that appear in both company and NPO rankings are Reach for a Dream and WWF.

Looking back: NPO rankings in 2015

- **Gift of the Givers** was ranked first by companies and joint ninth by NPOs.
- **Afrika Tikkun** was ranked second by companies and joint ninth by NPOs.
- **CANSA** was ranked first by NPOs.
- The **Nelson Mandela Foundation** was ranked second by NPOs.

CELEBRATING STRATEGIC CSI

For corporate social investment (CSI) to be strategic it must have positive developmental impact as well as benefits for the business. Since 2014, the Trialogue Strategic CSI Award has recognised projects that exemplify strategic CSI. Through this award, Trialogue aims to encourage CSI practitioners to think more strategically when planning and implementing their initiatives.

Previous winners

2014
Netcare's Sexual Assault Centres

2015
Singita's School of Cooking

2016
Eskom's Contractor Academy

2017
Clover Mama Afrika

2018
AECI Wise Wayz Water Care and Merchants Group's Columba Youth Development Programme

2019
Investec Promaths programme

2020
Pick n Pay's School Club

2021
Imperial Logistics' Unjani Clinics

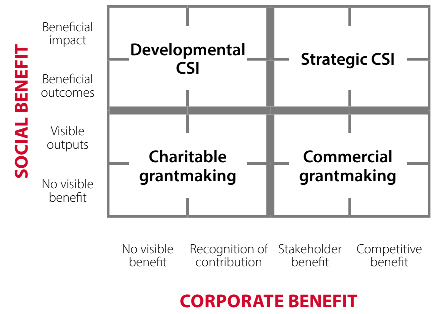
The Strategic CSI Masterclass

Trialogue offers a Strategic CSI Masterclass on the Trialogue Academy for senior leaders and decision-makers working in CSI. The Masterclass provides you with the tools to think strategically about CSI in your organisation and to make choices that optimise the business and development value of your CSI initiatives.

Trialogue's CSI positioning matrix

Based on years of experience, Trialogue has developed and refined a CSI positioning matrix, with multiple criteria behind each axis, that allows companies to position their projects according to their social and business results, and to allocate CSI funds strategically across the four categories of giving. This award seeks to identify projects that best demonstrate strategic CSI.

Strategic CSI projects deliver a combination of high positive social and business outcomes. While developmental CSI offers beneficial social outcomes, it does not always have significant corporate benefits. Similarly, commercial grantmaking prioritises corporate benefit over social return. Charitable grantmaking is typically more reactive, with social and business benefits not usually measured.



Judging criteria

Companies submit entries for CSI projects that they feel are strategic, using a standard entry form. Each project is judged against its objectives, social benefits and corporate benefits, as set out below.

Objectives

Targets need to be practical and realistic. Projects should have 'SMART' (specific, measurable, relevant and time-bound) objectives.

Social benefits

Visible outputs: Evidence of short-term results that are immediate, visible and concrete (for example, number of houses built, people trained, supplies or pamphlets distributed, community members treated, hours of service delivered).

Beneficial outcomes: Evidence of specific changes in behaviour, knowledge, skills or wellbeing of the project beneficiaries. Medium-term developmental results that are the consequence of achieving a specified combination of short-term outputs (for example, behaviour or attitude change, new knowledge or skills, improved grades, reduced isolation, improved access to health services).

Beneficial impact: Evidence of broader long-term (three years or more) consequences of the project. Community, society or system-level changes that are the logical consequences of a series of medium- and short-term results (for example, improved effectiveness of the education system, reduction in HIV prevalence, new social norms, more educated/healthier population, inclusive decision-making, lack of stigma, increased capacity). Government engagement, lesson sharing and advocacy are also taken into account in judging this element.

Corporate benefits

Recognition of contribution:
Recognition of the project that improves the company's reputation. This can include recognition of expenditure as socioeconomic development is in line with the Broad-Based Black Economic Empowerment (BBBEE) Scorecard, as well as internal and external communication of the project.

Stakeholder benefit: Meaningful engagement with key business stakeholder groups in the funding, design or delivery of the project that improves the company's relationship with that stakeholder group. Stakeholders can include communities, regulators, government departments, suppliers, customers or employees.

Competitive benefit: Project benefits that enhance the competitiveness of the business. This can be done by securing a licence to operate, opening up new markets for the business, introducing new products, reducing costs by developing local suppliers or leveraging corporate resources, or securing specialised talent.

About the judges

Gugu McLaren-Ushewokunze is the head of economic inclusion at the National Business Initiative (NBI). Her responsibilities include developing and implementing the NBI's strategy to engage business in driving our most challenging social issues with the aim of addressing inequality, exclusion and inequity. She has more than 15 years' experience in the field of social and sustainable development, having worked across sectors, with the bulk of her career within the corporate sector driving the development and implementation of sustainable development strategies. She holds an MSocSc in Gender and Development from the University of Cape Town.

Bhekinkosi Moyo is an adjunct professor at Wits Business School at the University of the Witwatersrand and director of the Centre on African Philanthropy and Social Investment (CAPSI). He was previously chief executive officer of the Southern Africa Trust, where he helped the organisation adopt social enterprise tools and pivot to alternative and innovative high-impact strategies for leadership, sustainability and social change.

The Trialogue Strategic CSI Award 2022 was conferred on Tiger Brands for its EduPlant project (pages 84-85).

Tiger Brands' EduPlant

Winner of the Trialogue Strategic CSI Award 2022

More than a quarter of school-aged children in South Africa are stunted and malnourished. EduPlant brings nutritious food to young children by establishing and improving school food gardens.

Tiger Brands is one of the largest food producers on the African continent and the largest in South Africa. As such, the company actively works towards achieving greater food security where it operates, while building an inclusive economy.

With millions of South Africans going to bed hungry every day and many more at risk of experiencing hunger, the company views food security as an essential social priority. Its socioeconomic development strategy focuses on building resilient, food-secure, healthy communities across South Africa.

EduPlant was established by Food & Trees for Africa (FTFA) in 1994 and is South Africa's longest-running school greening and gardening programme. Tiger Brands commenced as core mission support partner of EduPlant in 2019 as part of a five-year CSI partnership with FTFA.

Against a background of climate change and the economic hardships brought about by the Covid-19 pandemic, food security is becoming ever more critical. By initiating and improving school food gardens, EduPlant brings nutritious food to young children to supplement meals provided by the National School Nutrition Programme (NSNP) feeding scheme.

The programme includes education through FTFA ecopreneur-facilitated workshops, support through formal and informal networks, and providing resources such as tools, planting materials, soil additives, pest control and educational materials. The free, fun and interactive workshops are open to educators, learners and community members, and cover various topics on food security.

The programme is endorsed by the Department of Basic Education (DBE) and the NSNP, enabling teachers to attend during school hours. The venue is usually rotated among the participating schools.

Project objectives

The EduPlant project addresses food insecurity in marginalised communities, with several communities within Tiger Brands' operational areas. The project aims to improve food security skills and strengthen networks within and across communities through bio-intensive agricultural methods and techniques.

A unique element of EduPlant is the culture of support it promotes, including multiple layers of food security from school gardens to community gardens to homestead gardens. In this regard, the primary project objective is to increase productivity, potentially pushing them to the level where surplus production opens the door to possibilities within the food security space.

Specific objectives with targets and indicators included (but were not limited to):

- Increasing production at individual projects by at least 300% within the first six months of the intervention.
- Growing food for the school feeding schemes, measured by the number of meals supplemented.
- The number of teachers and community members the EduPlant curriculum measured through attendance registers and accreditations.
- Growing the number of learners benefiting from the intervention, measured by the number of learners who have supplemented meals at school and home.
- Growing the number of learners who see agriculture and environmental science as potential career paths.
- Increasing the number and percentage of gardens that employ agro-ecological/permaculture/bio-intensive agricultural techniques.
- Improving the level of curriculum integration at the schools, measured through the lesson plans required as part of the portfolio of evidence.
- Improving the level of cross-community food security networking and interactions, measured primarily through the closed-group social media platforms that house the cluster groups.

Social benefits: making food sovereignty a priority

The beneficiaries of EduPlant are found in communities in all provinces, starting with the schools at the epicentre, and include teachers, participating community members and learners. The project naturally extends to other beneficiaries in the community, including parents, community members and sometimes smallholder farmers.

External monitoring and evaluation (M&E) found that over 60% of learners and community members involved in the workshops mimic the activities learned in the household. This often means that the learners take control of their food sovereignty, and encourage their parents to start growing their own food.

During 2021/22, EduPlant implemented 30 school-based food security clusters nationally. Each cluster comprised around ten schools (300 schools in total), each receiving facilitated workshops, resources (for example, tools, planting materials, educational resources) and expert support. The resources enabled the schools to start or expand a food garden to grow fresh vegetables and herbs for the schools' feeding schemes, act as a learning garden for curriculum integration and, in some cases, sell produce to the community to fundraise.

The total amount allocated directly to beneficiaries was R4.93 million (excluding M&E and administrative costs), equating to approximately R16 420 per school, depending on the resources needed in each case. This amount was not necessarily reflective of the value to each school, as schools were clustered into groups. If an individual school were to go through the same format alone, the cost per school would be closer to R30 000.

EduPlant benefits a proportionately high number of special needs schools. The programme has strong inclusive elements where these schools are on par with their mainstream counterparts. Currently, 15–18 special needs schools are participating in the programme.

Food security and nutrition outcomes

The total area under production and harvest records showed an increase in the quantity and quality of food. Gardens need to, at a minimum, double their average productivity within six months of starting the intervention.

Garden diversity (including biodiversity) and the number of crops increased, and included vegetables, herbs/plants, fruit and indigenous trees. Schools tend to improve diversity by 300–400% during an EduPlant cycle (consisting of entries, assessment and selection, followed by six workshops that align with the seasons and, lastly, a look at the results, M&E assessing/entries and a competition).

Schools' portfolios of evidence saw improved soil health due to bio-intensive techniques. A change in water-saving behaviour due to implementing systems and techniques, such as grey-water systems and diversion drains, was also evident.

Participating schools' harvest records – which include usage records and specific evidence of diversity on the plate – showed a general nutrition improvement for the learners within the feeding scheme.

Education outcomes

Participating teachers received South African Council for Educators (SACE) accreditation in agricultural studies, while assessments done as part of the classroom activities under the curriculum integration segment of the project indicated how learners benefited from an improved understanding of food security and climate-related issues.

Business benefits: positive brand association, improving stakeholder relations

EduPlant significantly exposed Tiger Brands on social media platforms, online publications, traditional print media and community radio. The programme was widely communicated, and the support from Tiger Brands, the Tiger Brands Foundation and other stakeholders was highlighted.

The primary strategy of co-branding and the association of Tiger Brands with EduPlant showed a significant positive effect on the company's reputation. The EduPlant programme's Facebook and Instagram pages boast 170 000 followers across all linked accounts, and 30 WhatsApp group communities link directly into the clusters. Multiple positive news stories were sent to a press database of 118 recipients, while the partner-linked FTFA newsletter, which also ran the stories, reached 3 983 recipients and saw web exposure of approximately 10 000 site visits per month.

The Tiger Brands logo is also included on all invitations, attendance registers and other similar external documentation. The communities, where EduPlant features positively, associate with the Tiger Brands brand.

The project improved relationships with external and internal key stakeholders, including the DBE's NSNP, the Tiger Brands Foundation, company employees and the communities where interventions took place.

EduPlant has been extended to the communities where Tiger Brands operates and the communities where Tiger Brands Foundation schools exist. There has been an improvement in employee perceptions in these areas.

As Tiger Brands' flagship CSI programme, EduPlant receives a significant proportion of the annual CSI spend. The programme resonates with employees who are proud of Tiger Brands' positive impact on society through the flagship programmes.

An interesting aspect of the intervention is the synergy between the company's products and the fresh produce regarding complete community nutrition. It is possible that a nutritious plate of food in these communities could be derived entirely from Tiger Brands and their products – with the fresh produce directly complementing the bought products. When food is grown locally, there is more disposable income to spend on other food items with a lower LSM basket of goods.

Judges' feedback

"Tiger Brands' EduPlant projects aim to address food security in marginalised communities within Tiger Brands' operational areas. The project aims to improve food security skills and strengthen networking using bio-intensive agricultural techniques. This application was comprehensive, thorough and detailed. It was well considered and reflected Tiger Brands' approach to this project. The application outlined the measurable outcomes and impact, and clearly articulated business competitiveness. The submission included supporting evidence and documentation. This is an excellent example of strategic CSI."

Programme in numbers

Expenditure

R4 270 000 Total company expenditure on project in 2021/22

R10 430 000 Total company expenditure on project to date

Outputs

300 School food gardens

300 Champion educators trained

300 Community leaders trained

900 Community food gardens

Commendable projects

All Trialogue Strategic CSI Award 2022 entrants are commended for their innovation and commitment to development in South Africa. However, since this award focuses on strategic CSI, entries demonstrating direct and measurable social and business benefits were rated most highly. In addition to the 2022 winner, judges made special mention of the following high-scoring initiatives.

Eskom's Expo for Young Scientists (EEFYS)

South Africa will need more scientists and engineers within the next decade. This programme aims to develop young scientists who can identify problems, conduct research, analyse data, find solutions and communicate findings effectively. Selected young scientists are invited to participate in one of 35 regional science fairs across the country on a platform created specifically to promote innovation. EEFYS works from the school system into the university space, while ensuring alignment with private-sector requirements and the government's critical skills. EEFYS is incorporated into the mathematics, science and technology (MST) strategy of the DBE, ensuring that every school will eventually participate in an EEFYS activity. The universities and private sector provide prizes to EEFYS winners, including bursaries covering 100% of tuition fees, laptop computers and scholarships to study in Germany.

Judges said:

EEFYS aims to stimulate science, technology, engineering and maths (STEM) education and opportunities for young people through a multistakeholder and partnership approach, including the government. There are strategic links to Eskom's operations relating to the skills and expertise required for the business.

PepsiCo Sub-Saharan Africa: Dignity to Rural Sanitation

This initiative forms part of PepsiCo's Net Water Positive strategy, which aims to provide safe water access to 100 million people by 2030. Since 2006, PepsiCo and The PepsiCo Foundation have helped more than 59 million people globally access safe water through distribution, purification and conservation programmes.

As part of the Dignity to Rural Sanitation programme, the PepsiCo Foundation partnered with the Water Research Commission, Envirosan, and Tsogang Water and Sanitation to provide a sanitation solution for the Ga-Moela community in Limpopo. The project provided 120 households in Ga-Moela with a low-flush toilet, reducing the number of people who were forced to defecate in the open by 751. The technology was developed with the safety of children in mind, having an anti-lock mechanism on the door of the structure and a child-friendly toilet seat. The most valuable impact on the business was evident in brand reputation as the project was communicated to over 429 000 people.

Judges said:

This project aims to provide dignity to a small community by granting access to safe sanitation – a thoughtful project with measurable impact. The objectives and outputs are clear, but the evidence presented is mainly for recognition and there is little to support the outcome and business benefit claims.

Rand Refinery: Silver Mentorship Programme

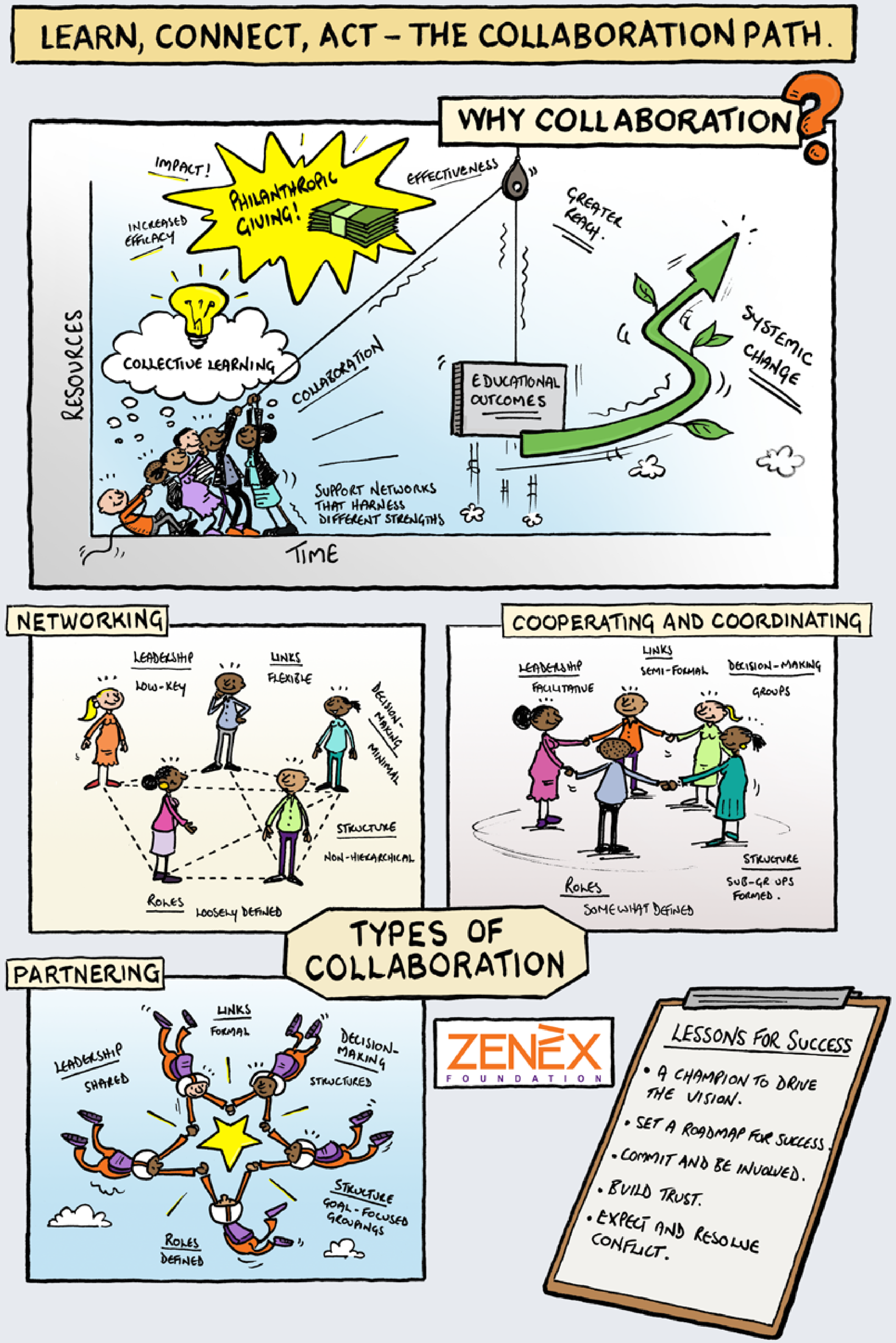
This programme focuses on developing emerging jewellers to set up generational jewellers and sustainable businesses that can generate job opportunities for others. The one-year incubation programme supports small, medium and micro enterprises (SMMEs) who desire to grow and sustain their businesses. In 2021 Rand Refinery provided an interest-free loan of R2 200 000 to 18 SMMEs to expand their enterprises. The programme also provided technical and commercial support.

In addition, this enterprise development programme also supports the downstream jewellery industry, as it can be a challenge to find young entrepreneurs who can manufacture precious metal products that meet the high standards of the market. As one of the largest single-site precious metals refining and smelting complexes in the world, Rand Refinery is uniquely placed to add value in the marketplace, while assisting emerging small businesses.

Judges said:

This project is aimed at economic inclusion by supporting SMMEs in the jeweller's space. The project is linked to Rand Refineries to build sustainable businesses. The objective is clear, but the scale is rather small. There is no evidence provided for all of the results claims.

Entries for the Trialogue Strategic CSI Award 2023 will open early next year. The entry forms will be available to download from www.trialogue.co.za. Previous entrants are welcome to resubmit revised applications. Entries should explore what makes CSI projects strategic and provide evidence of the social and business benefits of the project. For more information, please email lerato@trialogue.co.za.



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TRIALOGUE BUSINESS IN SOCIETY CONFERENCE 2022
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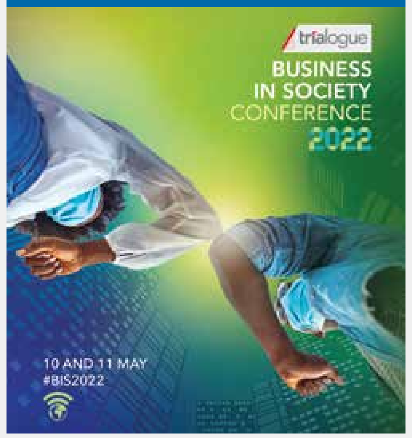


CONFERENCE INSIGHT

Freeing Africa from donor dependency

How can Africa liberate itself from its reliance on international donors? This was the theme of a debate between panellists **Bheki Moyo**, director of the Centre on African Philanthropy and Social Investment (CAPSI); **Sello Hatang**, chief executive of the Nelson Mandela Foundation; and **Takalani Netshitenzhe**, chief officer of corporate affairs for Vodacom Group and chairperson of the Vodacom Foundation.

Moyo, co-author of the 2021 research report 'Barriers to African Civil Society: Building the Sector's Capacity and Potential to Scale Up' funded by the Vodafone Foundation, says that while 90% of civil society organisations are dependent on international donor funding, we have seen a decrease in the inflows of donor funding, attributable to countries prioritising their domestic needs during the pandemic. He suggested Africans focus on domestic resource mobilisation and also highlighted social entrepreneurship as a way to generate income.

This was echoed by Hatang, who used the Nelson Mandela Foundation as an example of how non-profits can successfully raise funding at home. According to Hatang, prior to the Covid-19 pandemic, the Nelson Mandela Foundation received 80% of its funding from international donors. This changed dramatically during the pandemic, with global funders now contributing only 40% of the foundation's budget. "We should free ourselves from donor dependency, and we can," Hatang said. "During the pandemic we had to look at home for funding and our corporate partners came on board, mostly with no strings attached."

Hatang further highlighted the importance of the agile non-profit sector in facilitating impact on the ground. "If funding is given to local NPOs, you see the impact. If it's given to government, I'm not so sure," he said.

Power relations between donors and non-profit organisations (NPOs)

Netshitenzhe acknowledged the negative impact that power imbalances and bureaucracy can have on the work of civil society, explaining how Vodacom is reducing these as a donor. "Our Group CEO bemoans the bureaucracy, especially when there is a humanitarian crisis. We have now started simplifying our processing by onboarding as many NPOs as we can in our system, so we're able to quickly disperse funds to previously approved NPOs," she said.

She also underscored the value of understanding what each donor and NPO brings to the relationship, and the importance of honesty and integrity from both parties. "We are redefining the relationship with our partner NPOs to create symbiotic relationships. The organisations we support know societal challenges, because they are on the ground. They are our ears and eyes, and they also hold us accountable to promises that we make of creating a better future through sustainable partnerships," she pointed out.

Overcoming barriers to effective implementation

Just 5.2% of US foundation funding for Africa currently goes to African-led NPOs, according to the report. Many international NPOs receive generous funding that may or may not trickle down to local implementing partners, which are usually viewed as foot soldiers rather than leaders. This ties in with the notion that power imbalances persist between large international funders and grassroots organisations across the continent.

"Our research found that international donors tend to support international organisations, with a lot of the money that is allocated for interventions in Africa usually ending up in the headquarters of international organisations in the north," said Moyo.

Moyo said companies and donors constrain NPOs when they do not think innovatively. Although the private sector is slowly recognising NPOs as partners in Africa, the relationship remains hierarchical. Companies and NPOs can collaborate across several areas, particularly corporate social investment, facilitating joint programming that really delivers impact. "NPOs can function as a bridge between companies and communities," Moyo said.

In the ecosystem there are groups holding government and civil society accountable; grassroots groups that are survivalist and groups that are more research-orientated should all work together for impact. "We need to understand and help these groups to create linkages and collaborate to reach sustainability," he said.

The session ended with Professor Thuli Madonsela sharing her reflections on the topic, highlighting that, while Africa must find its own resources, it is important to acknowledge how Africa's resources have been pillaged and how the continent continues to lose money through illicit financial outflows. "I don't think we should buy into the conversation that says we shouldn't get some of that money back. I think we should get it back as part of restitution. But on our terms and in a purpose-driven way," she said.

Establishing a foundation

Corporate foundations are independent entities set up for philanthropic purposes. Many companies choose to manage their corporate social investment (CSI) through a separate legal entity, either a trust or a non-profit company (NPC). Setting up a foundation can be beneficial, but it is not appropriate for every company. What are the pros and cons, and how can companies choose what is best for them?

Trialogue research indicates that in 2022, 43% of the companies surveyed managed some or all their CSI through a separate legal entity, 28% through trusts and 15% through NPCs. This is an increase from 2020, when 35% of companies managed their CSI programmes through a separate legal entity, 25% through trusts and 10% through NPCs.

What motivates companies to set up these separate entities, and which are best for a company's purposes?

Which legal entity is best?

Nicole Copley, the founder of ngoLAW, explains that foundations are not a type of legal structure in South Africa and although the term 'foundation' is common, it has no legal meaning.

In the context of CSI, a foundation can either be run as an internal CSI division of a company, or as a separate legal entity. There are three possible legal vehicles a company can consider for a foundation:

1. **A voluntary association**
2. **A charitable trust**
3. **A non-profit company (NPC)**

All three of these legal entities can apply to be registered as non-profit organisations (NPOs) with the NPO Directorate, located in the Department of Social Development under the Non-Profit Organisations Act, 1997 (Act No. 71 of 1997) (due to be amended through the NPO Amendment Bill).

A voluntary association is far from ideal for a CSI foundation as it suits a grassroots or community-based organisation, run on a democratic basis by its members, with a new committee voted in every year. Copley says some companies inadvertently set up voluntary associations in the process of obtaining an NPO number, but the structure is inappropriate if there is no wider voting electorate of members.

It is more appropriate for companies to set up a charitable trust or an NPC for a CSI foundation.

A charitable trust is set up for charitable purposes and can be registered as a public benefit organisation (PBO) with the South African Revenue Service (SARS) Tax Exemption Unit. Once it has PBO status, donations to the trust are exempt from donations tax. PBO status also confers exemption from tax on some income and may, if the activities are the appropriate ones, be linked to Section 18A status (tax deductions for donors).

Aside from CSI foundations, companies also set up trusts as broad-based ownership schemes under the broad-based black economic empowerment (BBBEE) legislation. Such trusts own shares in the company, with the benefits accruing to beneficiaries who are members of a 'defined class of natural persons', for example black community members in a specified geographic area.

One of the disadvantages of setting up a trust is the fact that trust registration is still paper-based, which means filing original documents signed by hand by all trustees for every change made. Copley says the trust option is thus not recommended for organisations with board members who live overseas or in remote geographical locations.

Trusts are administered by trustees and it can be a laborious process to change any of the trustees as the Master of the High Court has jurisdiction over trusts and is struggling with backlogs. It is impossible to act as a trustee without receiving Letters of Authority from the Master of the High Court, which may delay or hamper trust activities.

Trusts are more flexible organisations than companies, with a less detailed regulatory framework, but for this reason they are also more open to being used for fraudulent activities.

For the purposes of CSI, it is easier and quicker for companies to set up an NPC, which is recognised as a separate category of company in terms of the South African Companies Act, 2008 (Act No. 71 of 2008). Copley points out that companies require greater compliance, but they have the advantage of greater credibility and a more robust regulatory environment.

As with a trust, an NPC can register voluntarily as an NPO and as a PBO. An NPC can be set up with or without members – a no-member NPC is for those entities that do not have voting members. Registration is quick and easy as it can be done via email and any changes to directors can be made online, which streamlines processes.

Both a trust and an NPC can have diverse boards from within and outside of the corporate founder, and can be structured to allow for independence. Alternatively, if companies would rather not appoint external board members, they can include independent views by setting up advisory committees from which they can request advice and specialist expertise. The SARS rule is that no single person controls decision-making within a PBO, which should be kept in mind when appointing board members.

The advantages and disadvantages of separate legal entities for CSI

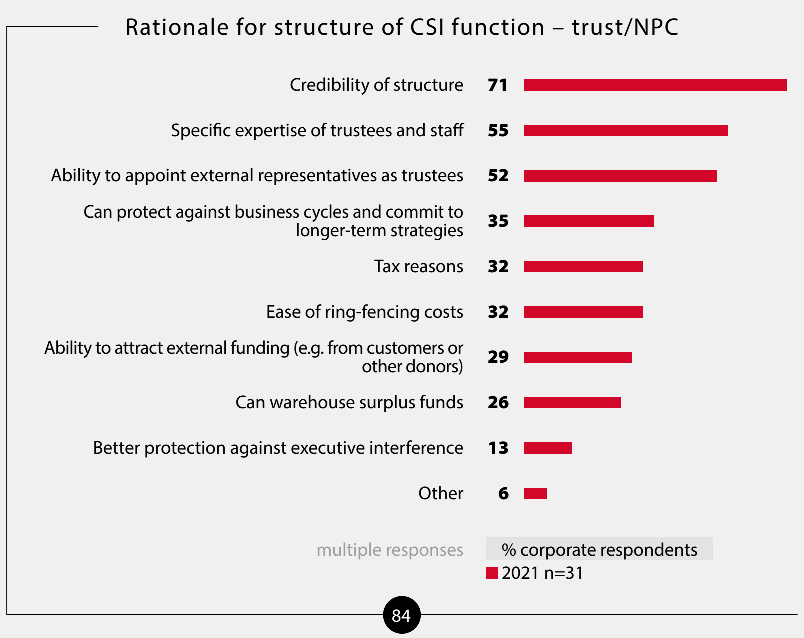
Advantages

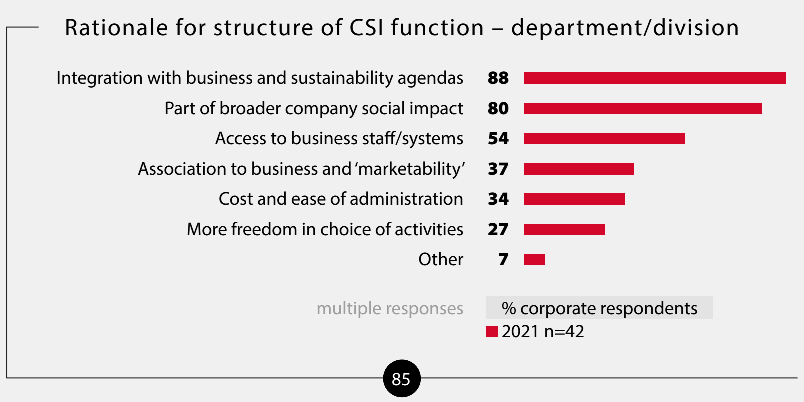
- Foundations enjoy credibility, which confers reputational benefits and helps to maintain structured and consistent giving.
- Separate legal entities can maintain a degree of independence from the company, including guarding against undue influence by marketing departments.
- Trusts and NPCs are empowered to appoint external board members and staff who have specific expertise in a relevant area.
- Partners can be represented on the board of a foundation and provide input in this way.
- Foundations can commit to longer-term strategies than companies might otherwise be able to do.
- If the founding company no longer wishes to fund a particular focus area, continuity can be maintained through other funding streams.
- A sustainable funding model can be set up that will allow the foundation to fund its activities independently of the founding company where there is possibly less funding flowing from the company.
- Separate legal entities can also build up reserves that can be redeployed by the foundation.
- Foundations can manage their own costs, including paying staff out of the foundation's budget.
- Activities are not hamstrung by a company's poor results, because donated funds are protected.
- If a foundation is recognised as a PBO, donors receive an exemption from donations tax and a tax deduction, subject to the foundation receiving approval in terms of Section 18A of the Income Tax Act, 1962 (Act No. 58 of 1962).
- Third-party donors have the comfort of knowing they are contributing to a separate, accountable structure.

Disadvantages

- The foundation may not be closely aligned with the company's business and sustainability agenda, or with its broader mandate.
- There may be fewer opportunities to market the company's achievements.
- Companies may wish to exert more control than a foundation will allow, particularly if external independent board members are appointed.
- Setting up and running a foundation can be administratively complex, costly and time consuming, and may require legal, financial and tax experts, as well as annual reporting.
- Bureaucracy may slow activities down, particularly if all decisions are deferred to trustees and board members.
- It is possible that not all the activities currently being funded can be housed within the foundation without compromising the ability of the foundation to obtain various tax approvals and benefits.

In 2021, Trialogue asked companies why they structured their CSI functions through departments or divisions, or elected to establish trusts or NPCs.





The advantages and disadvantages of internal divisions for CSI

Advantages

- Corporate giving can be more strategic, as it is often better aligned with the competencies, products and services of the company.
- Easy integration between the core business of the company and departmental activities, including easier access to support functions.
- Better alignment with marketing objectives.
- Access to staff and systems to help achieve goals.
- Potentially more freedom regarding the choice of activities.
- Less bureaucracy and the ability to move faster as there is no need to defer to trustees or board members.
- Compliance requirements are less onerous.
- Less administrative complexity, which can be costly and time consuming.

Disadvantages

- Blurred boundaries between the business and the CSI department.
- Less opportunity to establish a separate brand and profile for work undertaken.
- Partnerships are restricted due to company or brand association.
- Inability to attract external funding.
- A lack of developmental credibility.
- Third-party donors do not have the comfort of a separate, accountable structure.

In summary, unless there are compelling reasons for a separate legal entity (such as third-party funding or tax reasons), Trialogue recommends that CSI is run as an internal function within the company. We believe that this allows for CSI to be better integrated into the core business and more strategic, delivering both social and business benefits. ■

Questions to ask before setting up a foundation

1. What is the purpose of the foundation?
2. How will the foundation be funded (cash, shares, an endowment)?
3. Who will be funding the foundation? Will there be third-party donors?
4. How much would the foundation require to ensure its financial sustainability? Which costs should be considered, for example registration, staffing, running costs, compliance and more?
5. If the foundation is endowed, how much capital should be invested to generate enough to cover annual costs?
6. What are the tax implications of setting up a foundation? How should the foundation be structured to obtain tax benefits in terms of the Income Tax Act?

Momentum Metropolitan Foundation

Tshego Bokaba, group CSI manager at Momentum Metropolitan Holdings, says the Momentum Metropolitan Foundation was set up as an independent NPC that integrates the corporate social investment initiatives of Momentum Metropolitan Holdings. The MM Foundation was founded in 2009 after the merger of Momentum and Metropolitan.

"It made sense for Momentum Metropolitan to set up a foundation, as the federated model meant different departments were focusing on different initiatives, which was quite fragmented," she explains.

At the time, the company took a broad approach by attempting to respond to various socioeconomic challenges through four key focus areas: health, education, sports development and disability. The foundation subsequently took a strategic decision to channel its CSI funds to NPOs and institutions working towards placing young people in permanent employment in the information and communications technology sector.

"The foundation guarantees greater focus and independence, which allows us to concentrate on an agenda that is not determined by the company itself," she says. "However, one of the challenges is that, as the CSI sector evolves and shifts towards strategic CSI, where both developmental and business benefits are evident, it is not always easy to get support or buy-in from independent trustees or directors when it comes to the business benefit component, as they see their mandate purely for developmental benefit and not necessarily for business benefit."

Bokaba believes that strategic CSI unlocks opportunities for both, but says it can be challenging to try to convince a dozen people with divergent opinions who sit on the board of a foundation.

"Before setting up a foundation, you need to be very clear about your 'why'," she says. "Are you establishing it because you want tax benefits, or greater independence? Do you want the skills that come with a board of directors or trustees drawn from various industries and sectors?"

Another consideration is whether you want a structure that will allow you to fundraise, which can be financially advantageous but requires a bit of research and legal acumen.

Once you have established your 'why', you need to consider how much control you are prepared to give up as a company. When your board of directors has determined a strategy, you have to adhere to it and commit to long-term investment in programmes without interference from the business.

Although there is a perception that a foundation may leave a more substantial legacy than in-house CSI initiatives, Bokaba says there is no evidence that it is more impactful or visionary. However, it does have a tendency to take on a life of its own, and may be less nimble than a CSI department.

CSI expenditure per company

The following table contains published figures on CSI expenditure of over R5 million during the period 1 July 2020 to 30 June 2022, where available. Where 2022 June year-ends were not available, 2021 data was used.

As far as possible, Trialogue has focused on South African expenditure on CSI at group level. However, it is not always possible to discern South African versus multinational expenditure. Reported figures are also not consistent in how CSI is defined but, where possible, we have excluded expenditure on non-CSI-related activities (such as housing for employees or enterprise and supply chain development). Where global figures are reported in dollars, pounds or euros, Trialogue has converted these to rands using the SARS average exchange rate for each company's financial year. Notes are included to provide clarity in instances where reported numbers do not accurately represent South African CSI expenditure. Trialogue does not take responsibility for inaccuracy of published figures.

The figures are provided as published and the scope, in terms of geography and activities or areas of investment, as well as the methodology of determining the figure, varies across companies. The figures are therefore not directly comparable across companies.

Company name	2021/22 published CSI spend	2020/21 published CSI spend	2021/22 development focus areas	Source for 2021/22
	(RSA, unless otherwise mentioned) Rm	(RSA, unless otherwise mentioned) Rm	(not in order of investment)	
Absa Group	194.8	380.0	Education and skills development, Covid-19 relief, employment and disaster management	Absa Integrated Annual Report 2021, pg73
ACSA	9.9	14.0	Education and social development	ACSA Integrated Annual Report 2022, pg51
Adcock Ingram Holdings	Not disclosed	11.6	Education and health	Adcock Ingram Integrated Annual Report 2021, pg87
Adcorp Holdings	Not disclosed	6.3	Education, skills development and social upliftment	Adcorp Holdings Integrated Annual Report 2021, pg29
ADvTech	207.0[1]	216.0	Education	ADvTech Integrated Annual Report 2021, pg52
AECI	34.9	34.6	Covid-19 relief, education, health, the environment, skills and enterprise development, and charitable donations	AECI Integrated Annual Report 2021, pg26
African Bank	11.3	11.2	Education and food security	African Bank Integrated Annual Report 2021, pg55
African Equity Empowerment Investments (AEEI)	30.7	17.5	Economic development, health, welfare, job creation and education	African Equity Empowerment Investments Sustainability Report 2021, pg5
African Rainbow Minerals	34.6	45.2	Infrastructure, education and health	African Rainbow Minerals Integrated Annual Report 2022, pg33
AfroCentric Group	3.8	9.6	Health and education	AfroCentric Group Integrated Annual Report 2022, pg17
Alexforbes	3.7[2]	5.7	Community development and skills development	AlexForbes Integrated Annual Report 2022, pg62
Altron Group	5.8	4.0	Education, skills and community development	Altron Group Integrated Annual Report 2022, pg30
Alviva Holdings	10.0	6.0	Community investment, wellness programme and education	Alviva Integrated Annual Report 2022, pg156
Anglo American	1 080.3[3]	1 078.1	Health, education, economic and environmental development	Anglo American Integrated Annual Report 2021, pg13
Anglo American Platinum	289.0[4]	236.0	Health and social welfare, education and skills development, infrastructure, enterprise development and community dividends	Anglo American Platinum Integrated Annual Report 2021, pg92
AngloGold Ashanti	221.7[5]	338.9	Social infrastructure, education and youth, donations and capacity building, arts, culture and heritage, health, environment and SMME support	AngloGold Ashanti Integrated Annual Report 2021, pg101
ArcelorMittal SA	15.0	13.8	Support community science centres and community-based NGOs	ArcelorMittal Integrated Annual Report 2021, pg14

Company name	2021/22 published CSI spend	2020/21 published CSI spend	2021/22 development focus areas	Source for 2021/22
	(RSA, unless otherwise mentioned) Rm	(RSA, unless otherwise mentioned) Rm	(not in order of investment)	
Aspen Pharmacare	16.0	16.2	Health, education and sports	Aspen Pharmacare Integrated Annual Report 2021, pg81
Assupol	10.0	10.0	Sanitation and education	Assupol Integrated Annual Report 2021, pg21
Astral Foods	5.2	11.8	Food security, support cancer initiatives, development and empowerment of emerging farmers, and wellness programmes	Astral Foods Integrated Annual Report 2021, pg78
Attacq	8.1	15.4	Community development	Attacq Integrated Annual Report 2022, pg38
Aveng Group	2.3	5.2	Education and community development	Aveng Group Integrated Annual Report 2022, pg4
AVI	22.0	22.2	Education, job creation, community development	AVI Integrated Annual Report 2022, pg54
AYO Technology Solutions	9.0	2.4	Food and PPE distributions in rural areas, STEM education and entrepreneur empowerment	AYO Technology Solutions Annual Report 2021, pg84
Barloworld	16.0	16.0	Education, environment, healthcare and welfare, and food security	Barloworld Integrated Annual Report 2021, pg115
Bauba Resources	6.4	10.1	Housing, education and skills development	Bauba Resources Integrated Annual Report 2022, pg9
BHP Group	2 833.4[6]	2 688.2	Community development	BHP Group Annual Report 2022, pg58
Bidvest	70.0[7]	27.0	Education, health, welfare and community development	Bidvest Environmental, Social and Governance Report 2022, pg22
Blue Label Telecoms	17.5	8.5	Education, youth development and community development	Blue Label Telecoms Integrated Annual Report 2022, pg58
Brait SE	5.0[8]	9.7	Health, wellbeing, education and nutrition	Brait SE Integrated Annual Report 2022, pg73
Brimstone Investment Corporation	5.0	6.0	Education, disaster relief, community development and health	Brimstone Integrated Annual Report 2021, pg11
Capitec Bank	40.0	66.0	Education, skills development, job creation and women empowerment	Capitec Bank Integrated Annual Report 2022, pg27
Cashbuild	174.9	170.2	Education, community development and youth empowerment	Cashbuild Integrated Annual Report 2021, pg11
Clicks Group	23.0	19.0	Health and wellbeing	Clicks Group Integrated Annual Report 2021, pg5
Coronation Fund Managers	Not disclosed	13.0	Food aid and education	Coronation Fund Managers Integrated Annual Report 2020, pg42
Curro Holdings	151.0[9]	142.0	Education	Curro Holdings Integrated Annual Report 2021, pg25
Datatec	8.6	8.7	Education and skills development	Datatec Integrated Annual Report 2022, pg58
Development Bank of Southern Africa (DBSA)	13.2[10]	21.7	ECD, education, agriculture and community development	Development Bank of Southern Africa Sustainability Review 2022, pg29
Dis-Chem Pharmacies	17.1[11]	26.0	Nutrition, health, community development, disaster relief, water and sanitation	Dis-Chem Consolidated ESG Data Table 2022, pg4
Engen	27.0	15.0	Education, health, safety, environment, community wellbeing and people who are differently abled	Engen Integrated Annual Report 2021, pg28
EOH Holdings	28.6	11.1	Food security, education and disaster relief	EOH Holdings Integrated Annual Report 2021, pg64–66
Eskom	Not available	67.4	Education, community development, energy and environmental projects	Eskom Integrated Annual Report 2021, pg4
Exxaro Resources	113.7	143.0	Education, infrastructure, ESD, welfare, health, governance , sports, culture and agriculture	Exxaro Environment, Social and Governance Report Online
Famous Brands	3.7	15.0	Food security, sports and healthcare	Famous Brands Integrated Annual Report 2022, pg34
FirstRand	345.0	338.0	Education	FirstRand Integrated Annual Report 2022, pg5
Fortress REIT	13.3	20.8	Education and community projects	Fortress REIT Integrated Annual Report 2021, pg31

Company name	2021/22 published CSI spend (RSA, unless otherwise mentioned) Rm	2020/21 published CSI spend (RSA, unless otherwise mentioned) Rm	2021/22 development focus areas (not in order of investment)	Source for 2021/22
Glencore	1 005.0[12]	1 563.6	Community development, enterprise and job creation, health, education and capacity building	Glencore Annual Report 2021, pg33
Gold Fields	246.0[13]	254.3	Infrastructure, education and training, health and wellbeing, economic diversification, conservation, environment and charitable giving	Gold Fields Integrated Annual Report 2021, pg80
Grindrod	8.0	1.9	Education and environment	Grindrod Integrated Annual Report 2021, pg51
Growthpoint Properties	47.9	44.1	ECD, education, entrepreneurship development and community development	Growthpoint Properties Environment, Social and Governance Report 2021, pg3
Harmony Gold Mining Company	17.9	10.8	Infrastructure, SMME development, sports and recreation, youth development, education infrastructure, education and agriculture	Harmony Gold Integrated Annual Report 2022, pg107
HomeChoice International	5.0	5.4	ECD education	HomeChoice International Integrated Annual Report 2021, pg108
Impala Platinum Holdings	157.0	126.0	Community development	Impala Platinum Integrated Annual Report, pg40
Imperial Logistics	24.2	21.1	Health, education, safety and skills development	Imperial Logistics Integrated Annual Report 2021, pg43
Industrial Development Corporation of SA	33.7	46.6	Covid-19 social relief, entrepreneurship development, education and skills development	Industrial Development Corporation of SA Integrated Annual Report 2021, pg50
Investec Property Fund	5.0	6.7	Education	Investec Property Fund Integrated Annual Report 2022, pg29
Investec	180.5[14]	162.8	Education, employment, environment and entrepreneurial development	Investec Integrated Annual Report 2022, pg98
Invicta	Not disclosed	37.4	Employment, education, rural and social upliftment	Invicta Integrated Annual Report 2021, pg19
Italtile	57.0	63.0	Education, skills development, sports, environment and conservation	Italtile Integrated Annual Report 2022, pg123
KAP Industrial Holdings	14.0	13.3	Poverty, unemployment, education, nutrition and community development	KAP Industrial Holdings Integrated Annual Report 2021, pg54
Kumba Iron Ore	257.5	263.6	Covid-19 support, health, education and infrastructure	Kumba Iron Ore Integrated Annual Report 2021, pg95
Liberty Holdings	44.9	47.0	Education, financial education and skills development	Liberty Holdings Annual Report 2021, pg63
Libstar Holdings	17.5	21.0	Food relief, health and wellbeing, and environment	Libstar Governance Report Online
Life Healthcare Group	92.1	65.0	Health and education	Life Healthcare Group Sustainability Complementary Data Report 2021, pg12
Mahube (Previously Gaia Infrastructure Capital)	Not disclosed	50.0	ECD education, food security, sports, arts and culture	Mahube Infrastructure Limited Integrated Annual Report 2021, pg5
Massmart	18.7	Not disclosed	Nutrition, emergency relief aid, education and discretionary projects	Massmart Integrated Annual Report 2021, pg98
Mediclinic International	20.9	29.8	Health, training and education	Mediclinic International Sustainable Development Report 2022, pg37
Merafe Resources	65.6	49.0	Skills development, community development and education	Merafe Resources Integrated Annual Report 2021, pg37–38
Metair Investments	20.6	13.8	Social development, education, health, skills development, job creation and infrastructure development	Metair Investments Integrated Annual Report 2021, pg14
Momentum Metropolitan Holdings	27.5	27.5	Education, skills development and job creation	Momentum Metropolitan Holdings Integrated Annual Report 2022, pg90
Mondi Group	206.2[15]	216.1	Health and wellbeing, education, infrastructure and development, enterprise and employment support, Covid-19 and environmental protection	Mondi Group Consolidated Sustainability Performance 2021, pg3
Motus Holdings	30.0	18.6	Community upliftment, education, primary health, youth development, road safety and disaster relief	Motus Holdings ESG Report 2022, pg110
Mr Price Group	37.0	25.8	Education, skills development and disaster relief	Mr Price Group Integrated Annual Report 2022, pg32
MTN Group	159.0	168.0	Youth empowerment, women empowerment and community development	MTN Group Integrated Annual Report 2021, pg15
MultiChoice South Africa	296.0	420.0	Education, sports and community development	MultiChoice South Africa Integrated Annual Report 2022, pg3
Murray & Roberts Holdings	12.6	15.3	Education, skills development and community development	Murray & Roberts Holdings Sustainability Report 2022, pg72
Mustek	5.1	1.6	Education, community development and disability support	Mustek Integrated Annual Report 2021, pg5
Nampak	6.0	2.9	Education and youth employment	Nampak Integrated Annual Report 2021, pg6
Nedbank Group	121.7	103.0	Education, skills development, community development, health, environment, green economy, sports and arts	Nedbank Society Report 2021, pg78
Netcare	31.0	18.0	Health and disaster management	Netcare Integrated Annual Report 2021, pg95
Northam Platinum	9.7	8.1	Education, health and community infrastructure	Northam Platinum Sustainability Report 2022, pg87
Oceana Group	6.8	7.4	Food security, health, education, maritime safety, community development, welfare and disaster relief	Oceana Group Sustainable Development Report 2021, pg70
Old Mutual	78.6[16]	64.0	ECD, education, disaster relief, community development and financial education	Old Mutual Sustainability Report 2021, pg32–33
Omnia Holdings	28.7	24.3	Education, food security, agriculture and skills development	Omnia Holdings Integrated Annual Report 2022, pg18
Pan African Resources	28.9[17]	28.4	Education, health, infrastructure and community development	Pan African Resources Integrated Annual Report 2022, pg110
Pepkor Holdings	57.3	40.7	Education and economic development	Pepkor Holdings Sustainability Report 2021, pg13
Pick n Pay Stores	38.0	41.3	Education, food security, environment, sports and culture	Pick n Pay Stores Integrated Annual Report 2022, pg78
PSG Konsult	Not disclosed	10.0	Education, youth employment and community development	PSG Konsult Integrated Annual Report 2022, pg37
Rand Merchant Investment Holdings (RMI)	10.4	10.4	Covid-19 relief fund	Rand Merchant Investment Integrated Annual Report 2022, pg67
Raubex Group	5.2	3.8	Education, health, community development and sports	Raubex Group Integrated Annual Report 2022, pg62
RCL Foods	11.8	7.8	ECD, community development and nutrition	RCL Foods Integrated Annual Report 2022, pg8
Redefine Properties	12.6	5.2	Community and skills development	Redefine Properties Integrated Annual Report 2021, pg18
Remgro	22.0	25.0	Community development, cultural development, entrepreneurship, training, education, environment, health and sport development	Remgro Integrated Annual Report 2021, pg121
Resilient REIT	12.0	9.9	Education, sports and disaster relief	Resilient REIT Integrated Annual Report 2022, pg5
Reunert	7.0	7.0	Skills development, food security and community development	Reunert Integrated Annual Report 2021, pg72
Royal Bafokeng Platinum	169.2[18]	92.0	Education, small-scale farming training and infrastructure	Royal Bafokeng Platinum Integrated Annual Report 2021, pg8
RFG Holdings Limited	3.7	6.3	Food security and education	RFG Holdings Limited Integrated Annual Report 2021, pg69
South African Reserve Bank	21.6	17.0	Education	South African Reserve Bank Annual Report 2022, pg78
Sanlam	82.0	47.0	Education, environment, enterprise and supplier development, and consumer financial education	Sanlam Integrated Annual Report 2021, pg4
Santam	Not disclosed	26.0	Covid-19 relief and education	Santam Integrated Annual Report 2020, pg32

Company name	2021/22 published CSI spend	2020/21 published CSI spend	2021/22 development focus areas	Source for 2021/22
	(RSA, unless otherwise mentioned) Rm	(RSA, unless otherwise mentioned) Rm	(not in order of investment)	
Sasol	743.3	526.2	Skills development, environment, education and community development	Sasol Integrated Annual Report 2022, pg24
Shoprite Holdings	335.0[19]	274.0	ECD, community development, hunger relief, skills development, education and youth unemployment	Shoprite Holdings Sustainability Report 2022, pg37
Sibanye-Stillwater	346.5	195.0	Health, education, arts and culture, sports, conservation and environment	Sibanye-Stillwater Integrated Annual Report 2021, pg216
South32	162.2[20]	342.0	Education, health and economic development	South32 Sustainable Development Report 2021, pg30
Spar Group	23.0	23.5	Covid-19 relief, crime prevention, food security, education and civil unrest	Spar Group Integrated Annual Report 2021, pg141
Stadio Holdings	14.0	11.0	Education	Stadio Holdings Integrated Annual Report 2021, pg54
Standard Bank Group	158.9	124.2	Community development, humanitarian disaster relief and donations	Standard Bank Social, Economic and Governance Report 2021, pg84
Sun International	13.1	7.1	Education, community development and food relief	Sun International Integrated Annual Report 2021, pg11
Super Group	21.1	17.7	Food security, community development and sports	Super Group Integrated Annual Report 2022, pg1
Telkom SA SOC	76.8	46.3	Social development and education	Telkom Integrated Annual Report 2022, pg87
TFG (The Foschini Group)	27.0[21]	13.9	Education, disaster relief and community development	TFG Inspired Living Report 2022, pg37
Tiger Brands	22.9	32.0	Food security and related nutritional issues	Tiger Brands Sustainability Report 2021, pg74
Tongaat Hulett	Not available	14.7	Arts, sports and culture, social development, education, environmental management and health	Tongaat Hulett ESG and Climate Change Report 2021, pg7
Transaction Capital	13.0	8.9	SMME development and community development	Transactional Capital Integrated Annual Report 2021, pg9
Transnet	139.6	112.2	Health, education, sports, employee volunteerism, socioeconomic infrastructure development and Covid-19 relief	Transnet Annual Report 2022, pg12
Truworths International	4.6	7.5	Healthcare and education	Truworths International Integrated Annual Report 2022, pg12
Umgeni Water	3.5	10.7	Education, skills and training development, and environmental conservation	Umgeni Water Integrated Annual Report 2020/2021, pg119
Vodacom Group	Not disclosed	278.0[22]	Women, youth, people living with disabilities, health and education	Vodacom Group Integrated Annual Report 2021, pg79
Wilson Bayly Holmes-Ovcon (WBHO)	5.0	5.0	Health and education	Wilson Bayly Holmes-Ovcon (WBHO) Integrated Annual Report 2021, pg16
Woolworths Holdings	970.0[23]	918.0	Donations, sponsorships, and surplus food and clothing donations	Woolworths Good Business Journey 2022, pg26

1 Bursaries
2 Includes a grant contribution and dividends
3 US$73.1 million @ $14.8 spent in Africa
4 Includes social and labour plan (SLP) and CSI spend in South Africa
5 Total spend including non-RSA operations. US$15 million @ $14.8
6 US$186.4 million @ $15.2 spent on direct community development globally
7 Total group spend
8 Sum of spend reported on various initiatives
9 Includes bursaries
10 Includes grant funding and third-party funds
11 Includes customer contributions to the Dis-Chem Pharmacies' Benefits Programme
12 US$68 million @ $14.8 spend on community development programmes in various regions
13 US$16.63 million @ $14.79 spend in host communities, including US$1 million from South Deep trusts.
14 £8.9 million @ £20.3 spend on community initiatives including non-RSA
15 €11.8 million @ €17.5 spend on community initiatives including non-RSA
16 Sum of spend reported on various initiatives
17 US$1.9 million @ $15.2 including CSI and local economic development (LED) initiatives
18 CSI spend includes SLP
19 2022 spend includes surplus donations and investments in training and educational programmes for unemployed youth
20 US$10.7 million @ $15.2 spent on community initiatives in South Africa
21 CSI spend in Africa
22 Includes non-RSA spend
23 The basis of calculating the value of non-cash items was not disclosed

ATNS COMMITTED ON BEING A PART OF THE SOLUTION

ATNS addresses a variety of socio-economic development challenges within the communities impacted by its business activities as well as in the greater aviation industry through the following interventions:

AVIATION SKILLS DEVELOPMENT & TRAINING (Aviation Training Academy, Bursary Programmes)

ATNS promotes STEM subjects in schools that are situated in deep rural communities, nationally.

The company achieves this through its participation in DOT's JAAP Programme that is intended to provide disadvantaged youth exposure into the aviation industry as well as access to careers in aviation.

In this context, ATNS also runs an ATS Bursar and Engineering Learnership programme at its Aviation Training Academy.

SMME DEVELOPMENT & JOB CREATION

In rolling out Socio-Economic Development programmes, ATNS embeds the promotion and inclusion of local SMME's as well as Job Creation in its CAPEX and OPEX supply chain activities.

Appointed SMME's are encouraged to contribute towards employment through the involvement of local laborers in projects, big or small.

A CARING CORPORATE CITIZEN (CSI programmes)

ATNS is committed to good corporate citizenship and prioritizes CSI Projects as a catalyst to the betterment of the socio-economic conditions of the communities interfacing with its operations.

CSI focus areas

- Education (Flagship)
  {Promotion of STEM subjects in schools as they are entry requirements for careers in Air Traffic Control (ATC)}
- Skills Development and Training;
- Support for School Sports, Arts and Culture
- Environmental Sustainability
- Staff led initiatives

Key Facts

2022/23 Budget: R5 000 000,00
Geographical Coverage: Nationally
Key Stakeholders: Department of Basic Education, Rural communities, Industry Stakeholders and Private Sector.

Key Achievements (2018/19-2021/22 FYE)

Over 25 beneficiary schools in all provinces
Over 22 000 learner beneficiaries and an additional 30+ educators with targeted Educator/Learner Development Programmes


Limpopo: Matsambu High School Computer and Science Lab


Eastern Cape: Dondashe Secondary School Life and Physical Science Lab


Limpopo: Nkuri Primary School – ICT Equipment


Western Cape: Uxolo High School –Science Lab

MTN SA Foundation empowers women in Digital Business

The future is increasingly digital, yet women are underrepresented in this high-growth sector of the economy. To ensure faster progress, sustainability and job creation, young women need support and encouragement to enter the sector, while women already in the sector need strong mentors to inspire them, guide them and push them to bring their ideas to life.

Although women make up 13% of the graduates leaving South African tertiary institutions with qualifications in science, technology, engineering and mathematics (STEM), there is a lack of digital exposure and career guidance post-graduation, which is a significant challenge for women pursuing ICT-related careers or entrepreneurship opportunities.

Realising that empowerment means not only raising the status of women through education, awareness, literacy and training, but also being open to women's concepts for services and product provision, the MTN South Africa (SA) Foundation has launched its inaugural 2022 MTN Women in Digital Business Challenge to assist female-owned SMMEs on a sure path to success.

With a R1 million commitment, MTN will support 10 less-established female-owned small, medium-sized and microenterprises (SMMEs) by enabling innovation, entrepreneurship and job creation for women in the digital economy.

The **MTN Women in Digital Business Challenge** forms part of the MTN Group's commitment to developing ICT small and medium enterprises (SMEs) on the continent and is an extension of MTN's existing SME accelerator programmes. The 10 candidates, who are female graduates and/or alumni members of the MTN SA Foundation business support programme, will be provided with R100 000 for working capital needs, business development, tangible assets, mentorship coaching and business advancing technology/software.

"Removing the barriers hindering women from entering science, technology, engineering and mathematics (STEM) fields is the answer to South Africa's enormous information and communications technology (ICT) skills gap and high unemployment rate," says Angie Maloka, senior manager: youth & women programmes at the MTN SA Foundation. "It's imperative to fill this inequality gap and, for us, this means making a meaningful contribution to improving female-owned businesses in the ICT market."

Training, business support and mentorship

Each SMME will receive training, small business support and enter a four-month mentorship programme to ensure effective deployment of capital and resources, further accelerating their business and rate of business success, or the opportunity and tools to create future businesses that are robust, innovative and able to succeed in a challenging and ever-changing landscape.

The finalists of the **2022 MTN Women in Digital Business Challenge** programme are prime examples of what can be achieved by women in a competitive industry.

We can't wait to see what business ideas and cases our candidates generate at the end of the four-month programme. Our hope is that the outcomes go far to close the skills shortage gap in South Africa and create long-term career prospects for our candidates and their future employees.

"We look forward to hearing more about them as they help change the operating face of the business in South Africa," concludes Maloka.

For more information and other MTN SA Foundation programmes visit www.mtn.co.za

MTN

Chapter two

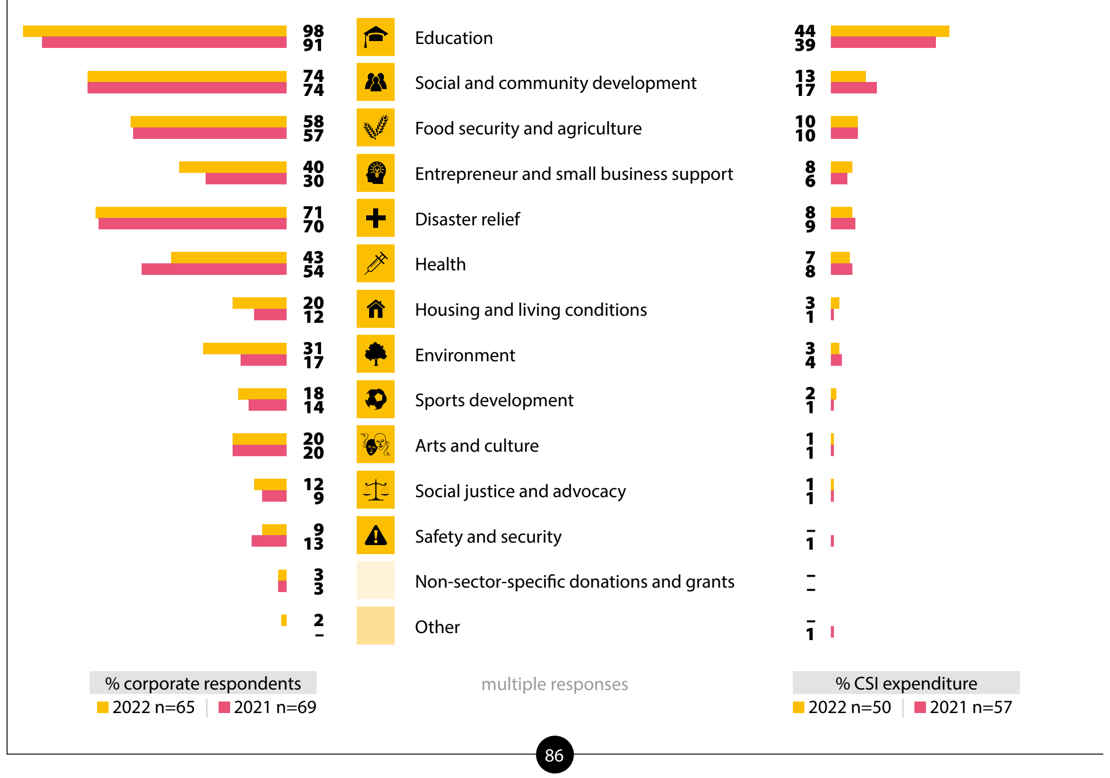
An overview of CSI support in 12 development sectors, together with a timeline of significant milestones in each sector over the past 25 years.

DEVELOPMENT SECTORS

2

Support for development sectors

This chapter provides an overview of the corporate social investment (CSI) spend on 12 development sectors. CSI spend is based on data from the 65 large companies that participated in Trialogue's primary research survey in 2022, as well as data from the previous editions of the Handbook. In keeping with the overall theme of the Handbook, this chapter also provides an overview of significant South African milestones over the past 25 years for each of the 12 sectors.



- Education remains the most popular cause. Almost all companies (98%) supported education in 2022 (up from 91% in 2021). The average CSI spend on education increased from 39% in 2021 to 44% in 2022, still below the half of average CSI spend recorded in 2020. A larger proportion of the education spend is going into early childhood development (ECD), which was anticipated, as ECD shifts into the Department of Basic Education (DBE).
- Social and community development remains the second most supported cause, supported by three-quarters of companies in 2022 (74%). However, the average CSI spend decreased to 13% in 2022, from 17% in 2021.
- Disaster relief continues to be the third most popular cause, supported by 71% of companies in 2022. Average CSI expenditure decreased marginally to 8% in 2022, from 9% in 2021.
- Consistent with 2021, more than half the companies (58%) supported food security and agriculture interventions in 2022. The average CSI spend on this sector remained at 10% in 2022.

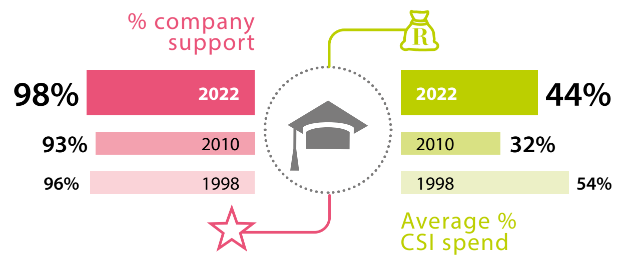
The breakdown of spend within the sector has fluctuated due to the Covid-19 pandemic, when more companies funded food relief.

- More companies (40%) supported entrepreneurs and small businesses in 2022 (up from 30% in 2021). The average CSI spend for this cause also increased from 6% in 2021 to 8% in 2022.
- Fewer than half of companies (43%) supported health-related interventions in 2022 (down from 54% in 2021). As a result, health dropped from fifth to sixth place of the most supported causes in 2022, with average CSI spend below 10%. Within health, we are seeing a reduction of funding for HIV/Aids and a move towards wellbeing initiatives and training.
- More companies supported environment, housing and living conditions and sports development in 2022 than in 2021, supported by 31%, 20% and 18% of companies, respectively. The average CSI spend in each of the three sectors remains below 5%.

Education

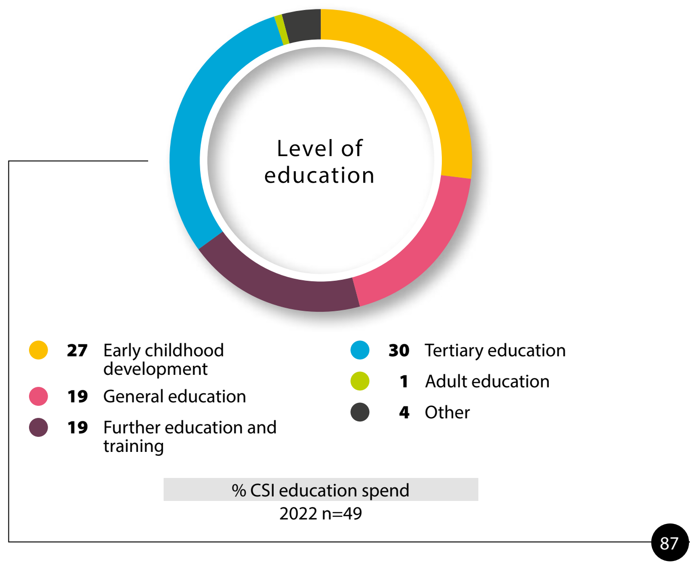
Overview of CSI spend

Education was supported by 98% of companies and received 44% of average CSI expenditure in 2022. It has been the most supported sector since first measured in 1998.

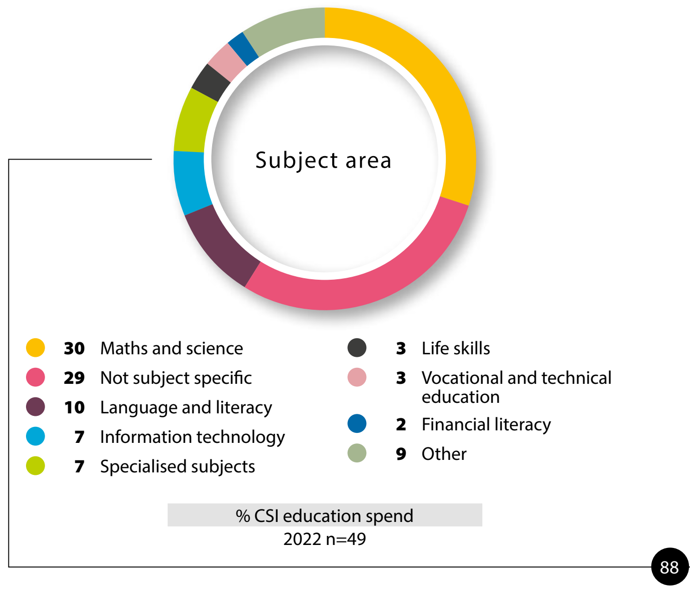


There has been a significant shift in corporate education funding. Most notably, more funding is now allocated to ECD than before, as ECD becomes integrated into the DBE and there is more shared knowledge on the need to invest earlier in a child's development. Additionally, as companies become more strategic, they tend to fund teacher development and other systems levers, which is a trend that we anticipate will continue.

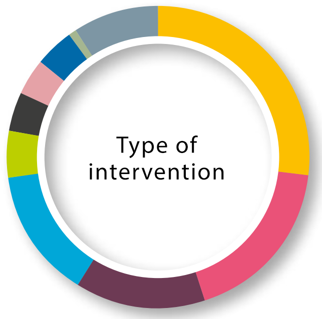
From a subject matter perspective, science, technology, engineering and mathematics (STEM) still receives the most funding and this will likely continue, given the future skills required in the workplace. While there were some shifts towards greater online support for learners during the pandemic, these have not had a major impact on funding patterns in the sector.



- Early childhood development education received 27% of education spend, significantly up from 13% in 2021. This was anticipated as the responsibility for the sector moves to the DBE and it becomes more formalised.
- Over one-third of the education spend (38%) was allocated to school-level education (general education plus further education and training), down from 52% in 2021. The drop in education spend for school-level education is due to increased expenditure on ECD.
- Tertiary education received 30% of education expenditure, in line with 2021 (29%).



- In line with previous years, maths and science were the most supported subjects, receiving an average of 30% of CSI education spend. Another 29% of education spend is not subject specific.
- Language and literacy received an average of 10% of CSI education spend – the same as in 2021.
- Vocational and technical education (3%) and financial literacy (2%) continue to receive the smallest share of average CSI education spend.



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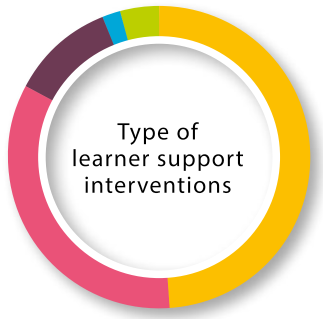
- As in previous years, the largest portion of CSI education spend was on bursaries, scholarships and university chairs (27%).
- Learner development continues to receive the second-largest allocation of CSI education spend (18%), though down from 22% in 2021.
- CSI education spend on teacher education increased to 14% in 2022 (from 11% in 2021). This trend is anticipated to continue as funders focus on systemic levers of change in the education system.
- Average education spend on infrastructure, facilities and equipment increased from 10% in 2021 to 14% in 2022, the highest in the past four years.
- School governance, leadership and functionality; ICT infrastructure; and special needs interventions continue to be less of a priority, with each receiving less than 5% of average CSI education spend.



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- Companies funding learner development were asked which interventions they supported. The largest share of average CSI spend on learner development (49%) was allocated to programmes directly serving learners outside of school hours, followed by an allocation of one-third (34%) to programmes directly serving learners during school hours.
- Ed-tech serving learners remotely received the smallest amount of average education spend on learner development in 2022 (2%).

Read 'Lost boys and girls: why investing in ECD is critical' on page 198.
Read the Webinar Insight 'How online education can support our school system' on page 203.
Read 'Supporting educators in a changing landscape' on page 206.
Read 'A collective impact approach contribution to strengthening education' on page 214.
Read 'Post-school education qualifications for the new world of work' on page 218.

The changing education landscape

1997
- **Government´s budget** for education in 1996/97 was **R40 billion**, constituting **21% of consolidated government expenditure** and 6.5% of gross domestic product (GDP).
- The **Outcomes-Based Education (OBE) curriculum**, 'Curriculum 2005', was introduced.
- The first National Senior Certificate (NSC) examinations took place in 1996, with a **pass rate of 54%**.

1999
- There were **12 313 899 learners, 27 461 ordinary public and private schools, and 365 447 educators**.

2002
- National Curriculum Statement for grades R – 12 2002 (NCS) was introduced.

2005
- Between 2003 and 2005, the original 36 universities and technikons were merged into 23 institutions of higher learning.

2006
- Fees for the poorest schools were eliminated, and in 2007 **no-fee schools** were introduced and expanded, to include the poorest 60% over the next few years.

2009
- The Department of Education split into two: the Department of Basic Education (DBE) and the Department of Higher Education and Training (DHET).

2012
- A **National Curriculum and Assessment Policy Statement (CAPS)** – a single, comprehensive, concise policy document for all subjects listed in the National Curriculum Statement for grades R – 12 – was introduced.
- South Africa was rated 133 out of 143 countries in terms of the quality of its higher education and training system, in the 2011/12 Global Competitiveness Report compiled by the World Economic forum.

2015
- The **#Feesmustfall** student-led protest movement began in October 2015. The protests prevented any rise in university tuition fees in 2016.
- The **National Integrated Early Childhood Development (ECD) Policy** was introduced to ensure the universal availability of, and equitable access to, early childhood development services.

2016
- The Progress in International Reading Literacy Study (PIRLS) revealed that 78% of grade 4 learners in South Africa was not able to read in any language. South Africa ranked last out of 50 countries that participated in the PIRLS 2016.
- The National Education Infrastructure Management System (NEIMS) report showed that 59% of ordinary schools did not have computer centres and 71% did not have libraries.

2017
- The 2016/17 Global Competitiveness Report, compiled by the World Economic Forum, rated South Africa's higher education and training at 77 out of 138 countries, a significant improvement from 2011/12.

2018
- Government announced allocations for fully subsidised higher education and training for poor and working-class students totalling R12.4 billion.

2019
- Trends in International Mathematics and Science Study (TIMSS) 2019 results showed that by grade 4, 63% of learners had not acquired basic mathematical knowledge and 72% had not acquired basic science knowledge.
- The South African Early Childhood Review stated that around 1.1 million children aged three to five years did not have access to any form of early learning programme.

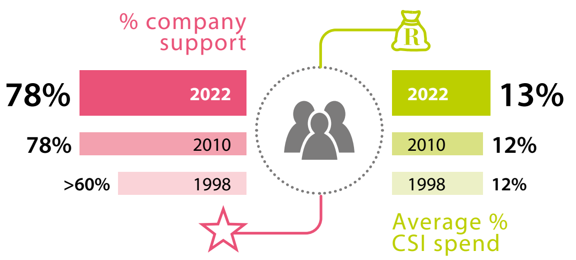
2021
- There were **13 409 249 learners** in ordinary public and independent schools in South Africa, attending **24 894 schools** that were served by **447 123 educators**.

2022
- **Government´s budget** for basic education in 2022/23 was **R282 billion**, which constitutes **19% of the consolidated government expenditure** of R2 trillion.
- The responsibility for ECD was shifted from the DSD to the DBE on 1 April 2022.
- 1 106 827 grade 1 learners enrolled in 2010, yet only 578 468 full-time candidates (52%) sat for the 2021 NSC examinations. They achieved a **pass rate of 76%**.
- 1 093 353 students were enrolled in public universities across the country.

Social and community development

Overview of CSI spend

Social and community development was supported by 74% of companies and received 13% of CSI expenditure in 2022. It has been the second most supported sector since 1998, with the proportion of spend consistent through the years.



Within this sector, corporate funding for infrastructure (such as community halls) has fallen from 44% in 2010 to 28% in 2022. There have been increases in funding for youth, orphans and vulnerable children, the aged and LGBTQ+, partly off-set by decreases in funding towards people living with disabilities and people living with HIV. As society becomes more inclusive and older, we should expect funding to increase to the aged and LGBTQ+ support programmes. General funding has decreased as focus has shifted to youth employment.

Read Ravi Naidoo's Viewpoint 'The YES programme and youth employment' on page 223.
Read Beulah Fredericks' Viewpoint 'Community philanthropy: the importance of localised giving' on page 250.

The changing social and community landscape

1997
- The 1997/98 welfare budget was **R18 billion**, constituting close to **10% of consolidated government expenditure** of R190 million.
- There were **2 832 156 social grant recipients** in South Africa, which accounted for **7% of the total population**.
- Cabinet approved the main recommendation of the Lund Committee Report on Child and Family Support for a flat-rate child support benefit, to replace the existing maintenance grant.
- The country's **unemployment** rate was **22.9%** in 1997.
- The **White Paper for Social Welfare Services**, which entailed clear directives for a national developmental welfare strategy, was tabled in Parliament in February 1997.
- Introduced in 1996, the **Growth, Employment and Redistribution Strategy (GEAR)** was a five-year plan aiming to achieve 6% annual economic growth by the turn of the century, generating half a million new jobs annually.

2000
- According to the World Bank, **38%** of the population of South Africa were living below the national poverty line.

2004
- The **Social Assistance Act, 2004 (Act No. 13 of 2004)** included a child support grant, a dependency grant and a foster child grant.

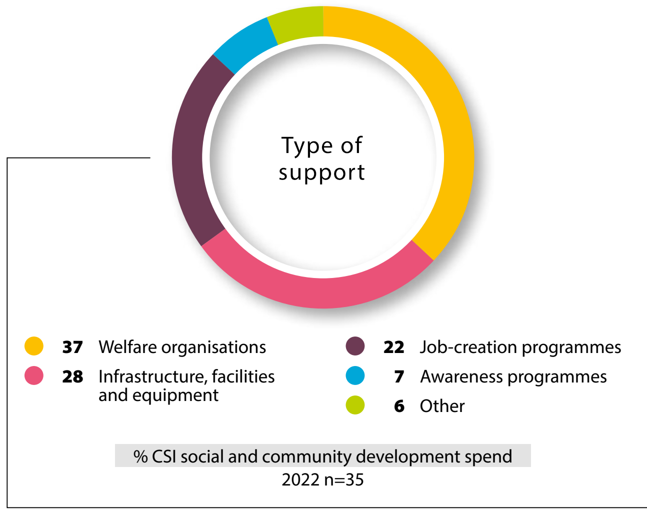
2006
- The **Accelerated and Shared Growth Initiative for South Africa (AsgiSA)** was launched in February 2006, replacing GEAR. Government identified six 'binding constraints on growth' that needed to be addressed to halve unemployment and poverty between 2004 and 2014.
- The **Older Persons Act of 2006** established a framework for empowering and protecting older people, and promoting and maintaining their status, rights, wellbeing, safety and security.

2010
- Provision was made for the phased extension of the child support grant up to a child's 18th birthday.
- The **unemployment** rate was **24.7%** in 2010/11.

2012
- The **National Development Plan: Vision 2030 (NDP)** was unveiled. The NDP was designed to reduce inequality and eradicate poverty in South Africa by aiming to reach key goals by 2030.

2013
- The **Women Empowerment and Gender Equality Bill** sought to protect and promote women's reproductive health, eliminate discrimination and harmful practices, including gender-based violence, and improve access to education and skills development.

2015
- Together with other world leaders, South Africa adopted the United Nations **2030 Sustainable Development Goals (SDGs)**, which aim to end all forms of poverty and inequality, and tackle climate change.



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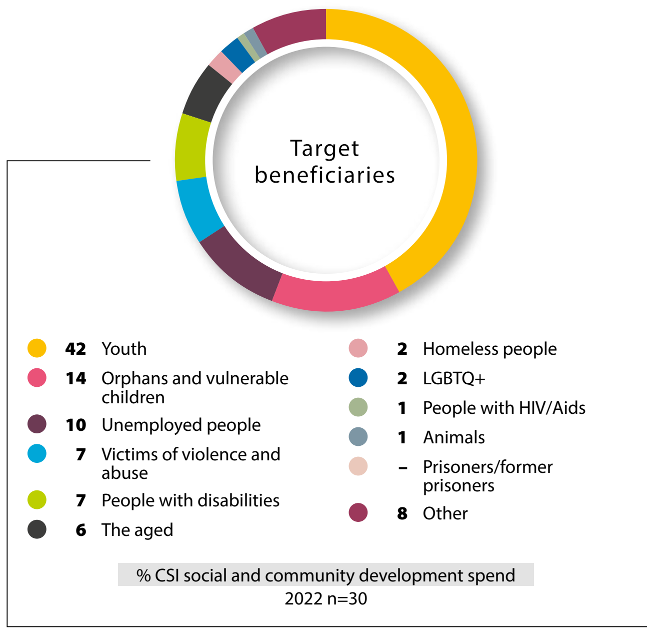
- Over one-third (37%) of all spend on social and community development went towards support for welfare organisations/programmes, down from 48% in 2021.
- Infrastructure, facilities and equipment continued to receive the second-largest share of CSI spend on social and community development (28%).
- The average spend on job-creation programmes increased from 18% in 2021 to 22% in 2022.



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- Youth (people aged between 15 and 29) are the main beneficiaries of CSI spend on social and community development, receiving 42% of spend in 2022, up from 32% in 2021 and the highest in recent years. This is consistent with greater focus on South Africa's youth unemployment crisis. Related to this, the average spend on unemployed persons decreased to 10% in 2022, from 14% in 2021.
- Orphans and vulnerable children received the second-largest share of average spend (14%), up from 11% in 2021.
- The aged and LGBTQ+ received more support in 2022, up from 3% in 2021 to 6% in 2022 and 0% to 2% respectively. This is consistent with a population that is ageing, and greater levels of inclusivity.

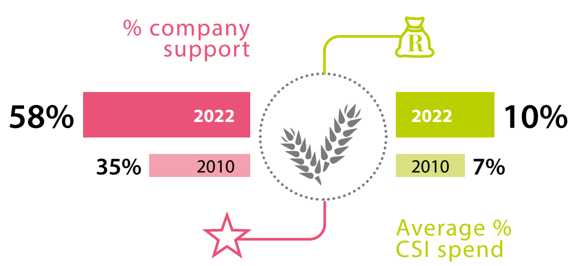
2020
- There were **18 290 529 social grant recipients** in South Africa, which accounted for 31% of the total population.
- Following the national lockdown, the government introduced a Special Covid-19 Social Relief of Distress (SRD) grant for an initial period of six months. Over 10.5 million people have subsequently received the grant.
- More than six out of ten children (62%) were identified as multidimensionally poor, according to a report on Child Poverty in South Africa released by Statistics South Africa (Stats SA).
- Approximately **55% of the population (30.3 million people) was living in poverty** at the national upper poverty line (~R992) while a total of 13.8 million people were experiencing food poverty.

2022
- In the 2022/23 national budget, **R364 billion** was allocated to social development, constituting almost **17% of consolidated government expenditure** of R2.1 trillion.
- The SRD grant is ongoing and nearly 7.5 million people in South Africa receive the R350 monthly grant. According to SASSA about 31% of the South African population depend on social grants, and when including those who rely on SRD, it is nearly **half of the population (47%) that relies on social grants**.
- South Africa's **unemployment** rate was **33.9%** in Q2 of 2022, down from a record high of 35.3% in Q4 of 2021. The number of unemployed persons was 7.99 million.

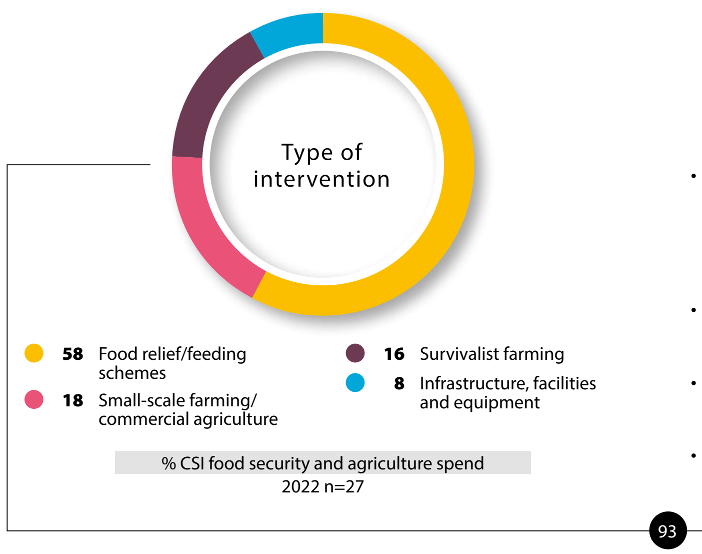
Food security and agriculture

Overview of CSI spend

Food security and agriculture were supported by 58% of companies in 2022, up significantly from 35% in 2010, due to lockdown-induced hunger relief. The sector received an average of 10% of CSI spend in 2022, up from 7% in 2010.



Within this sector there have been significant movements in the allocation of funds. Pre-pandemic levels of funding for food relief and feeding schemes were decreasing year on year (with a low of 24% of food security spend in 2010), and small-scale farming was seeing a year-on-year increase in share of spend. These trends were abruptly disrupted when the pandemic hit, with 2021 seeing a 63% share of spend dedicated to food relief and feeding schemes, and a massive drop-off in support for survivalist and small-scale agriculture. In 2022, there has been a slight adjustment back, which we expect to continue as companies promote small-scale agriculture to reduce dependencies on feeding schemes.



- Most of the CSI food security and agriculture spend continues to be allocated to food relief and feeding schemes (58%), though down from 63% in 2021. This is anticipated as the funding adjusts to pre-pandemic levels.
- The average spend on small-scale farming/commercial agriculture increased to 18% in 2022, from 15% in 2021.
- Funding on survivalist farming increased from 4% in 2021 to 16% in 2022.
- The average infrastructure, facilities and equipment spend decreased to 8% in 2022, from 15% in 2021.

The changing food security and agriculture landscape

1998
- The 1997/98 agriculture budget was approximately **R4 billion**, or **2% of consolidated government expenditure** of R190 million.
- The government adopted the **White Paper on South African Land Policy** to inform land reform in the country. It included programmes to provide security of tenure to people who are vulnerable, and to prevent unfair evictions.

2002
- The **Land Redistribution for Agricultural Development** was launched as part of the contribution to the redistribution of 30% of the country's agricultural land over 15 years.
- The **Integrated Food Security Strategy (IFSS)** was approved by Cabinet in a bid to integrate policies seeking to address food insecurity.

2003
- The **Agricultural Black Economic Empowerment (AgriBEE) Charter** was introduced to address transformation constraints in the agricultural sector.

2010
- According to the national budget, R1.2 billion was allocated to the Department of Rural Development and Land Affairs for the **Comprehensive Rural Development Strategy**, setting up a new grant to support on-site water and sanitation infrastructure as part of the rural housing programme.

2012
- The **Policy for Small Scale Fisheries Sector in South Africa** was adopted in 2012. It recognised that artisanal fishers were excluded from the long-term rights allocation process under the General Policy on the Allocation and Management of Long-term Fishing Rights of 2005.

2013
- Cabinet approved the **National Policy on Food and Nutrition Security**, which aimed to ensure the availability, accessibility and affordability of safe and nutritious food at national and household levels. It built on the IFSS, which aimed to eradicate hunger, malnutrition and food insecurity by 2015.

2015
- The **Integrated Agriculture Development Finance Policy Framework for Smallholder Farmers** set out to integrate various types of agricultural finance for smallholder farmers, offered by the Department of Agriculture, Forestry and Fisheries (DAFF).

2017
- Stats SA's **'Food Security in South Africa, 2017'** report revealed that about 2.5 million households (15%) were involved in agricultural activities in South Africa in 2017. Most of these households were found in Limpopo, the Eastern Cape and KwaZulu-Natal. About 1.7 million households experienced hunger in 2017. More than 60% of these households were in urban areas.
- According to the **2017 Land Audit Report**, a total of 37 078 289 hectares of farms and agricultural holdings were owned by individuals: 72% of these were white; 15% were coloured; 5% were Indian; and Africans owned only 4%.

2018
- Data from the annual General Household Surveys showed that between 2000 and 2018, the rate of **child hunger** among households with children in them declined from 35% to 16%, largely attributed to the successful rollout of the child support grant.

2020
- According to Stats SA, 23% of South Africans were affected by moderate to severe food insecurity, while almost **15% experienced severe food insecurity**.
- The National Income Dynamics Study – Coronavirus Rapid Mobile Survey (NIDS-CRAM) showed that there was a huge spike in reported household hunger in May and June 2020 following the hard lockdown, with one in four South African households (23%) reporting hunger in the previous week.
- The Department of Agriculture, Land Reform and Rural Development allocated R1.2 billion for relief efforts in the agricultural sector during the pandemic. R400 million was allocated to farmers within the Proactive Land Acquisition Strategy programme, while the rest went to commodity farmers.

2022
- In the 2022/23 national budget, **R27.5 billion** was allocated to agriculture and rural development, constituting just over **1% of consolidated government expenditure** of R2.1 trillion.
- The Russia/Ukraine conflict affected food prices, both through rising global inflation and supply disruptions. The South African annual food inflation rate rose to 9.7% in July 2022.

Enriching lives through sustainable business practices

The Oceana Group is Africa's largest fishing group and an important participant in the South African fishing sector. It is a black-owned Level 1 BBBEE contributor, employing more than 5 000 people globally. Oceana's corporate social investment (CSI) strategy aligns with its commitment to sustainably converting global fishing resources into shared value. Through partnerships, the group is able to extend positive impact further.

Over the past year, the Oceana Group, through its Oceana Maritime Academy, has partnered with the Department of Forestry, Fisheries and Environment (DFFE), the National Sea Rescue Institute (NSRI) and Dyna Training to deliver a series of nationwide workshops for fishing cooperatives.

The Co-operative Sense programme resulted from a two-year consultation with the DFFE and small-scale fishers. It guided the partners in understanding what the cooperatives need to operate sustainably and collectively.

All DFFE-registered cooperatives in South Africa and their leadership have been trained.

To date more than 800 small-scale fishers across the Eastern Cape, Northern Cape and KwaZulu-Natal have already participated in the programme, which is delivered in their preferred language: isiZulu, isiXhosa, English or Afrikaans.

The programme comprises practical guidance on running a successful, financially strong cooperative, including on-site assistance from a reputable bank on opening and managing business bank accounts. In addition, the NSRI focuses on sea safety training that empowers the fishers to understand safety protocols and how to manage emergencies.

Oceana's Corporate & Regulatory Affairs Executive Zodwa Velleman says, "Now that we have reached and trained all registered coops, we look forward to rolling out training once cooperatives have been set up in the Western Cape. Currently we are assessing the impact of phase one and hope to introduce mentoring and coaching during the next phase.

CHANGING THE FACE OF THE FISHING INDUSTRY

"Oceana is committed to improving the socioeconomic conditions of the coastal communities in which it operates through a range of CSI initiatives implemented in partnership with a range of stakeholders. Through our core business of responsibly harvesting, procuring and processing a diverse range of global marine resources, the group makes a significant contribution to national and global developmental objectives.

"The United Nations Sustainable Development Goals (SDGs) provide a benchmark for sustainable value, setting a clear long-term agenda to end poverty and protect the planet by 2030. We identified five SDGs where it can have the most meaningful impact, working alongside the government, communities and the private sector: responsible fishing; innovating for inclusive development; investing in its people; delivering food security through healthy, affordable protein; responding to community needs; and educed environmental impact."

Continuous efforts to have an even more inclusive small-scale fishing, taking everyone along in this key economic sector remains key for growth and sustainability.

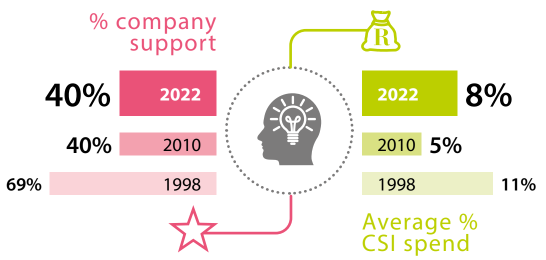
"These programmes are critical to Oceana's mission to positively contribute to the growth of South Africa's fishing industry and small-scale fishers, who play a crucial role in addressing food security and unemployment in South Africa. It's a journey we're on together and an incredibly exciting and fulfilling one," she concludes.

OCEANA GROUP

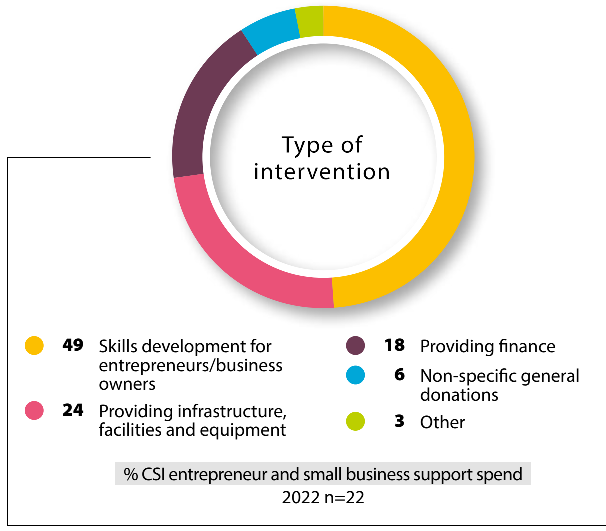
Entrepreneur and small business support

Overview of CSI spend

Entrepreneurs and small businesses were supported through CSI by 40% of corporates and received an average of 8% of CSI expenditure in 2022. This is a decrease from 1997, when 69% of companies supported this sector and it received 11% of CSI expenditure, possibly due to such support moving from CSI to separate enterprise development budgets.



Within the sector, CSI spend has predominantly been on skills development. There has been an increase in the proportion of funding that goes towards infrastructure, facilities and equipment, as well as the provision of finance. As companies have become increasingly aware of the many issues that start-ups face, funding has shifted towards more holistic support and not just training.



- Consistent with previous years, the largest share of funding for entrepreneurs and small businesses was directed to skills development (49%), down from 62% in 2021.
- Funding for the provision of infrastructure, facilities and equipment (24%), and finance (18%) increased in 2022, from 17% and 13% in 2021, respectively.
- On average, more than half of small businesses (52%) supported through CSI were part of the company value chain (up from 44% in 2021), with the proportion ranging from 10% to 100%.

Read Solange Rosa's Viewpoint 'Helping social enterprises deliver on their promise' on page 134.

The changing entrepreneurship and small business support landscape

1997
- The **National Small Business Act, 1996 (Act No. 102 of 1996)** was promulgated to promote small businesses in South Africa, via the establishment or the National Small Business Council and the Ntsika Enterprise Promotion Agency.
- Approximately **700 000 small, medium and micro enterprises (SMMEs)** provided jobs for almost half of the employed labour force.

1998
- The **National Empowerment Fund Act, 1998 (Act No. 105 of 1998) (NEF Act)** established the **National Empowerment Fund**, which facilitated and promoted black economic participation by providing both financial and non-financial support to black-owned businesses.

2001
- **Umsobomvu Youth Fund** was established to create a platform for job creation and skills development for South Africa's young people. The fund provided black youth aged 18 to 35 with start-up financing of between R100 000 and R5 million.

2003
- The **Broad-Based Black Economic Empowerment (BBBEE) Act, 2003 (Act No. 53 of 2003)** was promulgated to address the systematic exclusion of the majority of South Africans from full participation in the economy. Recommended interventions included facilitating a significant increase in the number of black-empowered and black-engendered enterprises.
- The **Integrated Small Business Strategy in South Africa** aimed to increase the contribution of small enterprises to growth and development in South Africa.

2004
- The **Small Enterprise Development Agency (SEDA)** was established in December 2004 through the National Small Business Amendment Act, 2004 (Act No. 29 of 2004). It was mandated to provide business development and support services for small enterprises and entrepreneurs. The establishment merged three entities: Ntsika Enterprise Promotion Agency, the National Manufacturing Advisory Centre and the Community Public Private Partnership (CPPP) programme.

2009
- The **National Youth Development Agency (NYDA)** was established following a merger of the Umsobomvu Youth Fund and the National Youth Commission (NYC).

2013
- The then Department of trade and industry (dti) introduced the **Youth Enterprise Development Strategy (YEDS)**, which fostered youth economic participation by enhancing youth entrepreneurship.

2014
- The **Ministry of Small Business Development** was established, demonstrating government's commitment to place SMMEs and cooperatives at the centre of economic growth and job creation. The Department of Small Business Development (DSBD) was thereafter established as a standalone national department.

2015
- According to SEDA, there were more than **2.25 million SMMES** in South Africa in 2015. Over 1.49 million (66%) were classified as informal.

2020
- At the beginning of the Covid-19 pandemic lockdown, government announced a loan guarantee scheme worth R200 billion for struggling businesses, but by March 2021 only 14 827 loans, valued at R18.2 billion, had been approved by banks.
- The number of SMMEs in South Africa declined by 11%, from 2.65 million in the third quarter of 2019 to 2.36 million in the third quarter of 2020.

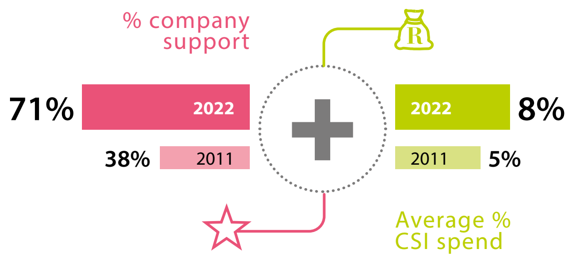
2021
- According to SEDA, the number of **SMMEs in South Africa was 2.33 million** in 2021. These organisations provided over nine million jobs.

2022
- The **Draft Block Exemption Regulations for Small, Micro and Medium-Sized Businesses** was published in August to enable collaboration between SMMEs and promote their growth and participation in the economy.
- The Global Entrepreneurship Monitor report indicated that 17% of youth in South Africa are involved in establishing new businesses (up from 10% in 2020). These numbers are most likely 'survival-driven', in an economy that is not creating jobs fast enough.

Disaster relief

Overview of CSI spend

The Covid-19 pandemic saw a significant increase in the allocation of CSI spend to disaster relief. This was exacerbated by the July 2021 riots in KwaZulu-Natal. Disaster relief was supported by 71% of companies and received 8% of average CSI expenditure in 2022, significantly up from 38% of companies and 5% of CSI spend in 2011.



Read Beth Gallagher's Viewpoint 'The responsibilities of companies in times of conflict' on page 118.

The changing disaster relief landscape

1999
- Three tornadoes were reported during the 1998/1999 summer season. In January an F4 tornado left 95% of residents in Tabankulu and Mount Ayliff in the Eastern Cape homeless. Vehicles were flung as far as 500 metres and more than 20 people died in the disaster.

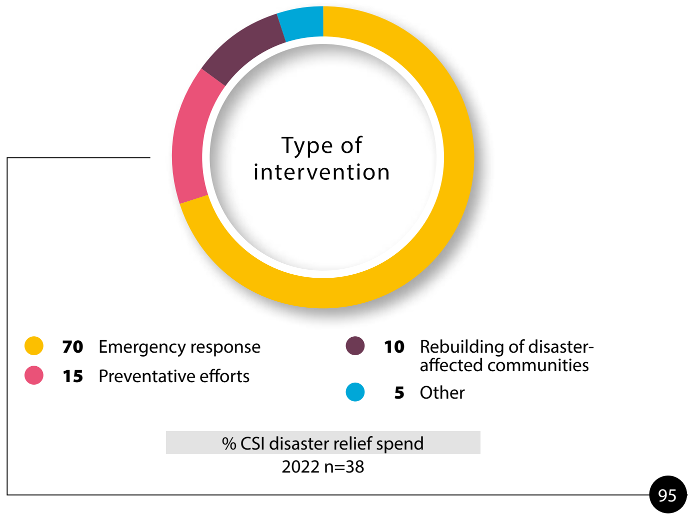
2002
- The **South African Disaster Management Act, 2002 (Act No. 57 of 2002)** was promulgated. It focused on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters and post-disaster recovery. It also oversaw the establishment of national, provincial and municipal disaster management centres.

2005
- The **National Disaster Management Policy Framework**, a legal instrument specified by the Disaster Management Act, 2002, was established to provide a coherent, transparent and inclusive policy on disaster management. It recognised the numerous opportunities to avoid and reduce disaster losses through the concerted efforts of all relevant stakeholders.
- The **Drought Management Plan** was passed in 2005 with the aim of developing an effective and integrated risk and disaster management system to minimise the impacts of drought.

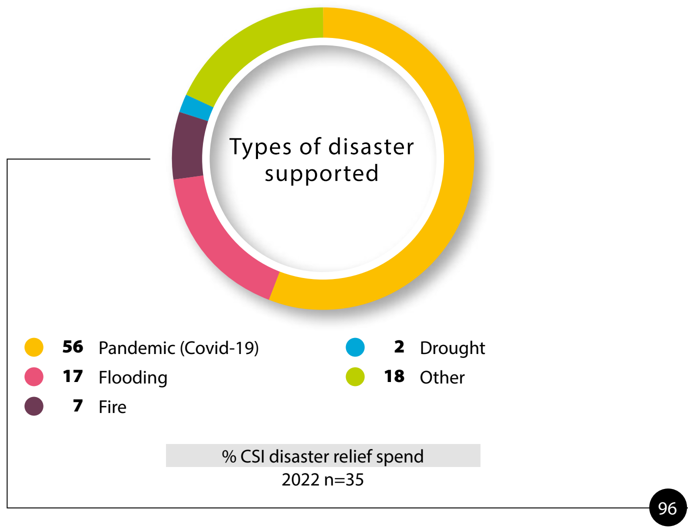
2017
- **Fires** devastated 16 000 hectares of fynbos and plantations and caused billions of rands of damage to infrastructure and property in the Knysna and Plettenberg Bay area.

2018
- **Drought** was declared a national disaster in March 2018, negatively affecting food security and bringing Cape Town close to Day Zero.

2019
- The Global Disaster Alert and Coordination System classified the drought as a level 2 event from August 2019 to December 2019, and again in September 2020.
- About 37% of South Africa's rural community was affected by the drought, considered the worst in the past 100 years.



- Most disaster relief spend (70%) was allocated to emergency response.
- Preventative measures received 15% of average disaster relief spend, and spend on rebuilding disaster-affected communities increased to 10% in 2022, from 3% in 2021. This could be attributed to the flooding and riots that occurred in KwaZulu-Natal, although flood relief spend would not have been included in most of the reporting that this data represents, and so we should anticipate higher rebuilding expenditure in 2023.



- Just over half of the average CSI spend on disaster relief was allocated to Covid-19 pandemic support (56%). It continues to receive the largest portion of disaster relief expenditure (up from 40% in 2020).
- Nearly a fifth of the funding for disaster relief was apportioned to flooding, likely accounting for those companies where the KwaZulu-Natal floods are included in the 2022 reporting period.

2020
- The World Health Organization (WHO) declared **Covid-19** a pandemic on 11 March 2020. In South Africa a national state of disaster was declared on 15 March 2020, in response to the WHO's declaration.
- Drought was again declared a national disaster on 4 March 2020.
- In April, the government announced a R500 billion economic stimulus package, 10% of the country's GDP, to direct resources towards fighting the Covid-19 global pandemic.

2021
- In the wake of the arrest of former president Jacob Zuma in July, **riots** broke out in KwaZulu-Natal and Gauteng. This resulted in R32 billion in damages and an estimated total cost to the economy in the region of R50 billion.

2022
- In April 2022, President Cyril Ramaphosa declared a national state of disaster following widespread **flooding** in KwaZulu-Natal on 11 and 12 April. According to ReliefWeb, 448 people lost their lives during the floods, with 40 000 people displaced and more than 12 000 houses destroyed.
- Also in April 2022, the Covid-19 national state of disaster was ended after 750 days. By October 2022, over 102 000 people had officially died of Covid-19-related complications in South Africa, with over 6.5 million deaths worldwide.
- The Mo Ibrahim Foundation reported that South Africa recorded 33 disaster events in 12 years – the most out of all African countries. South Africa has been most affected by flooding, followed by other events like storms, drought, wildfires and extreme temperatures.

VIEWPOINT

The responsibilities of companies in times of conflict

Businesses cannot operate in isolation and they need to respond appropriately in time of crisis. **Beth Gallagher**, director of corporate insights at Chief Executives for Corporate Purpose® (CECP), which represents 200 of the world's largest companies, outlines how events like the war in Ukraine impacts companies and how they should respond.

How do the social and economic consequences of conflict impact companies?

When conflict erupts, such as the war in Ukraine, businesses, global leaders and the international community have a shared responsibility in responding to the global instability that it causes.

Business involvement is not just private-sector altruism, but also a key part of corporate purpose. And there is a clear business case for corporate purpose – companies with a strong corporate purpose tend to outperform those without it.

CECP's research demonstrates that companies with established and articulated purpose – high-purpose companies – show 14% greater revenue growth, 8% higher operating profitability and 6% better return on capital than those companies that focused only on maximising profits. And the gap is increasing.

The beginning of a conflict is not the only time a company should get involved, as conflicts gravely threaten global economic freedom and security over the long term. For example, Russia and Ukraine export nearly one-third of the world's wheat and barley, and more than 70% of its sunflower oil, and are also major suppliers of corn.

As Russia's war in Ukraine wears on, the conflict is preventing grain from leaving the 'breadbasket of the world'. These shortages are making food more expensive globally and have led to greater hunger and political instability in developing countries.

What should companies do if they are operating in conflict zones (like Ukraine) or in countries that face both economic sanctions and political oppression (like Russia)? Please provide examples of companies that have responded well during the Ukrainian conflict.

Companies and non-profits can 'do well and do good' by using existing processes, systems and connections to make real change happen in places where it is needed most. This may include helping to evacuate local employees, making donations to humanitarian organisations, enforcing sanctions, and more.

For example, Cisco Systems Inc supported about a quarter of its employees in Ukraine with relocation assistance. Dell also helped Ukrainian team members relocate to a safe and secure environment, and to address their personal or family situations. In addition, Dell also suspended product sales in Ukraine and Russia. Other companies halted business and financial operations with Russia entirely, such as Alphabet Inc.'s Google ban on Russia's state-owned media outlet Russia Today (RT) and other channels from collecting money for ads on their websites, apps and YouTube videos.

It's also important for a company's leadership to speak up about their points of view on these critical issues. For example, Roy Harvey, president and CEO of Alcoa, stated, "We are deeply troubled by the invasion of Ukraine, which has caused devastating loss of life. Our hearts break for all Ukrainians who are suffering from this unprovoked conflict. We hope for a diplomatic solution and a quick end to the hostilities." Tim Cook, CEO of Apple, tweeted that he was "deeply concerned with the situation in Ukraine. We're doing all we can for our teams there and will be supporting local humanitarian efforts. I am thinking of the people who are right now in harm's way and joining all those calling for peace." Apple also paused product sales in Russia.

What does the role of employees and workers' rights play in areas of disaster and conflict?

Conflict can bring more public awareness about the value of human life. Recent crises have challenged leaders to place greater value on treating all people with respect, dignity and equity – starting with their own employees.

Additional CECP research finds businesses that are not working with integrity may lose more than suppliers and customers, but also valuable employees. CECP, with support from the Ford Foundation, found in the *Frontline Worker Well-Being in a Time of Crisis* report that wage is only one critical factor for workers; stability of pay, paid time off, safety, shift schedule flexibility, plus a sense of purpose and dignity are also vital. Further, the research suggests that businesses have been able to leverage lessons learnt, and the policies and systems developed throughout the Covid-19 pandemic to deliver long-term value.

We are at a crucial time in our world when it is important for business leaders to not only serve shareholders, but also to be community leaders, and speak up and speak out for good. A company, its owners, employees, customers, suppliers and communities all stand behind their business workplaces, products and services. Now, too, companies need to stand for what these stakeholders value and believe in.

BETH GALLAGHER
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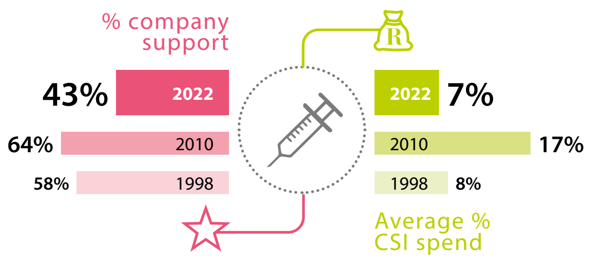
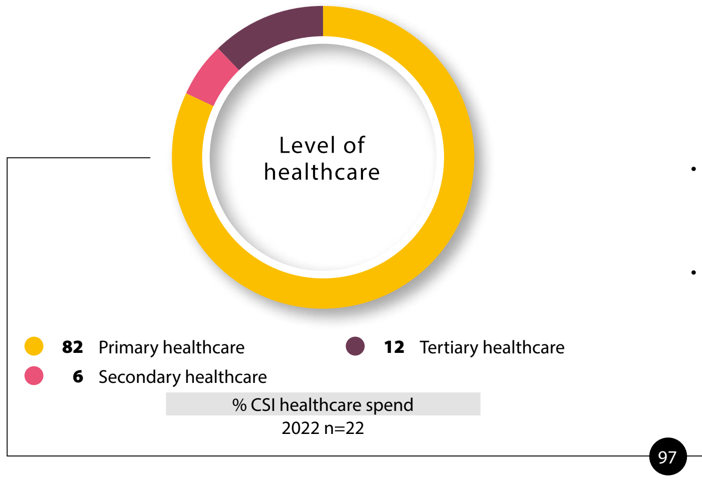
Health

Overview of CSI spend

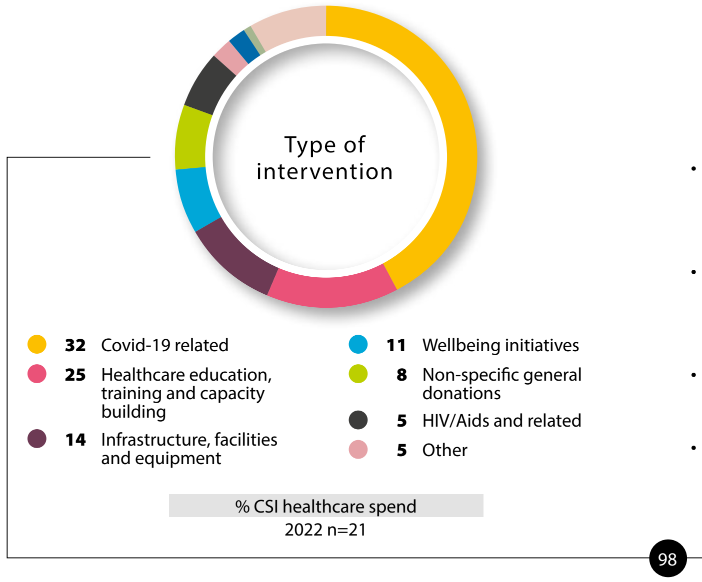
The health sector was supported by 43% of companies and received an average of 7% of CSI expenditure in 2022. This is significantly down from 2010 when 64% of companies supported the sector and it received 17% of CSI spend.



The health sector has experienced a downward trend in support from companies, firstly due to the government improving its HIV/Aids response and, more recently, as the pandemic eases. Within the sector, support for primary healthcare has increased significantly, from 46% of average health expenditure in 2010 to 82% in 2022, with a corresponding decrease in support for secondary and tertiary healthcare. The share of funding dedicated to HIV/Aids has steadily declined, while spend on wellbeing initiatives and training was increasing pre-pandemic. Post-pandemic, we anticipate a return to that trend, and as the population ages, we anticipate greater emphasis on non-communicable diseases.



- Primary healthcare continues to account for the largest proportion of CSI healthcare spend (82%), the allocation in 2022 being the highest ever.
- The average healthcare spend allocated to secondary healthcare reduced to 6% in 2022, from 15% in 2021, while the spend on tertiary healthcare was unchanged (12%).



- Covid-19-related interventions continue to receive the largest share of CSI healthcare spend (32%), though down from 39% in 2021.
- One-quarter of the CSI healthcare spend (25%) went to healthcare education, training and capacity building, an increase from 17% in 2021.
- Expenditure on infrastructure, facilities and equipment increased from 8% in 2021 to 14% in 2022.
- Funding for the other interventions declined in 2022 compared to 2021.

The changing health landscape

1998
- In the 1997/98 National Budget, **R20 billion** was allocated to health services, equating to **11% of national consolidated expenditure** and over 3% of GDP.
- World Bank data shows **life expectancy** in South Africa was **58 years** and the **infant mortality** rate was **47 per 1 000 live births**.
- The total number of **people living with HIV** was approximately **1.8 million**.

2002
- The Department of Health established the **Ministerial Task Team on Social Health Insurance** to draft an implementation plan with concrete proposals on how to move towards National Health Insurance in South Africa.
- South Africa initiated its prevention of **mother-to-child transmission (PMTCT)** of HIV programme in 2002, in line with WHO guidelines.

2004
- **Life expectancy** in South Africa had dropped significantly to **53 years**.

2010
- The total national and provincial health budget was **R105 billion** for 2010/11. Public funding for the health sector was approximately 4% of GDP and 14% of the total budget, with more than 40 million South Africans relying on public healthcare.
- According to the Council for Medical Schemes, approximately 7.9 million South Africans were protected by medical schemes, comprising 3.4 million principal members and 4.5 million dependants.

2010
- The total number of **people living with HIV** was approximately **5.24 million**.

2011
- In mid-2011, the Department of Health released a policy paper titled **'NHI in South Africa'** for public consultation. Following release of the 2011 policy paper, the NHI pilot projects, rollout commenced in 2012, with a focus on piloting of health system strengthening initiatives; establishing the NHI Fund and key institutions; and moving of central hospitals to the national sphere.

2015
- The Department of Health released a white paper titled 'National Health Insurance for South Africa: Towards universal health coverage'.

2017
- The **National Strategic Plan (NSP) 2017–2022 was launched in March 2017**. The NSP outlined the strategic framework for a multisectoral partnership to further accelerate progress in reducing the morbidity (illness) and mortality (death) associated with HIV, TB and STIs in South Africa.

2019
- In August 2019, the **National Health Insurance (NHI) Bill** was introduced to National Assembly and is under consideration. Its aim is to provide universal access to quality healthcare for all South Africans as enshrined in the Constitution.

2020
- World Bank data shows **life expectancy** improving to **64 years**, and the **infant mortality rate** falling to **26 per 1 000 births**.
- On 5 March, the first case of **Covid-19** was reported in South Africa, according to the National Institute for Communicable Diseases.
- On 15 March a national state of disaster was declared, and a national lockdown commenced on 27 March, in an attempt to contain the spread of Covid-19.

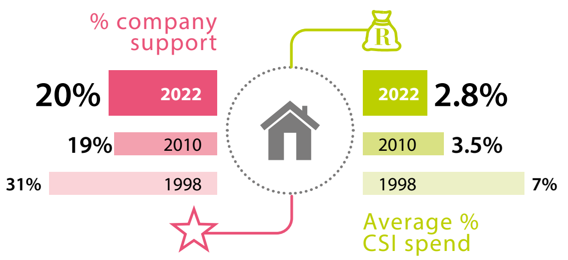
2021
- National Treasury allocated R9 billion in the medium term to roll out a free, government-run Covid-19 vaccination campaign. Between February and mid-November, more than 23 million doses had been administered, with 13 million adults fully vaccinated.
- The total number of **people living with HIV** was approximately **8.2 million**.

2022
- In the 2022/23 national budget, **R259 billion** was allocated to health, constituting **12% of consolidated government expenditure** of R2.1 trillion.

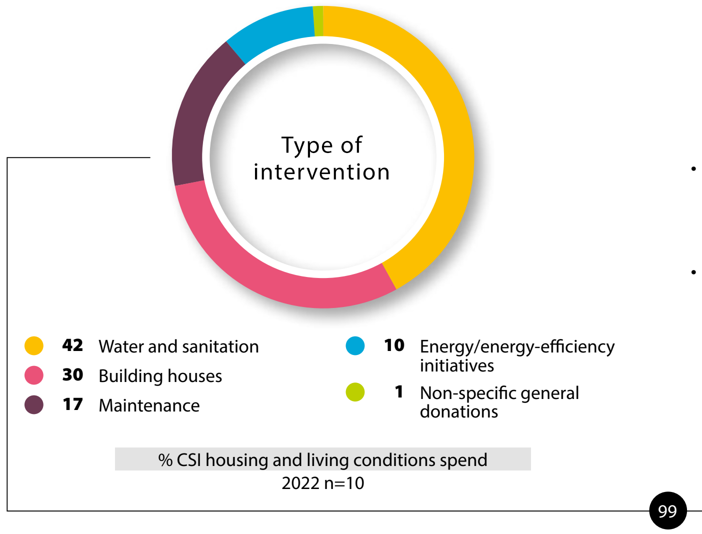
Housing and living conditions

Overview of CSI spend

Housing and living conditions were supported by 20% of companies and received an average of 3% of CSI spend in 2022. This is significantly lower than in 1998 when 31% of companies supported the sector and it received an average of 7% of CSI spend.



This sector has seen a drop in support over the longer term, potentially due to the government's housing programme replacing the need for the private sector to build houses. Within the sector, spend on water and sanitation has increased significantly, from an average of 6% of housing spend in 2010 to 51% in 2021 and 42% in 2022. There have also been recent increases in average spend on maintenance and energy efficiency, potentially due to load shedding.



- Water and sanitation continued to receive the largest share of CSI housing and living conditions spend (42%), though down from 51% in 2021.
- The average CSI spend for three interventions (building houses, maintenance and energy) increased between 2021 and 2022.

The changing housing and living conditions landscape

1998
- The 1997/98 housing budget was approximately **R4 billion**, or **2% of consolidated government expenditure** of R190 million, with a target of building 190 000 houses.
- **The Housing Act, 1997 (Act No. 107 of 1997)** intended to accelerate the development of sustainable housing in South Africa.

2004
- **'Breaking New Ground: A Comprehensive Plan for the Development of Sustainable Human Settlements'** was launched. This plan was aimed at redressing apartheid's spatial planning and development through the delivery of socially, economically and spatially integrated housing. It built on the 1994 White Paper of Housing and the Reconstruction and Development Programme (RDP housing) but shifted focus from providing poor households with houses and basic services to improving the quality of housing and housing environments in integrated settlements.

2010
- An estimated 11 million South Africans still did not have access to proper sanitation: they used shared facilities (4 million), bucket toilets (3 million) or practised open defecation (4 million).

2011
- According to the Parliamentary Monitoring Group, there were more than 2 700 informal settlements nationwide and the number of households in informal settlements had increased since 1995, rising from 1.1 million to 1.3 million in 2011.

2017
- 13% of South African households were living in RDP or state-subsidised dwellings.

2018
- According to the department of human settlements, **3.3 million houses or "housing units" were built from 1994 to December 2018**. These include subsidised houses, rental accommodation, hostel upgrades and council houses where ownership was granted.
- There is an estimated backlog of more than two million housing units, with most people still on the waiting list to receive houses after registering with the Department of Housing in 1996 and 1997.

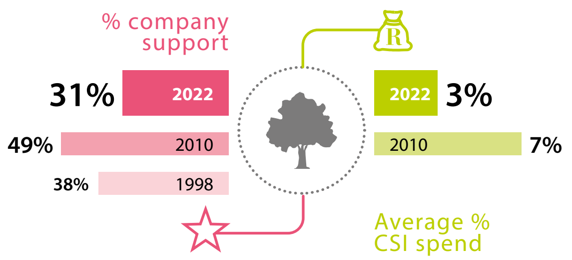
2021
- The International Budget Partnership South Africa and its partners found that more than five million South Africans were living in informal settlements, with broken taps and blocked or broken toilets being the norm.
- According to Stats SA, the percentage of households with access to improved sanitation increased from 61% in 2002 to 84% in 2021.

2022
- In the 2022/23 national budget, **R58.7 billion** was allocated to human settlements, water and electrification programmes, constituting **2.7% of consolidated government expenditure** of R2.1 trillion.

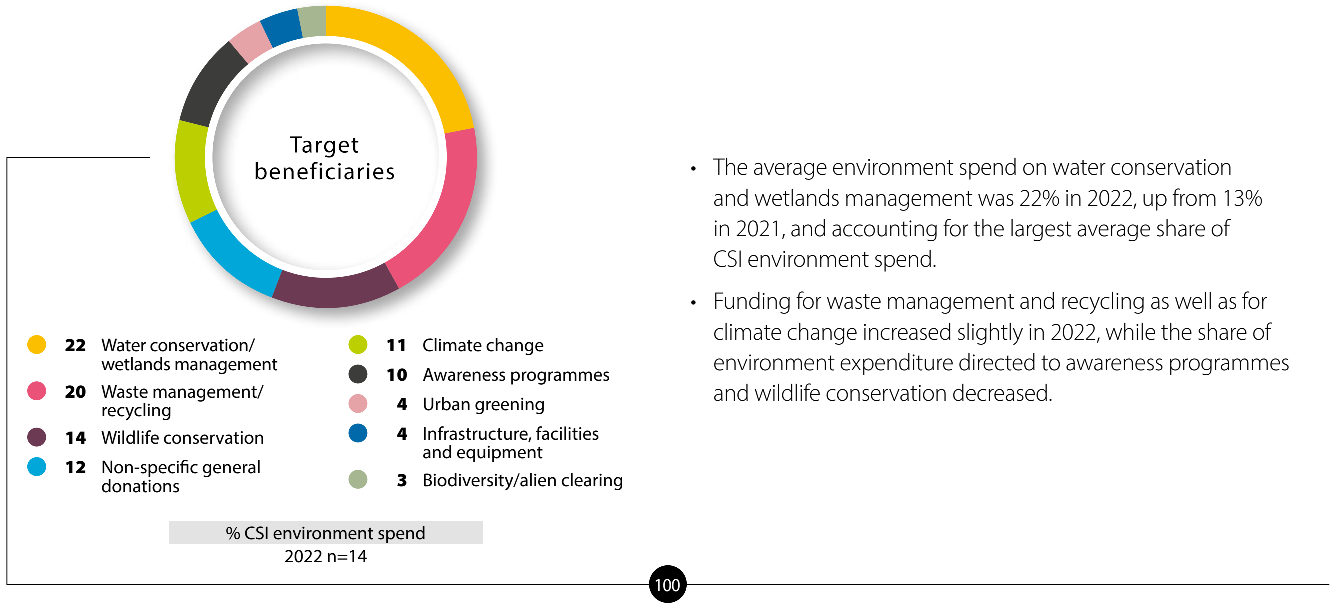
Environment

Overview of CSI spend

Initiatives related to the environment were supported by 31% of companies and received an average of 3% CSI spend in 2022. Support for, and spend on, environment through CSI has decreased over time, most likely as core business focuses more on mitigating its environmental impact.



In 2010 almost half of companies (49%) supported environmental initiatives, which received an average of 7% of CSI spend. This has fallen to 31% of companies and 3% of spend in 2022. Wildlife conservation has always received one of the largest portions of environment CSI spend (18% in 2010 and 14% in 2022), with spend on wetlands and water conservation, as well as waste management, increasing over time.



- The average environment spend on water conservation and wetlands management was 22% in 2022, up from 13% in 2021, and accounting for the largest average share of CSI environment spend.
- Funding for waste management and recycling as well as for climate change increased slightly in 2022, while the share of environment expenditure directed to awareness programmes and wildlife conservation decreased.

Read Jako Volschenk's Viewpoint 'Greenwashing: truth and consequences' on page 126.
Read 'Biodiversity in crisis: what companies can do' on page 170.

The changing environment landscape

1998
- The **National Environmental Management Act, 1998 (Act No. 107 of 1998) (NEMA)** superseded the Environmental Conservation Act. Among other things, it aimed to coordinate environmental functions exercised by organs of state and provide for certain aspects of the administration and enforcement of other environmental management laws.

2002
- The **Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002)** made provision for equitable access to and sustainable development of the nation's mineral and petroleum resources.

2010
- The United Nations declared 2010 the **International Year of Biodiversity (IYB)** to raise awareness about the crucial importance of biodiversity, to communicate the human costs of biodiversity loss, and to engage people throughout the world, particularly youth, in the fight to protect all life on Earth.
- South Africa is one of 17 mega-diverse countries, according to the World Conservation Monitoring Centre (WCMC) of the United Nations Environment Program.

2011
- The **National Climate Change Response Policy** was approved by Cabinet. It is a comprehensive plan to address both mitigation and adaptation in the short, medium and long term (up to 2050).
- The **National Waste Management Strategy 2011** set out to systematically improve waste management in South Africa.
- The **Renewable Energy Independent Power Producer Programme (REIPPP)** was introduced to stimulate the renewable industry in South Africa while encouraging foreign investment in the sector and developing socioeconomic and environmentally sustainable growth.

2015
- In December, 195 nations reached a historic agreement at the 21st Conference of the Parties (COP21) held in Paris under the United Nations Framework Convention on Climate Change (UNFCCC), now known popularly as the **Paris Agreement**.

2019
- The **Carbon Tax Act, 2019 (Act No. 15 of 2019)** came into effect in June 2019 and is administered and collected by the South African Revenue Service (SARS). It gives effect to the polluter-pays-principle for large emitters.

2020
- The **National Environmental Management Laws Amendment Bill (NEMLA Bill)** proposed various amendments to the NEMA, the National Environmental Management Amendment Act, 2008 (Act No. 62 of 2008), and various scientific environmental management acts.

2021
- In September 2021, South Africa released its latest national climate commitment under the **Paris Agreement**. The new greenhouse gas (GHG) emissions targets will see South Africa's emissions decline in absolute terms from 2025, a decade earlier than planned.
- As of 2021, a total of 117 projects that will generate over 8 800 MW of renewable power had been awarded to the private sector under the **REIPPP.**

2022
- The **NEMLA Bill became an Act** on 24 June 2022 and will introduce a major shift in South Africa's environmental legislation on a date to be fixed and proclaimed by the president.
- The WHO's scorecard on the environment notes that South Africa's air quality is six times higher than the guideline value for particulate matter.
- According to Climate Action Tracker, South Africa's targets and policies towards lowering GHG emissions are rated as 'insufficient' and need substantial improvements to align with the Paris Agreement's 1.5˚C temperature limit.
- The **Climate Change Bill 2022** was tabled in parliament and is currently under review. If the Bill becomes law, it will form the first legal framework in South Africa to respond to the impacts of climate change.

VIEWPOINT

Greenwashing: truth and consequences

The term 'greenwashing' was coined in the 1980s to describe the way some companies were deceiving the public about the environmental impact of their products and business practices. As a form of disinformation, corporate greenwashing undermines environmental efforts, compromises corporate social responsibility strategies, and moves society further away from achieving the Sustainable Development Goals. **Jako Volschenk** considers how greenwashing affects all stakeholders and suggests remedies for companies.

What is greenwashing and what are some of the reasons companies – and non-profit organisations (NPOs) – engage in it?

Demand has led to a rise in more environmentally friendly products and services, and consumers are often willing to pay a premium for this. For example, organic cotton is more expensive, because of the lower yield per hectare. Companies often mislead consumers with labels and marketing campaigns to justify charging more for their products, claiming their products are good for the environment.

Companies rely on two factors: legitimacy (their licence to operate) and credibility (whether they can deliver on their promises). Companies in danger of losing their legitimacy may use greenwashing to divert attention from any environmental damage they do, either by making unproven claims about sustainability or by channelling funds into 'green' initiatives to improve their reputation. Greenwashing allows companies to charge customers more without having to change their underlying business practices. While companies can spend money to 'buy their way back' from poor environmental performance, it is ultimately not about how you spend your money, but rather about how you make it in the first place.

Please provide some examples of greenwashing and indicate why they are problematic.

In 2021, non-profit organisation Changing Markets Foundation found that up to 59% of all green claims by European and UK fashion brands were misleading and could be considered greenwashing. Many fashion brands have a 'fast fashion' business model and claims about sustainable actions can be questionable – for example, H&M and Adidas, among others, were found to have dumped around 39 000 tons of clothing in Chile's Atacama Desert in 2021. By contrast, Patagonia – a brand actively supporting environmental non-profits – actively discouraged consumers from buying new clothing items with its 2011 'Don't buy this jacket' campaign, urging them to repair clothing rather than buying new items. The result was an increase in sales as shoppers view Patagonia products as more durable.

Some companies may run socially laudable campaigns, like the Dove Campaign for Real Beauty, which set out to build self-confidence in women and young children, but Unilever is one of the largest users of palm oil in the world, the production of which leads to widespread deforestation. NPOs like Greenpeace, as well as the media, can help to hold companies to account and educate consumers. For example, General Motors has been called 'Greenwashing Motors' for selling environmentally questionable 'green' Hummers and fuel-inefficient E85 vehicles. Locally, the Life After Coal/Impilo Ngaphandle Kwamalahle campaign has tackled the myth of 'clean' or 'green' coal, a narrative being cultivated by resource companies seeking to legitimise the industry.

What are some of the consequences of greenwashing and how can organisations guard against it?

Reputation is closely linked to legitimacy and credibility – you need to perform consistently to maintain your reputation as customers may punish you for one misdeed, and your share price could drop. Genuinely responsible companies should help consumers to distinguish between true and false claims, and help to create industry standards that can hold all companies to account. This year's best practice often becomes next year's standard practice. Interestingly, research conducted by one of my master's students indicates that consumers would penalise companies for greenwashing, but are prepared to pay a premium for genuinely environmentally friendly products. I would advise companies to be honest about their impact rather than trying to disguise it – and companies should be careful not to spend money on superficial reputation management.

In a global survey sponsored by Google Cloud nearly three out of five executives (58%) admitted that their companies engage in greenwashing. However, many executives have also indicated they would like to see better accountability and action on sustainability. What can be done to ensure improved outcomes?

Many of us do what we think our companies expect of us, so it's important that management is clear about what it expects from employees, and that it empowers them to 'do the right thing' independently of directions. People must also be held accountable – ultimately, environmental responsibility is demonstrated by one person who decided to do the right thing.

A lot of companies argue that their business should exist, because it creates jobs, even as it harms the environment. This recalls the parable of the broken window – should we break windows because it will create jobs for those replacing broken windows? Companies should reflect on their underlying values and whether they're making the world a better place. I'm all for companies making a profit from making the world a better place.

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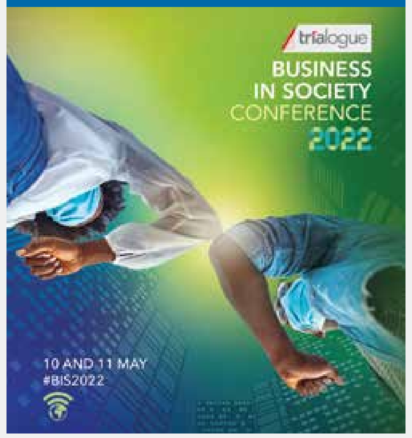
TRIALOGUE BUSINESS IN SOCIETY CONFERENCE 2022
10 May | PLENARY DISCUSSION



CONFERENCE INSIGHT

Enterprise development in the green economy

The green economy has emerged as a sector with the potential to drive economic growth and contribute to inclusive, sustainable development. **Poovi Pillay**, Nedbank's executive head of corporate social investment (CSI); **Gugu McLaren-Ushewokunze**, head of social transformation at the National Business Initiative (NBI); and **Boyce Pillay** from the Council for Scientific and Industrial Research (CSIR) discussed key barriers to participation in the sector, as well as opportunities for business and other stakeholders.

Pillay began by describing how Nedbank has been involved in environmental sustainability for eight decades, and has more recently adopted a green economy strategy. The bank believes the four sectors of water, waste, energy and agriculture are key to driving sustainable economic development and job creation, but interventions in these sectors need to be inclusive, ecologically sound and contribute to saving the planet.

In addition, we should not be so obsessed with job creation that we forget about enterprise development," Pillay said. "Any thriving economy in the world has small and medium enterprises that provide job opportunities and economic emancipation – not necessarily the big corporates.

Pillay explained that Nedbank's philosophy is to begin by taking care of the most pressing needs facing the communities it serves. This is based on the understanding that the business will not exist without a healthy and thriving society.

We start with donor funding, but once these entities mature into viable businesses, they can leverage the balance sheet and grow from there. This can then be broadened into the wider value chain, translating into economic growth. Pillay cited the example of Buhle Academy, which went from subsistence farming to small-scale farming and are now a viable business. The next step, he said, is to scale and create a marketplace through leveraging value chains.

Contributing to a just climate transition

McLaren-Ushewokunze echoed these sentiments, highlighting the important role business must play in ensuring sustainable development and a just climate transition. "In our work around economic inclusion, which has a focus on the green economy, as well as our work in the just transition, we know that if we don't address these issues now, it's going to have quite a significant impact on business and the ability of business to be sustainable and grow," she explained.

She also highlighted that pivoting to sustainable business practice is an iterative process.

"There are companies that are definitely leaders and have a deep understanding of the role of business within society and the environment, and have thought through how business can improve, facilitate and have an impact on a range of issues. And there are some that are still making their way and moving along this journey," she continued.

Opportunities in the green economy

The CSIR has conducted research that identifies various ways in which the green economy can contribute to economic development. Opportunities have been identified in a range of sectors, such as agriculture, technology, and renewable energies.

Such opportunities include harnessing food, electronic and chemical waste to produce high-value products. However, these opportunities can only be fully realised if there are appropriate skills to support the sector, both now and in the future.

McLaren-Ushewokunze agreed with this, adding: "One of the key areas of work is in partnership with institutions of higher learning, with the aim of ensuring young people have the skills they need to participate in the green economy."

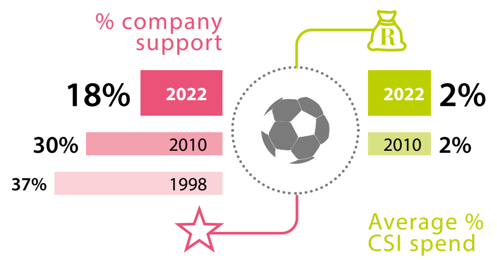
The discussion concluded with a question-and-answer session, which allowed members of the audience to interact with the panel. Key talking points included:

- Partnerships among roleplayers across the socioeconomic spectrum are key to ensuring that opportunities in the green economy translate into sustainable economic development and job creation.
- It is important to adopt a shared-value model to ensure that benefits are distributed among all stakeholders, including communities, instead of just being reserved for large corporates.
- The urgency of the situation with regard to environmental protection and a just climate transition requires that more roleplayers do more, and do so a lot quicker.
- In order to have meaningful impact, businesses need to create a link between CSI and overall corporate strategy, ensuring environmental sustainability is embedded in all operations.

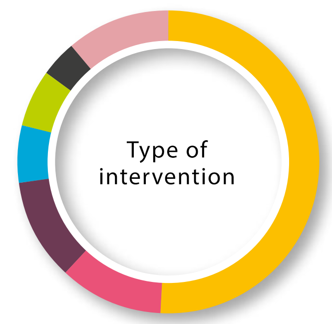
Sports development

Overview of CSI spend

Sports development was supported by 18% of companies and received an average of 2% of CSI spend in 2022. This is lower than in 1998 when 37% of companies supported the sector.



Support for sports development has declined over the years, from a high of 37% of companies supporting the sector in 1998 to 18% in 2022. It has always constituted a small portion of average CSI spend. Soccer remains the most popular sport to support, receiving over half of CSI sports development spend (57% in 2010 and 51% in 2022).



- Soccer remained the most funded sporting code, with an average of 51% of sports expenditure.
- Cycling received more funding (11%) for the first time in recent years, up from 1% in 2020 and 2021.

The changing landscape of sports development

1995
- The **1995 Rugby World Cup** was hosted and won by South Africa. The World Cup was the first major sporting event to take place in South Africa following the end of apartheid. It was also the first World Cup in which South Africa was allowed to compete, following negotiations to end apartheid. This helps entrench sports in South Africa as a potentially powerful tool of social cohesion.

1996
- The **White Paper on Sport and Recreation** was released, the first official policy on sports and recreation since the establishment of this Ministry in 1994.

1998
- The **National Sport and Recreation Act, 1998 (Act No. 110 of 1998)** intended to promote equity and democracy in sports and recreation, and coordinate the relationships between the Sports Commission, national and recreation federations and other agencies, among other things.

2001
- The **updated White Paper on Sport and Recreation** took into account new developments in the sector and set out government's vision, strategic objectives, policy directives, outcomes and outputs for promoting and providing sport and recreation.

2010
- The **19th FIFA World Cup™** took place in South Africa from 11 June to 11 July, which added approximately 0.4% to the national economic growth, translating to R3.8 billion in 2010. FIFA committed to donate $100 million to the World Cup Legacy Trust to develop football in South Africa. The trust was formally established in April 2013.

2012
- The **National Sport and Recreation Plan** was launched by the Department of Sport and Recreation as an eight-year implementation plan for the sports and recreation policy framework captured in the White Paper.
- The **Transformation Charter for South African Sport** guided the establishment of an accessible, demographically representative, sustainable and competitive sports system.
- The South African national women's football team Banyana Banyana competed in the Olympics for the first time.
- The Department of Education released the **School Sport Policy**, which was intended to regulate the delivery of school sports for all learners based on the principle of equity and access, to promote healthy living.

2016
- A Discovery report titled 'The Healthy Active Kids South Africa Report Card' found that fewer than half of South African children and youth take part in organised sporting activities.

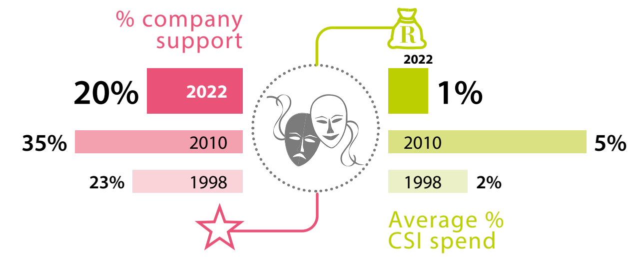
2019
- The Springboks won the Rugby World Cup for the third time in 2019.

2022
- Banyana Banyana won the Women's Africa Cup of Nations (WAFCON) in Morocco, playing against the home country's team.

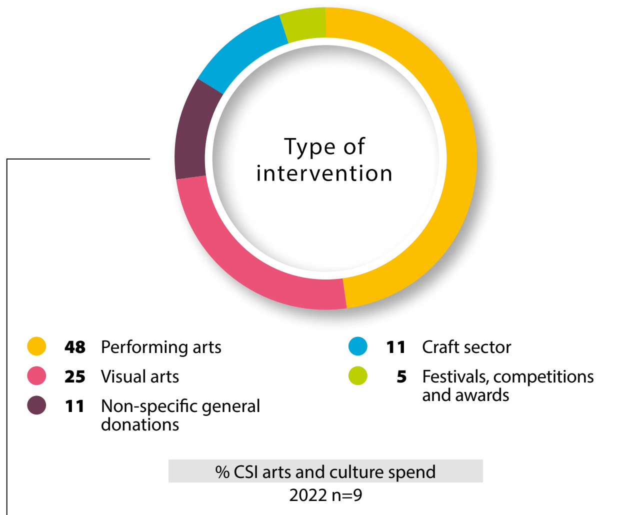
Arts and culture

Overview of CSI spend

Activities in arts and culture were supported by one-fifth of companies (20%), receiving an average of 1% of CSI expenditure in 2022.



Support for arts and culture was highest in 2010 when over a third of companies (35%) supported the sector and it received an average of 5% of CSI spend. This has dropped to 1% of CSI spend in recent years. The performing arts have consistently received the largest share of arts and culture spend, with an average of 40% in 2010 and 48% in 2022.



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- Nearly half of the CSI spend on arts and culture (48%) was allocated to performing arts, up from 25% in 2021, when it most likely dropped due to Covid-19-related lockdowns.
- Funding for visual arts increased to a quarter of the average spend, up from 18% in 2021. The average spend on festivals, competitions and awards also increased in 2022.

The changing arts and culture landscape

1997
- The 1997/98 arts, culture, science and technology budget was R540 million. Only R4.4 million of the budget was earmarked for arts and culture.
- The **Legal Deposit Act, 1997 (Act No. 54 of 1997)** aimed to provide for the preservation of the national document heritage through legal deposit of published documents, and ensure the preservation and cataloguing of, and access to, published documents emanating from, or adapted for, South Africa.
- **Business and Arts South Africa (BASA)** was set up with a mandate to build partnerships between business and the arts sectors. Grants were allocated to secure partnerships and collaborative funding of identified projects.

1999
- The **National Heritage Resources Act, 1999 (Act No. 25 of 1999)** introduced an integrated and interactive system for the management of national heritage resources.

2012
- The **Use of Official Languages Act, 2012 (Act No. 12 of 2012)** was promulgated to regulate and monitor the use of official languages in South Africa.

2018
- According to the South African Cultural Observatory's Economic Mapping of the Cultural and Creative Industries in South Africa, the industry contributed R63 billion (1.5%) to South African GDP.

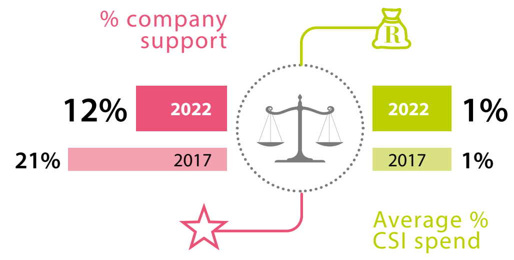
2020
- The Department of Sports, Arts and Culture was allocated a R150 million relief benefit for arts, sports and culture organisations from the national relief fund during the Covid-19 pandemic.

2022
- The arts and culture sector received a **R6.2 billion budget** for 2022/23 as outlined in the national budget.
- South Africa has eight heritage sites as proclaimed by UNESCO.
- **BASA** currently has more than 100 members including large corporates, SMMEs and creative organisations. By May 2022 the organisation had supported 1 718 projects with grants to the value of more than R43.8 million, which have leveraged over R567 million in sponsorship from the corporate sector.

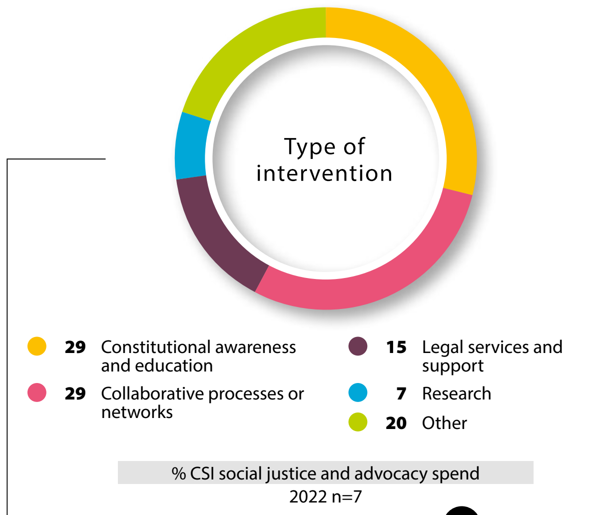
Social justice and advocacy

Overview of CSI spend

Social justice and advocacy was supported by 12% of companies and received 1% of average CSI spend in 2022.



Trialogue started tracking spend on social justice and advocacy as a separate sector in 2017. The support of, and expenditure on, this sector remains low. The proportion of companies investing in this sector has fallen from 21% in 2017 to 12% in 2022, and they are investing relatively small amounts. The allocation of funding within this sector fluctuates year on year, largely due to the small sample.



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- In 2022 constitutional awareness and education (29%) and collaborative networks (29%) received the greatest portion of social justice and advocacy spend.

Read 'Curbing corruption in South Africa: the key role of the private sector' on page 154.

Read Athol Williams' Viewpoint 'Whistle-blowers: punished for doing the right thing' on page 158.

Read Duduetsang Mmeti's Viewpoint 'Defending our democracy' on page 159.

The changing landscape of social justice and advocacy

1997
- The **Constitution** of the Republic of South Africa was adopted in December 1996.

1998
- The **White Paper on Local Government** sets out to address the relationship between traditional leadership and local government, as well as ensuring political leaders remain accountable and work within their mandate.

2013
- The **Public Participation Framework for the South African Legislative Sector** sets out the norms and standards for public participation within the legislative sector.

2018
- The Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector, popularly known as the **Zondo Commission**, was established in January 2018. The final report was delivered in June 2022.

2019
- 'Inequality Trends in South Africa: A multidimensional diagnostic of inequality' was published by Stats SA and the Southern Africa Labour and Development Research Unit (SALDRU), highlighting how inequality has increased since the financial crisis.

2019
- During September 2019 protests against gender-based violence (GBV) peaked after Uyinene Mrwetyana, a student at the University of Cape Town (UCT), was brutally raped and murdered.

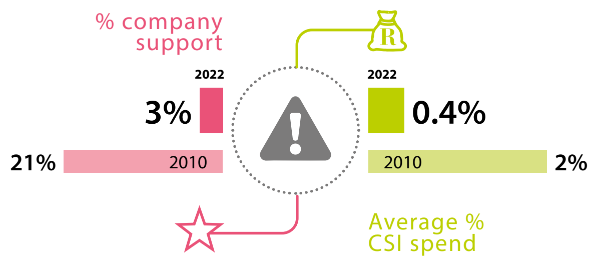
2020
- A March 2020 study by SALDRU revealed that the poorest 10% of households were likely to lose close to 45% of their income during the pandemic lockdown.
- More than 900 service delivery protests took place between August 2020 and January 2021.

2022
- South Africa is rated by the World Bank as the most unequal society in the world with a Gini Coefficient of 63, where an approximate 10% of the population controls over 80% of the wealth.
- On 2 July 2022, the **Defend our Democracy** movement adopted the Declaration of the Conference for Democratic Renewal and Change.

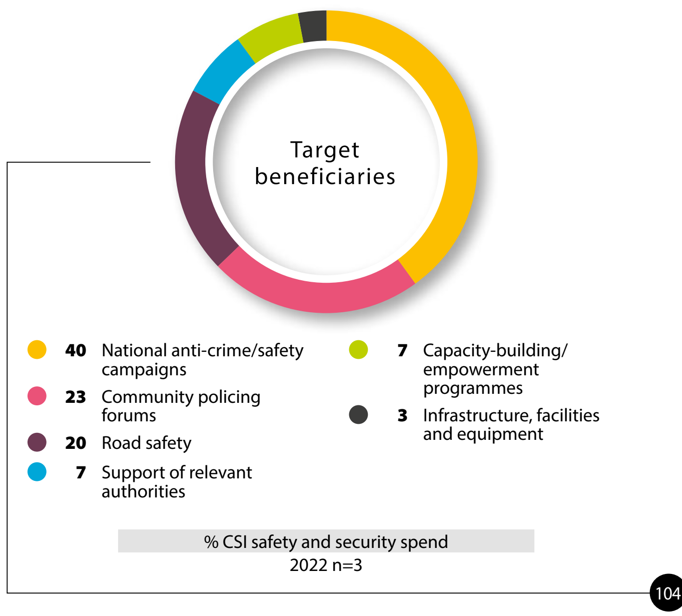
Safety and security

Overview of CSI spend

Safety and security was supported by 3% of companies and received an average CSI spend of 0.4%, making it the least supported sector in 2022. Support for the sector has dropped significantly since 2010, when 21% of companies supported it.



CSI spend on safety and security has decreased across the board. This may in part be a result of a reduction in spending on awareness campaigns run at school and community level during the pandemic. It may also be due to more strategic funding decisions, which may have migrated into job creation and education as systemic ways of improving safety and security.



- National anti-crime/safety campaigns initiatives received the largest share of average CSI safety and security spend (40%) from the three companies who funded this sector, followed by community police forums (23%) and road safety (20%).

Read Martin Sweet's Viewpoint 'What about the boys? Tackling gender-based violence' on page 174.

The changing landscape of safety and security

1996

- The 1997/98 police and related functions budget was approximately **R13 billion**, or **7% of consolidated government expenditure** of R190 million.
- **Business Against Crime** was established in 1996 in response to a request from then President Nelson Mandela who invited business to join hands with government in the fight against crime. Business Against Crime South Africa (BACSA) is now a division of Business Leadership South Africa (BLSA).
- The **National Crime Prevention Strategy** was released as a long-term programme to create conditions that would reduce the motivation and opportunities for crime, while also transforming the criminal justice system's capacity to handle crime.
- World Bank data indicates a **murder/homicide rate of 60.3 per 100 000 people**.

1998

- The **White Paper on Safety and Security 1998** aimed for real reductions in crime to be attained through more effective policing as part of an effective justice system, and a greater ability to prevent crime.

2000

- A survey for the period 1990–2000 compiled by the United Nations Office on Drugs and Crime ranked South Africa second for assault and murder (by all means) per capita and first for rapes per capita in a data set of 60 countries. Total crime per capita was 10th out of the 60 countries in the dataset.

2004

- The **Services Charter for Victims of Crimes in South Africa**, also known as the Victims' Charter, was an important instrument for promoting justice for victims of crime in South Africa.

2010

- Dedicated **Family Violence, Child Protection and Sexual Offenses (FCS) units** were reintroduced in nine provinces, with more than 2 100 detectives assigned to them nationwide.
- A **National Rural Safety Strategy** was implemented to ensure an effective approach to service delivery in rural communities, which faced challenges such as increased farm attacks and murders, high levels of poverty and underdevelopment, dispersed spatial living, and isolated and under-resourced police stations.
- World Bank data indicates a significantly lower **murder/homicide rate of 31 per 100 000 people**.

2011

- The **2011 Integrated Social Crime Strategy** aims to curb the effects of the underlying causes of crime, reduce the risk of becoming a victim, raise the safety of the community as a whole, and thus improve quality of life and human rights.
- The **2011 Community Safety Forums (CSFs) Policy** outlined that CSFs need to be established to target the root causes of crime at national, provincial and local level.

2016

- The **White Paper on Safety and Security** was released to promote an integrated approach to safety and security. It affirmed the need for civil society and the private sector to contribute to the government's ongoing safety, crime and violence prevention efforts.

2020

- World Bank data indicates a **murder/homicide rate of 33.4 per 100 000 people**.

2021

- There were approximately 235 prison facilities in South Africa.
- The **Domestic Violence Amendment Act, 2021 (Act No. 14 of 2021)** amended the Domestic Violence Act of 1998 and addressed practical challenges, gaps and anomalies since the Act became operational in 1999.

2022

- In the 2022/23 national budget, **R220.7 billion** was allocated toward peace and security (with R110 billion of that for police services), constituting **10% of consolidated government expenditure** of R2.1 trillion.
- Cabinet approved the **Integrated Crime and Violence Prevention Strategy (ICVPS)** for implementation of the White Paper on Safety and Security adopted in 2016.

VIEWPOINT

Helping social enterprises deliver on their promise

Social entrepreneurs can access resources from both the private and public sectors to address South Africa's biggest economic, social and environmental challenges. **Solange Rosa**, director of The Bertha Centre for Social Innovation and Entrepreneurship, explains how they can be better nurtured.

Why is social enterprise so vital in South Africa and how can it solve some of the biggest challenges we face, like unemployment and low growth?

Social enterprises play an important dual role, focusing on both financial profits and positive social impact. They have a significant role to play in South Africa, particularly as the country emerges from the pandemic lockdowns. As we face the triple burden of unemployment, inequality and low economic growth, coupled with a limited and shrinking tax base, social enterprises have a key role to play in identifying and filling gaps that the government is unable to.

Please provide an example of a local social enterprise that is having a positive impact.

SiyaBuddy, which creates jobs while helping the environment, comes to mind. They are a recycling and waste management company that buys waste mostly from women collectors and sells it to recycling companies. The company has created 21 jobs and supported more than 1 000 waste-pickers.

What are some of the greatest challenges to social enterprise funding?

The 'Understanding Social Entrepreneurs in South Africa' study, conducted by The Bertha Centre, found most social enterprises needed funding for growth and expansion in the early stages of the business life cycle.

Among entrepreneurs who have raised funds, most had more experience prior to starting their business, have a postgraduate education and are more likely to be male and white. Black social entrepreneurs have more difficulty raising funds, suggesting a structural barrier to raising capital beyond grants.

Challenges social enterprises in more advanced countries may not face are amplified in South Africa. Raising funding from friends and families, often possible in more developed countries, is not an option for many in South Africa. Facing resource constraints, entrepreneurs utilise innovative business models and strategies, further amplifying the actual and perceived risks for investors.

How can social enterprises access start-up funds? Why do companies shy away from funding social enterprises and how can this be addressed?

There is a shortage of early-stage funding. Added to this, investors in social enterprises take on not only financial risk, but also social impact risk. Social enterprises therefore need to be transparent in the way they measure, monitor and report their social outcomes. Providing clear information to investors can ease the perceived risk of funding enterprises of this nature.

How can companies support social enterprises and meet their own needs in the process?

Companies have an important role to play in supporting social enterprises. The most urgent need is for start-up and early-stage funding. A lucrative area for fund managers would be plugging the gap in early-stage funding, specifically for entrepreneurs who cannot self-fund their enterprises. With almost two-thirds of entrepreneurs looking to raise between R100 000 and R3 million, this is an opportunity for investors to expand their portfolios to include smaller investments.

Black and women entrepreneurs in particular could be supported by reviewing and addressing how early-stage funds are structured. Evidence shows companies with diverse leadership teams enjoy higher revenue and profitability. Introducing a gender and racial lens to investing can provide a positive return on investment, while simultaneously addressing inequalities.

Traditional debt and equity funding are not well suited to social enterprises. Innovative finance instruments can bridge the gap between achieving social impact and achieving return on investment. Simple structural adjustments to existing instruments will allow funders to fit the unique contexts of social enterprises. Examples like revenue-based debt and quasi equity provide the flexibility needed by social enterprises, without compromising returns for the investor.

Companies' engagement with entrepreneurs can also be enhanced. Entrepreneurs have minimal time resources, social credit and networks, particularly young, black and women entrepreneurs. This is a barrier not only to accessing investors, but to accessing business support, mentorship and technical assistance. By connecting their pipeline of entrepreneurs to accelerators, incubators and innovation agencies, investors can expand their own pipeline, creating a more robust and diverse portfolio.

How should non-profits approach social enterprise? Should they be adopting a more commercial model?

Because many social enterprises are registered as non-profit organisations, they lose the option of equity funding. By shifting to a more commercial model, non-profits would not only open the door to equity funding, but also to potential revenues from government funders and multilateral organisations, allowing them to diversify their business models even further and, importantly, improve their sustainability.

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WEBINAR INSIGHT

Business and human rights

The World Economic Forum says human rights should find a permanent place in the boardroom, but companies often fail to make this key risk a priority.

The private sector has a poor track record when it comes to human rights, according to the 2020 Corporate Human Rights Benchmark (CHRB). Almost half the companies assessed faced at least one serious allegation relating to human rights, and there is a disconnect between company commitments and actual performance and results.

On 24 March 2022, responsible business consultancy Trialogue held a webinar to discuss how South African companies fare and how they can move beyond compliance, and embed human rights within their organisations.

The panellists were **Gugu McLaren-Ushewokunze**, head of social transformation at the National Business Initiative (NBI); **Lindo Khuzwayo**, strategic engagement principal at Anglo American Platinum; and **Marina Madale**, general manager: sustainability and shared value at MTN.

The corporate sphere of influence

The human rights arena is broad and complex, making it difficult for companies to calibrate their responses. The United Nations (UN) Guiding Principles on Business and Human Rights highlight three key actions for companies that want to "do the work" – make a public commitment and articulate what they believe and stand for; understand and address their impact, which includes prevention and mitigation; and provide remedy if human rights are violated.

Companies can focus on this within the context of their products and services, supply chains, and customer and community needs.

"A good framework is for companies to think about their sphere of influence. The starting place should be the workplace, because that's where they have more control and can directly address issues like pay, discrimination, and health and safety," McLaren-Ushewokunze said.

"These issues change – for example, when it comes to health, there is currently a strong focus on issues of employee wellbeing, which was not the case ten years ago; and when it comes to safety, there's a growing focus on gender-based violence in the workplace. Companies can also look into their sphere of influence at the impacts of their products and services, as well as issues in their supply chains and communities."

Anglo American Platinum's shift in focus

Although the resources industry has had a checkered past when it comes to human rights, Anglo American Platinum has set out to remedy this.

Human rights is one of the six critical foundations of its Sustainable Mining Plan and its policies and systems align with the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the Voluntary Principles on Security and Human Rights, and the International Finance Corporation's Performance Standards.

These include Anglo American's Group Human Rights Policy, which finds expression in its Code of Conduct, the Anglo American Social Way, which keeps adverse social impacts at managed sites to a minimum, and its Social and Human Rights Impact and Risk Analysis (SHIRA) tool, which assesses social and human rights impacts on an annual basis.

"Investors have rightly asked questions about the context in which we operate and how we intend to alleviate any negative impact," Khuzwayo indicated. "Anglo American Platinum has engaged more meaningfully with civil society, rather than just being defensive; there's a huge trust deficit to overcome, so the process will take time, but change management has fostered a sense of psychological safety so people can raise awareness regarding human rights."

MTN upholding digital rights

For MTN, which has a presence in 19 markets in Africa and the Middle East, digital rights are an important part of a detailed, robust human rights strategy that is informed by international standards like the UN Guiding Principles on Business and Human Rights and the Global Reporting Initiative (GRI).

"They are our 'North Star', informing our policies and processes," Madale stated. "Each market has its own legislation and licensing conditions, which means the human rights picture is unique in each country – we can be faced with anything from conflict minerals and labour issues to the protection of children online".

MTN's Digital Human Rights Policy is supported by a digital human rights due-diligence framework aligned to the UN Guiding Principles on Business and Human Rights – protect, respect and remedy. This involves assessing risks (for example, likely scenarios if a country is entering an election period), engaging stakeholders on incident management, providing remedy where necessary, and noting lessons learnt for the purpose of continuous improvement.

Advice for companies

McLaren-Ushewokunze made the important point that companies should engage with all stakeholders, including suppliers and civil society, as their blind spots may prevent them from understanding their own weaknesses. "Being open to external input can strengthen the ways companies think about human rights," she asserted, adding that companies should avoid a situation where repeat offences lead civil society organisations to take them to court.

While many guidelines and codes are voluntary, it is expected that changing legislation could ensure greater compliance from companies in future. It therefore makes sense for companies to familiarise themselves with regulations and guidelines, which will help to prevent infringements, and to educate employees and suppliers.

Chapter three

Articles that explore best practice and guidance regarding doing better business. Topics include ESG over time, redefining capitalism, curbing corruption, measuring social impact, addressing biodiversity loss, and the future of work.

RESPONSIBLE BUSINESS

3

25 YEARS OF ESG:

from talk to strategic action

Environmental, social and governance (ESG) factors – non-financial factors that influence the value created by companies – have become increasingly important in recent years. Sustainability factors are now taken into consideration alongside traditional financial analysis of companies by investors, with climate change and social inclusion key considerations. But how can ESG be incorporated into company strategy and operations? Trialogue Head of ESG Advisory **Matthew le Cordeur** investigates the trajectory of ESG considerations, from reporting through investing to embedding, and analyses how value creation for all stakeholders occurs when companies go beyond compliance.

The changing ESG landscape

ESG factors are used as an investment lens to enable capital providers to assess a company's likelihood of creating, preserving or eroding short-, medium- and long- term enterprise value creation, as well as the impacts companies have on the world.

By understanding the long-term resilience of companies, investors are better able to allocate their capital using industry-specific evaluations of ESG risks and opportunities, and forward-looking impact scenarios.

Socially responsible investing, which preceded the concept of ESG, gained global traction in the 1960s, when investors responded to the Vietnam War (against investing in defence contractors), Apartheid in South Africa (any business associated with doing business here), and 'sin' stocks that were seen as unethical, such as alcohol, gambling and tobacco. However, there were no clear metrics or frameworks in place to monitor or measure sustainability across sectors or regions.

This changed in 1997, when investors and environmentalists came together in response to the 1989 Exxon Valdez oil spill to launch the Global Reporting Initiative (GRI). The aim was to "create the first accountability mechanism to ensure companies adhere to responsible environmental conduct principles", which expanded to include ESG issues. This became – and remains – an important guiding framework for companies to manage and measure their sustainability factors and report publicly on their performance.

The concept of ESG was introduced by the United Nations (UN) Global Compact in a report titled 'Who cares wins' (2004), in which the organisation urged companies to integrate ESG factors into investment decisions to support the implementation of the Global Compact principles. ESG issues were then included in the 2006 UN Principles for Responsible Investment (PRI) report, where ESG criteria were required by companies.

The Global Compact report cited the Johannesburg Stock Exchange (JSE) as a leader in the field, as it was the first emerging market and stock exchange to launch a Social Responsibility Index in 2004. This index assessed JSE-listed companies in the FTSE/JSE All Share index against ESG and economic factors every year. The methodology matured over time, taking into consideration global and local advancements in sustainability codes, standards and principles, including revisions to the King report (King III in 2009) on corporate governance. The index was replaced by the FTSE/JSE Responsible Investment Index in 2015, when the stock exchange partnered with global ESG index provider FTSE Russell.

Examples of ESG issues (common issues measured by Refinitiv, MSCI, Bloomberg, FTSE):

Environmental	Social	Governance
Resource use	Workforce	Corporate governance
Carbon emissions	Human rights	Corporate behaviour
Climate change effects	Discrimination	Executive compensation
Pollution and waste	Diversity	Shareholders' rights
Renewable energy	Community relations	Independent directors
Resource depletion	Political contributions	Management
Environmental opportunities	Product responsibility Social opportunities	

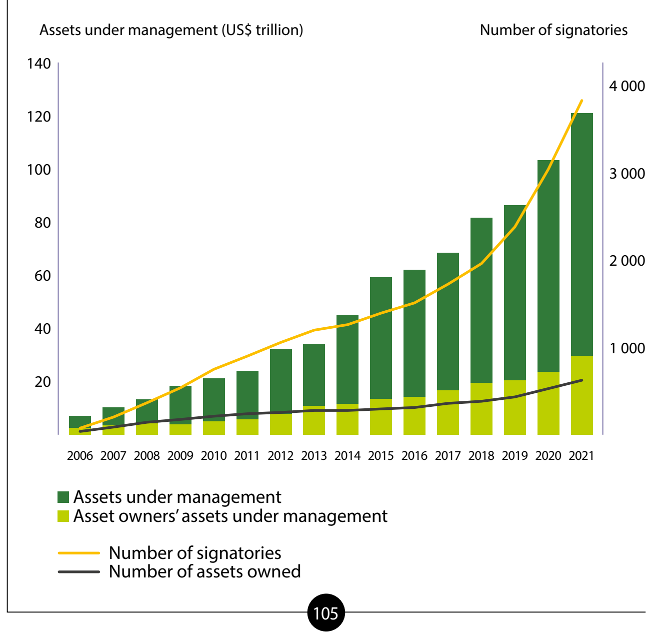
These developments were critical for the ability of stakeholders to measure and monitor ESG performance in companies.

The connection between companies that were not managing their ESG risks and value erosion soon became evident. Fifteen out of the 17 S&P 500 bankruptcies from 2005 to 2015 were in companies with poor ESG scores five years before these events, according to the Bank of America Merrill Lynch. It found that major ESG-related controversies by large US companies resulted in the erosion of half a trillion dollars in market capitalisation between 2013 and 2019.

ESG growth

When the UN PRI launched its ESG criteria in 2006, 63 investment companies signed up with $6.5 trillion in assets under management incorporating ESG issues, according to *Forbes* magazine. By 2021, it had 5 000 signatories with about $120 trillion in assets (see graph below).

PRI signatory growth in 2020–2021



Source: UNPRI

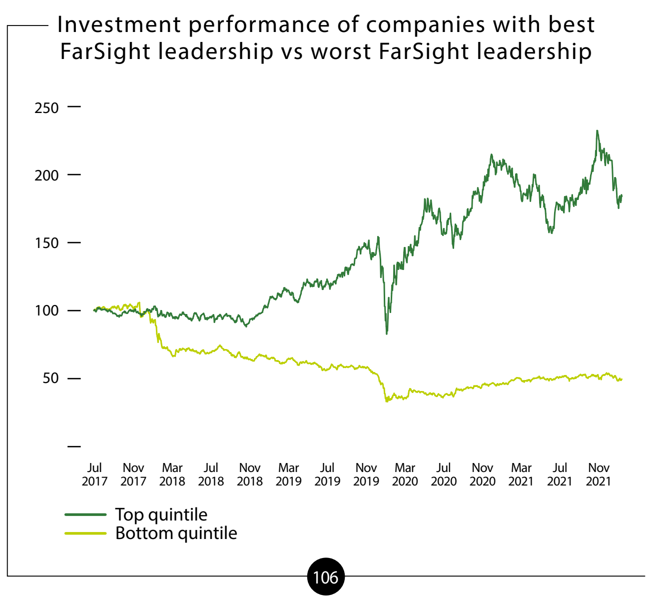
While the above graph highlights total assets under management of PRI signatories, it does not specify the value of assets that aligned to ESG principles. Data from Bloomberg Intelligence shows this more clearly. In 2016, global ESG assets under management stood at $22.8 trillion, ramped up to $30.6 trillion in 2018 and surpassed $35 trillion in 2020. Bloomberg Intelligence predicts it may go over $41 trillion in 2022 and then hit $50 trillion by 2025, which would make up one-third of all assets under management.

While ESG started in equities, sustainable debt has increased exponentially, with issuance exceeding $1.6 trillion in 2021, according to Bloomberg Intelligence data, which states that the transactions bring the total market to more than $4 trillion since inception. South Africa has also seen an exponential rise in sustainable bonds, rising from R1.5 billion in 2014 to R13.8 billion in 2021, according to Prescient Investment Management.

Driving growth in ESG investments includes a demand by investors for ESG funds; technology-based product innovation that assists fund managers in assessing ESG performance in companies; maturing investment research frameworks focused on sustainable outcomes; new risks and opportunities emerging from the energy transition; and an increase in policy interventions at global and government level, according to JP Morgan.

In South Africa, ESG performance has been linked to better gross returns and investment performance for leaders in the space. Between 2007 and 2022, large and mid-cap JSE-listed companies on the MSCI South Africa ESG Leaders Index consistently outperformed their peers in terms of gross returns.

The FarSight ESG Leadership Quality model's assessment (see graph below) shows that companies scoring in the top quintile of their index improved their share price by 190%, while the bottom quintile lost 48% over four and a half years. "It shows that firms with good leaders (that respond to ESG) typically outperform those with poor leaders," according to FarSight.



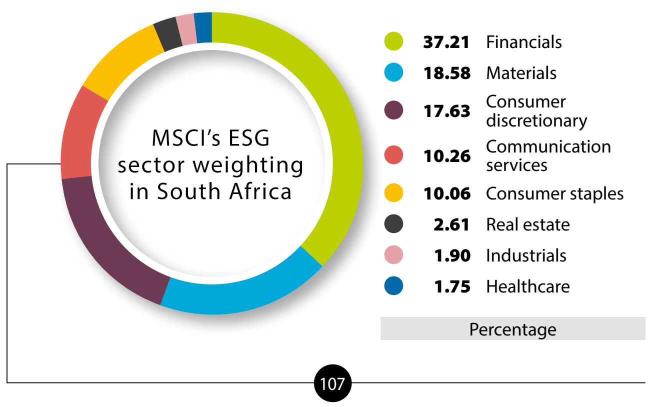
Source: FarSight

A meta study, which analysed the results of over 2 000 studies on the impact of ESG propositions on equity returns, showed that 63% of companies that "paid attention" to ESG saw an increase in value creation, according to McKinsey.

The PRI says benefits include top-line growth providing greater access to resources, operational efficiencies and cost reductions through lower energy consumption and water intake, regulatory and legal interventions that can lead to deregulation and a licence to operate, productivity uplift through better attraction and retention of employees, competitive brand positioning and reputation, investment and asset optimisation, and risk reduction.

ESG assets in South Africa are made up of companies in the financial sector (37.21%); materials such as mining and gas (18.58%) and the consumer sector (17.63%), according to the MSCI South Africa ESG Leaders Index.

A key driver of ESG performance in South Africa is a focus on diversity and inclusion principles, according to Refinitiv, a provider of financial markets data. Their index shows that funds focused on diversity and inclusion have outperformed the market over time, with the former seeing annualised returns over five years of 6.56% compared to 4.65%.



Source: MSCI

Criticism of ESG

Criticism of ESG focuses on the inconsistent implementation of ESG frameworks and the ability of big companies to overreport and thus receive better ESG scores. There is also an argument that financially material ESG matters are already factored into a company's strategy to maximise financial return, and so a focus on ESG is not required.

These points are supported by evidence that the market capitalisation of all ESG scoring companies represented 78% of the total market capitalisation in the world in 2020: 95% in the US, 89% in the EU and 78% in Japan. According to a 2020 Organisation for Economic Co-operation and Development (OECD) report entitled 'ESG Investing: Practices, Progress and Challenges', this highlights a bias towards large, capitalised companies, who are more in tune with fund managers' ESG requirements and "have ample resources to invest in disclosing information concerning their ESG scores".

Cases relating to corporate governance failures have dented the image of ESG. In South Africa, examples include Steinhoff and Tongaat-Hulett, both well-respected JSE-listed companies. At Steinhoff, "weak accountability and a culture of highly creative accounting meant that many dubious investment deals, excessive debt levels and the poor financial performance of several of the businesses went undetected for a long time", according to a USB Management Review special report in 2018. At Tongaat-Hulett, executives cooperated to backdate land sale agreements. "The backdated sale agreements ... resulted in the company's profits being overstated over a number of years. This led to the loss of value to our shareholders and many of our other stakeholders."

The ability of companies to seemingly manipulate the system has resulted in a high inconsistency when comparing ESG ratings to companies' market performance, according to South African ESG research firm FarSight, which focuses its research on determining a leadership score for ESG issues.

Instead of weighing ESG issues by the negative impact they cause, the FarSight ESG model recognises the harm caused, but assigns weight only by the extent to which society can impose costs on the business for incurring that harm. "It is up to society to recognise the increase in harm and advocate for more responsible management through, for example, taxes, legislation or falling demand," FarSight's Rob Worthington-Smith has pointed out in the *Financial Mail*.

Double materiality and changes to codes, standards and regulations

While ESG requires a focus on material issues, there has long been a bias on a company's ability to remain financially sustainable and profitable. The criticism of this bias has seen a shift to recognise material issues that impact people and planet. The response includes a focus on double materiality, which is the union of impact materiality and financial materiality. Impact materiality focuses on ESG issues that have an impact on people or the environment, while financial materiality focuses on ESG issues that could trigger financial effects. This shift comes at a time of regulatory change, as well as a consolidation and enhancement of codes and standards.

In 2022, the Sustainability Accounting Standards Board (SASB), Integrated Reporting Framework, CDP and Climate Disclosure Standards Board (CDSB) were consolidated and incorporated into the International Financial Reporting Standards (IFRS) Foundation to support the new International Sustainability Standards Board (ISSB).

These frameworks' principles and metrics have been used in the development of the ISSB's draft IFRS Sustainability Disclosure Standards, as well as the Climate-related Disclosures, which draws on the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. The above bodies, frameworks and standards all focus on ESG's enterprise or financial materiality, representing investor-focused capital market standards.

The GRI, which focuses on the impact materiality of ESG, and which is designed to meet multistakeholder needs, formed a partnership with the IFRS Foundation in 2022 to coordinate their work programmes and standard-setting activities.

South African listed companies are bound by the JSE Listings Requirements, which require adoption of the King IV Report on Corporate Governance for South Africa (King IV) and adherence to the Companies Act. King IV stipulates that companies should produce a report following the Integrated Reporting Framework. As the IFRS Foundation's standards are seen as a building block approach, South Africa will likely retain its format of Integrated Reporting.

Locally, many asset managers and asset owners are signatories to the Code for Responsible Investing in South Africa (Crisa), which was launched by the Institute of Directors South Africa in 2011. Organisations such as Just Share has criticised the code for not holding the sector accountable for poor ESG outcomes.

Crisa 2, which was released in September 2022 and comes into effect in February 2023, has a greater focus on ESG outcomes. Companies will now be required to show how their ESG inputs create positive ESG outcomes, with a focus on ESG integration, diligent stewardship, capacity building and collaboration. While this is a step in the right direction, the fact that the code is still voluntary means it will still face the same criticism that it doesn't enable accountability.

While companies are free to choose from the above codes and standards, the JSE released its own sustainability disclosure guidance in June 2022, which takes a double materiality approach, fusing the ISSB-based standards with the GRI, as well as incorporating guidance from other stock exchanges globally. While the guidance is voluntary, the document provides companies with a chance to get their house in order, in case any of the global standards do become compulsory. This move follows a global trend of stock exchanges developing guidance. In August 2022, the China Securities Regulatory Commission (CSRC) published voluntary ESG reporting standards that broadly align to the ISSB's standards, according to Bloomberg.

Globally, the US Securities and Exchange Commission (SEC) and the EU's European Financial Reporting Advisory Group (EFRAG) have published proposed sustainability disclosure rules that are undergoing public consultation before the rules are adopted. The SEC issued a proposed climate disclosure rule that would require nearly all companies filing with the SEC to report on their climate-related risks, while EFRAG released guidance as part of the EU Corporate Sustainability Reporting Directive (CSRD).

Stakeholder activism

The non-profit sector and shareholder activists have played a growing role in advancing the focus on ESG from an impact materiality perspective, through annual general meeting proxy engagements, shareholder proposals, regulatory complaints and litigation.

Shareholder resolutions in the US, which aren't legally binding, have seen an exponential rate of success. ESG resolutions passed at US companies increased from 5% in 2018 to 22% in 2021, according to RBC Capital Markets. According to the International Financial Law Review, this was made up of 800 shareholder resolutions in 2021, "with the majority of these focused on diversity and climate change as opposed to traditional areas like governance, financial performance, and strategy".

In South Africa, organisations like Just Share, the Centre for Environmental Rights and the Raith Foundation have made significant impact on ESG outcomes. While there was a focus on remuneration and board composition for a number of years, organisations and individual activists such as Theo Botha have brought climate change to the top of the agenda at companies like Standard Bank and Sasol, pressurising the companies to better disclose and manage climate impacts going forward.

The stakeholder activist 'toolkit' that has enabled this progress is now being adopted by institutional investors, who are using the methodology to improve ESG performance within their portfolios, according to Herbert Smith Freehills.

Litigation is also on the rise. For example, climate change litigation is moving to the top of corporate risk registers, according to law firm CMS, adding that NGOs are using litigation to force corporate and governmental adherence to ESG regulations, targets and principles. "Climate change claims have now been filed in over 40 countries," CMS pointed out.

From glossy reporting to integrated thinking

The evidence outlined above indicates that an integrated thinking approach to ESG has positive outcomes for value creation. However, many companies view ESG as part of corporate reporting, which often falls under the spotlight of public relations and marketing departments, who are sensitive to bad press and naturally averse to self-disclosure of poor practice. ESG issues reported are not always actively managed, leading to reporting that defers to qualitative descriptors, inconsistent measurement standards and sporadic data.

What remains lacking is the widespread consistency of credible balanced reporting that is trusted and used. Investors and other stakeholders need to look beyond noble policies and stated intentions and push for hard comparable numbers that show relative strengths and weaknesses in performance. We need to move from tick-box analysis to interrogation of the facts, so that poor performance and ESG risks are exposed, while good performance is recognised and rewarded. This is not only important from an investment perspective but necessary if business is to gain the trust of all of those interested and affected by its operations.

Corporate reporting has primarily been relied on to demonstrate transparency and responsible business practice. But this is tantamount to putting the 'cart before the horse'. In the financial world, strategy and action come first and reporting profitability follows. The world of ESG should be no different. In principle it is simple. An integrated thinking process flows from an understanding of the operating context and material impacts on society, which is then backed with a mandate from leadership to invest and respond in a responsible manner. Systems and structures then build accountability, with metrics and action to drive change. This then culminates with a process of tracking and managing performance. Only then should the focus fall on communications and reporting.

While this sounds intuitive, and indeed it is, our work in the ESG field has uncovered a frenzied patchwork of activities, undertaken in no structured order, stirring up froth and yielding underwhelming results. We see adoption of codes and standards without an understanding of business rationale, graphic business models that play no actual part in business planning, reporting to committee structures on items that have little relevance or in ways that make proper oversight near impossible, and award-winning reports that disguise corporate malfeasance. The next frontier of the world of ESG reporting has to be founded on true integrated thinking. It is a conceptually simple process, but complex and lengthy in implementation.

Adapt or cease to thrive

Equipped with better resources to understand ESG performance, providers of capital are taking action against companies who demonstrate poor management of sustainability factors, or who have not adapted their business model to either improve their impact or limit their damage on people and planet. Those who are left behind will feel the pain financially and will increasingly lose out on opportunities linked to ESG factors. They will also face legal and regulatory penalties, both from governments and activists, which will impact their reputation, and their bottom line.

While the turbulence of the transition of companies moving from a profit-centric mindset to one that focuses on profit, people and planet has alarmed many companies, the journey going forward should not be complicated. There are practical steps using Trialogue's integrated thinking principles to assess, plan and move forward with intent, in a way that is sustainable to the company and the world around us.

Further reading

- Boffo, R. and Patalano, R. (2020). "ESG Investing: Practices, Progress and Challenges", OECD Paris. Accessible at: https://www.oecd.org/finance/ESG-Investing-Practices-Progress-Challenges.pdf
- The Evolution of Sustainability Disclosure, 2022. Accessible at: https://www.sustainability.com/globalassets/sustainability.com/thinking/pdfs/2022/comparing-the-sec-efra-and-issb.pdf

Celebrating waste – one of the levers of the green economy

Recycling is rapidly emerging as one of the key drivers of business transformation globally. For South Africa, it has huge potential to help the country find ways to build a more inclusive economy and create millions of jobs. As we celebrate Recycling Week, it's worth looking at the opportunities that recycling offers our country.

Poovi Pillay
Executive Head: Nedbank Foundation

First of all, we need to recognise the scale of the opportunity. Only 8,6% of the global economy is circular, and thus 90% remains unrecycled. On the face of it, that's a somewhat depressing statistic. But change the angle and one can see that it's a massive opportunity just waiting to be seized.

At a macro level, building a circular economy plays an important role in reducing emissions, which in turn helps to reduce the impact of climate change. Prioritising circular businesses, the *Circularity Gap Report 2022* argues that it is possible to reduce resource extraction by 28% and greenhouse gases by 39%.

On the ground, we in South Africa can already see how entrepreneurs are seeing the opportunities inherent in waste – the legions of waste pickers hauling plastic, cardboard and other recyclables to municipal dumps are true exemplars of grassroots entrepreneurs who make a living for themselves while doing their bit for the environment.

When it comes to developing economic opportunities, it's vital to build critical mass by encouraging circular businesses to grow and become sustainable. Too many of South Africa's small, medium and microenterprises (SMMEs) are survivalist enterprises vulnerable to economic headwinds; we need more of them to enter the formal economy and create permanent jobs. The National Development Plan rightly sees SMMEs as the engines of growth and job creation, but that means helping them develop into growing sustainable enterprises.

At Nedbank we see the circular economy as an exciting opportunity to make a significant impact on South Africa's socioeconomic indicators. We decided to put our money where our mouth is and launched an ambitious green-economy corporate social investment strategy late in 2021. Our aim? To create a green ecosystem of companies that together would create jobs while redefining how the economy actually works.

One of our key partners in this endeavour is Indalo Inclusive, a non-profit organisation that focuses on developing and growing enterprises that make a positive environmental and societal impact. Indalo Inclusive offers companies targeted assistance depending on where they are in their life cycle, from taking an initial concept into a business model and ultimately replicating a successful business model that will attract investment.

We are already seeing this partnership bear fruit.

One example is Boomba.mobi, which began as an answer to illegal dumping in the Diepsloot township. Its name alludes to the 'boomba', or dung beetle, which reuses waste. Beginning with collecting garden waste and rubble and guaranteeing its responsible disposal, Boomba.mobi is now tackling the problem of food waste by exchanging it for used clothes. Food waste is then turned into compost. So far, the company has created 150 jobs, with more to come.

It's often observed that technology has the power to unlock innovation in all sorts of unexpected ways. Consider Durban-based Anisoptera, which is using software powered by artificial intelligence to help private and public sorting facilities increase the amount of waste sent to landfills. In so doing, it is contributing to saving the planet while empowering waste sorters to become more efficient. The company also provides outreach to spread these skills into communities, therefore spreading the change.

A final example is Greenway Africa, which has developed an app to help empower young people and women who seek meaningful employment in the waste management sector. To date, it has been able to increase the profit for informal waste pickers by 200% and has boosted the amount of waste each one recovers by 40%.

Fighting poverty, creating jobs, reducing landfills and resource consumption – what's not to like? Even more importantly, the recycling mindset signals a disruption of the traditional economic model, moving away from the consumption-based model to one that essentially rethinks the way that businesses create value.

Celebrating recycling – one of the levers of the green economy

The green economy – a future-focused way of incorporating social protection and environmental stewardship into our model of economic growth – is a strategy that should dominate how the private sector does business. As a bank that aims to use our financial expertise to do good for individuals, families, business and society, our green-economy corporate social investment (CSI) vision is to be a catalyst for sustainable economic growth in rural and semi-urban communities through replicable, innovative models with a focus on women, youth and people with disabilities.

In November last year we revised our CSI strategy to focus on four key areas of the green economy that are critical to both the economy and the wellbeing of communities: agriculture, water, energy and waste.
In celebrating Women's Month, Nedbank has paid tribute to the impact that female entrepreneurs are making on South Africa's growing green economy. 'The energy these women bring to their social enterprises is making a significant positive impact on the country as a whole', said Poovi Pillay, Nedbank Executive Head of CSI, at the gala Women's Appreciation Dinner in Sandton on 18 August 2022.

'They truly are the gold in our green-economy CSI strategy,' Pillay said.

'When Nedbank launched its green-economy CSI Strategy late last year, our goal was to look beyond environmental sustainability to create a green ecosystem that would also have a significant socio-economic impact by growing jobs and ultimately supporting a more stable social order,' he said. 'We knew we could not do it alone; this initiative is an opportunity to support the real drivers of this change, some of whom are in the audience tonight. Nedbank is privileged to work with a growing band of great individuals and organisations, and to see the change happening. Passion, skills, commitment and discipline are needed.

'These women, and others like them, demonstrate those qualities every single day,' Pillay said.

Also speaking at the event was Nondumiso Sibiya, cofounder of Boomba.mobi, who spoke about her journey as a 'wastepreneur'. She began by tackling the

problem of illegal dumping in Diepsloot Township. The name 'boomba' alludes to the dung beetle, which puts waste to practical use. Boomba.mobi is essentially a business that collects garden waste and building rubble and then provides evidence that the waste and rubble has been disposed of responsibly.

Boomba.mobi's next challenge was to tackle the problem of food waste. Sibiya noted that waste scavengers were hampered from collecting plastic, tins, cardboard and other recyclables because they were often mixed up with rotting food waste. She began to collect this food waste from households to use for making compost, which she then sells. She exchanges used clothes and food that is past its sell-by date with households to access their food waste.

In the process, Boomba.mobi has created 150 jobs, with more to come. By making money out of food waste, she is effectively incentivising the removal of food waste from general waste, thus supporting the work of the recycling community generally.

This innovative enterprise embodies the principles of the circular economy, which sees value and opportunity where conventional wisdom would see only waste. 'We love to collaborate,' said Sibiya, pointing to another key characteristics of the green or circular economy.
Claire Blanckenberg of Reel Gardening spoke about her project to bring food security in every South African's reach. Reel Gardening has developed a kit that provides the seeds and equipment necessary for a household to cultivate enough vegetables on a 16 m^2 plot of land, providing one serving each for a household of four. The company's name comes from the 'reel' of biodegradable seed tape that is planted straight into the ground.

The next phase of the project underway at the moment, thanks to assistance from Nedbank, is to create an agrihub in the Cradle of Humankind. A thousand households have been supplied with additional Reel Gardening kits to grow vegetables for selling purposes. The agrihub will process the produce and sell it, guaranteeing each household R5 000 for its produce.

'Five thousand rand may not seem like a lot of money to you but to somebody who subsists on a social grant, it's a ton of money,' Ms Blanckenberg said. Aside from processing and marketing produce, the agrihub will also offer training for aspirant farmers.

The third green entrepreneur to speak at the dinner was Hleziphi Siyothula-Mtshizana, who founded and chairs In Pursuit Africa, a renewable-energy company.
Her long-standing commitment to create renewable infrastructure for social projects, such as schools and hospitals, spawned a parallel endeavour to train the youth in the communities surrounding her projects. These young people acquire the skills needed to begin installing renewable solutions in their own communities. She pointed out that the renewable-energy value chain is exceptionally long, and thus offers multiple opportunities for entrepreneurs.

All these projects share a focus on sustainability underpinned by opportunities to deliver financial rewards, and so boost social security and create jobs. They also see collaboration as a key business strategy, promoting to the social cohesion South Africa so desperately needs.

'These women and the enterprises they run find value in what other see as waste, creating sustainable economic opportunities for others,' says Pillay. 'It is only by passing on skills, creating proper jobs and developing sustainable businesses that we will create the new economic order we all want to see. These women are powering that revolution.'

CAPITALISM:
do we need a **new paradigm?**

The Covid-19 pandemic has brought the shortcomings and inequities of unbridled capitalism into stark relief, with some critics asserting that the current paradigm is not fit for purpose. Can we reimagine capitalism, or should we conceive of an alternative economy? What would this mean for business? **Fiona Zerbst** investigates.

Capitalism – generally defined as an economic and political system in which a country's trade and industry are controlled by private owners for profit – is considered the most successful economic system in the world. An engine of wealth creation, it has been credited with raising living standards while reducing absolute poverty on a global scale. "Capitalism is one of the great inventions of humanity – an unparalleled source of prosperity, opportunity, and innovation. We won't solve the problems that we face without it," says Rebecca Henderson, author of *Reimagining Capitalism in a World on Fire*. "Only the relentless pressure of the free market can drive this kind of transformative innovation at scale."

Economic models

Capitalism

An economic and political system in which a country's trade and industry are controlled by private owners for profit, rather than by the state.

Circular economy

A systems solution framework to solve global challenges that include the climate emergency, waste, pollution, the loss of biodiversity and others.

Doughnut economics

An economic model that proposes how to provide for humanity's needs without exhausting the planet's finite natural resources.

Embodied economics

Proposes economic systems be organised around five key elements of the human experience: the body, nature, power dynamics, care and interconnectedness. It focuses on the shared needs of bodies, unpaid women's contribution to the economy, the fact that we are embedded in the natural world, and the fact that the current economic system was built to be profoundly unequal, underpinned by social, racial and gendered hierarchies.

Regenerative capitalism

Posits that an economy should mimic biological systems, which are inherently regenerative, and depend on the health of the whole, rather than on the efficient functioning of parts.

Shareholder capitalism

Believes that the purpose of a company is to maximise the wealth of shareholders. It has a tendency to prioritise share price increases over long-term value creation.

Stakeholder capitalism

Holds that companies should meet the needs of all stakeholders, including employees, suppliers, customers, communities and partners – not just company shareholders. These principles were articulated in the Davos Manifesto 2020: The Universal Purpose of a Company in the Fourth Industrial Revolution. Can also be defined as inclusive capitalism and conscious capitalism.

Steady-state economics

Aims for a stable population and stable consumption of energy and materials, so the economy neither grows nor contracts in an unsustainable fashion.

The Covid-19 pandemic has only exacerbated many of the flaws inherent in a system of unfettered free markets, however. The Oxfam International report 'Profiting from Pain' indicates that a new billionaire was created every 30 hours during the pandemic, while millions of people fell into extreme poverty every 33 hours, with around 263 million predicted to enter this category during 2022. The ten richest men in the world – including Elon Musk, Jeff Bezos and Larry Page – saw their wealth more than double from $700 billion to $1.5 trillion during the pandemic.

The rise of 'greedflation' – obscene CEO remuneration in the face of workers' wages falling behind inflation – has also accelerated during the pandemic, with CEOs in the United States earning 324 times the median worker's pay in 2021, according to The American Federation of Labor and Congress of Industrial Organizations' 2022 *Executive Paywatch* report. In South Africa, the Draft Companies Amendment Bill proposes that companies disclose the ratio of the top-paid to the bottom-paid 5% of workers, with shareholders required to approve executive remuneration, with the aim of improving accountability and reducing inequality.

'Greedflation', along with deepening inequality, limited protection for workers, mass layoffs, tax avoidance, and the contribution of corporate giants to environmental disaster have led to scepticism that capitalism is fit to solve our current crises. So-called late-stage capitalism – a term referring to the apparent irrationality of the current economic system – appears to be on a destructive path with people and planet.

It has become difficult to view capitalism as a force for good if it is exacerbating rather than solving problems of income inequality, pollution, unequal access to healthcare and biodiversity loss (see 'Biodiversity in crisis: what companies can do' on page 170). With Master of Business Administration (MBA) students across campuses in the US reportedly losing faith in capitalism itself, and expressing a desire to take the ideals of non-profit organisations (NPOs) into big corporations to effect change, there is a realisation that the current system needs rethinking.

Many business schools have responded to the challenge by offering more courses on ethics, social entrepreneurship, philanthropy, impact investing, and – as in the case of Harvard Business School – reimagining capitalism itself. However, a more inclusive version of capitalism may mean rethinking the tenets of capitalism itself, as envisaged by economist Milton Friedman, whose theory of shareholder capitalism has driven the pursuit of profit for more than five decades.

Nestlé's conscious leadership

In 2021, Nestlé was recognised as one of the top companies at the Conscious Company Awards. The awards, held in Johannesburg, recognise companies whose leadership is committed to maintaining integrity, ethics and conscientiousness about people. Nestlé East and Southern Africa Region (ESAR) has launched the Makhoba Project, a pilot project. This is in line with its Good Communities core business pillar and the commitment to realising Empowered African Livelihoods (REAL) by working within communities to integrate youth skills development and employability with agripreneurship and regenerative agriculture.

The Makhoba community in Swartberg, KwaZulu-Natal relied on subsistence farming until Nestlé intervened in 2008 and assisted with upscaling the Springfontein Dairy, which is now the company's largest black-owned dairy supplier in South Africa. In 2018, working with Inyosi Empowerment, it introduced the Youth Empowerment Service (YES) programme; 300 young people have completed the training, 50% of whom are women. Working with other stakeholders, the teams remove black wattle, an invasive species, and feed it to the cows, fostering a circular economy on the farm. The Springfontein Dairy also practices regenerative agriculture through various interventions to reduce the farm's carbon footprint. These include soil management, water conservation, manure processing and a 77 KW solar energy system. The dairy farm has a target to be net zero in 2025.

Profit and purpose: the rise of stakeholder capitalism

It can be argued that shareholder capitalism – which has led to the devaluation of workers coupled with excessive pay rises for executives – has partly contributed to the so-called Great Resignation, which has seen swathes of employees resigning from their jobs during the pandemic, in search of work that better aligns with their values (see 'The future of work in the wake of the Great Resignation' on page 176).

Stakeholder capitalism arose as a reaction to the short-termism of shareholder capitalism, but although it gained traction in the 1970s it has only recently become an entrenched ideology. Many companies have taken active steps to meet stakeholder needs. B Lab, an NPO that sets out to transform the global economy to benefit people, communities and planet, is known for certifying B Corporations – that is, companies that meet high standards of social and environmental performance, accountability and transparency. Although these are smaller companies, B Lab's B Movement Builders programme helps multinationals forge a new narrative about the role of business and the culture of capitalism, and think about their supply chains in a more considered way.

B Lab company Patagonia, which has set itself apart by placing people and planet above profit for its own sake, has declared: "We are past the time when any business can legitimately ask its employees to leave their values and humanity at home. And no business can any longer afford to year after year pursue minor incremental efficiencies while foregoing opportunities to help reweave the social fabric and regenerate, rather than deplete, the health of the natural world."

In September, the company created two new entities, the Patagonia Purpose Trust and the Holdfast Collective, with the intention of allocating all profits not reinvested back into the company to both environmental and social causes. Founder Yvon Chouinard has stated that the company's only shareholder is the planet, and companies should actively attempt to solve the greatest problems we face today, including climate change and biodiversity loss.

Purpose beyond profit: is degrowth the answer?

It has been argued that sustainable capitalism is a contradiction in terms, as capitalism depends on increased consumption and growth. However, we know this model is putting undue pressure on the planet. "More growth means more material extraction, which is the single biggest driver of biodiversity loss and ecosystem damage," says economic anthropologist Jason Hickel.

One of the most interesting debates of our time is whether we should strive for 'green growth' (also known as 'climate-compatible growth') or a 'degrowth' model, which is often confused with recession, but which puts forward the idea of a planned and democratic reduction of less necessary forms of production in wealthy countries to combat the effects of climate change in those countries most affected by it. Degrowth economists call for "decarbonisation and decent lives for all", which entails focusing on equity, sufficiency and human wellbeing rather than growth and profit.

This aligns with UK economist Kate Raworth's 'doughnut economics', which envisages establishing a safe, just space for humanity that exists between threats to society (insufficient water, food and energy along with inadequate healthcare, education and work) and threats to the planet (resource extraction, pollution, ocean acidification, carbonisation, and climate change).

Doughnut economics calls for economies that are both regenerative and distributive by design (see sidebar 'Walmart aims to become fully regenerative by 2040'). The Doughnut Economics Action Lab says businesses need to embrace regenerative practices such as zero-waste production, as well as distributive practices, such as sharing value and opportunity more equitably, to fully embrace the circular economy. This may mean structural transformation – but what would that look like?

Some companies have adopted a 'do what pays' model, which means becoming more eco-efficient by cutting greenhouse gas emissions and benchmarking their efforts against those of their competitors. Others have taken a further step to 'do their fair share', like Nedbank, which introduced a Fair Share 2030 model addressing various socioeconomic and environmental challenges. The bank allocates R6 billion a year to contain carbon emissions, ensure sustainable clean water and sanitation, and support various national development objectives. Many companies have adopted the 'do no harm' principle, which is also known as 'mission zero', aiming to considerably reduce their environmental impact over time. Nestlé's dairy plant in Jalisco, Mexico is a good example – it meets its industrial water needs by condensing the steam evaporated from cows' milk instead of extracting fresh water from the region's groundwater reservoirs.

> "If capitalism evolves to rethink the growth model (and there have been calls to deprioritise gross domestic product (GDP) as the measure of a country's success), there is no better business model than that of the NPO, which does not place profit at the top of the agenda."

However, the next step is to become redistributive by design, which may mean rethinking the organisational design of business.

The role of NPOs

If capitalism evolves to rethink the growth model (and there have been calls to deprioritise gross domestic product (GDP) as the measure of a country's success), there is no better business model than that of the NPO, which does not place profit at the top of the agenda.

Many NPOs, in the form of cooperatives, social enterprises, non-profit companies or community-led businesses, have proved they are able to generate revenue, pay salaries, and create goods and services for the market. As they cannot make private use of the funds they generate, they redirect them according to their core mission, which is to serve society. In many ways, NPOs are uniquely equipped for a post-growth world.

Non-profit businesses are the third-largest employer in the US and collect more than $2.6 trillion in annual revenue (of which only about 10% comes from annual donations). These entities can potentially outperform for-profit businesses, simply by making more sustainable decisions like supporting local producers and working in more energy-efficient ways. Non-profits can also raise funds in collaborative and innovative ways, from crowdsourcing and peer-to-peer lending to making shares available to members and issuing community bonds.

Although shareholder capitalism relegates the not-for-profit business model to the fringes of the economy, stakeholder capitalism should be more open to collaborative ways to share wealth, particularly in a regenerative ecosystem. If the for-profit economy is delivering profit for only a few, the non-profit model may well deliver the kind of change society is calling for, from purpose-driven, egalitarian workplaces to wellbeing-focused business models. Growing social enterprises could also reduce the need for philanthropic giving.

What does this mean for companies?

Although capitalism has traditionally flourished on competition, extractive business practices and wealth accumulation, business can adopt a cooperative mindset and partnership models within the new economy. A good example of how different stakeholders can work together to achieve the ambitions of a circular economy is the city of Amsterdam itself, which became the first municipality in the world to adopt a circular strategy in 2020.

Amsterdam Circular Strategy 2020–2025 sets out a plan to become 100% circular and climate-neutral by 2050, with a 50% reduction in primary resources by 2030. The programme is a collaboration between the city, the private sector and citizens, and it measures impact in four areas: local, global, social and ecological. The central role of business is innovative – companies will develop new business models, design circular products, and collect and process products after use. The Doughnut Coalition comprises 40 businesses, research institutes and non-profits, with more than 200 private partners invited to participate.

John Elkington, the 'godfather of sustainability' who came up with the concept of the triple bottom line, has indicated we are on a journey from shareholder value to system value. In his book *Green Swans: The Coming Boom in Regenerative Capitalism*, he argues that system value is integrative – rather than off-setting 'good works' against negative impacts, companies should strive to actively promote regenerative ecosystems. But this may mean moving away from familiar key performance indicators and linear benchmarks, and engaging in systems thinking.

Danish shipping giant Maersk recently announced it has invested in eight new ships that run on carbon-neutral methanol. While this is admirable, it is not entirely regenerative. By contrast, Finnish company Neste Marine Fuels has moved into the circular economy space by producing polymers from renewable and recycled feedstock, and reusing waste as raw material in its production processes.

Corporate social responsibility itself may change, Elkington argues, particularly if they set about 'pre-distributing' and circulating wealth rather than accumulating it. Other ways to advocate for circularity include having "voices for nature and the social agenda" on boards, accelerating impact investing, and not merely talking about becoming resilient (and mentioning this in annual reports) but investing in resilience, starting by moving beyond fossil fuels. ■

Walmart aims to become fully regenerative by 2040

Companies can adopt the tenets of regenerative economics by viewing wealth creation holistically, thinking about long-term value, empowering stakeholders to participate in value creation, nurturing resilient communities, and collaborating rather than competing.

Walmart – a company previously associated with corporate greed, which decimated retail competition and caused widespread loss of employment – is taking steps not just to rebrand but to reposition itself as a fully regenerative company by 2040. In 2021, it invested more than $20 million to strengthen smallholder farms, and invested more than $40 million to amplify workers and community voices. It intends to be solely powered by renewable energy by 2035 and is striving for 'zero emissions' in its operations by 2040. Along with the Walmart Foundation, Walmart will set out to protect, manage or restore at least 50 million acres of land and one million square miles of ocean by 2030.

Critics point to the fact that the company has a long way to go, but its actions will likely nudge other retailers in a similar direction. The company says it aims to decouple growth from impact, since it can hardly get away from its core business of supplying affordable products to an expanding customer base. To be truly regenerative, it will have to change customer behaviour and educate consumers about the circular economy.

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WEBINAR INSIGHT

Navigating ESG Raters and Rankers

The focus investors and analysts are placing on company environmental, social and governance (ESG) performance has intensified in recent years. While organisations are still trying to grasp changing sustainability codes and standards, they are being scrutinised by raters and rankers, but the correlation between a company's ESG scores and market performance across global rating models is inconsistent at best.

On 28 July 2022, the ESG advisory consultancy at Trialogue, in partnership with the Institute of Directors South Africa (IoDSA), held a webinar to explore how South African companies should engage with this contentious issue.

The panellists included **Ann Leepile**, CEO of Alexforbes Investments; **Marina Madale**, MTN Group general manager: sustainability and shared value; JSE head of sustainability, **Shameela Soobramoney**; and Farsight's **Matt Worthington-Smith**. The webinar was opened by ESG consultant **Lee Swan**, sustainability solutions lead at Emergent Africa.

An overview of ESG raters and rankers

Although many large pension funds and asset managers are integrating ESG factors into their investment decisions, there is little consensus regarding the correlation between ESG scores and performance in the market.

Swan said there is evidence that suggests that integrating ESG information into investment decisions is linked to higher returns by many indexes. However, there is also a growing body of research that questions the link between ESG performance and returns. A comprehensive study published in 2022 by the Network for Studies on Pension, Aging and Retirement found no systemic relation between ESG and worldwide stock returns over the past 20 years.

Despite a lack of consensus, raters and rankers play an important role in bolstering both impact and transparency. From the JSE's perspective, an aspirational tool or index "encourages companies to have better practices and disclosures without necessarily mandating 'forty metrics' that you need to disclose," Soobramoney told webinar attendees.

Although raters and rankers weight aspects of ESG performance differently, and increasing standardisation may well be a good thing, it could also negate a country-specific approach, which could pose a challenge for developing countries, according to Leepile.

Raters and rankers from a multimanager perspective

South Africa faces a unique set of conditions that sets it apart from countries in the Global North, and global ratings have a 'First World' imperative that is at odds with what happens in a developing country with high unemployment and many social problems, declared Leepile.

"Should we be considering the impact of adverse ratings on some South African companies and what it means for potential employment levels?" she asked. This would put greater responsibility on the local raters and rankers to play a significant role in providing more contextual assessments of companies.

Alexforbes has found a way to balance the opinions of both global and local raters: they have an internal ESG rating process but also look to external ESG ratings to complement their own ESG integration into portfolios. This is vital in the South African context, given the huge role that mining companies play in the economy. If these are excluded because of adverse ESG scores, this poses a significant risk to the country.

Madale said MTN focuses on four pillars: engaging rankers and raters, working with them to make corrections, improving transparency and disclosures at MTN and driving change of practices at MTN. "As a corporate, we continue to engage and to encourage to make sure that ratings are adapted to the realities of the kind of markets that we operate in," she stated.

Engaging with raters and rankers helps to strengthen a company's ESG scores. In instances where information is incorrectly captured, raters and rankers are open to engagement and making corrections, Madale pointed out. To improve ratings, she suggests companies focus on disclosures and improve transparency. "Raters and rankers help you to see where you are on your sustainability journey; it is a story of continuous improvement," she concluded.

Leepile corroborated this by saying that, in order to drive change, we need to move beyond checklists and move to truly grappling with problems facing our own markets and countries. "We need to seek innovative solutions to our problems. Dealing with these issues cannot be outsourced to checklists or ratings or rankers," she contended.

Building long-term value for asset owners

Ranking service Farsight rates companies for their leadership quality by assessing responses to governance, ethics, labour, societal, customer and environmental issues, using publicly available reporting information. The top quintile of companies assessed by Farsight far outperform those in the bottom quintile, highlighting the importance of good governance.

Worthington-Smith highlighted that, according to Farsight's model, well-led businesses build value for owners and society through solving societal concerns with innovative solutions; they mitigate risks mediated through regulation and build long-term value for asset owners.

THE PERTINENCE OF ENABLING YOUNG PEOPLE TO BE *ECONOMICALLY ACTIVE*

2022

South Africa is facing a massive crisis of youth unemployment estimated at an astounding **66.5%** as recorded by Statistics South Africa in the first quarter of this year. The Covid-19 pandemic has damaged youth employment and opportunities in many parts of the world, especially in developing countries like South Africa.

Unless action is taken to tackle the way the pandemic has affected young people's employment opportunities, many of them could continue to struggle for many years to come, according to the International Labour Organisation. In South Africa, all stakeholders from all spheres of society have to get involved and make a difference through their Corporate Social Investment initiatives (CSI).

> *"Young people are future innovators, and they have the potential and zeal to create groundbreaking solutions to solve economic challenges that we are faced with. We cannot expect our economy to grow or thrive when the vast majority of young people are not participating in the mainstream economy,"*
>
> *- says **Tshego Bokaba**, Group CSI Manager at Momentum Metropolitan Holdings.*

***Africa has the youngest and fastest growing youth population** in the world and sadly, economies struggle to cash-in on this youth dividend. Bokaba says, big businesses should be part of this effort by employing more young people and supporting small businesses owned and run by young people.*

Corporates and governments need to collaborate and work to support young people with skills development, training, and job opportunities. Corporates can also work in partnership with institutions of higher learning to share critical and scarce skills information through schools to help and encourage learners to enroll in courses that will pave sustainable career paths.

1 UPSKILLING YOUTH TO ACCESS ECONOMIC OPPORTUNITIES

The Momentum Metropolitan Foundation gives young people opportunities to become economically active – by supporting skills development initiatives in the Information and Communication Technology sector.

This year, we have 594 youth participating in our Socio-Economic Development programmes, which is part of their employability journey. In these programmes, they are trained on software coding, through our partnership with WeThinkCode and Life Choices Academy.

594 YOUTH PARTICIPATING

After the training, the Foundation facilitates opportunities to place some of the participants into permanent jobs at Momentum Metropolitan or help some of them realise and expand their entrepreneurial aspirations. Currently, **we have placed 15 young people at Momentum Metropolitan** who were on the WeThinkCode and Life Choices Academy programmes. The Foundation's strategy is anchored in existence to enable the life aspirations and sustainable earning potential of disadvantaged young people in South Africa.

15

We are also supporting eight programmes under the Socio-Economic Development pillar. Our programmes create entry-level job opportunities for young people and help young female farmers grow their farming businesses and participate in the mainstream market.

R 14.4 MILLION

Momentum Metropolitan Foundation has invested R14.4 million in SED programmes this financial year and is continuously looking for ways to align with business needs and bridge the skills gap in the Financial Services industry through these programmes. So far, our programmes have provided IT, coding and administrative skill sets for many businesses. We are now looking at implementing programmes that will cater for the financial services industry at large, with a specialised skill set.

2 EMPOWERING YOUTH WITH INCOME-GENERATING OPPORTUNITIES

through Financial Education

South Africa must design and deliver consumer financial education programmes that support entrepreneurship to create sustainable economic opportunities for young people. **The Organisation for Economic Co-operation and Development (OECD)** aptly defines financial literacy as not only the knowledge and understanding of financial concepts and risks but also the skills, motivation, and confidence to apply such knowledge and understanding to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in the mainstream economy.

The Momentum Metropolitan Foundation delivers financial education interventions relevant to the needs of young adults. This is focused on practical financial knowledge and skills that the youth can use to manage their money to pursue financial independence. The Foundation's financial education programmes also promote positive financial behaviours among young adults.

For our youth to take control of their life aspirations and financial goals, they need to be financially literate. That's why the Momentum Metropolitan Foundation creates and supports programmes that equip young people to make informed financial decisions that set them and their loved ones up for the future. **We have invested a total of R10.7 million** towards our Consumer Financial Education programmes.

Consumer Financial Education forms part of our corporate social investment mandate to uplift and empower youth, as we believe they are important in driving societal change. Our financial education programmes are empowering young people in institutions of higher learning and training, young people who are about to start the world of work and those who have just started working.

R 10.7 MILLION

We believe businesses can continue to play an active role by exposing unemployed youth to more work experience opportunities through Internships and putting in place a long-term plan to absorb the talent they are helping to groom.

At Momentum Metropolitan, we continue to enable young people to participate in economic activities by equipping them with knowledge and understanding that makes them capable of getting and keeping fulfilling work as well as providing access to the best quality business development support.

CURBING CORRUPTION in South Africa

the key role of the private sector

The last decade has seen South Africans go from enduring the darkest days of state capture to living in hope that the outcomes of the recent Judicial Commission of Inquiry into Allegations of State Capture, better known as the Zondo Commission, will herald a new dawn. In many ways, little has changed since 2012, when South Africa's score on Transparency International's 'Corruption Perceptions Index' was 43 and it ranked 69th out of 176 countries. In 2021, with a score of 44, South Africa ranked 70th out of 180 countries. The National Business Initiative (NBI) is taking a multipronged approach to addressing ethical leadership and anti-corruption in the private sector. NBI's Programme Manager of Social Transformation **Thuthula Ndunge** explains.

Corruption in the South African context

There is an urgent need to curb corruption in the private sector in South Africa. Economic and financial crimes pose a significant barrier to achieving sustainable development objectives and the private sector has a critical role to play in addressing these challenges by encouraging businesses to take a firm stand against corruption.

Corruption is defined as the abuse of entrusted power to acquire illicit benefits for personal gain. Corrupt activities take on different forms and can be identified through behaviours such as:

- Public servants demanding money or favours in exchange for services
- Politicians misusing public money, granting public jobs and contracts to their sponsors, friends and families
- Companies bribing officials to get lucrative deals.

Corruption occurs in a state with inadequate regulatory frameworks or institutions to support them. This enables exploitation across different areas and operations of government. In the case of state capture, we witnessed grand corruption in which systemic political corruption allowed private interests to significantly influence the state's decision-making processes to their own advantage.

But taking on corruption is not just about fighting crime; it's about securing our democracy and our future. The Zondo Commission revealed widespread corrupt activities in both the public and private sectors in South Africa, debunking any notion that the private sector is more ethical than the public sector.

Key areas and forms of corruption

In South Africa, procurement, especially in the public sector, is particularly prone to corruption, which is a high risk for businesses. In PricewaterhouseCoopers' (PwC) *Global economic crime and fraud survey 2020 South Africa*, nearly two out of five companies indicated that they had experienced procurement fraud in the preceding two years.

Meanwhile, Corruption Watch has documented other common forms of corruption, including maladministration and the misappropriation of resources.

Many make the mistake of thinking corruption is a victimless crime, but the real costs of corruption are not just financial loss, reputational damage and penalties. They include the loss of jobs that would otherwise have been created, a loss of income tax due to illegal cash outflows, and negative impacts on socioeconomic growth and service delivery. In addition, the competitiveness and dynamism of the country is stunted, and citizens are forced to pay more for goods and services. Corruption is a multifaceted problem requiring multidimensional solutions that are cross-sectoral and take an integrated approach.

Business corruption is a universal problem. Exploring corrupt activities within the context of business can include false or misleading financial reporting, procurement fraud, embezzlement, bribery and a range of other acts.

Some common manifestations of corruption in business include commercial bribery and kickbacks; extortion and solicitation; gifts and hospitality; fees and commissions; collusion; trading of information; trading in influence; embezzlement; and favouritism, nepotism, cronyism and clientelism (see box above).

Common examples of manifestations of corruption in business

- **Commercial bribery and kickbacks:** Involve employees of a company giving payments, undue advantage, or expensive gifts to employees of another company to secure an advantage. Examples include paying procurement staff to sway their decision in favour of the paying company, giving an expensive gift to a bank manager to secure a loan and various forms of kickbacks.
- **Extortion and solicitation:** Occur when an employee of a company requests a payment, undue advantage, expensive gifts, or sexual favours in return for conducting specific business-related tasks or making particular decisions.
- **Gifts and hospitality:** Excessive gifts and hospitality are given to employees to influence business decisions or tasks. This kind of gift might be travel, luxury items, or tickets to sporting events.
- **Fees and commissions:** Agents and intermediaries are paid fees and commissions beyond what is considered the industry standard, to alter business decisions or tasks. Characterising a payment as a 'fee' or 'commission' might be a way of disguising the payment of a bribe.
- **Collusion:** Occurs when for instance, a labour union employee and a member of the company's management team exchange favours that result in employees' interests not being accurately represented.
- **Trading of information:** This happens when a business employee offers or receives a bribe in exchange for confidential information; the bribe could take several different forms. When confidential information is the basis for trading in a company's stock, bonds, or other securities, this constitutes an offense called 'insider trading'.
- **Trading in influence:** Sometimes referred to as 'influence peddling', occurs when an employee gives payments, undue advantage, or expensive gifts to a public official, expecting to receive an undue advantage from the public authority in return.
- **Embezzlement:** This happens when employees misappropriate anything of value that was entrusted to them because of their position.
- **Favouritism, nepotism, cronyism, clientelism:** These forms of corruption occur when a person or group of persons are given unfair preferential treatment at the expense of others.

Practical steps to implement an anti-corruption programme

South Africa has a robust anti-corruption framework, but laws are inadequately enforced. The Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004) (PCCA) criminalises corruption in the public and private sectors, including attempted corruption, extortion, active and passive bribery, bribing a foreign public official, fraud and money laundering. It also criminalises failure to report corrupt activities in certain circumstances.

Preventing corruption requires a substantive framework that is based on a thorough understanding of the lie of the land, that is, gaining insights into the current ecosystem and how that influences your objectives. Reviewing documents such as the King IV Report on Corporate Governance for South Africa (King IV), the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC), the Global Impact, the Organisation for Economic Co-operation and Development (OECD) recommendations, and the Ethics Institute's handbook are good reference models to build an effective anti-corruption, ethics and compliance programme.

Five steps for building an effective anti-corruption, ethics and compliance programme:

1 **Conduct a Risk Profile**	• By conducting a survey • By conducting interviews • By conducting an investigation. * *The Ethics Assessment is concluded once the themes are identified in the organisation.*
2 **Develop an Ethics Strategy and Management Plan**	• Run an Exco workshop • Unpack the problem areas and these will be determined by the risk profile • Reporting quarterly on the strategy and implementation plan.
3 **Aligning Compliance Framework with Ethics Strategy**	• Review the values, the vision and the mission, and assess if they are aligned with the new strategy • Review the codes of conduct and supporting policies such as gifts, conflict of interest, whistle-blowing, anti-corruption, harassment and disability.
4 **Training and Communication**	• Institutionalisation of the solutions • Storytelling campaigns • Linking training to key performance indicators (KPIs).
5 **Monitoring and Evaluation**	• Reporting performance progress on the strategy • Ensuring key risk indicators account for the progress made • Consequence management.

Ensuring an effective anti-corruption ethics and compliance programme requires a comprehensive understanding by the private sector that business integrity and ethics share similar characteristics even if different models are used.

An anti-corruption strategy, supported by policies, ethics programmes, and a strong commitment from the C-Suite members would assist the maturity of the risk and integrity culture.

The causes of private-sector corruption

In her 2016 paper 'What do corrupt firms have in common? Red flags of corruption in organizational culture', Alison Taylor explains that a culture normalises corruption through three processes: institutionalisation (the embedding of corrupt practices in company structures and processes); rationalisation (self-serving ideologies that justify corrupt practices); and socialisation (new employees being socialised into systems and norms that tolerate or permit corruption).

Peer pressure can socialise employees into corrupt practices. In the context of private-sector corruption, peer pressure refers to actions undertaken by way of an executive or management order. A corporate culture of corruption is brought about by a multiplicity of factors, such as competition and growth orientation, complicated leadership structures, and high levels of autonomy and discretion, with a lack of transparency, accountability and ethics.

Preventing private-sector corruption

Reform measures will always be specific to the circumstances, but the following will assist:

1. **Functional approaches:** improving institutions, public financial management, systems and controls
2. **People-centred approaches:** building networks and coalitions of supporters
3. **Monitoring approaches:** strengthen oversight groups and their independence
4. **Justice and rule-of-law approaches:** prosecuting, raising confidence and improving laws
5. **Transparency approaches:** making visible what others wish to keep hidden
6. **Integrity approaches:** motivating, and instilling pride and commitment
7. **Civil society and media:** creating space for external voices
8. **Incentives and nudge approaches:** aligning stakeholders, economics and behavioural knowledge.

Collective action and public-private partnerships against corruption

In the early 1990s, Transparency International had developed tools to facilitate collective action to help lower corruption risks in the public procurement space. 'Collective action' can be defined as a group of companies, or the whole industry sector committing to higher standards to solve a problem. Such collaborations involve private-sector companies working together with government or other involved stakeholders (often local communities).

Jointly reviewing unhelpful regulation

Companies are faced with slow processes and red tape, due to long approval chains or procedures when it comes to state-owned organisations. Most of the time, the regulations and working practices are not the reality of their marketplace. The companies end up with conflicting processes to deal with and they opt to 'help' the process along by paying bribes.

The Center for International Private Enterprise (CIPE) has produced a document called *'Combating corruption: a private sector approach'* whose purpose is to mobilise the private sector to raise anti-corruption standards and advocate for reforms. It examines root causes of private-sector corruption such as 'complex and contradictory laws and regulations, the discretionary power of public officials, lack of transparency in public procurement, inconsistent enforcement, and absence of competitive market.

Changing the narrative of corruption

Changing the ethical culture and corruption landscape in South Africa will take a long time.

To achieve this, everyone in business needs to undergo ethics and anti-corruption training that enables them to understand what individual and collective accountability looks like. Those who speak out against corruption and unethical behaviour need to be applauded. These efforts need to be supported by an accountability and transparency infrastructure that enhances cooperative action across both the private and public sectors.

The private sector understands that it cannot operate in isolation and equally cannot thrive in a failing society. Business should play a much larger role in helping to cultivate a strong, cohesive and sustainable South Africa.

To this end, the NBI's Building Trust and Accountability (BTAcc) Programme aims to strengthen ethics and governance while enhancing the capacity for responsible business practices and accountability, which in turn will strengthen the relationship between business and broader society. A key area of work is capacitating the private sector by filling critical knowledge gaps on how policy, best practice, formal and informal structures, systems and controls, as well as corporate cultures need to develop. The BTAcc programme integrates these elements and looks for innovative ways to address complex structures of systemic corruption. Visit the NBI's website at https://www.nbi.org.za for more information about this programme.

Essential resources for embedding a healthier governance culture

- Code of conduct and ethics
- Ethics programmes
- Ethics training for internal and external stakeholders
- Independently managed lifestyle audits of senior management
- Subscribe to King IV
- Adhere to the Companies Act, 2008 (Act No. 71 of 2008)
- Anti-corruption policy
- Whistle-blowing policy
- Sexual harassment policy
- Social transformation policy
- Independently managed whistle-blowing/grievance/ethics hotline.

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VIEWPOINT

Whistle-blowers: punished for doing the right thing

South African whistle-blowers who speak up about fraud and corruption are often vilified, losing their jobs and even their lives for exposing criminality. There is limited legal protection for those who blow the whistle on wrongdoing, as Bain & Co. whistle-blower **Athol Williams** reveals.

Please outline your experience as a whistle-blower and what led to your leaving the country to protect yourself and your family?

Within hours of publicly announcing concerns over Bain's involvement in state capture, my cell phone and laptop were deactivated, and I was blocked from communication with my colleagues. I was given three days' notice that my health benefits were to be discontinued and was given a few days to repay a bonus. I was harassed to delete documents and received offers of cash to maintain my silence. This hostility was hard to accept, but was expected.

What was unexpected was the abandonment by corporate South Africa. After losing my job, no company in South Africa would employ me or financially support my efforts to keep exposing the transgressors I implicated. It was distressing to hear CEOs and heads of business organisations publicly praise whistle-blowers and condemning corruption, but privately refusing to support me.

The South African Government offered no support or protection either. I had to pay my own way from Cape Town to Johannesburg twice to testify at the Zondo Commission of Inquiry into Allegations of State Capture (Zondo Commission). I have written to the Presidency more than ten times without reply. My crowdfunding campaigns are all washouts. The hostility has been widescale – by corporates, the government and by South African society at large.

An international whistle-blower organisation and a former government official warned me that I was in danger. When Babita Deokaran was assassinated, I left South Africa. My danger comes from powerful political and businesspeople I implicated through my evidence to the Zondo Commission, and their supporters. I've had to sell my car and home to fund my living expenses and campaign costs.

What are some of the consequences whistle-blowers face when they speak out against corruption and other wrongdoing?

I've mentioned some of them above. I haven't been able to earn an income for more than three years now. I even lost my lecturing job at the University of Cape Town, where I was a senior lecturer in ethics. With more than 15 years' international executive experience and master's degrees from Harvard University, MIT Sloan School of Management, Oxford University, London School of Economics and Political Science (LSE) and London Business School, no one is willing to employ me.

South Africa has comprehensive legislation and regulations to encourage whistle-blowing. How is the Protected Disclosures Act and other legislation failing?

The legislation does not cover all aspects of whistle-blowing. There is no protection from retaliation, for example. The legislation only has any force while the whistle-blower is still employed. The moment you leave the employ of the company, which is the case for almost all the state capture whistle-blowers, the legislation is powerless. There is no law to which I can appeal for support or protection.

What non-legislative failures contribute to the climate of fear among whistle-blowers and impunity among wrongdoers, as well as those failing to protect whistle-blowers?

The law firms, companies and individuals whom I've approached for help all say they'd love to, but they'll suffer repercussions for assisting me. We seem willing to see good people like whistle-blowers suffer to protect our self-interest. The fact that perpetrators are not prosecuted gives them the boldness to continue their wrongdoing and makes us unwilling to stand up to them. Those who do, like whistle-blowers, suffer the consequences because they stand on their own.

What measures should be put in place to ensure that whistle-blowers have access to legal advice, protection, representation and financial support?

All we need is the will by business. The measures are simple – the services whistle-blowers need already exist, all that is lacking is funding. Corporate South Africa can very easily remedy the situation. A fund that companies contribute to would solve the problem overnight. The protocols and administration of such a fund are not complicated.

What measures should organisations put in place to encourage and protect whistle-blowers?

Right now, it is unethical to encourage anyone to be a whistle-blower on a major issue, since doing so would place them in harm's way without any support or protection. This is the reality we face. We can encourage whistle-blowing on small internal issues, but not high-value corruption involving powerful people. Most big-ticket corruption is committed by senior executives within companies, yet most whistle-blowing programmes are designed to capture fraud and corruption by lower-level employees. Companies need to involve completely independent parties, not only in their whistle-blower lines (whose reports come back to managers), but also in action against perpetrators, especially when the perpetrators are senior managers.

ATHOL WILLIAMS
Founder of the Institute of Social & Corporate Ethics (ISCE)
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VIEWPOINT

Defending our democracy

The Defend our Democracy campaign has set out to mobilise a broad coalition of organisations to reinstate citizens' Constitutional rights, ensure the State Capture Commission of Inquiry's findings are put into practice, and fight corruption. Spokesperson **Duduetsang Mmeti** explains how the campaign is evolving into a social movement anyone can join.

The Defend our Democracy campaign seeks to promote democratic renewal and change in South Africa. How and why has the campaign come about, and what does it hope to achieve?

In March 2021, former president Jacob Zuma was ordered to testify before the State Capture Inquiry. His defiance of the court order made it clear that certain high-profile individuals think they are above the law. The failed insurrection that followed in June 2021 only emphasised this.

A few anti-apartheid struggle activists came together to pen an open letter that made the connection between Jacob Zuma's behaviour and an attack on our Constitutional democracy. This was born of a need to put pressure on the state to respond meaningfully to widespread state corruption, particularly in view of the revelations emerging from the State Capture Commission.

On 2 July 2022, the Declaration of the Conference for Democratic Renewal and Change was adopted at our conference of the same name. This declaration sets out a programme of action for reclaiming and renewing our democracy.

Among other strategies, we would like to enhance accountability among public representatives, and are campaigning for electoral system reforms based on the principle of direct accountability, along with increased transparency of political party funding. We would like to see a constituency-based, proportional representation electoral system in place, which allows people to directly elect their counsellors.

Who are the key figures behind the campaign and what roles are they playing to ensure that all sectors of society are engaged?

There is a vibrant mix of anti-apartheid activists involved. The secretariat consists of Dr Fazel Randera, Rev Frank Chikane, Neeshan Balton, Trish Hanekom, Nick Binedall, Rev Moss Ntlha, Trevor Fowler, Sheila Sisulu, Dipak Patel, Adv Mojanku Gumbi, Nicole Fritz, Mandla Nkomfe, Kristen Abrahams, Murphy Morobe and Zaakirah Vadi. There are a number of dynamic women of all generations involved, which is good to see.

How did we get to the point where constitutional democracy is actively under threat, even though a democratically elected government is in power?

The Constitution is a progressive founding document that guarantees us not only human rights, but also socioeconomic rights, which help to restore the human dignity that was denied to poor people of colour in South Africa.

Unfortunately, historically disadvantaged people still experience the same challenges they did pre-democracy. The way politics plays out in our country, we don't get to vote for individuals, only parties – so even if we do have a democratically elected government, we still cannot hold public representatives accountable.

What strategies can we employ to safeguard our democracy, and what is the campaign planning to do?

A lot of the work we do is based on advocacy – mobilising support from other civil society organisations. As we renew and strengthen democracy, we also need to renew public participation in our democratic dispensation in a meaningful way, so we can all become active citizens.

In the immediate future, we need to safeguard our public infrastructure. It is concerning that we were on the brink of a national blackout due to years of mismanagement at Eskom and attempts to sabotage the power utility. Ordinary South Africans should safeguard power stations from rogue forces that want to destabilise the country. We should take greater ownership of our public infrastructure, instead of leaving it to the state.

Importantly, we want people to understand the connection between service delivery and the need for democratic renewal – active citizenry is not just about putting a cross on a ballot sheet but about holding our public representatives to their promises.

Do you think democracy is under threat and, if so, how does the Defend our Democracy campaign feed into broader conversations about the erosion of democratic values?

Events in the United States, India and Sri Lanka reflect the growing fascist sentiment around the world, characterised by populist, divisive and toxic politics. Closer to home, Operation Dudula feeds into xenophobia and Afrophobia, and is playing out at the highest levels of government.

Democracy helps to maintain peace within and among societies, so we need to call out those questioning or eroding democratic values. As Defend our Democracy grows into a social movement, we will establish solidarity with other like-minded organisations on our continent and internationally.

How can South African individuals, companies and non-profits support the campaign?

We will be sharing information about our affiliate programme in the media. Our movement is not limited to civil society organisations and will appeal to broader institutions within society.

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How Capitec embeds a culture of kindness through giving

How does South Africa's largest retail bank with over 19 million clients create a culture of giving back for the long term? Capitec Bank has managed to mobilise its fleet of 15 000 staff members to commit to volunteerism through ongoing partner-run programmes.

The bank is also on track to give R51 million back to local communities through various initiatives addressing mental wellness, food security, and its ongoing investment in maths education.

The latter is driven by the Capitec Foundation, which wants to nurture a maths culture in South African schools. To achieve this, the Foundation has been investing in providing experiential exposure to pre-service teachers, helping them become competent and increasing the supply of skilled maths teachers in the education landscape. The Foundation says this will ultimately produce more confident maths students.

Capitec volunteers are actively involved at these Capitec Foundation schools and contribute to supporting the country's education system differently.

In addition to a lack of quality maths education, South Africa is also challenged by high starvation and malnutrition, with 6.5 million people living without knowing where their next meal will come from. Capitec partners with Meals on Wheels to help eradicate hunger in South Africa. Within this partnership, they look beyond providing meals to empower recipients to break out of poverty by providing them with skill sets to help them become sustainable.

Leela Moodley, Head of CSI at Capitec, says, "Volunteerism is cathartic, offering people another perspective. It plays a role in motivating people and breaks job monotony with inspiring acts and ways to make a personal contribution to the country. It also aids in skills development. In the Fourth Industrial Revolution, where technology drives productivity and growth but can also create high-stress levels and anxiety in the workforce, there is a need to add purpose and kindness to the equation. An organisation investing in kindness for its employees and the communities they serve displays high levels of EQ, not only IQ".

Moodley shares the following guidelines to create a culture of giving:

1. Social Responsibility needs to be at the core of business performance. A 'profit with purpose' philosophy must be prioritised, emphasising shared value.
2. **It needs to be deliberate:** How a business gives back should be one of its key performance metrics, embedded at an operational level.
3. **It needs to be easy:** Capitec has key partners, including Meals on Wheels, WWF, and others, which enable it to offer its team year-long volunteerism programmes nationwide.

   Staff are also given three days a year to dedicate to doing good.That's over 360 000 hours collectively across the group.
4. **It needs to be collaborative:** Many of Capitec's initiatives are staff driven. Team members are motivated to support causes they care deeply about. For example, countless senior citizens come into the bank's branches at pension time. Many have mobility issues. So, Capitec staff members have raised funds for wheelchairs to make the experience easier for their older clients.
5. **It needs to be its own entity:** How CSI is positioned in an organisational structure is essential – including how it's integrated across the business. It must have influence and buy-in from stakeholders at every level. It should be driven by the board and C-suite, with a dedicated owner to push the agenda and keep projects on track. For example, Capitec has a CSI team with ambassadors in every province.
6. **It needs to be measurable:** The volunteerism framework must be very structured, with clear baseline and end-line measurements. Capitec's work and investment in education have been extensive – especially in upskilling young people in improved numeracy, where it's essential to have project plans with defined deliverables in place.

Moodley adds, "We see the evolution of business, from a strong profit focus to a profit with purpose approach. As resources get eroded, and people and the planet take the strain, corporates are more conscious of our impact and need to give back".

"At Capitec, we are fortunate to have an innate culture of kindness, which has made it easy to roll out our volunteerism and keep the momentum going. A large part of this links back to our purpose and drive to help people live better. All our employees share this mission and have a deep desire to make a difference on a personal level."

Leela Modley
Head of CSI at Capitec

MEASURING THE SOCIAL IMPACT of a company

Companies have been drawing on robust methodologies and frameworks to measure and manage environmental and climate change impacts for a number of years. In contrast, measures for the social aspects of environment, social and governance (ESG), particularly impact measures, remain immature. There are several reasons for this, says **Catherine Ensor**, as she explores the practicalities of measuring the social impact of companies.

The global financial crisis of 2007 called great attention to the shortcomings of the existing economic system, specifically its preoccupation with short-term financial information, failure to consider business' non-financial impacts and disregard for long-term sustainability. Since then, the emergence of stakeholder capitalism has seen business acknowledge its larger role in the world and move away from maximising profits and shareholder value to creating long-term sustainable value for all stakeholders.

At the same time, investors, regulators and other stakeholders want to know what impact companies are having on people and the environment. However, it is significantly more difficult and complex to measure and report on social impact, than it is to measure financial returns or greenhouse gas emissions. And there are not yet any globally accepted standard measures.

> "Social sustainability is about identifying and managing the business impact, both positive and negative, on people. The quality of a company's relationships and engagement with its stakeholders is critical. Directly or indirectly, companies affect what happens to employees, workers in the value chain, customers and local communities, and it is important to manage impacts proactively."
>
> — United Nations Global Compact

Defining social impact

Social impact is the long-term positive or negative effects on people and communities arising from the action or inaction of a company, organisation or entity. Social impact can be the outcome of conscious decisions and the consequence of activities, projects, programmes, policies or other operational undertakings. It can also be the result of intentional lack of awareness and inaction.

Because no company can exist in isolation from people and the communities in which it operates, it will inevitably have a social impact. Doing business in a way that benefits society and protects people's lives has become a universal expectation. It informs our evaluation of how businesses conduct their operations, our investment decisions, our purchasing choices and even where we seek employment.

As social impacts become increasingly important, it is in the best interests of companies to measure their social impact, curb negative effects and be able to demonstrate their positive contributions to stakeholders. From an operational perspective, having an informed view of its social impact gives a company the information it needs to fine-tune its activities to improve performance in an iterative process.

Reach of social impact

Wherever a company's actions or inactions touch a person's life, they have a social impact. Social impact is therefore extremely broad in scope and embraces a diverse range of stakeholders, who may be affected directly or indirectly in negative or positive ways by a company's actions.

The concerns and priorities of various stakeholders can differ vastly and can also conflict. For example, while government will focus on collecting taxes and legal compliance, customers will be looking for product quality and value, employees will focus on benefits and wages, and communities and civil society may be concerned about job opportunities and social investment.

What gets measured

Social impact can be considered at the level of a sector or industry, a company, an investment, or a project. The further up this hierarchy, the more difficult it is to measure. The social impact of projects, for example, are frequently assessed, and standard monitoring and evaluation frameworks and methodologies can be used. There are also various methodologies and standardised metrics available for investments. Examples include the Global Impact Investing Network's (GIIN's) Impact Reporting and Investment Standards (IRIS) and the International Finance Corporation's (IFC) Anticipated Impact Measurement and Monitoring (AIMM) system.

At the level of company and sector, measurement becomes more complex. Because social impacts are so broad, they can't all be addressed simultaneously, and it is necessary to evaluate and prioritise those that are most important. However, doing so is an inherently subjective process and unlike environmental objectives, which can be based on science – for example, measuring carbon emission reductions – social impact priorities are often based on measures that are not objective and may be difficult to quantify.

Some social impacts are easier to quantify than others – the value of employee wages and taxes paid are typically captured in the value-added statement in companies' financial reporting. Others may be easily quantified as inputs – the value of social investment, employment equity ratios – but more difficult to quantify as impacts. How does one quantify the impact of a more diverse workforce? Or product accessibility and customer privacy?

Various reporting guidelines and tools include metrics for social impact. For example, The Global Reporting Initiative (GRI) Standards, the world's most widely used sustainability reporting standards, provide a flexible framework for reporting across universal, sector and topic standards. The standards' intention is to enable organisations to understand and report on their impacts on the economy, environment and people in a comparable and credible way that provides transparency on their contribution to sustainable development.

However, in the drive for universal applicability, the GRI Standards have created their own challenges. The GRI's social indicators, for instance, are spread over 18 categories, ranging from labour relations and non-discrimination, to customer privacy and socioeconomic compliance. Each category has a number of disclosure requirements, and organisations must report on these according to their relevance, describing their actual and potential negative and positive impacts. The level of detail and complexity arising from this is reflected in the fact that the social requirements

Measuring social inputs

Total Social Investment (TSI) is a methodology developed by Chief Executives for Corporate Purpose (CECP), a US organisation supported by more than 225 of the world's largest companies, and a partner to Trialogue through the Global Exchange.

Unlike other standards, TSI measures the costs of inputs and not the value of outputs or outcomes. A metric reported as a monetary value, TSI is comparatively easy to calculate. It enables stakeholders to benchmark a company's performance against others, and to better understand its long-term social strategy in terms of how much it invests to create value for stakeholders such as communities, employees and customers.

TSI sums up all resources (operational expenses, staff time and others) a company used in its social investment applying seven categories of social efforts derived from other ESG standards and reporting tools: communities, human rights, diversity, training, health and safety, and labour relations.

These categories provide a breakdown to show corporate, sector-wide efforts to include in a company's TSI value. The TSI methodology provides guidance on what to include and what to exclude and, once included, how to calculate the value of efforts made.

take up 213 pages of the 868-page Consolidated Set of the GRI Standards.

Social impact measurement methodologies

Different stakeholders have different priorities in terms of which social impacts are measured and how they are measured. These differences are evident in the range of social impact methodologies and frameworks that have been developed in the last few years. In this article, we consider three prominent ones to highlight their application and relative advantages and limitations.

International Finance Corporation's Anticipated Impact Measurement and Monitoring

The IFC is the largest global development institution focused on the private sector in developing countries. Its AIMM system was developed to enable the IFC to estimate the expected development impact of every project it funds, set ambitious yet achievable targets and select projects with the greatest potential for development impact, as well as financial returns. The system has an extremely broad scope that goes beyond social impact to include environment, climate and systemic considerations.

The IFC has rated all new investment projects using AIMM since 2018, providing a numeric score for each investment that represents the project's expected development impact. The system relates directly to specific, measurable outcomes tied to market creation and the degree to which projects unlock private investment. It also examines how a project will enhance competitiveness, resilience, integration, inclusiveness and sustainability.

AIMM is broad, detailed and complex, as one would expect from a system intended to guide investment decisions.

Outcomes focus

The AIMM system evaluates a project's development impact across two dimensions:

- **Project outcomes** – a project's direct effects on stakeholders (including employees, customers, suppliers, and the community); the direct, indirect, and induced effects on the economy and society overall; and the effects on the environment.
- **Market outcomes** – a project's potential for generating systemic, sector-wide changes that enhance market competitiveness, resilience, integration, inclusiveness and sustainability.

World Economic Forum Stakeholder Capitalism Metrics

The World Economic Forum (WEF) released a white paper on measuring stakeholder capitalism in September 2020. Aimed at improving how companies measure and demonstrate their contributions to society and the environment, it was developed in support of the WEF's view that companies that hold themselves accountable to their stakeholders and increase transparency will be more viable – and valuable – in the long term.

The white paper introduced a new approach to measuring stakeholder capitalism in the form of Stakeholder Capitalism Metrics (SCM), the world's first standardised ESG measurements. The metrics draw on existing frameworks and standards with the scope of measurements categorised into four pillars: governance, planet, people and prosperity.

Each pillar is comprised of themes relating to the most important issues facing it, and that are universally relevant to all companies. Each theme is critical to a comprehensive understanding of its pillar, and groups together corresponding metrics and disclosures to measure company performance and sustainable value creation. The SCM is made up of 21 critically important 'core' and 34 'expanded' metrics and disclosures.

While the SCM goes some way to achieve alignment among existing ESG frameworks, and streamlines the number of indicators needed to measure social impact, it also has shortcomings, including that it measures outputs rather than outcomes and doesn't recognise that stakeholders in different industries have different information needs.

By attempting to simplify and standardise indicators of impacts that are essentially complex and specific to each company, the SCM is by its nature a compromise. That's not to say it doesn't have value: in September 2022, the WEF reported that more than 120 multinational companies had adopted the SCM in their ESG reporting, with many others expected to follow.

European Union's social taxonomy for sustainable finance

The taxonomy for sustainable activities (green taxonomy) was adopted in 2020 to help meet the European Union's (EU) climate and energy targets. The taxonomy provides definitions and a classification system to evaluate the environmental performance of specific economic activities.

To support the social aspects of the EU's ESG agenda, a social taxonomy for sustainable finance was due in 2021, but it is yet to be published. The social taxonomy is geared toward banks, businesses and regulators in order to classify and guide sustainable investments.

An EU advisory body released a report on the social taxonomy in February 2022 that proposes a structure focused on the protection of human rights and direct, positive social impact on businesses' three main stakeholder groups: employees, customers and communities. Three overarching objectives are identified:

- Decent work (including value-chain workers)
- Adequate living standards and wellbeing for end users
- Inclusive and sustainable communities and societies

These objectives support a comprehensive set of sub-objectives designed to ensure that various aspects integral to these objectives can be addressed.

The report also puts forward requirements for future social criteria and indicators, together with ideas about the next steps towards completing the social taxonomy. However, despite the progress made, the finalisation and implementation of the taxonomy continues to be beset with challenges, and the project has now effectively been put on hold, at least until the end of the European Commission's current term of office in 2024.

Recommendations

The developments outlined above highlight the difficulties of creating universal standards for measuring social impact, which are clearly still a work in progress. However, those seeking to measure and make disclosures on their organisations' social impact should not feel overwhelmed or disheartened, and should rather take advantage of the opportunities on offer:

- **Make a start** – Social impact measurement and reporting cannot be perfected overnight. Like other aspects of sustainability, this is a journey. Start by mapping the social impacts of the company, both positive and negative. Stakeholder input, and frameworks and metrics most relevant to your company or industry can help with this.
- **Prioritise materiality** – Understand and prioritise social impacts that are most material to your business. There is no shortage of codes and standards that provide examples, but use those that are most relevant to your material impacts.
- **Measure your inputs** – Quantifying your social inputs (investments in priority areas) only tells you the first part of the story, but is a useful point of departure in evaluating social impact. If comparable information is available across peer companies, you can also benchmark your contribution (see box on measuring social inputs).
- **Focus on outcomes** – Consider the outcomes you want to achieve for each social impact and the desired impact you are seeking. Describe it, even if only qualitatively at first.
- **Aim to measure outcomes** – For each intended social impact, devise a means of assessing outcomes, qualitatively or quantitatively. You can reference other standards or methodologies, but ensure that the measures you put in place are relevant to your organisation and, where possible, aligned to recognised social impact measures.
- **Be transparent** – Trust is vital to the success of every organisation and this is built on a foundation of honesty, consistency and credibility. Not every metric reflecting social impact, or other ESG factor, is going to cast an organisation in a positive light. When this happens, being honest can build trust. ■

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VOLKSWAGEN
Community Trust

Volkswagen Online Maths Initiative

Volkswagen's three-year pilot programme will benefit 1 000 grade 10, 11 and 12 learners in Nelson Mandela Bay. The programme was developed in partnership with Optimi Workplace and Jendamark's Odin Education.

Expanding our commitment to supporting strong education that empowers the youth, early this year we launched the Volkswagen Online Maths initiative. This pilot project, developed in partnership with Tuta-Me (an online learning platform by Optimi Workplace) and Odin Education (an ed-tech solution developed by Jendamark), offers online tutoring and support in mathematics to **1 000 learners** in Nelson Mandela Bay **at no cost to the learners**.

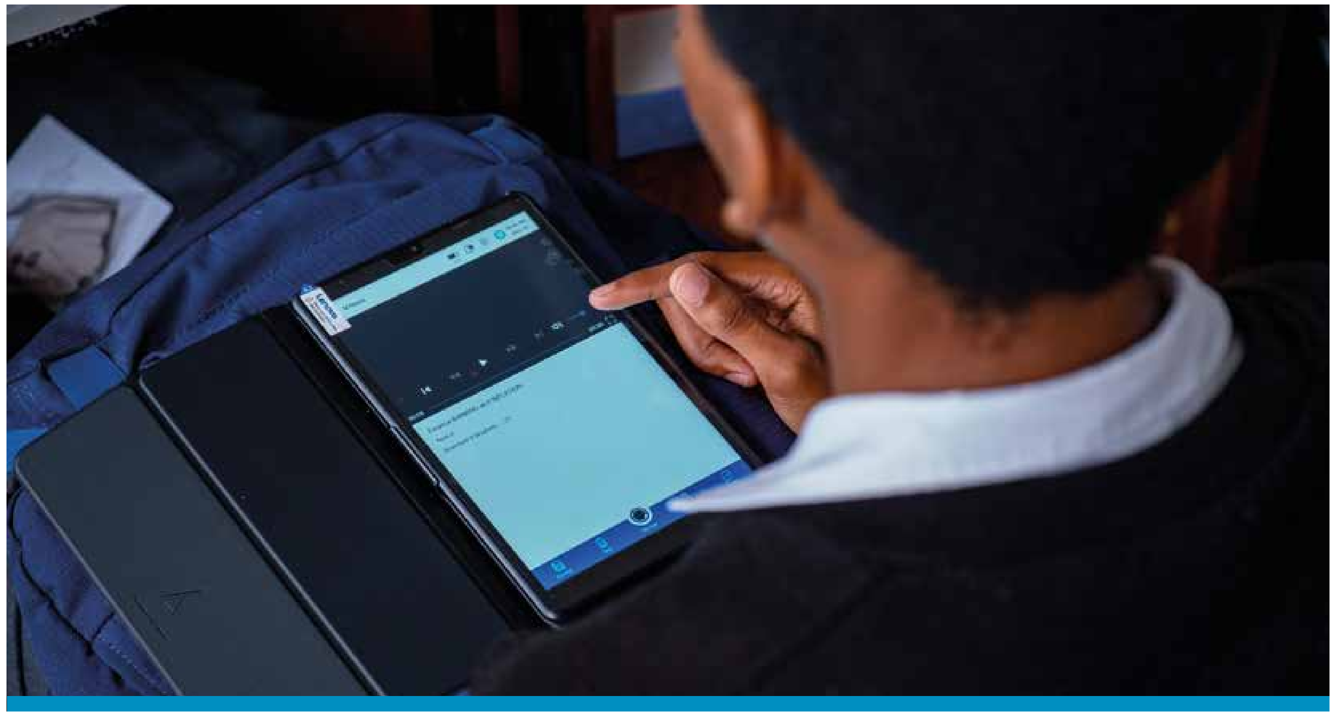
Focusing its efforts on grades 10, 11 and 12 learners at 18 local schools, the three-year pilot project is aimed at bridging the knowledge gap in mathematics and ultimately increasing the number of learners who achieve a university pass in maths at matric level, and expanding the impact of Volkswagen Group South Africa's (VWSA) educational initiatives in the Eastern Cape.

Of the **1 000** learners, **200** are accessing the platform through the Omang device, a secure e-learning tablet supplied by Odin Education, while the other **800** use their own mobile devices to access the offering.

The Covid-19 pandemic exaggerated inequalities within education and highlighted teacher challenges particularly in subjects such as mathematics and science, as well as the role of artificial intelligence (AI) and technology in addressing these gaps. It further required us to consider alternatives such as online tutoring to the traditional form of educating learners.

"Empowering the youth through access to strong, consistent education is a critical priority for VWSA," said Nonkqubela Maliza, director for corporate and government affairs at VWSA. "This pilot project is an ambitious expansion of our investment in education and the communities in which we operate, the communities where our employees live. We hope this project will go a long way towards helping the learners to achieve good mathematics results which will give them the opportunity to pursue their studies at tertiary institutions."

Tuta-Me by Optimi Workplace is a dynamic and accessible offering that assists high-school learners to reach their potential through dedicated online and face-to-face tutoring options through Mobi-Tuta. The learners connect with qualified tutors in virtual classrooms once a week for two hours to receive maths support.



The Omang Device

Dedicated educational device
No social media or other distractions

Pre-connected with data
Wi-Fi-enabled plus 2GB pre-loaded monthly data

Switch on and play
No setup required. Fully pre-configured per learner

Personalised content
Pre-configured and pre-loaded according to registered subjects

Live classroom streaming
Built-in remote classroom streaming facility. All lessons recorded and available post lesson.

Limitless online resources
Access to the world's best educational websites, e-learning apps, etc.

Data-driven personalisation
System learns user interests to personalise more content

Fun features
Surveys, quizzes and rewards feature to incentivise learning

Communication
Teacher-led chat forums, user pop-up notifications and full-screen positive social messaging feature

Remote support
'Private Banker' level support for every learner. Fully configurable remotely

iStock.com/Taek-sang Jeong

Mobi-Tuta statistics

2 260 hours
Total time spent on the Omang device powered by Odin Education

210
Total active Newell High School users on the Odin Education Ecosystem

133 hours
Total time spent on the Mobi-Tuta platform

114
Total active Mobi-Tuta platform users using Omang devices

54%
Total engagement score for Newell High School

1. Access to the Optimi Learning Portal (OLP) with thousands of educational videos, lesson materials, study guides, books, etc.
2. Access to education specialists
3. Facilitator's guides
4. Weekly live online tutoring session by qualified maths teachers and a 24-hour Ask-a-Tutor service
5. Assessment and quizzes

Odin Education's mission is to provide every learner in South Africa with their own dedicated, 5G-connected education tablet, not only giving access to curriculum-aligned content, augmenting elected subjects, but also providing each learner personalised access to the latest e-learning platforms on hundreds of subjects, from robotics to languages.

"As a company, we have applied our core tech capabilities to the most critical area of need in our country," said Ajit Gopalakrishnan, Jendamark's head of Odin Education. "So the opportunity to work with likeminded corporate partners to extend our reach, and support the learning and teaching of STEM subjects, is an exciting one."

The initiative is monitored to measure learners' engagement, not only on the Mobi-Tuta platform, but with the entire Omang device ecosystem. Using data analytics and AI, the device-management system identifies, tracks and measures what content learners are engaging with, their aptitude and interests, and then delivers related content and web platforms to the learner, thus altering the pedagogy of teaching and enabling a learner-centric approach.

We acknowledge that technology alone is not the silver bullet to solving education and subsequent social challenges. Our implementing partners have added to the ecosystem a full-time digital liaison officer at each school (developing training skills and creating employment) to support both teacher and learner engagement in the ecosystem.

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TRIALOGUE BUSINESS IN SOCIETY CONFERENCE 2022
11 May | KEYNOTE ADDRESS

CONFERENCE INSIGHT

Reconnecting with our Constitution

Although South Africa's Constitution is one of the best in the world on paper, the country has fallen short of ensuring that every citizen's potential can be fulfilled – a Constitutional mandate. **Reverend Frank Chikane**, the chairperson of Kagiso Tiso Holdings, who served as director-general under former president Thabo Mbeki, provided guidance on how to lift the country out of crisis.

Speaking on the second day of the conference, under the theme of 'Reconnecting with our Constitution: Realising the South Africa that we struggled for', Chikane indicated that the time has come to forge a cross-sectional partnership between business, civil society, labour and government to realise a more inclusive society.

As one of the original architects of the Constitution, he pointed out that this much-vaunted document was designed to correct the injustices of the past, improve the quality of life of all citizens, and ensure that no one's rights will ever be violated.

"We studied all the Constitutions of the world and set out to make sure that not even the state, or the president, can violate anybody's rights," he told delegates. "It has democratic values, social justice and fundamental human rights built into it, and it goes further than other Constitutions – it guarantees economic rights, which makes it extraordinary."

However, we have yet to achieve "a just, equitable, reconciled, peaceful and sustainable South Africa, free of prejudice and violence, corruption and deprivation", Chikane said.

He indicated that, although our Constitution is regarded as one of the best in the world on paper, we have fallen short of ensuring that every citizen's potential can be fulfilled, which underscores the Constitutional mandate.

In addition, the scourge of youth unemployment is putting South Africa's future at risk. The #FeesMustFall movement is a symptom of systemic exclusion, which continues to affect poor and marginalised youth some 30 years after the fall of apartheid.

Reversing the effects of state capture

Chikane made the point that the people of South Africa are "the last line of defence" when it comes to protecting our rights and we should never accept corruption – nor should we gloss over the damaging effects of years of state capture. "Everyone is equal before the law – but people in this country captured the state, and entities of the state, and they don't want to go to jail. They continue to operate outside the law," he said. "These people committed treason, and we hope the legal system will take care of this."

Speaking ahead of the Conference on Democratic Renewal, which was held in June this year (see 'Defending our democracy' on page 159), Reverend Chikane said: "We have to defend our democracy because, when everything else fails – political parties, Parliament – the people of South Africa are the last line of defence. As the people of South Africa, we must come up with a people's manifesto that will tell political leadership to save the country, or ship out."

Democracy is under threat, but at the same time it is 'solid', because it rests on the foundations of the Constitution, "The judiciary saved us, because they refused to be captured. We would have become a mafia state," Chikane pointed out.

Social justice – the missing link

Achieving social justice has been a struggle as there has been "no correction of the injustices of the past", Chikane said.

There were no economic reparations or "transfer of resources" made in South Africa after the fall of apartheid; after World War II, the Marshall Plan had helped Western Europe to recover, but even the international donor community did not provide the support it had given during the years of apartheid. As such, the onus was on South Africa to try to achieve the economic growth it would take to lift the country out of poverty.

"We worked so hard to achieve the 6% growth necessary, but managed to achieve only 5.6% at the time," Chikane recalled. He pointed out that state capture has set the country back enormously. "I used to say we were defeating poverty, but now poverty is defeating us."

The current challenge is to get business to invest in long-term projects that may not show immediate return on investment, but could help to generate employment. Instead, businesses tend to support short-term projects that deliver a predictable return on investment, but not necessarily growth in employment.

"Business should invest, because poverty destroys democracy," Chikane told delegates. "One way companies can help to realise our Constitutional rights is by funding and capacitating social justice organisations that advocate for these enshrined basic rights."

TRIALOGUE BUSINESS IN SOCIETY CONFERENCE 2022
10 May | THEMED KEYNOTE ADDRESS

CONFERENCE INSIGHT

Reconnecting with our natural environment

Preserving our planet is a universal aspiration and the existential challenges of climate change, biodiversity loss and pollution call for a collective solution. **Trudi Makhaya**, special economic adviser to President Cyril Ramaphosa, shared valuable insights into how South Africa is working towards positive environmental impact alongside economic growth. Her address formed part of the 'Inclusive growth in the green economy' theme, presented in partnership with Nedbank.

In her keynote address on the first day of the Trialogue Business in Society Conference, Makhaya said the South African economy presents a challenging contradiction as a middle-income country with high levels of poverty.

Ironically, our economy is in the top 20 in the world when it comes to carbon emissions on a per capita basis, which makes the country an outlier. "Countries tend to have high rates of poverty and low levels of carbon emissions, or they are prosperous, with high rates of emissions," Makhaya said.

We face the difficulty of having to deal with deep-seated, long-standing socioeconomic challenges while trying to reduce our carbon emissions, which mostly come from coal-based energy generation. At the same time, our mining and energy industries make an important contribution to the economy, employing more than 120 000 people and affecting the livelihoods of around 600 000. "We must, however, recognise the opportunities for transitioning to a low-carbon, resilient and just economy, in line with the National Development Plan," Makhaya pointed out.

How South Africa is moving towards a green economy

According to Makhaya, the green economy refers to all activities required to help the country adapt to and mitigate climate change through lowering emissions. It also refers to economic activities that reduce the intensity of resource usage in the economy, moving towards using sustainable materials, eliminating waste, and supporting biodiversity.

South Africa has been moving towards a green economy for some time, with its Green Economy Accord adopted at the 17th United Nations Climate Change Conference of the Parties (COP17) in Durban in 2011, and government's introduction of policy instruments like the Carbon Tax. The Presidential Climate Commission has also built consensus around pathways for the Just Transition.

"South Africa has played a constructive role in global climate negotiations – the platform for enhanced action established at COP17 paved the way for the Paris Agreement, which the country supported even during difficult times when some global powers were rejecting established climate science," Makhaya pointed out.

An important outcome at COP26 in 2021 was the partnership crafted by South Africa and the United Kingdom, the United States, France, Germany and the European Union itself. This includes an $8.5 billion package of grants and concessional finance, which is under negotiation. Makhaya highlighted three focal areas of the package:

1. *Electricity sector and its value chains*

   Electricity generation contributes 41% of South Africa's greenhouse gas emissions and has started the unbundling process towards a transparent electricity supply industry, with fair opportunities for all sources of generation. It is scheduled to reduce its coal-fired power capacity by 8 000 MW to 12 000 MW by closing coal-fired power plants over the next ten years. This will lead to reduced emissions and is happening alongside work to repurpose and repower assets for sustainable technologies. "A whole reset of economic activities can emerge from the decarbonisation of our energy system," Makhaya said.

2. *The automotive sector*

   The partnership aims to ensure we manufacture hybrid and electric vehicles. South Africa could lose its most important export markets, including the European Union, if this transition doesn't happen. "Much of this will depend on investment by the automotive sector itself, but there is catalytic work that needs concessional finance," Makhaya explained.

3. *The green hydrogen value chain*

   The third focus is developing the green hydrogen value chain for domestic consumption and export markets. The Hydrogen South Africa Programme has generated intellectual property to create a leading green hydrogen sector. In the private sector, top mining and chemicals companies are developing applications for heavy-duty mobility and green power fuels using green hydrogen.

Makhaya remarked that concessional resources can fund feasibility studies for commercial projects. "We have seen companies make investments in the green economy. The most pronounced investments have been in renewable energy. We have also seen investments in the green hydrogen value chain, in mining for battery minerals, fuel cell components, to name just a few," she noted.

Biodiversity in CRISIS:

what companies can do

All companies derive benefits from biodiversity to function, be profitable and have a positive impact on society. They also have an important role to play in finding solutions to the alarming scale of loss of biodiversity, now aptly called the biodiversity crisis. **Fiona Zerbst** investigates.

Biodiversity loss is one of the three planetary crises we are faced with, but it has received less media attention than both climate change and pollution – perhaps because the economic and social costs and threat to human livelihoods have not been clearly articulated and are considered complex.

What is often underappreciated, however, is how interdependent climate and ecosystems are. Both have been put under severe pressure by our current economic model (see 'Capitalism: do we need a new paradigm?' on page 146), and climate change is one of the major factors contributing to biodiversity loss. At the same time, biodiversity offers nature-based solutions to the climate emergency, such as carbon sequestration, which is why we cannot afford to view these crises in isolation. Rather, rewilding land is a good example of a solution to both stabilising the climate and providing new economic models based on the sustainable use of biodiversity.

At a global level, leaders and policymakers have agreed on an ambitious plan to reverse biodiversity loss and secure a nature-positive world by 2030. Companies can play their part by helping to keep production and consumption within planetary boundaries and making an equitable transition to nature-positive economies, according to WWF South Africa.

The United Nations Biodiversity Conference (COP 15), scheduled to take place in December 2022, will be the largest biodiversity conference in more than a decade where parties to the UN Convention on Biological Diversity will meet to determine the post-2020 Global Biodiversity Framework. It is expected to officially give biodiversity and ecosystems the same international protection as the climate, according to the World Economic Forum. As such, we can anticipate intensifying action to achieve nature-positive outcomes, with companies playing a major role in achieving this.

For Matthew Child, biodiversity economy scientist at the South African National Biodiversity Institute (SANBI), a radical mind shift needs to take place among business leaders. "They need to realise that biodiversity is not an externality to the economy – it is the economy," he stresses. There is simply no business without renewable natural resources."

Child says companies should not only be thinking about how they can minimise their impact on biodiversity – they should be actively thinking about how to create new enterprises and economies from biodiversity itself, with a self-renewing paradigm at the heart of such business.

"A good example of this is the wildlife economy, where wildlife ranchers have taken often degraded and marginal land for agriculture and converted it into thriving wildlife-based enterprises, such as hunting, ecotourism, wildlife breeding and game-meat sales," he says. "Hunting in particular has proven to be a huge boost to natural capital and rural development as the annual hunts are designed to stimulate population growth and health while generating revenue that can be used to employ people from local communities and restore the habitats that enable wildlife populations to thrive."

The issue is contentious among conservationists, but from the perspective of a biodiversity economy, it can drive new nature-based enterprises.

What is biodiversity?

Biological diversity is "variability among living organisms from all sources, including, inter alia, terrestrial, marine and other aquatic ecosystems, and the ecological complexes of which they are part: this includes diversity within species, between species and of ecosystems."
– UN Convention on Biological Diversity, 1992.

PROVISIONING	food | raw materials | medicinal resources | fresh water
REGULATING	air quality regulation | climate regulation water regulation | erosion regulation water purification and waste treatment disease and pest regulation | pollination moderation of extreme events
SUPPORTING	soil formation | photosynthesis | nutrient cycling
CULTURAL	mental and physical health | recreation and ecotourism aesthetic values | spiritual and religious values

Source: www.awsassets.panda.org

What is an ecosystem?

"An ecosystem is a dynamic complex of plant, animal and micro-organism communities and their non-living environment interacting as a functional unit."
– UN Convention on Biological Diversity.

Biodiversity loss in numbers

69%	65%	94%	83%	71%	26%
drop in mammal, bird, fish reptile and amphibian populations between 1970 and 2018	biodiversity loss in Africa since 1970	regional decline in average population abundance in Latin America	overall global decline in freshwater species	decline in global abundance of oceanic sharks and rays over the past 50 years	of the Amazon is under advanced disturbance

Source: Living Planet Report 2020, WWF

The business case for biodiversity

The Taskforce on Nature-related Financial Disclosures (TNFD) – a global, market-led initiative established in 2021 with the mission to develop and deliver a risk management and disclosure framework for organisations to report and act on evolving nature-related risks and opportunities – points out that more than half of the world's gross domestic product (GDP) – US$44 trillion of economic value – currently relies on nature, and if ecosystem services collapse there could be a $2.7 trillion decline in global GDP each year by 2030.

The recorded extinction of 83% of wild mammals and 50% of plants represents significant risk to corporate and financial stability as it reduces both the raw diversity of natural resources as well as the ability for ecosystems to produce essential services such as soil formation, water flows and purification, pollination and climate stabilisation.

The five threats to biodiversity loss

1. Land and sea use change
2. Pollution
3. Species overexploitation
4. Climate change
5. Invasive species and disease

Source: Living Planet Report, WWF.

However, there is an upside to reversing biodiversity loss that companies have not necessarily considered: nature-positive transitions could generate up to US$10.1 trillion in annual business value and create 395 million jobs by 2030, according to the TNFD. For this reason, companies have every incentive to invest in 'nature-positive' initiatives.

A good example of the extent to which business relies on nature is the story of pollinators. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) has pointed out that more than 75% of fruit and vegetables, as well as cash crops such as coffee, cocoa and almonds, rely on animal pollination, yet pollinators are threatened by intensive agricultural practices and climate change.

Around 200 000 to 350 000 animal species contribute to pollination, primarily bees, and they are indispensable to our food systems. Without them, farmers would have to pursue ever more intensive farming practices to meet demand, increasingly relying on machinery and thus increasing carbon emissions. However, the fact that some pollinators may be going extinct is not regarded as a dire threat to both humanity and the planet. A *Forbes* article attempted to quantify the contribution pollinators make to the economy, estimating that honeybees would have a market capitalisation of US$20 billion.

It is often difficult to attach a value to natural capital, yet this is just what the TNFD is trying to do, allowing companies to understand how their success is underpinned by natural assets.

Because companies have an intimate reliance on nature, whether acknowledged or not, nature needs to become part of the broader solution. Shifting towards a low-carbon and socially inclusive business model is the first step, but company strategy needs to be aligned with climate, nature and development goals, and corporate reporting on climate-related and nature-related risks must become standard practice.

To this end, TNFD is working to develop a comprehensive set of guidelines that companies can use to determine nature-related risks and opportunities that can inform their business strategy and decision-making.

It has released a beta version of its Nature-Related Opportunity Management and Disclosure Framework on an interactive online platform, which stakeholders can test and provide feedback on. The framework harmonises more than 3 000 existing indicators and metrics (including guidance from the Natural Capital Protocol, a framework devised by the Capitals Coalition) and looks likely to be solidified as a global standard by September 2023. Examples of metric categories include the amount of natural resources that are used as an input to business activity, and the extent of ecosystem assets, including positive or negative changes.

"The beta framework will most likely improve assessment and disclosure, although it may not be a magic bullet given the slow pace of adoption of the climate equivalent, the Taskforce on Climate-related Financial Disclosures (TCFD)", says Wendy Engel, senior manager of sustainable finance at the World Wild Fund for Nature (WWF).

The TNFD will assist companies to transition to a nature-positive economy, setting and achieving corporate targets that are aligned with broader national and global goals. One of these goals is the post-2020 Global Biodiversity Framework, which aims to set global biodiversity targets.

It is hoped that this framework will do for nature what the Paris Agreement has done for climate change, bringing it fully into mainstream economic decision-making, according to Thomas Brookes, chief scientist at the International Union for Conservation of Nature (IUCN). However, achieving the proposed targets could mean increasing investment in nature by around 0.7–1% of global GDP. "Without this investment, none of the United Nations Sustainable Development Goals can be achieved," the IUCN points out.

Science-based targets for nature

The post-2020 Global Biodiversity Framework will help countries to develop national or regional goals and targets that will allow us to understand the area, connectivity and integrity of ecosystems, the abundance of species within those ecosystems, and the percentage of species threatened with extinction. Using science-based targets (SBTs) will help to reduce the risk of nature loss in four key realms – general biodiversity, land, oceans, and freshwater regions.

The Science Based Targets Network –a consortium of organisations including the UN Global Compact, WWF, the World Resources Institute and the Carbon Disclosure Project – will oversee how to translate these global goals into fair company-specific targets based on their activity and footprint, according to The Biodiversity Consultancy.

"Unlike SBTs for climate, which are measured in standard units of carbon and are applicable globally, there is no single unit of measurement for SBTs for nature, as nature is geographically diverse and locally complex," it points out. However, there are metrics to assess biodiversity, such as the Species Threat Abatement and Restoration (STAR) metric, which measures the contribution that investments can make to reducing species' extinction risk. SBTs for biodiversity are currently in development.

A South African partnership for biodiversity

The South African National Biodiversity Institute (SANBI) and Statistics South Africa (Stats SA) have worked together to develop a Natural Capital Accounting (NCA) strategy in South Africa. This strategy will support both the post-2020 Global Biodiversity Framework and the Sustainable Development Goals. It will also provide national environmental indicators as identified in South Africa's National Development Plan (NDP) 2030.

The aim of NCA is to track where the natural environment is improving or declining and analyse what this means for people and the economy. Already the NCA approach has revealed that for every one job dedicated to conserving biodiversity, five jobs can be created through downstream sustainable use of biodiversity; and that the total number of biodiversity-related employment is tantamount to the entire employment scope of the mining industry in South Africa.

The NCA approach has also revealed the significant decline in the capacity for our freshwater systems (rivers and wetlands) to provide ecosystem services as these ecosystems are most at risk to collapse. As such, government has designated Strategic Water Source Areas (SWSAs) – the 8% of land area generating more than 50% of South Africa's surface water availability; and companies can be part of investing in enterprises that help restore SWSAs rather than degrading them.

A biodiversity toolkit for companies

- The Integrated Biodiversity Assessment Tool: https://www.ibat-alliance.org/. This subscription-based service provides open and free access to biodiversity maps, integrating three biodiversity datasets: the IUCN Red List of Threatened Species, the World Database of Key Biodiversity Areas, and the World Database of Protected Areas.
- The Biodiversity Sector Investment Portal, championed by the Department of Forestry, Fisheries and the Environment (DFFE), facilitates private investment into biodiversity-based enterprises looking for capital to expand their operations. It is not a philanthropic portal, but an opportunity to support biodiversity-based businesses by assessing the potential for return on investment as well as leveraging environmental, social and governance (ESG) indicators for companies' due diligence. More information is available at: https://www.biodiversityinvestment.co.za/
- The National Biodiversity and Business Network (NBBN) at the Endangered Wildlife Trust (EWT) launched the Biological Diversity Protocol (PD Protocol) in 2021, to help companies understand and measure their impacts on biodiversity. More information is available at: https://www.ewt.org.za/nbbn/
- The World Wildlife Fund for Nature (WWF) report 'A Biodiversity Guide for Business' sets out WWF's approach for identifying, assessing and addressing biodiversity risks as well as the opportunities that come from conserving, sustainably using and restoring biodiversity. The guide can be downloaded at: https://wwf.panda.org/wwf_news/?5709966/New-biodiversity-report-paves-the-way-for-nature-positive-business-models

Case study Anglo American

Anglo American is currently the only company in the extractives industry on the Taskforce of TNFD. Partnerships are critical to achieve positive biodiversity outcomes. Anglo American has formal partnerships with organisations like the IUCN to explore nature-based solutions and has a longstanding partnership with Fauna & Flora International (FFI), which advises the company on how to deliver on its commitments around biodiversity while minimising its environmental impact.

Anglo American has also piloted a project on environmental DNA (e-DNA), an invaluable tool that allows it to monitor species diversity at and around its sites. It is working with NatureMetrics to deploy the pilot phase of its e-DNA monitoring project across a number of its business units, which should be completed by the end of 2022. The pilot will generate biodiversity data across many diverse sites, and this is but one of the projects the company is running to monitor nature-positive outcomes across various biomes.

VIEWPOINT

What about the boys? Tackling gender-based violence

Gender-based violence (GBV) is a symptom of profound dysfunction in South African society, which will only be eradicated when men and boys become part of the solution. A groundbreaking new preventative programme, 'What About the Boys?', is taking on this challenge by teaching boys how to inhabit masculinity in a healthy way and break free from rigid stereotypes. **Martin Sweet**, the founder and managing director of Primestars, discusses this preventative national GBV programme.

Just how severe is GBV in South Africa?

The GBV numbers remain tragically high and do not seem to be getting any better: according to the *Sonke Gender Justice Crime Statistics 2021/2022* one in three women in South Africa has been a victim of domestic violence; a woman is killed by an intimate partner every eight hours and our femicide rate is five times higher than the global average.

Why are men and boys key to eradicating GBV, and what societal assumptions and biases must be addressed before this can happen?

While GBV also affects men and boys, the violence is most often perpetrated by them against women and girls. Eradicating GBV will only be possible when men and boys become part of the solution.

At the same time, it is also critical to combat not only the individual instances of violence, but also the systemic forms of violence – violence does not occur in a vacuum, but rather in a society that condones and encourages it. The effects of traditionally defined masculinity and the societal expectations it places on boys present themselves in how we raise boys differently from girls.

It starts when we equate emotion with weakness and direct boys to display strength, no matter what. They have to be tough, strong, courageous and dominating – show no pain, no emotions, with the exception of anger and aggression, and definitely show no fear. Men are in charge, which means women are not; men are superior, women are inferior; men are strong, women are weak; women are of less value; women are property of men and objects, particularly sexual objects. Growing up, boys are taught idioms such as 'don't be sissies', 'man up', and 'that's so gay'. This has led to a culture in which men, needing to constantly prove their masculinity, have learnt to hide their feelings and anxieties. What happens to boys in childhood influences the men they become.

What are some of the solutions you advocate for eradicating GBV, particularly when it comes to men and boys?

If we do not help young men and boys heal, we do not empower them to be the allies that we need them to be. Education in schools plays a vital role in providing our youth with basic tools and knowledge about issues like gender stereotypes, healthy relationships, sexual consent and respect. We fail them if we do not give them an opportunity to have open, robust discussions about these issues in a safe and supportive space where they can express their opinions, fears and anxieties.

Our programme, 'What About the Boys?' offers a liberating paradigm shift by teaching boys how to inhabit masculinity responsibly. It is designed to engage boys to share emotions in healthy ways, accept and connect with others, stand up and speak out against bullying and inequality, and break free from rigid stereotypes. The programme is designed to guide boys to break free from the rigid and often damaging stereotypes of traditional masculinity that contribute to GBV. It provides a practical, on-the-ground, research-based model to address the underlying causes of GBV in this target group.

In the first phase, boys are taken to cinemas nationally to watch an educational film that starts their behavioural change journey. This is then followed by the distribution of a blueprint booklet made in conjunction with the film, which guides boys on their behavioural change journey; the implementation of a national 'MENtorship' programme; an accountability loop for change through a #DoBetter pledge personally signed by each boy; and a digital platform to provide ongoing engagement and support for the boys. Impact is appraised via pre- and post-participation assessments. The programme has already reached over 15 000 boys since kicking off on 13 August 2022.

How can companies and non-profit organisations support the campaign to eradicate GBV?

While Primestars and the YouthStart Foundation are catalysts for this much-needed programme, we cannot do it alone. Organisations looking to maximise their social impact footprint are invited to invest their CSI and Section18A spend in 'What About the Boys?', which is scalable, impactful and evaluated. We require additional funding to enable us to extend the programme to more communities in need. Join us in raising a nation of good men.

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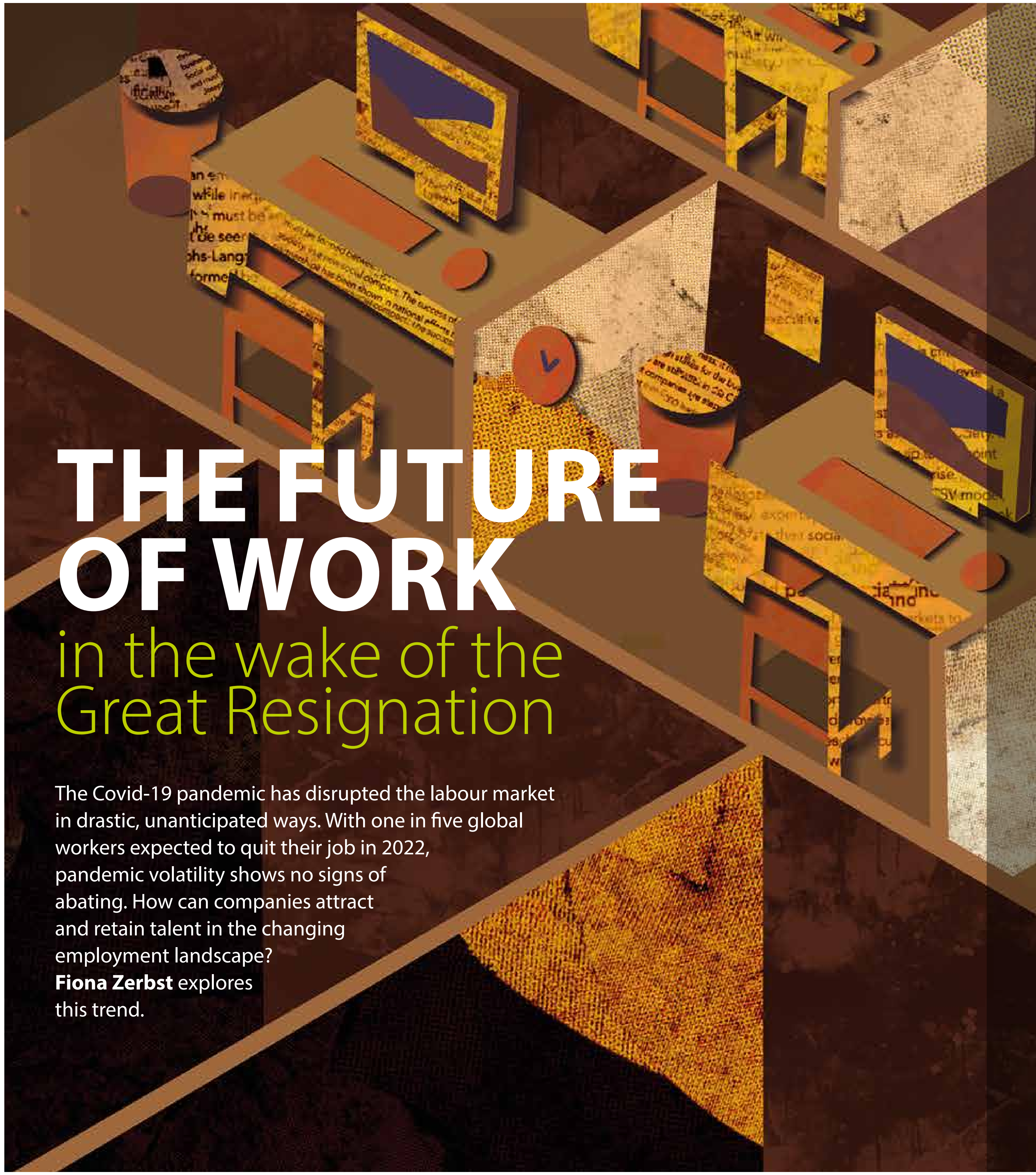


THE FUTURE OF WORK
in the wake of the Great Resignation

The Covid-19 pandemic has disrupted the labour market in drastic, unanticipated ways. With one in five global workers expected to quit their job in 2022, pandemic volatility shows no signs of abating. How can companies attract and retain talent in the changing employment landscape? **Fiona Zerbst** explores this trend.

The Covid-19 pandemic has created one of the biggest job crises since the Great Depression, with approximately 225 million people losing full-time employment in 2020 alone, according to the International Labor Organization (ILO). This catastrophe has been accompanied by a major health crisis, with companies trying to maintain economic activity in the face of lost productivity.

To compound the crisis, both white-collar and blue-collar employees began a mass exodus from the global workforce, citing wage stagnation, insufficient benefits, the rising cost of living, and inflexible working arrangements.

McKinsey research conducted in 2021 indicates that one-quarter of white-collar workers in America left their jobs without having alternative employment, citing burnout, toxic work environments and inflexible workplaces as reasons for quitting. Blue-collar workers made a transition from jobs in construction and mining to office-based fields, seeking more flexible hours and better benefits. (See sidebar 'The Great Resignation in South Africa' on page 179).

A 2022 Pew Research Center survey indicates that most American workers who resigned in 2021 walked away from their jobs due to low pay (63%), no opportunities for advancement (63%) and feeling disrespected at work (57%).

Most who left their jobs were between 30 and 45 years of age – the backbone of the workforce. At the International Labour Conference held in June 2021, a Global Call to Action for a Human-centred Recovery was unanimously adopted. This calls for policies that prioritise the creation of decent work for all, promotes worker protections, and addresses inequalities.

The Great Resignation as a long-term trend

Although Covid-19 has become endemic, and many workplaces are operating much as they did before the pandemic, the so-called Great Resignation seems likely to continue. Willis Towers Watson's 2022 Global Benefits Attitudes Survey shows that 44% of employees are active job seekers. One in five global workers intends leaving their job in 2022, according to PricewaterhouseCoopers' (PwC) Global Workforce Hopes and Fears survey, which canvassed more than 52 000 workers in 44 countries and territories. For 71% of respondents, poor pay is the main reason for looking for alternative employment.

Better remuneration is not the full picture, however. Employees have experienced an existential crisis during the pandemic, largely due to the pervasiveness of death, isolation and loneliness. Many have experienced a shift in values – for example, a 2021 Forrester survey commissioned by LogMeIn indicates that 60% of employees would be prepared to accept lower pay in exchange for more flexible work conditions, which would allow them to spend more time with family and other loved ones.

McKinsey research indicates that almost two-thirds of US-based employees have been led to reflect on their purpose in life during the pandemic, with almost half reconsidering the kind of work they do.

The *Harvard Business Review* has found that employees cannot imagine working as they did prior to the pandemic. A survey of more than 10 000 Americans conducted by the publication in 2021 revealed that 36% of workers would look for alternative employment if their companies did not offer a hybrid or remote working option, which has as much to do with their desire for a 'better normal' as it does with their anxiety about catching Covid-19 at work.

Becoming an employer of choice

The Great Resignation is not wholly about employee dissatisfaction – it is also about companies that have failed to take one of their most important stakeholders into account.

Companies that have come to view their employees as valued stakeholders instead of expendable workers have fared best during the Great Resignation, particularly those that have been transparent about fair pay, and those that value diversity, equity and inclusion, according to Josh Brenner, CEO of Hired. The highest-performing companies in the US make consistent salary offers to people in much the same position, and work hard to hire minorities in the workplace, suggesting they act on an intention to be a force for good in society.

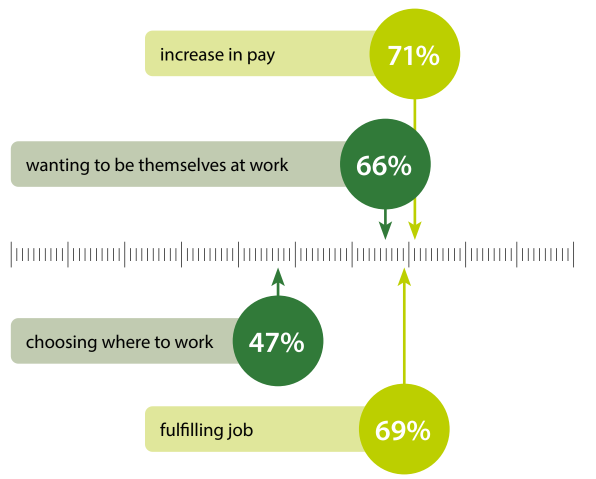
These companies are clearly thinking about their purpose – one of the ways in which they can increase employee engagement. Employees want to work for companies that put purpose before profit and actively set out to make a difference in their communities and the world. This is borne out by EY's 2022 Work Reimagined Survey, which indicates that the Great Resignation, rising inflation, and calls for commitment and action on ESG issues are currently reshaping the work environment.

Aaron Hurst, CEO of Imperative and founder of the Taproot Foundation, has described the transition from an information to a purpose economy, in which purpose is the primary driver of economic output. In his book *The Purpose Economy*, Hurst suggests that only companies with a clearly articulated purpose will thrive in the future. "If your business doesn't create positive value to all stakeholders, it won't survive. There's a rising need and requirement for businesses to lead the way and show how to not only create a win-win solution but to thrive because of it," he writes.

Companies that provide employees with meaningful work, opportunities for personal growth and an ability to connect to their sense of purpose, will continue to attract and retain talent in a disrupted labour market. In part, this means providing employees with greater flexibility to work in ways that make sense to them, from accessing mental health support to being able to spend more time with their families. LinkedIn's 2022 global Talent Trends report indicates that 63% of job seekers have identified work-life balance as the top priority when picking a new job.

"Smart companies will start catering to their current employees to build the most flexible, attractive work environment and company culture that considers remote work, work-life balance, mental health and burnout, fulfilment and growth opportunities, benefits and incentives – as well as start paying attention to their employer brand," says Matthew McSpadden, CEO of WELD Recruiting.

Motivations for job changes



Source: PwC Global Workforce Hopes and Fears 2022.

Workplace trends in Africa

The ILO has highlighted ten trends that are shaping workplaces in Africa and constituting the 'next normal'.

1. Remote work has grown dramatically – but unevenly – during the pandemic
2. Most future workplaces in Africa will be in-person or hybrid, not fully remote
3. Remote work is changing how some enterprises hire
4. Health and safety measures were widely adopted and beneficial for workplaces
5. Flexibility and adaptability have helped enterprises navigate the pandemic
6. Digital, communication, innovation and teamwork skills are now top priorities for enterprises
7. Productivity has improved or remained constant at most enterprises
8. The pandemic has deepened gender inequality at work
9. Social dialogue has been reinvigorated during the pandemic
10. Labour laws have struggled to keep pace with rapid workplace changes

Source: *The Next Normal: The Changing Workplace in Africa*, 2022.

Burnout – a consequence of long-term stress – was a significant problem among workers even before the pandemic. In 2019, the World Health Organization declared it to be an occupational disease and indicated that around 53% of the workforce was burnt out. A 2021 Global Workplace Burnout study found that employee burnout had increased by more than 5% during 2021, with around 40% of more than 3 000 survey respondents in 30 countries experiencing burnout, significantly up from 29% in 2020. Lockdowns, blurred boundaries between work and home life, and heavier workloads to fill in for sick, quarantined or laid off workers have all contributed to burnout during the pandemic. This, in turn, has led to increased absenteeism and reduced productivity.

Justin Fiddes, a wellness specialist at Telesure Holdings, has pointed out that wellbeing can be a stronger lure than remuneration and benefits in terms of attracting talented employees. "People want a better quality of life, and wellness can be a competitive advantage," he said during a Life Health Solutions webinar held in July 2022.

Myrna Sachs, head of health management solutions at AlexForbes, says companies need to prioritise employee wellbeing by having a wellness strategy in place to support those workers suffering from burnout and other mental health issues. She reports seeing an increase in incapacity and fitness for work requests, with 40–60% of cases resulting from mental and behavioural conditions. This is reflected in disability claims received by large insurance companies.

"As many as one in six South Africans present with anxiety, depression or substance abuse, according to the South African Depression and Anxiety Group (SADAG), but fewer than 16% of those receive treatment, which has an impact on the workforce," says Sachs. "Work stress is often a precipitating or perpetuating factor for many employees referred for incapacity management."

Unilever's Healthier U programme

Unilever is one of the founding partners of the Global Business Collaboration (GBC) for Better Workplace Mental Health (along with Salesforce, HSBC, Deloitte, Clifford Chance and BHP). This is a business-led initiative that advocates for positive change for mental health in the workplace. Unilever's Healthier U programme sets out to improve the physical and mental health of employees. Its global Employee Assistance Programme (EAP) delivers 24-hour support 365 days a year via telephone, text or web chat. Unilever trained 3 000 Mental Health Champions in 2021. These employees support their peers by looking for signs of people struggling with mental health and connecting them to services that can help them.

In 2016, Unilever became the founding corporate partner of Heads Together, an initiative campaigning to tackle the stigma around mental health and fundraising to support mental health services. It also runs a Lamplighter programme, which delivers preventative physical and mental health screening to identify early signs of poor mental health before employees become ill. Alongside this, the company runs Thrive Workshops that focus on sustainable wellbeing.

The wellbeing economy

The Great Resignation is not an anomaly. Rather, it is an indicator of the Great Reset – an opportunity to rethink how companies should operate with all stakeholders in mind. There have been calls to integrate a health component into ESG reporting, which would bring it much closer to the wellbeing economy and allow organisations to understand their impact on employees, communities and societies overall, according to Garen Staglin, co-founder and chairman of One Mind at Work.

Broadening the mandate of ESG to include public health would emphasise the health impacts of a business, which includes mental health. More than 3 000 signatories to the Principles for Responsible Investment (PRI) have indicated that mental health is an important social issue.

The Covid-19 pandemic gave companies a reason to make changes to protect their stakeholders. They should use this impetus to reflect on how the changing world of work can potentially shift what business should look like. To do this, however, they will need to reflect on their purpose, and what the 'better normal' ought to look like, particularly for employees.

Sachs says a hybrid approach appears to be the future of work and only a minority of companies are demanding a full return to the office. The flexible approach allows employees to fetch children, watch school events, or even work from another location," she says. "This does play a role in managing mental health and burnout, if boundaries are respected and employees take time out during the day."

Sachs says many companies have put workplace wellness programmes in place, running webinars on resilience and burnout as well as ergonomics in the workplace to empower staff to know how to look after themselves. ■

The Great Resignation in South Africa

South Africa has not experienced the Great Resignation in the same way as our global counterparts, but the October 2021 Salary and Wage Movement survey, conducted by Old Mutual's reward management platform Remchannel, indicates that is has not bypassed the country by any means.

The survey showed that employee turnover increased by 16% across all sectors in 2021, with the leading reason for leaving employment given as resignation (60%). White-collar workers have been driven to seek greater independence, with many choosing to consult for their previous employers or become contingent workers.

While this should theoretically lead to growth in the small business sector, the weak economic environment suggests that entrepreneurs may operate with a 'survivalist' mentality, rather than aiming to expand their small enterprises. Business Partners Limited's fourth quarter 2021 SME Index indicated that small and medium enterprise (SME) owners were constrained by cash flow problems and limited access to funding – two factors working against new businesses during the pandemic.

In addition, skilled workers have moved to countries experiencing skills shortages, or become digital nomads, working for global companies while remaining in South Africa. This has led to a skills exodus that may have worrying consequences for the economy.

Blue-collar workers had fewer opportunities to resign during the pandemic, particularly with the dearth of jobs as unemployment reached 35.3% towards the end of 2021. The range of employment opportunities is not nearly as great for South African blue-collar workers as it is for those in the United States, and it is anticipated that automation may reduce opportunities still further.

These trends highlight the inequality that exists in the labour market, with white-collar workers readily able to work from home and blue-collar workers rendered more vulnerable during the height of the pandemic because they could rarely work off-site, if at all.

Inspiring a world of difference

Barloworld contributes to South Africa's socio-economic development and the stewardship of natural resources in the communities in which it operates. The group's social investments are guided by its value-based management approach which ensures that it searches for solutions which add sustainable value for its stakeholders over time.

Balancing short-term actions with longer-term value creation

Barloworld views socio-economic development and the stewardship of natural resources as an investment in the future. This belief is guided by the group's sustainable development framework, which acknowledges transformation as an important business lever and recognises environmental protection and climate change mitigation and adaptation as strategic imperatives and the hallmark of responsible corporate citizenship.

In keeping with its values of responsible corporate citizenship, Barloworld supports South Africa's national development agenda and the United Nations (UN) Sustainable Development Goals (SDGs). To achieve this, Barloworld proactively establishes flagship and legacy projects, and allocates the majority of funding budgets to flagship projects. The remainder of funding budgets are allocated to welfare and charity organisations as well as humanitarian and disaster relief organisations.

Enabling growth and progress in society

Barloworld's social investments are built around two pillars: social impact enablers and wealth builders. Social impact enablers allow the group to drive economic sustainability and contribute to the well-being of the communities in which it operates by supporting education, food security and social innovation interventions. Social impact enablers also create opportunities for Barloworld employees to participate in volunteerism programmes including workplace giving, hands-on volunteerism and skills-based volunteerism. Wealth builders advance inclusive economic transformation and growth, and include a broad-based black economic empowerment (B-BBEE) scheme and an enterprise and supplier development (ESD) programme.

Social impact enablers	
Mbewu	Driving economic sustainability, transformation and growth with the aim of creating greater social impact through support of social enterprises
Barloworld Trust	• Education • Agriculture and agro-processing • Social innovation
Volunteer Hub	• Workplace giving • Hands-on volunteerism • Skills-based volunteerism

Social impact enablers

Barloworld Mbewu

Mbewu was launched by Barloworld in 2019 to provide support to social enterprises and start-ups that work innovatively to solve challenges in society through their entrepreneurial activities. The programme seeks to drive economic sustainability, transformation and growth through development, funding and facilitating access to markets for small- and medium-sized enterprises. Mbewu maximises social value creation by providing both financial and non-financial support to social enterprises that have demonstrated scalability. Social enterprises receive support over a period of three to five years.

Access to funding

Capacity building

Incubation of three to five years for each social enterprise

We define success as:

- The creation of social value for society by communities
- Successfully pioneering a redistributive entrepreneurship model
- Applying the Barloworld entrepreneurial lens to the creation of social value

Twenty-nine social entrepreneurs participated in Mbewu in 2021. Participants received business development training and support, and a combined funding of R13 million. They were further assisted with access to markets and other development funders in future. During 2022, 20 new social entrepreneurs were recruited into the programme. They too received business development training and financial support.

"Through Mbewu, Barloworld gives promising start-ups in various fields the ability to scale up and reach their full potential."

Barloworld Trust

Through the Barloworld Trust, which was first established in the 1970s, Barloworld commits an average of 1.6% of net profit after tax (NPAT) to socially relevant programmes, which are aligned to the group's business strategy. This allows the business to achieve its purpose of inspiring a world of difference, and enabling growth and progress in society. The Trust's focal areas are education, agriculture and agro-processing, and social innovation. The impact of the Covid-19 pandemic highlighted the challenge of poverty and access to healthcare services in marginalised communities. As such, a discretionary funding is directed at health and welfare initiatives.

The Trust's education focus is on providing access to quality education with an emphasis on improving science, technology, engineering and mathematics (STEM), focusing on the training of secondary school teachers. To deliver these education programmes, the Trust partners with non-profit organisations (NPOs) with a national footprint that are involved in advocacy work as well as the practical training of teachers.

The Trust's agriculture and agro-processing programmes focus on access to tertiary education as well as increased participation of women and youth in the sector. Social innovation initiatives are aimed at supporting conservation and environmental sustainability as well as resolving challenges facing local communities, including people living with disabilities.

Employee volunteerism

Barloworld's employee volunteerism programme is a key pillar of the group's social investment strategy and encourages employees to give back to their communities. Employee volunteerism includes workplace giving of funds and goods, hands-on (on-site) volunteerism and skills-based volunteerism, which include both education and business skills. The programme is built on the belief that investing in corporate volunteer programmes offers long-term rewards through employee retention and engagement. The participatory nature of volunteerism not only positively impacts an employees' perception of the company but creates a more meaningful connection to the greater community.

Following the outbreak of Covid-19, Barloworld developed an online platform to enable its employees to continue with their volunteering activities. This enabled employees to contribute to causes close to their hearts and reach even more people than they would have been able to reach previously. Barloworld will continue to integrate digital platforms in its volunteerism programme.

About Barloworld

From humble beginnings in 1902, Barloworld has grown from a woollen goods, blankets and coats reseller in Durban into a major distributor of leading international brands. Today Barloworld is an industrial processing, distribution and services company with two primary areas of focus: industrial equipment, and services and consumer industries (food and ingredient solutions). Barloworld aims to inspire a world of difference, enabling growth and progress in society. Barloworld commits to be a responsible corporate citizen delivering products, services and solutions that generate sustainable outcomes.

Partnership with SAB Foundation

Barloworld is a purpose-driven organisation that understands the importance of prioritising the triple bottom line of people, planet and profit. The group also understands the importance of focusing vulnerable groups, many of whom are neglected and function on the edge of society. It is for this reason that Barloworld has increased its focus on and support to people living with disabilities.

During 2022, Barloworld established a partnership with the SAB Foundation, an organisation with extensive experience in implementing initiatives that target people with disabilities. Through the partnership, Barloworld provided R1 million in funding to support skills development training and entrepreneurial programmes targeting 12 people.

The group believes that by partnering with like-minded organisations that have a proven track record in implementing community development programmes and expertise in specific areas of interventions, it can achieve scale. Collaborating with SAB Foundation has enabled Barloworld to deepen its understanding of the challenges facing people with disabilities and contribute to their health and wellbeing in a meaningful manner.

Disaster relief

- Mozambique and South Africa, especially KwaZulu-Natal and to certain extent the Eastern Cape, have been lashed by cyclones and heavy rains that have washed away bridges and rendered some roads unusable.
- In South Africa, reports indicated that 443 people have lost their lives while in Mozambique the death toll was reported at 53 people.
- Barloworld Group had 109 employees who were directly impacted; the support to communities and employees with food parcels, temporary accommodation and drinking water continues.
- Partnership with Habitat for Humanity for the infrastructure rebuild and restoring dignity to communities that have lost their homes.
- Employees volunteered during this difficult period by contributing much-needed help such as groceries and other non-perishable items.

Chapter four

In-depth profiles of companies that demonstrate how they are taking lessons learnt during the pandemic and the past two decades of CSI to shape future approaches.

COMPANY CASE STUDIES

4

4

Anglo American Platinum

Rebuilding local economies in a post-Covid world

It goes without saying that the economic and social cost of the Covid-19 pandemic will continue to be felt for years to come. As a leader in environmental, social and governance (ESG) issues, Anglo American Platinum is clear about its commitment to supporting its stakeholders – in this case, its host community members – during and beyond the pandemic.

First, we understand

The unexpected Covid-19 pandemic caused physical, emotional and mental turmoil for communities the world over. Millions of people had to endure the trauma of losing loved ones, losing their livelihoods, and suffering the long-term health effects of the virus. For Anglo American Platinum, the challenge presented the platinum group metals (PGMs) business with an opportunity to put its purpose to reimagine mining to improve people's lives to the ultimate test.

The company's operational sites are located close to host communities and have a long history of engaging with local stakeholders and supporting local socio-economic initiatives. This level of closeness gives the organisation a solid grasp of the changing needs of its host community stakeholders. It is this insight that proved to be beneficial in the implementation of a Covid-19 response plan.

Understanding how the pandemic had impacted Anglo American Platinum's host communities meant that the company was able to quickly and collaboratively respond to the vulnerabilities of its employees, contractors and host communities in both South Africa and Zimbabwe.

Executive Head of Corporate Relations and Sustainable Impact Yvonne Mfolo explains how Anglo American Platinum works to operationalise its purpose: "Our sustainable mining plan – which is a blueprint for how we do our business across all our operations – is informed by the understanding that the mining industry must transform, starting now. Through a commitment to three pillars – a healthy environment, thriving communities, as well as being a trusted corporate leader that leaves people better off – we are always working with an ultimate outcome in mind. Our focus is on creating thriving communities that are empowered and self-sustainable as a result of collaboration."

Then, we respond

When Covid-19 was classified as a global pandemic in March 2020, Anglo American Platinum responded rapidly, expanding existing community development projects and introducing new initiatives that were closely aligned to the objective of protecting lives and livelihoods.

In 2020, the organisation invested R500 million in Covid-19 measures at its workplaces and host communities. In addition, R1.6 billion was paid in salaries and benefits to employees who were not able to return to work due to lockdown restrictions or underlying health conditions. Our host community development work was focused on health, education and infrastructure-related projects. These projects included gender-based violence (GBV) support, Wi-Fi provision at schools in host communities, and other projects included in the company's existing social and labour plans, and corporate social investment strategy. Guided by the needs assessments Anglo American Platinum conducted, it continues to adjust and expand these projects, rolling out new ones in line with the evolving needs of our stakeholders.

Washing fruit at the Mogalakwena Mine in Limpopo, thanks to the Mapela Water Project.
Image: Elaine Banister Photography

Petunia Shibambo watering vegetables grown as part of the Mapela Water Project at Mogalakwena Mine.
Image: Elaine Banister Photography

Water supplied by the Mapela Water Project being sampled by Piet Hlongwane.

And finally, we rebuild

The after-effects of the pandemic are now a central element of the 'new normal' the world must contend with. It has been more than two years since the pandemic struck and even though a lot has been lost, there is still much to be hopeful about. What became clear to Anglo American Platinum over the last two years is that, despite focused global attention on the immediate impacts of the pandemic, the work of rebuilding that which has been broken has to start.

Anglo American Platinum's needs assessments revealed that in South Africa and Zimbabwe, poverty increased significantly, rural education outcomes remained poor with low literacy levels and limited support for secondary school learners, further job losses exacerbated high unemployment rates, and a dramatic increase in cases of GBV.

In response to these needs, Anglo American Platinum approved R400 million in 2021 to extend its social investment, taking into consideration the social unrest that occurred in South Africa in that year, as well as the significant impact of Covid-19 on employees, contractors, host communities and small- and medium-sized enterprises the company does business with. This is the company's Covid-19 and unrest rebuild programme and it includes, for example, specific recovery-related allocations for food support to vulnerable households, student bursaries, water and sanitation in schools, job creation, and GBV prevention and support.

The extension of the Hall Core Water Mapela (HCWM) project is one example. The project was initiated in 2018 to supply potable water to the company's host communities around its Mogalakwena mining complex close to Mokopane in Limpopo, in partnership with the local and district municipalities. In 2020, to aid communities facing the impacts of Covid-19, six more villages were added to the project with the intention to add more villages.

From an education perspective, the company launched a R35 million debt relief programme, aimed at assisting qualifying students who reside in the company's host communities to graduate or continue their tertiary studies. This is in addition to the community bursary scheme launched earlier this year, valued at R20 million with 75 beneficiaries.

From a health and wellbeing perspective, Anglo American Platinum continues to provide broad-based vaccination support in both operational and labour-sending areas, such as the North West Province and the Eastern Cape.

"Our Covid-19 and unrest rebuild programme is not a once-off event – we are committed to it being a continuous journey where we walk hand in hand with our host communities as we work to find solutions to their many vulnerabilities. We have made significant inroads since the early days of the pandemic, but our work is far from being done, and we owe it to ourselves and our host communities to succeed," says Mfolo.

Khanyi Dlamini
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AngloAmerican PLATINUM

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Exxaro

Collaborating for regional impact

Impact Catalyst, a non-profit company (NPC) and public beneficiation organisation (PBO) founded by Exxaro, Anglo American, the Council for Scientific and Industrial Research (CSIR), the Industrial Development Corporation (IDC) and World Vision South Africa, focuses its collective efforts towards nurturing large-scale, socioeconomic development initiatives through public-private partnerships.

Impact Catalyst is an agent for collaboration and builds partnerships across government and corporate South Africa to combine their strengths and contributions to achieve large-scale collective socioeconomic impact on a regional scale via the Collaborative Regional Development (CRD) platform. Impact Catalyst is the binding element in all participants of the CRD platform and is therefore able to develop a knowledge base to replicate successes across CRDs.

To this effect, Impact Catalyst has adopted four overarching principles:

1. **Impact:** Deliver positive change aligned to the United Nations Sustainable Development Goals (SDGs).
2. **Collaboration:** Institutionalise collaboration in the delivery of such impact.
3. **Catalyst:** Be a catalyst for the implementation of large-scale initiatives.
4. **Sustainability:** The backbone for delivery is funded and managed.

When mining houses pool resources they should technically be able to start projects that could be scaled up in future, to start a new industry that might initially complement and later even replace mining as the primary economic activity in that community.

There are examples of collaboration towards facilitating socioeconomic upliftment elsewhere, like in the wine industry in the Western Cape, and in the manufacturing industry. There has also been some collaboration by the manganese mines clustered together in the Northern Cape, but this effort has not been formally acknowledged as such. This makes Impact Catalyst's collaborative model for sustainable economic development a first in the world within the mining industry.

As one of the founding members, Exxaro has been pivotal in gaining momentum for the change. Some of the projects that Exxaro is partnering in, include the Community Wi-Fi & Schools Network Connectivity Project in Lephalale, Belfast, Kriel and Matla, where about 37 schools and 14 community centres were identified to deploy the solution, potentially impacting around 42 000 users.

In the environment space Exxaro is partnering in the Social Employment Fund (SEF) Programme. This programme employs 4 120 community members across provinces, to remove alien vegetation, cleaning and greening, farm and environmental management, and community gardens as well as waste collection and recycling, and commodity beneficiation.

Another project in Impact Catalyst's pipeline is centred around the Mutale Community in Northern Limpopo. Efforts to re-establish the local community economically pursuant to the closure of Exxaro's Tshikondeni Coal Mine in 2014 have been delayed. Exxaro and Impact Catalyst is assisting subsistence farmers from the area to become commercially successful. In this regard, twenty-five (25) local farmers, who were initially identified, have already been activated in the supply chain of corporate during the Mutale Agri Project's pilot phase. Another forty-seven (47) farmers have since been assessed and will be included in the expansion of this project. There is also an opportunity to develop 300ha of land for citrus and upskill local farmers for the citrus commodity, aligning them for access to markets. The possible job creation for this development includes 200 direct plus 400 induced jobs.

Exxaro is also the leading partner in the Personal Protective Equipment (PPE) Project in Lephalale, which aims to establish a PPE manufacturing company and create 20 sustainable jobs.

In the waste management sector, there are four projects that Exxaro is partnering in, which includes the stockpile tyres, coal ash, office and landfill waste, to responsibly dispose of the Exxaro waste and execute beneficiation of the waste to create new products/alternative products and drive local economic development within the Lephalale area, aligned to the Exxaro decarbonisation strategy. This project will create 100 jobs for the participation of 60 small, medium and micro enterprises (SMMEs) on waste beneficiation. The other project in collaboration with the Lephalale Local Municipality, is the Waste Landfill Pickers & Buyers Management Project also in Lephalale, where they aim to formalise the waste management pickers and buyers in the landfills, and align them to access markets of recyclers and drive local economic development through technology enablement. The outcomes of the project include the formalisation of the Lephalale Municipality Landfill Market, the improvement of 80 jobs, the creation of an additional 20 jobs, with 10 new SMMEs formalised and supported as well as eight SMMEs improved and supported.

exxaro

POWERING POSSIBILITY

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IDC

The IDC evolves to meet changing societal needs

Ashraful Aid food distribution to victims of floods in Marian Ridge, Kloof and Springs Field in KwaZulu-Natal.

The Industrial Development Corporation (IDC), a national development finance institution, has achieved significant impact by means of its corporate social investment (CSI) initiatives during the past 20 years. Tebogo Molefe, CSI manager at the IDC, explains how the IDC continues to address the most pressing needs faced by the country.

The IDC's CSI started as a one-person show in the marketing department but has grown into a dedicated functional unit that accommodates six full-time staff members. The Covid-19 pandemic, the unrest in KwaZulu-Natal (KZN) and select parts of the country in 2021 including the recent floods in KZN and the Eastern Cape prompted a greater allocation of funds to enable the country to cope with disaster relief and humanitarian interventions.

A shifting educational focus

During initial stages of formation, IDC's CSI initiatives focused mainly on philanthropy, giving donations to worthy causes in an unstructured manner, but over the years it has morphed to adopt a more coordinated approach, allocating dedicated resources and funds to specific focus areas – among other functions. The shift in strategy has extended efforts to uplifting the country's educational standards by focusing on education, by supporting mainly maths and science learners in secondary schools. The IDC supported the then Dinaledi Schools project in the early 2000s – a Department of Basic Education initiative to increase participation and performance in maths and science at selected schools. The IDC adopted 15 schools across the country. A notable student is Andiswa Fudumele, who is a chartered accountant (CA (SA)) and came from Zingisa Comprehensive High School in Mthatha, Eastern Cape.

In 2011 the IDC revised its strategy and adopted a holistic approach to supporting schools. It partnered with the Adopt-a-school Foundation to implement a Whole school Development (WSD) Project in 30 schools it adopted across the country. The WSD addresses four fundamental aspects needed for a school to be functional: infrastructure, leadership development, curriculum support and psychosocial support for learners. The IDC has built 183 new facilities which include libraries, computer centres, classrooms, kitchens, ablution facilities and physical science labs. It has also provided school leadership training to 1 217 individuals and provided 2 830 educators with training support, particularly for maths, science, biology and accounting. In addition, the IDC trained 38 unemployed youth as desktop support technicians. These technicians were placed in some of its adopted schools to provide technical information and communications technology support.

The IDC's support in education has also included support to selected technical vocational education and training (TVET) colleges since 2014. The support for these colleges will continue into the future as they are critical for developing much-needed occupational and vocational skills to grow the country's economy and creating jobs.

Aligned with the corporation's mandate of job creation, the IDC has also been involved in supporting community initiatives that prioritises the upliftment of women and youth, particularly in rural areas. Innovative models for grassroots initiatives serve to sustain individual livelihoods through income-generating sustainable projects focusing on job creation, such as the Kusile Mzantsi Cooperative based in Mgwali Village in the Eastern Cape. It started as a sewing project and in 2014 approached the IDC for machinery to expand. Today the cooperative employs 10 full-time employees in the sewing project and runs a successful microenterprise that produces school uniforms for five local schools, church uniforms, and wedding clothes. They have also established a small farming project and recently established an automated tomato farm that employs ten youths on a full-time basis. They have secured a market with the local Spar and Boxer supermarkets. The IDC has invested R1.1 million in these projects to date.

Taking pandemic learnings into the future

The IDC CSI strategy allowed the organisation to partner with non-profit organisations (NPOs) and community-based organisations to supply food and other necessities to vulnerable communities across the country. Its swift Covid-19 response allowed it to act quickly to other disasters such as the post-civil unrests in KZN and Gauteng in June 2021, and the devastation caused by the recent floods that took place in KZN, the Eastern Cape and North West province.

IDC

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Investec

A prime example: **Ntando's journey to success with Promaths and Investec**

Promaths is Investec's award-winning partnership with Kutlwanong Maths, Science and Technology Centre. The programme provides tuition to high school learners who show potential in maths and science -- the subjects deemed most vital for South Africa's economic growth. But Promaths' impact goes far beyond excellent academic results. We spoke to Ntando Zuma, a Promaths alumnus and current Investec employee. His story shows how changing just one life can translate into lasting change for many others.

Like many South African learners, Ntando Zuma struggled with maths at school – it was like a language he didn't understand. He battled with his grades, to a point where he repeated grade 10. But Ntando knew he had to achieve in order to qualify for bursaries to attend tertiary education, as his family could not afford the fees. The shift happened when he went to seek help with his maths and science results with Promaths during his grade 12 year.

Today, Ntando has a double major in economics and statistics, with an honours degree in economics. He works at Investec in the UK savings team. In his spare time, he runs a tutoring business to help others achieve academic success. But Ntando didn't always see himself as a numbers man, in his dream job, with his own business supporting others.

"I wondered what the programme was about, especially after seeing more and more of my peers improving from going to Promaths," he explains. "After joining the programme my marks just took off."

"My story is not only for the top achievers," says Ntando, "I've got as low as 3% on my maths in school. So even that person who gets 3% can get 90%. It takes a lot of hard work, but it's possible. Wherever someone is – at one stage I was unemployed – you can find a way."

What makes Promaths so effective?

Ntando credits the pace of learning and level of difficulty at which the subjects are taught – much more challenging than at school. The programme provides frequent lessons, consistent support and the educational resources learners need to excel. The healthy sense of competition among learners also encourages ambition and motivation.

The personalised support and high standard of teaching at Promaths instilled a deep love of mathematics in Ntando. As his maths and science marks improved, his success inspired him to make progress in other subjects. Frequenting his local library, he learnt as much as he could and improved his results. Ntando then shared his knowledge and skills with fellow learners, helping his class prepare for their final exams. His final results were an impressive 94% for mathematics and 96% for physics, and he achieved distinctions in all his subjects.

"Doing well in maths gave me the confidence – maths was considered to be one of the hardest subjects at school – so when I saw myself improving at my maths performance, I realised I could replicate the same for other subjects. So I then aimed to get a distinction in everything," he says.

Continued support at university

Ntando took the confidence and ambition that Promaths inspired in him and studied at Nelson Mandela University on an Investec CSI bursary. In a new environment, away from their communities, many students face isolation and lack of support – barriers to their academic success. According to Democracy Development Program, roughly 250 000 graduates enter the South African labour market each year, with approximately 30% finding employment. This places pressure on students to stand out when applying for jobs. But Ntando drew on support from Promaths and Investec, and rose to the challenges, bringing his peers along yet again. He was instrumental in establishing a Promaths alumni chapter at his university, connecting alumni across the country.

During his third year, Ntando started tutoring students. But as he neared the end of his studies, the challenge of employment after graduation loomed. He knew he and his peers had to differentiate themselves in the market, but he wasn't entirely sure how. Investec staff act as mentors to their bursary recipients. Ntando contacted current and previous Investec mentors and organised employability workshops with the Promaths alumni chapter. Over a hundred students attended. Ntando notes that some attendees still share how helpful this was getting them where they are now.

After he graduated, Ntando connected with Investec to enquire about employment opportunities. He's still there, four years later.

Multiplying success and impact

The skills and competencies Ntando gained through Promaths and during his tertiary studies contributed to his success at Investec. "I really enjoy working at the bank and the way in which our organisational culture is geared towards allowing each individual to reach their full potential," says Ntando. He also acts as a mentor to Investec CSI bursary recipients.

In addition, Ntando provides tutoring and mentorship to learners from grades 4 to 12 through his own company, The Tutoring Co. The business is structured so that learners who can afford to pay for lessons subsidise those who can't. Some learners Ntando has tutored are now studying at tertiary institutions. This includes a student who is completing his training as a medical doctor in Cuba, and another who is completing her studies at the University of Pretoria.

"I am very proud of the learners I have supported, particularly when I think about how much we all struggled to get to where we are today. I remember I would catch taxis and often walk long distances to get to their homes just to give them lessons. With one student, we would do our tutoring sessions in a shack because she was from a very poor background. Today she is completing her studies at the University of Pretoria."

Looking ahead, Ntando's goal is to grow and learn at Investec. He aims to learn as much as he can about the banking sector, and continue developing as a financial services professional. He would also like to see his tutoring business grow and one day turn The Tutoring Co into a successful social enterprise that can help thousands of learners from disadvantaged backgrounds across South Africa.

Ntando's story is just one example that shows the lasting impact that well-run corporate social investment programmes can have. Programmes like Promaths can inspire young people to be engaged members of society who are in touch with the challenges facing the country, actively giving back to communities and transferring their success to others.

Promaths by Investec

Promaths was launched in Dobsonville, Soweto, in 2005 through a partnership with the Kutlwanong Maths, Science and Technology Centre and the Department of Basic Education. The programme provides extra maths and science tuition for learners in previously disadvantaged communities from grades 10 to 12. More than 10 000 learners have been through the programme. Promaths operates a total of 22 centres across seven provinces and ten of these are funded by Investec. Since the first Covid-19 lockdown in 2020, Promaths had to pivot to operate online. The swift response by Investec and the other stakeholders saw Promaths evolve into a hybrid model with both face-to-face and virtual lessons. Promaths continues to produce excellent results, with a staggering 355 distinctions in maths and 346 distinctions in science achieved in the 2021 academic year.

Llyn's remarkable maths and science achievement with Promaths

Llyn Mpangane is the Promaths top achiever for the 2021 academic year. She attended Khusalani Secondary School in Mpumalanga and attended the Promaths programme at Mbombele Promaths Centre. She achieved an incredible 98% for mathematics and 99% for physical sciences.

Llyn's success has been recognised provincially and nationally. She was the top learner in the quintile three schools in Mpumalanga, and came second in the country for quintile three schools. Llyn is using her skills in maths and science to study medicine at the University of Cape Town.

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Mr Price Foundation

Creating a launch pad for youth

The youth are the future, yet with South Africa's sky-high youth unemployment rate, youth often feel like they have no future in our beautiful country. Mr Price Foundation is on a mission to drive social change by empowering youth through its innovative education and skills development programmes.

Mr Price Foundation was established in 2005 as a non-profit organisation (NPO) to positively influence and actively support South Africa's national development priorities of youth unemployment and access to quality education.

In the 2022 financial year, the foundation invested R17.1 million into youth skills development through its JumpStart and HandPicked programmes, and R12.5 million into providing learners with quality education through its EduRise programme.

"JumpStart was launched in 2007 to unlock career potential for unemployed youth in the greater retail value chain. The programme is successful as it identifies suitable candidates and provides them with a blend of industry-specific theory, life skills and hands-on work experience with our employer partners. Critically, we also close the loop by connecting candidates to career opportunities," says Karen Wells, head of Mr Price Foundation.

Almost 23 490 youth completed JumpStart's two week Retail Frontline Programme (RFP) in the past five years – 52% went on to find employment with the foundation's employer partners, including Miladys, Mr Price Home, Mr Price, Sheet Street and Mr Price Sport, as well as SPAR.

"Our ultimate goal is for youth to use these skills to break the cycle of poverty through employment. In FY2022, the RFP developed 6 149 youth – of whom 3 069 (50%) found employment," says Wells.

The annual Professional Retail Programme (PRP), which offers an incredible skills development and internship opportunity to a handful of select tertiary graduates, has trained 69 youth since 2018. Of these, 82.6% have found employment.

EduRise empowers schools to deliver quality education to young learners.

"The PRP has been running for five years but 2021 was the first year that the curriculum focused purely on retail operations. We moved into this space in response to demand for retail management students. Market forces are key to our skills development programmes: we match training with demand. If there is no demand for training in a particular area, we will not train. This is what differentiates us from other skills development programmes," says Wells.

This applies to JumpStart programmes as well as HandPicked, its new agricultural skills training programme. "HandPicked was launched because there are not enough formal opportunities for youth in the retail value chain. We created HandPicked in partnership with Fresh Life Produce to connect youth with economic empowerment and employment opportunities in agriculture."

HandPicked focuses on growing and supplying fresh produce in line with demand in local communities. "We want our HandPicked graduates to go on to find employment or have the ability to create their own economic opportunities and/or sustain themselves. Our programme does not start and end with training. We want training to boost economic life, to take youth out of their predicament and help them unlock their enormous potential," says Wells.

The bedrock is education

The bedrock of a successful nation is education, and that's where the foundation's EduRise programme comes in. This holistic schools programme has been active in 98 lower socio-economic primary schools in Tongaat, Hammarsdale, QwaQwa, Soweto and Mitchells Plain for the past four years.

"It is deeply concerning that an estimated 78% of grade 4 children in South Africa are unable to read for meaning in any language; and over 60% of grade 5 children cannot add and subtract whole numbers. There is also a direct link between quality of education and economic opportunities post schooling."

Through educator empowerment, mentorship of the school management team, and parent and community collaboration, EduRise helps schools deliver quality education. The programme is designed to unlock the full potential of learners through physical education, mathematics, science, English, creative arts and environmental awareness programmes.

EduRise-supported schools are now entering the sustainability phase where they have the tools to run the programme independently. "We believe that by giving children a good education, we can

Mandisa Mathenjwa is one of the young agripreneurs who has benefited from HandPicked agricultural skills training.

JumpStart's Retail Frontline Programme (RFP) has provided retail skills training to almost 23 490 youth in the past five years.

drastically improve their chance of going on to become self-employed or find meaningful jobs. Research shows that the formative years of a child's education are the most important," says Wells.

"This is where crucial learning blocks of reading and numeracy are developed. It's essential that we set the basic learning blocks in place so that all South African children, regardless of their background, have an equal opportunity to complete a quality education and unlock economic opportunities. With this in mind, EduRise will be focusing more closely on early childhood development."

Wells says that everything the foundation does is with the aim of breaking the cycle of poverty and inequality. "Our programmes align with a number of the United Nations 17 Sustainable Development Goals as well as South Africa's National Development Plan 2030," she points out.

Agri-training yields green shoots

Mr Price Foundation launched its HandPicked agricultural skills development programme in October 2020, when South Africa was in the grip of the Covid-19 pandemic. This was in response to growing unemployment and declining formal job opportunities.

The programme sources interns from agricultural tertiary institutions and community engagements for a 12-month course. Beneficiaries receive life skills and agribusiness training and learn the technicalities of using the African Grower vertical growing technology. They can go on to become self-sufficient food gardeners, establish food hubs, or pursue careers in agribusiness.

"The aim of the programme is entrepreneurship: creating economic opportunities for youth and empowering food consumers to shift to food producers. A by-product of the initiative is food security, as participants can grow food for their communities and use any surplus for their own tables," says Wells.

This marks the first time that Mr Price Foundation has invested in skills training in the agricultural sector. It is funded primarily by Mr Price Group, with Veldskoen™ and CHEP coming onboard as partners to scale the programme for greater impact. The implementation partner is Fresh Life Produce.

HandPicked is showing encouraging early results. Twenty-four home growers have completed training and set up 30 growing tunnels at households and community centres; and 10 youth from agricultural tertiary institutions have bolstered their theoretical knowledge with valuable practical and business skills. Two micro-agribusinesses and two seedling nurseries have also spun off from the programme.

The first agribusiness is a 0.2ha growing hub at Mr Price Group's support centre in Durban. They plan their crops according to the demand of the onsite canteen and market days. The second micro-business is Amagalelo Agribusiness, on 0.5ha in Hammarsdale. Amagalelo is a dual model utilising both soil farming and vertical farming, with four greenhouses kitted out with 24 growing towers, as well as a seedling nursery. Since introducing tunnel farming, Amagalelo has seen yields increase by 71%.

Market forces are key to HandPicked and it pays close attention to matching supply and demand.

"HandPicked is very small and very new so the impact is not fully tested. However, the programme can scale very well and it is cost effective. Agripreneurs are generating monthly income and are evolving towards their own financial sustainability," says Wells.

Mr Price Foundation is a Level 1 B-BBEE public benefit organisation (PBO). Donations are tax deductible with Section 18A certificates being issued.

Photos: Mr Price Foundation / Pierre Tostee / Light + Lark Photography

Impact in 2022

JUMPSTART

6 149 Youth developed

50% Employment rate

3 069 Youth employed

R17.1m Invested in youth development

EDURISE

789 School governing body members reached

3 515 Educators impacted

63 927 Learners impacted

98 Schools impacted

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Santam

A public-private partnership building more resilient communities

Santam has partnered with municipalities for over a decade to strengthen municipal disaster management and build more resilient communities in South Africa. The Partnership for Risk and Resilience (P4RR) has become increasingly relevant as the surge in disasters due to shifting climate patterns, the Covid-19 pandemic and heightened social tensions in South Africa has placed increased pressure on disaster management. Santam's partnership with the Capricorn District Municipality illustrates what is possible when multiple stakeholders come together towards a common purpose in this truly collaborative and impactful initiative.

In 2012, Santam began to partner with municipalities in building community resilience and capabilities for managing disasters. It is funded by the Emthunzini Community Trust, corporate social investment (CSI) funds and attracts resources from other parts of Santam's business.

Over ten years of the programme, Santam has supported 82 municipalities across the country. Santam has trained over 400 people in firefighting, disaster management and related courses, and reached more than 17 000 with its disaster awareness campaigns. An estimated 12.5 million vulnerable people have been supported in some way by the programme.

Disaster risk management in South Africa

Disaster risk management in South Africa is a public function that extends across the three spheres of government and across departments. While the Department of Cooperative Governance is responsible for coordinating disaster risk management, the function is largely decentralised to municipalities. As such, all municipalities are required to include disaster management in their integrated development plans (IDPs). The reality, however, is that they have inadequate capacity due to limited resources dedicated to this function.

Partnership with Capricorn District Municipality: community awareness and adapting to shifting weather patterns

Santam began working with Capricorn Municipality in 2021. The three-year partnership is framed by a memorandum of understanding (MOU) signed by Santam and the district municipality. Thereafter, a joint steering committee, on which Santam and various municipal and partnership stakeholders sit, and which drives the work programme, has been created.

Santam is not prescriptive as to interventions but instead assesses the needs and priorities as put forward by the municipalities within the framework of what interventions it is able to support.

According to Lebogang Mosotho, Capricorn disaster management representative and key stakeholder in the partnership, "Interventions planned in Capricorn were identified based on its risk profile and longstanding needs that the municipality has not been able to address due to lack of funding. "They are focused on training and equipment for managing disaster events as well creating public awareness and community resilience around disasters.

Climate change is bringing about weather-related disasters that are not typical of the risk profile of the dry regions of Limpopo. Although equipped and experienced in handling drought-related disasters, Capricorn required additional support to deal with the flooding brought about by Cyclone Eloise in January 2022. It was of enormous value to have a partner like Santam who was able to step in quickly and provide this.

P4RR is creating disaster awareness by educating communities on risks and ways to reduce their vulnerability. Awareness raising has included innovative community radio initiatives, awareness billboards and school-based interventions, such as debates and essay competitions.

Risk and safety assessments at special needs schools

Safety precautions at special needs schools require extra attention because they must consider the range of disabilities that might prevent learners from being able to protect themselves and respond appropriately in emergencies. In partnership with Santam, the Department of Basic Education and the National Disaster Management Centre, Capricorn Fire Services conducted risk assessments of fourteen special needs schools in Capricorn, Limpopo. Based on these, Santam and these partners have begun to work with the schools to address gaps and assist with improving their safety and compliance standings.

Educating and empowering children on risk reduction is a key component of ensuring their safety. The P4RR partners are doing this through interschool disaster risk reduction-based storytelling and debating competitions. Engaging children through these creative mediums is a fun and impactful way for them to learn about safety and risk reduction.

Attributes of a strong partnership

Many factors have contributed to the progress of the P4RR programme in Capricorn District Municipality to date. For the most part, they are not merely coincidental, but rather by design and a culmination of years of experience working with municipalities in disaster management.

The value of shared value

Because the programme is so completely aligned to the business it does not have to fight for relevance in the company. The intended outcomes of the programme are in the interests of communities and Santam's business simultaneously – which, as per the philosophy of shared value, are viewed by Santam as mutually dependent. The shared value of the programme is fully recognised and bought into by Santam's leadership and the Emthunzini Community Trust board. As a result, the programme is appropriately supported and capacitated, and has been for an extended period. This approach to the P4RR programme is the cornerstone of its success.

Building internal (corporate) expertise around a single programme over time

A trend in international corporate philanthropy is for companies to focus their efforts in fewer development sectors and support fewer programmes, but more intensively. In South Africa, companies still tend to spread their CSI resources across multiple development sectors. Furthermore, many invest in multiple projects within these sectors even when they have little or no connection to the core business. As a result, companies don't become fully invested in the programmes they support and thus don't enjoy the benefits of building deep experience and know-how around any programme or developmental sector.

Santam is one of South Africa's outliers in this regard. It has identified a single development sector, in which there is a huge need, and that has strong overlaps with its core business. Santam has channelled most of its socioeconomic development and other (including stakeholder relations) resources into the programme. It is also able draw on the skills and expertise within Santam.

The programme is also well known and understood by most in the business. According to CSI Manager at Santam, Tersia Mdunge, "Santam leadership has confidence in the programme – they know and understand it because they've been focused on it for so long." Santam has thus built capacity around the programme by staffing it with appropriately skilled people who have subject knowledge and understand the operational context of the intervention on a deep level. This is important especially when partnering with government – which is complex, not least politically – but also in terms of processes, structures and regulations. Dr Moses Khangale, Santam's manager of stakeholder programmes, believes that the team's understanding of both the local government and disaster management landscapes contributes significantly in the rollout of the P4RR programme.

There is thus enough trust internally that decision-making around the programme is highly decentralised. This enables the Santam P4RR team to be agile and responsive in a way that is essential in disaster management. Interviews with key stakeholders in the sector echoed this sentiment. Former Managing Director of the Fire Protection Association of South Africa Lloyd Phethlu says of P4RR, "The programme is well known and sought after in the sector – they are known for being responsive and predictive."

Appropriate selection of municipal partners is essential for the success of the partnership

According to Dr Khangale, "... working with a functional municipality and having dedicated disaster management and fire services champions is critical for the success of the programme." In the case of Capricorn, Suzan Thobela, project coordinator for stakeholder relations at Santam says, "Capricorn was positioned to deliver. They are an open-minded group of people – when you give them an idea they can develop it and take it to the next level. This makes all the difference." Interviews with Lebogang Mosotho and Chief Fire Officer of Capricorn Fire Services Wynand Els, two of Capricorn's champions, revealed their determination and enthusiasm to augment the district's resources through partnerships such as the P4RR one with Santam.

Strong corporate involvement

Santam has strong ownership of the project and is actively driving it by sitting on the joint working committees of each partnership. They spend time with the municipalities. "We discuss and implement collaboratively, we solve the problems together," says Dr Khangale.

Establishing frameworks that govern the partnerships and clearly outline roles and responsibilities contributes to trust between parties

"Also making us more agile is the systems we set up. The joint steering committee, for example, lays the basis for engagement and simplifies the processes", says Dr Khangale. Doing this also sets the tone for transparent and open communication. "I know I can trust what [Santam] says, they do what they say. When you work with people who are true to their word and who also give you the freedom and trust that you can execute, you don't want to disappoint them, you go the extra mile," says Lebogang.

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Woolworths

Rethinking CSI in the context of inclusive justice

Prior to the Covid-19 pandemic, Woolworths was beginning a process of rethinking its transformation vision and strategy. The pandemic accelerated the need for such an evolution, with the result that the multinational retail company is in the process of repositioning itself as a company devoted to social justice.

As we emerge from the grip of the Covid-19 pandemic, Woolworths believes it is opportune to reflect on the past two years and how they have shaped the company's thinking about the world and the role of business in it, specifically corporate social investment (CSI).

Woolworths has embarked on a journey to review its transformation vision and strategy, which informs its CSI approach and initiatives. An extensive process of robust engagement led to leadership aligning itself with the vision of "inspiring inclusive growth for all our people", with "all our people" an intentional choice of words to incorporate the communities involved in its corporate citizenship initiatives.

This became an imperative because, when the pandemic struck, the less privileged communities in which the company operates were affected to a far greater extent.

At the beginning of the pandemic, the concept of Covid-19 as the great leveller that did not differentiate based on wealth, privilege, or access was widely referenced. As the pandemic progressed, the differential impacts of Covid-19 highlighted and amplified the effects of institutionalised and structural inequality, discrimination and marginalisation. Although the business itself was operating in crisis mode, and found itself in unknown territory, another phrase came to prominence: "We are all in the same storm, but we are not in the same boat."

Within this context, Woolworths revisited its transformation vision and concluded that, while the vision remained relevant, the lenses through which the company viewed its context had to change. This meant that the ethos and orientation it needed to deliver its vision in a meaningful way also had to shift.

The retailer realised that, for true transformation to take place it had to take a stance on issues of social and inclusive justice. It also had to take an active stand against marginalisation to build "belonging". And so its Inclusive Justice Initiative (IJI) was born, whereby it committed to the following:

- Intentionally and consciously creating opportunities for access for all its people
- Practising empathy to learn to appreciate, value and respect diversity, and to make space for marginalised voices to speak and be heard
- Taking deliberate action to promote and foster equality and inclusion
- Creating a space where all its people can feel a sense of belonging and can reach their full potential.

What does this mean for the company's CSI practice? While there is likely to be little change in *what* it does, the Inclusive Justice ethos challenges *how* it does things. The lens of Inclusive Justice challenges Woolworths to heighten its understanding and acknowledgement of proof points of inequality, marginalisation and discrimination, and be intentional about the shifts required to 'walk the talk' in Inclusive Justice.

While Woolworths CSI has been evolving a more strategic and transformational approach, it realises that it still has a way to go from an Inclusive Justice perspective and that it needs to intentionally accelerate its efforts.

Its Inclusive Justice orientation has made it reflect on and acknowledge the power it has to make a difference and how that power equally can create a dynamic that is not conducive for inclusive change and impact within communities. Woolworths is, therefore, intentional in its approach to ensure that the perspectives of the impacted communities are always taken into account to ensure a balance in the partnership dynamic.

Furthermore, its Inclusive Justice ethos has heightened its consciousness of the 'us and them' scenario that CSI presents, and has led to its deeply questioning the construct of community needing business versus acknowledging co-existence and inclusive and mutual beneficiation.

Finally, one of the key factors highlighted by its Inclusive Justice ethos is a need for fast-tracked and meaningful economic inclusion. Aligned to the socioeconomic development aspect of BBBEE, CSI should be an act of empowerment, enabling inclusive participation in the mainstream economy by working towards eradicating poverty and promoting income generation, education and more.

In summary, within the context of Inclusive Justice, CSI is not about Woolworths as a company doing the right thing in and for the communities; rather, it is about the company and the community working together as equal partners to build and learn together sustainably.

It is not about a corporate with the rank and resources to define rules and policies on its own, but about it creating spaces for the communities and less privileged communities intended to benefit, be heard, and be part of creating opportunities and solutions. Ultimately, it is not limited to what Woolworths as a corporate contributes, but about how it contributes in a way that has meaningful and lasting social impact.

iji inclusive justice initiative

W WOOLWORTHS

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Chapter five

Articles that examine progress made and challenges facing the education sector, from early childhood development through school to tertiary education, with recommendations for achieving greater impact.

EDUCATION AND SKILLS

5

LOST BOYS and GIRLS: why investing in ECD is critical

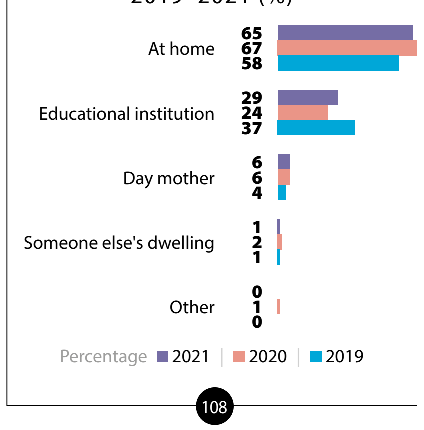
Post-Covid recovery in the early childhood development (ECD) sector is not enough to secure the future of a generation of young children, says **Kate Lefko-Everett**, a senior associate at Trialogue. Critical improvements in access, quality and the regulatory environment are required before meaningful progress can be made.

In a sector that has traditionally been thin on reliable data, much of the information available about the population of young children in the country and the extent of their participation in ECD programmes has generally come from the annual General Household Survey (GHS) conducted by Statistics South Africa.

As to be expected, in the year that Covid-19 spread rapidly throughout the world and forced many countries into lockdown, the 2020 GHS results reflected the reality of the first year of the pandemic: the percentage of children under five years old enrolled at an educational institution dropped considerably, to 24% from 37% in the previous year.

Given that this age group numbers over 5.7 million – the largest-single age cohort (based on five-year increments) in a youthful country – the decline of 13 percentage points in enrolment figures suggests that over 720 000 young children were "lost" to the ECD sector and no longer recorded as attending a crèche, preschool, or other type of early learning programme. Rather, more than two-thirds remained at home.

Figure 1: Care arrangements for children under five, 2019–2021 (%)

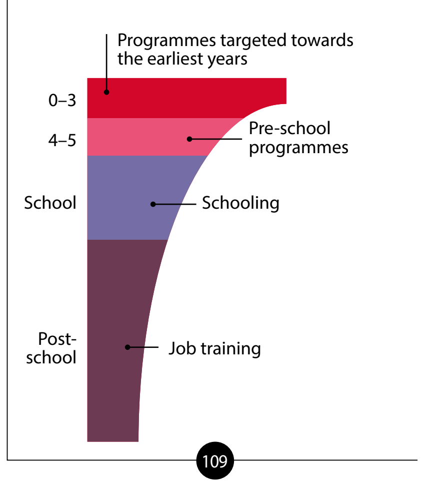


Source: Statistics South Africa General Household Survey 2019, 2020 and 2021

When remaining at home is unsafe

Despite reducing the risk of contracting Covid-19, in other ways home was not always the safest place to be, particularly for vulnerable young children and families under duress. Protracted lockdowns had serious consequences, and a series of research briefs developed by the Children's Institute at the University of Cape Town (UCT), together with the Children's Hospital Trust and the Michael & Susan Dell Foundation, brought to light the many complex ways in which the pandemic affected children's wellbeing.

Figure 2: Rates of return on ECD investment



Source: Center for High Impact Philanthropy, citing Heckman and Masterov 2007

Closures of ECD programmes and lower enrolment levels, as shown in the GHS results, were specifically linked to food insecurity and lower access to nutrition; disruptions in both preventative and promotive healthcare such as routine immunisations and screening; and likely consequences in children's progress towards achieving age-appropriate learning outcomes.

These far-reaching effects will remain with children for years to come.

Why investing in ECD is important

There is growing recognition internationally and within South Africa that the first 1 000 days are among the most important in the life of every child. The United Nations Children's Fund (UNICEF) (formerly the United Nations International Children's Emergency Fund) describes this 'unique period of opportunity' which roughly spans from conception to the age of two years old, as a window for setting the foundation of 'optimum health and development' throughout a person's life.

The clear linkages between early childhood interventions and long-term wellbeing have also firmly embedded the policy case for programmatic investment. Participation in quality ECD programmes has been found to both improve academic performance, workplace productivity and earnings, and lifelong health outcomes; and to reduce risky behaviours, crime rates and economic inequality.

Few other social interventions have achieved such definitive and impactful results, and following a review of more than a decade of evidence the World Bank concluded that "investing in young children is one of the smartest investments that countries can make". Economists have estimated the rate of return to be as high as $17 for every dollar invested in ECD, with the greatest returns for the most disadvantaged children and at the earliest life stages.

Lauded in policy, lamented in practice

Over a decade ago the 2011 National Development Plan and Vision 2030 established a target of universal access to two years of ECD participation for all children up to the age of five. GHS data indicates that the country remains far from reaching this goal.

The subsequent National Integrated Early Childhood Development Policy (NIECDP), released in 2015, has been commended for its thoughtful and comprehensive guidelines on ECD access, institutional arrangements, infrastructure requirements and provisions for monitoring and quality assurance. However, experts, including Professor Eric Atmore of the Centre for Early Childhood Development, have maintained that there is neither the capacity nor the political will within government to deliver on its ECD policy commitments.

The recently tabled Basic Education Laws Amendment (BELA) Bill (B2-2022) appears likely to pass, introducing compulsory school attendance from Grade R from as early as 2023. This may push enrolment numbers up – but only for the 19% of five-year-olds not attending any form of school or preschool.

Further strikes to a fragile sector

In this faltering context, the onset of the pandemic pushed the already-fragile ECD sector towards near-total collapse. All educational institutions ceased in-

Civil society plans to meet National Development Plan (NDP) targets

Amid challenges confronting government's programme of ECD rollout, civil society organisations (CSOs) have developed a plan for meeting the national goal of access to quality ECD services. According to Ilifa Labantwana, SmartStart, Grow Great, Kago Ya Bana (KYB – a social programme of the Hollard Trust) and the DG Murray Trust (DGMT), universal ECD access is still possible, provided that all sectors of society get involved.

Early learning stimulation is one of five core elements of the 'essential package' for ECD, together with maternal and child primary healthcare, social services, optimal nutrition and support for parenting.

The starting point for this plan, according to the CSOs involved, is strengthening the national evidence base on ECD to encourage government prioritisation of the sector and greater advocacy. Secondly, regulations need to shift to become more inclusive and enabling, with additional support for government through formal partnerships that increase integrated service delivery.

Next, quality improvements are required, including in the areas of skills development, mentoring and supervision, and with robust planning, monitoring and feedback systems in place. Fourthly, there should be clearer public communication around the agency of caregivers, encouraging ECD in homes and demand for quality services.

Achieving these changes would require the annual public budget to expand by around R31.5 billion (2022 figure) to both grow the supply of quality early learning programmes and subsidise access for 2.9 million additional children. These funds would also help to improve the quality and reach of home visit programmes led by community health workers and introduce grants for pregnant women.

ECD participation has largely returned to pre-Covid levels, and according to Illifa Labantwana Systems R&D Director Shakira Maharaj and Senior Manager for ECD Expansion And Financing Support Laura Brooks, there are reasons for optimism about the country's ability to expand quality services, including a number of important current opportunities:

- **Large-scale job creation:** As South Africa remains stuck in a deep unemployment crisis, the demand for exponential growth in the ECD workforce translates into over 330 000 potential new job opportunities, in a women-led sector that works for the social good.
- **Skills development:** Training and resource organisations (TROs) are already working to develop skills and advance the qualifications of ECD practitioners, which can improve the quality of care for children as well as educational programming and centre operations and management. TROs require more support, including for strategies that take into account the prior experience and resource constraints of those already working in the sector.
- **New partnerships:** The ECD sector already operates based on cooperation between the private sector, non-profits, donors and multiple government departments. The ECD migration to the Department of Basic Education (DBE) offers an opportunity for new intersectoral partnerships focused on collaboration for increasing coverage, quality and impact.
- **Funding capacity:** A key priority, according to Ilifa Labantwana, is supporting an increase in government's capacity to spend ECD funds, and that of service providers to receive more income and increase their intake of children.

Government registration requirements are a major hurdle for many informal early learning service providers, yet these same programmes are most in need of government subsidies for poor children. Targeted support aligned with compliance – for example, in areas such as meeting minimum infrastructure standards, sanitation facilities, safety equipment and learning materials – can go a long way in terms of formalisation, better registration prospects and a pathway to sustainability.

Finally, providing cash stipends for the ECD workforce can support income security, job creation and an expanded workforce to care for millions of children in need.

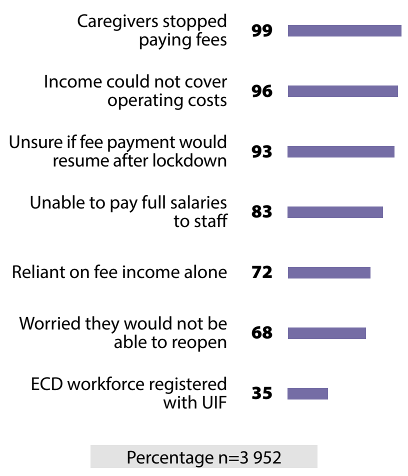
Sources: Ilifa Labantwana, KYB, SmartStart, Grow Great and DGMT

person operations as South Africa went into its first hard lockdown. A rapid survey conducted by BRIDGE and a number of its partner organisations found that in a sample of around 4 000 ECD operators, 99% experienced non-payment of fees, 96% were unable to cover their operating costs and 68% were concerned that they would be unable to reopen. An estimated 118 000 to 175 000 practitioners and staff faced unemployment.

Schools were able to resume at least some in-person instruction within a few months of the first lockdown. ECD operators, however, endured a more protracted period of closure and were only permitted to reopen in July after what Nurina Ally, Rubeena Parker and Tess Peacock described as "urgent litigation and a scathing court judgment" against the Minister of Social Development.

After months of unpaid fees and government grants – the two main income streams for most operators – some respite was expected with the announcement of the R496 million ECD Stimulus Relief Fund in 2021. Yet as of March of 2022, and a full year after applications closed, less than half of qualifying staff had received their payments and the Department of Social Development (DSD) risked losing the remaining R250 million at the end of the financial year.

Figure 3: Results of rapid survey with ECD operators during lockdown, March 2020



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Source: BRIDGE, Ilifa Labantwana, the National ECD Alliance, Nelson Mandela Foundation, SmartStart and the South African Congress for Early Childhood Development, 2020

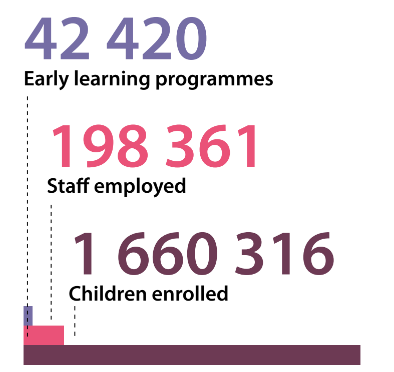
Looking at the sector today

Although Covid is likely to remain with us for some time to come, South Africa appears to have begun its recovery from the pandemic. GHS results show the gradual return of young children to ECD programmes, from 24% in 2020 to 29% in 2021 (see Figure 1).

Although percentages differ this trend is also evident through other data sources. The National Income Dynamics Study – Coronavirus Rapid Mobile Survey (NIDS-CRAM) found that during April/May 2021, 36% of respondents living with children indicated that at least one child in the household had attended an ECD programme in the previous seven days. This represents a near-recovery to the 38% enrolment found in the pre-lockdown period. Only 7% of respondents answered this way between mid-July and mid-August of 2020.

But amid the push to return to "normalcy", it is important to establish that getting back to the way things were pre-Covid is simply not enough in relation to ECD. Millions of children are missing out on the early interventions they so desperately need and deserve in their first 1 000 days, while policy targets eclipse, enrolment numbers fall short, stimulus grants remain unpaid and operators struggle to cover basic costs.

Figure 4: ECD Census 2021 by the numbers



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Source: DSD, DBE, The Lego Foundation, Read to Lead, NDP and Stay Safe, 2022

New perspectives and insight

Fortunately, in a moment of reckoning with lifelong implications, a number of groundbreaking studies have been published that fill critical data gaps and have the potential to inform targeted interventions in response to the urgent needs of the sector. Importantly, they also evidence the significant capacity for impact when multisector stakeholders – including government departments, corporates, philanthropists, non-profits and academics – work together effectively.

ECD Census 2021

For the first time since 2013, a national audit of the ECD sector was conducted in the form of the ECD Census, undertaken in partnership with the DSD and the DBE with funding from the Lego Foundation. Initial results were released in May 2022, generating new insights in a number of key areas:

- **Quantification of the sector.** The ECD Census found that just over 1.6 million children are enrolled in 42 420 early learning programmes (ELPs) countrywide. Seven in ten (71%) of these children were between the ages of three and five years old.
- **Informal nature of services.** Two-fifths (41%) of ELPs were either unregistered with the government or reported that their registration had lapsed. This is in contravention of the Children's Act, 2005 (Act No. 38 of 2005) – but also alludes to the registration challenges experienced by many operators. The Census also found that 22% of teaching and managerial staff did not have a relevant ECD qualification.
- **Significant gaps in subsidy coverage.** Only a third of ELPs (33%) received government subsidies – intended to enable poor children to access ECD. The main income source for most ELPs (69%) are fees paid by parents and caregivers, which average R509 nationally but are over R800 per month in the Western Cape and Gauteng provinces.

The complete dataset will be available for further analysis at UCT's DataFirst Centre.

Thrive by Five Index

The Thrive by Five Index was developed in partnership by the DBE, Innovation Edge, USAID and ECD Measure, within funding from First National Bank (FNB). Based on a survey sample of 5 139 children aged four to five years old, the Index is a rigorous new instrument for assessing developmental progress and school readiness.

Thrive by Five measures three domains: early learning, social-emotional functioning and physical growth, based on height and the prevalence of stunting. Results released in 2022 showed that only about a third of children enrolled in ELPs were on track to 'thrive by five'.

Figure 5: Young children on track to 'Thrive by Five'

35%
Thrive by five
These children are **On Track** in both growth and early learning.

49%
Face barriers to thriving
These children are **On Track** for only one or either growth or early learning and are deemed to be at risk.

16%
Face significant barriers to thriving
These children are **Not On Track** for both growth and early learning domains and are deemed to be at high risk.

112

Source: Thrive by Five Index 2022

A time for new solutions

Given the crucial importance going beyond recovery in the ECD sector to truly deliver on the policy promises made to young children, the time has come for structural change and innovative ways of working. Considering such changes may cause discomfort among donors, corporates and philanthropists accustomed to more traditional forms of supporting ECD. Yet the firm evidence generated by the World Bank, Nobel Prize winning economist James Heckman and many others, provides assurances of positive future returns.

There are ample opportunities for impactful involvement in the following ways:

1 **Generate new research, data and thought leadership.** The ECD Census and Thrive By Five Index are a few of the important new measures supporting a better understanding of the state of the ECD sector. There are still information gaps to be filled. One recent example of this is by the

FirstRand Foundation, which has adopted a new ECD strategy and commissioned a study analysing self-sustainability obstacles and prospects, conducted by Trialogue. Watch this space for more research and thought leadership to come.

2 **Take advantage of a key policy moment.** On 1 April 2022 the mandate for ECD was transferred from the DSD to the DBE. Together with the likely imminent passing of the BELA Bill, the timing is right to build new relationships with policymakers and implementers, identify critical needs, and push for increased access and support for quality ECD.

3 **Channel capital into the sector.** The recent studies of the ECD sector confirm that it is a largely informal sector, operated mainly be women in low-income communities and funded privately by parents and caregivers. With fees averaging R509 per month there is little left for financing the types of physical and infrastructure upgrades needed to achieve compliance with government registration requirement, nor are operators likely to quality for traditional loans. More accessible funding is needed, and as an example of how this can work, GROW Educare has developed a microlending scheme to support ECD centres towards becoming "sustainable businesses that deliver exceptional education."

4 **Pilot new funding models.** As reported in *The 2021 Trialogue Business in Society Handbook*, most corporates support the education sector, but ECD tends to lose out in favour of investments at the school and tertiary levels. It received only 13% of CSI education spend last year, and 27% this year. In addition to increasing the amount of CSI directed to ECD, donors should consider new funding models and practices with potential for greater impact within the sector. One such initiative was the Impact Bond Innovation Fund (IBIF), a multiparty, public-private sector coalition to sustainably finance ECD. Initially targeting 3 000 children in low-income communities in the Western Cape, the IBIF used the model of social impact bonds. As described by the Bertha Centre for Social Innovation and Entrepreneurship at UCT, this means "governments only pay if pre-determined outcomes are achieved." The IBIF ran for three years and project partners are exploring possibilities for a potential successor.

5 **Support advocacy and structural change.** Many donors are reticent when it comes to supporting advocacy. According to last year's *Trialogue Business in Society Handbook*, only 9% of companies funded social justice and advocacy initiatives, and average CSI spend in this area amounted to less than a percent. However, the weakness of the ECD sector signals that profound change is needed. Many leading experts, non-profits and practitioners have signed on to support the Real Reform for ECD (RR4ECD) campaign, which has called for five simple yet transformative changes that could lead to a major systemic overhaul: (i) a one-step registration process; (ii) government subsidies for all eligible children, regardless of programme type; (iii) simplified, adequate health and safety standards; (iv) greater clarity on achieving conditional registration; and (v) more infrastructure support.

6 **Work in partnership.** Many of the most innovative and effective recent initiatives in the sector – including the ECD Census, Thrive by Five Index and IBIF – have been conceptualised and implemented through collaborative partnerships between funders, government departments, non-profits, academics, and practitioners. KYB has evidenced the potential of such multistakeholder initiatives through a partnership between the Hollard Foundation and local and provincial government, and later with ECD franchise SmartStart. The KYB ecosystem approach simultaneously aimed to build government capacity, finance enterprise incubation and increase ECD access.

7 **Lead by example.** Finally, many of South Africa's largest corporates are also among the biggest employers. Like other parents and caregivers, low- to middle-income staff in particular are likely to need – and experience difficulty finding – quality affordable ECD. Although few companies currently offer on-site childcare, research has shown that internationally such services have been linked with reputational benefits as well as increased loyalty, productivity and availability among staff. For employers unable to offer childcare directly, the Earlybird Educare social enterprise offers a noteworthy solution: it establishes quality ECD centres in residential and commercial properties, including the ABSA Towers in central Johannesburg, Siemens Campus in Midrand and 8 Merchant Place on the FirstRand Group's Sandton premises. A fixed portion of the revenue from these sites subsidises delivery of the same ECD programme at sites in low-income communities through Blue Door, the non-profit arm of the company. Through this approach, corporates have the opportunity to build their profiles as employers of choice, support staff, invest in quality ECD and increase access for low-income children in need during their first one thousand days.

Further reading

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WEBINAR INSIGHT

How online education can support our school system

Research indicates that, even before the Covid-19 pandemic, South African learners grappled with educational challenges – eight out of ten children in grade 4 could not read for meaning in 2016 (PIRLS, 2016) and only 41% of pupils had basic maths skills in 2019 (South African TIMSS). The pandemic has led to significant learning losses, but online learning proved to be one of the measures that sustained education during lockdowns.

On 30 June 2022, Trialogue held a webinar to discuss how online learning can become a supportive fixture in the education landscape in South Africa, with the aim of improving learning outcomes.

The panellists were **Setlogane Manchidi**, head of corporate social investment (CSI) at Investec; **Collen Mkhomazi**, head of education at the Kutlwanong Centre for Maths, Science and Technology; and **Angie Maloka**, senior manager: education and community programmes at the MTN Foundation.

Refining the Promaths model

For longstanding partners Investec and Kutlwanong, the Covid-19 crisis created opportunities to launch their highly successful Promaths programme in an online format.

"Our motivation was to not only accelerate the curriculum in response to disruption posed by the pandemic, but to also integrate the ICT component into the programme," Mkhomazi said.

He stressed that online education is not simply taking a lesson planned for the traditional classroom and transferring it to the internet.

"We discovered that the best option is a blended approach, with Promaths Online a mirror of our Promaths programme at the Kutlwanong centres to achieve continuity," he explained. "We didn't consider it an add-on but something to be integrated into the programme, and we designed components specifically for each format."

He said corporate funders often want to design on behalf of others, but in the process exclude the very people who will use what has been designed. "We didn't want to sit in our privileged space as a corporate funder and design from the positions and lenses available to us – we realised we were building for a different context, for communities fairly new to the online space," he asserted.

Looking beyond the pandemic, Manchidi believes a hybrid model will work best as one cannot rely solely on virtual learning, particularly in a country facing the harsh reality of load-shedding. At the same time, virtual learning allows one to monitor which learners connect from which regions and respond accordingly.

MTN brings learning directly to pupils

Since 2008, MTN has installed around 400 computer centres at schools across the country, but during lockdown learners were unable to access these centres. MTN had intended to take learning online for some time, using technology to enhance teaching and learning over a period of years. The pandemic accelerated its plans.

The MTN Online School portal was launched by the Department of Basic Education (DBE) in October 2021 – it took six months for the steering committee, technology partners and DBE to create the virtual learning platform.

MTN sought a low-cost solution aligned to public education, catering to its more than 30 million customers with children in public and private schools.

For learners using an MTN SIM the site is zero-rated, but other network users are not excluded. "We wanted a solution that would be everywhere the learners were, whether at school or at home, online or offline," Maloka claimed. "They had to be able to access the school from different platforms."

The curriculum-aligned content covers all subjects from grades R to 12, but Maloka said updating content is a challenge due to lack of partners.

Advice to companies

Cultivate partnerships. "You can't do everything by yourself as the need is immense, so look at what you can offer and make sure you're not duplicating effort and wasting resources in the process. Regroup to enhance the offering," Maloka suggested.

Invest in teacher development. Maloka made the valuable point that technology cannot replace good teachers or quality content. Teachers need support as they navigate virtual platforms – Mkhomazi indicated the Promaths teachers receive continuous training, so they are comfortable with how to deliver content online.

Help with connectivity or find a way around it. Maloka said that content can be downloaded from MTN's platform so learners don't need to access the portal live all the time.

Advocate for an enabling environment. Online learning has the potential to overcome social inequity, but stakeholders should come together to challenge the government to create a more enabling environment for learners. Contexts may differ, but online learning can bring maths and science teachers to remote rural areas that don't have teachers with the requisite skills, argued Manchidi.

FEM Education Foundation

The FEM Education Foundation (FEMEF) is a non-profit organisation (NPO) established in 2016 as a landmark corporate social investment (CSI) initiative by the Federated Employers Mutual Assurance Company (RF) Proprietary Limited (FEM), its policyholders, and the wider construction industry. To this end, a once-off grant of R750 million was invested into FEMEF. FEM provides workmen's compensation cover for the construction industry.

FEMEF intends to make a meaningful, positive and systemic change to education and leadership in South Africa. To this end the foundation partners with and supports long-term educational projects with the potential and capability to shift the public education system in South Africa. In the years since its establishment, FEMEF has established long-term partnerships with eight carefully selected NPOs. Each partner has a unique area of specialisation and is an expert in their area of work. This ensures that FEMEF has meaningful impact and that initiatives are not duplicated. FEMEF's partners are profiled in the following section.

Leadership that builds a better future for all

Citizen Leader Lab develops conscious leadership that builds social cohesion, uplifts communities and works towards achieving a just society. Education, being a key social change lever, is the primary focus. The organisation's flagship programme, Partners for Possibility (PfP) supports school principals in transforming their schools into environments for quality teaching and learning.

The PfP leadership development and support programme has been in process for 12 years and has reached over 1 700 schools nationwide. The programme is a unique intervention in which school principals and business leaders partner in a 12-month co-learning and co-acting journey. Benefits include enhanced school leadership, improved school culture, context-specific improvement projects and increased social capital to address challenges impacting learning. The partnership between FEMEF and Citizen Leader Lab has capacitated over 400 schools since 2018.

Looking ahead, Citizen Leader Lab will deepen its impact in education by extending support for PfP alumni, introducing leadership development programmes to other areas within the education ecosystem and increasing collaboration with other role-players in the education space. Further, Citizen Leader Lab will broaden impact by developing new interventions for other public institutions and community structures. Further, the organisation aims to complement the PfP programme with increased long-term support for PfP alumni, new interventions for other leaders within the education ecosystem as a holistic approach is needed to accelerate positive change.

Citizen Leader Lab – empowering school leadership and management
www.pfp4sa.org

Turning learners into leaders

Columba Leadership is a national values-based leadership NPO working in partnership with the Department of Education and government high schools. The objective of the organisation is to turn learners into responsible and resilient leaders who lead change in their own lives, schools and communities. The organisation has been operational since 2009.

Columba Leadership's programme is underpinned by the belief that creating opportunities for youth to be actively engaged can contribute to improved youth outcomes (including a commitment to education) and create positive role models. Since its establishment, the organisation has implemented social change projects addressing a range of issues from late coming to bullying, recycling to food gardens, and peer support in academics. Evidence shows that about 74% of Columba learners go on to assume a leadership role in their schools. In addition, between 92–94% stay in school from grades 10–12, in strong contrast to a very high national drop-out rate among learners who have not participated in Columba's programme. Further, Columbians routinely outperform national matric results and tertiary level passes.

Columba will continue to implement leadership development programmes that target youth. Key priorities include intensifying connection and engagement of their growing alumni network as well as amplifying the social action and youth-led enterprises among out-of-school alumni. The organisation will also leverage the youth-led online events and social media engagement for peer-to-peer support and inspiration.

Columba Leadership – enabling accountability in learners
www.columba.org.za

Inspiring and empowering teachers and school leaders

Khanyisa Inanda Seminary Community Projects (KICP) is an intervention which came about as part of an effort to provide a recognised alternative teacher development pathway for aspiring teachers. KICP is known for inspiring and empowering teachers and school leaders from all backgrounds with professional, personal and social competence, aligned to high-quality best practice in varied contexts.

KICP is most proud of placing social emotional learning at the foundation of all programmes as well as retaining a strong focus on the infusion of digital teaching and learning. To date, 52 teacher interns have qualified through the Initial Teacher Education (ITE) programme, 118 are currently teacher-interns in training, and more than 1 000 in-service teachers and management teams from 55 schools have been impacted.

With the support of funding partners like FEMEF, KICP hopes to take its programmes forward, enhance a blended-teaching approach, scale up to include more sites, broaden access to more school management teams and see larger communities of practice develop, thereby having a significantly broader impact on the education landscape of South Africa.

Khanyisa Inanda Seminary Community Projects – creating teacher capacity
www.inandaorg.wordpress.com

Understanding the economics of education

Research on Socio-economic Policy (Resep) is a group comprising a network of scholars and students interested in issues of poverty, income distribution, social mobility, economic development, social policy, education and health. The group is based at the Department of Economics at the University of Stellenbosch. The team has been led by Professor Servaas van der Berg since it was formally established in 2008.

Resep conducts research and advocacy on a range of social issues facing South Africa. A key highlight since the organisation was established was when Resep brought national attention to the problem of children failing to learn to read for meaning before the end of grade 3. The group generated robust quantitative analysis on the scale and depth of the problem, and quantitative patterns in the South African education sector more broadly. This has resulted in Resep developing good relationships with the National Department of Education and various provincial Departments of Education, to the extent that policymakers are aware of and trust Resep's work.

Going forward, Resep will continue to actively participate in the field of economics of education. The group will do so through helping to graduate well-rounded, curious and passionate PhDs focusing on the economics of education.

Research on Socio-economic Policy (Resep) – research and advocacy to inform policy
www.resep.sun.ac.za

Developing the future leaders of South Africa through a comprehensive scholarship programme

The Make a Difference (MAD) Leadership Foundation was established in 2003 with the aim of providing young South Africans from disadvantaged and/or marginalised communities with access to quality education. The organisation's work revolves around identifying and supporting students who show academic and leadership potential. By investing in these individuals, MAD Leadership Foundation hopes to create an equitable society in which everyone has the opportunity to reach their full potential.

An external evaluation conducted in 2021 provided insight into the impact of MAD Leadership Foundation's interventions. The evaluation concluded that the MAD Leadership Foundation has had a positive, meaningful and substantial impact on scholars (and their families). In addition, evaluation findings showed that scholars who participated in the programme outperformed national averages in both time to completion of tertiary studies and being gainfully employed. To date, over 150 young South Africans have graduated from tertiary institutions through the scholarship programme, confirming the social and economic benefits the programme provides. In 2021, the organisation's cohort of 42 matriculants achieved a 100% pass rate, with 40 Bachelor passes, 108 subject distinctions and 10 A-aggregates.

MAD Leadership Foundation is committed to the academic, emotional and physical well-being of its scholars. It recognises that social justice requires it to engage with and respond to the intersections of issues surrounding learning experiences for young people from disadvantaged and/or marginalised communities. To this end, it will continue to offer comprehensive support through its scholarship programme which aligns with both the Sustainable Development Goals and the National Development Plan.

MAD Leadership Foundation – access to quality education for deserving learners
www.madleadership.org

Giving bright futures an early start

SmartStart is a social franchise with a bold ambition. Established in 2015, the organisation aims to close the early learning gap among children from underserved communities and ensure that all children have the right foundations in place to succeed at school and beyond. SmartStart delivers a programme offering that addresses the lack of affordable, quality early learning programmes, the shortage of pre-schools and the dire need for trained and licensed practitioners, while creating new employment opportunities. Programmes are implemented in partnership with smart, caring individuals from the local communities that are specially recruited, trained and licensed by SmartStart and its partners.

Since its establishment, SmartStart has facilitated new employment and social enterprise opportunities for over 12 100 women, stimulating economic activity in even the most under-resourced communities. The organisation has also enabled access to quality and affordable early learning for approximately 135 000 children across South Africa. Caregivers, particularly mothers, who want to work have also benefited from the creation of new childcare spaces.

Looking ahead, SmartStart will continue to harness the power of partnership, community and collaboration as it pursues its vision of delivering access to early learning in underserved communities. It is expected that through this effort, 24 000 women will gain access to employment and enterprise opportunities, and 270 000 children to early learning programmes by 2026.

SmartStart – early childhood development
www.smartstart.org.za

Ensuring all South African children can read for meaning and calculate with confidence

Funda Wande is an NPO which tests interventions in the foundation phase that will lead to all children learning to read for meaning and calculate with confidence by age 10. The organisation achieves this through experimenting with different approaches to teacher training and the provision of high-quality materials which are created in home languages and freely available for anyone to download. The organisation's programmes are evidence-based, independently evaluated, policy aligned and cost effective.

Since its establishment in 2017, Funda Wande has developed an extensive body of rigorous evidence to support the basic education sector in effectively responding to poor learning outcomes among grades R to 3 learners in South Africa. This includes the first randomised control trial in the country focused on early grade maths, which showed that the effective use of teaching assistants can achieve an additional 95% of a year of learning in maths and 110% in reading, and thereby hedge against large learning losses.

The next phase of Funda Wande will be characterised by responsive and relevant interventions. Among these, the development of a concrete package of recommendations for the basic education sector, the production of rigorous research, and focused and intentional advocacy.

Funda Wande – enabling literacy and numeracy in the foundation phase
www.fundawande.org

Providing educational growth opportunities for teachers and learners

The Thandulwazi Trust Maths and Science Academy was formally established in 2005 by St Stithians College as a nation-building education programme. Through the four educational upliftment programmes offered by the Academy, they provide young people access to quality education and equip them with the knowledge and skills needed to become active and contributing members of the broader South African community and economy; and, of course, effective, well-trained, professional teachers play a critical role if this goal is to be achieved.

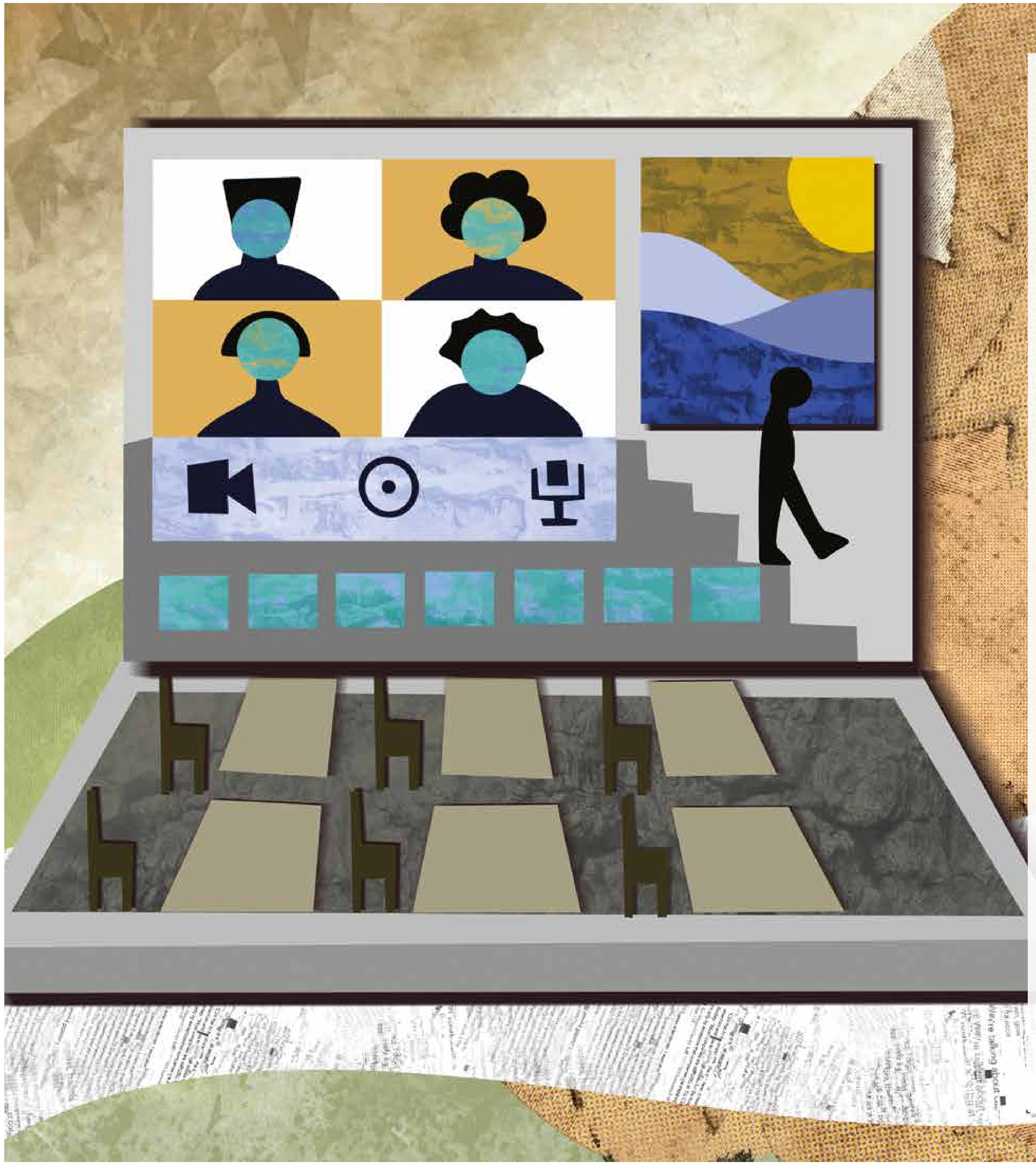
Over the last 25 years the Thandulwazi Maths and Science Academy has gained and developed the necessary expertise and experience to be able to expand the Gauteng-based Intern-Teacher Training Programme into other schools and provinces in order to be able to grow the number of intern-teachers who are trained into graduated professional teachers.

Partnering with FEMEF, Thandulwazi has launched a pilot programme in Limpopo Province in 2022 that will see the training and development of 26 intern-teachers over the next five years. It will be able to assess whether similar expansion projects into other provinces will be feasible; and whether the number of intern-teachers within all new areas of operation could be viably increased in the future in order to train even more teachers in rural provinces, with the anticipation that once they graduate they would remain teaching in their respective provinces.

Thandulwazi Maths and Science Academy creating teacher capacity
www.stithian.com/thandulwazi

FEM EDUCATION FOUNDATION NPC

www.fem.co.za/fem-education-foundation



SUPPORTING EDUCATORS

in a changing landscape

According to the United Nations (UN), teachers, trainers and other education personnel are generally considered the single most influential variable in an education system for achieving learning outcomes. **Patricia Martin**, the director of Advocacy Aid, considers the most significant challenges facing educators today and examines how these can be addressed to maximise returns on educational investments.

Prior to Covid-19, more than a quarter of teachers in South Africa experienced high levels of stress and many wanted to leave the profession. Reasons for this included onerous administrative workloads, resource constraints, poverty and inequality, and pressure to ensure that learners pass, according to the DG Murray Trust (DGMT). Post-Covid challenges have made the situation worse.

Poor working conditions are fuelling a negative cycle. Exiting qualified and experienced teachers are not necessarily being replaced with ones of the highest quality; indeed, students who become teachers are not of the highest calibre. This is creating a new generation of educators who require more support to ensure their health, wellbeing and professional development – to enable them to provide quality education to build South Africa's human capital for sustainable, inclusive development.

Teachers are the key to sustainable development

Educators are essential for achieving transformation. Only by providing quality education to ensure that historically marginalised children become engaged citizens can patterns of social, economic, civic and political exclusion be ended.

Education systems globally face the challenge of developing 21st-century educators but, in South Africa, the task of equalising the dual education professions inherited from apartheid adds to the challenge.

A 25-year review, conducted by the Department of Basic Education (DBE) in 2018, noted significant progress in dismantling apartheid's dual education system, but emphasised that much still needed to be done.

Thanks to a combination of pro-poor funding, capacity building and policies geared towards institutional strengthening, the number and distribution of qualified teachers has improved, as have teacher-learner ratios and access to schools. The supply of newly qualified teachers increased threefold between 2012 and 2016.

Unqualified or under-qualified educators declined to less than 1% of the workforce, according to DGMT, and 40% fewer educators resigned, with a nominal attrition rate of 1.9%. Investments contributed to tentatively improved learner outcomes in internationally benchmarked assessments. After years of achieving the lowest scores, South Africa was the country with the highest levels of improvement in the most recent maths scores in the Trends in Mathematics and Science Study assessment.

Nevertheless, DGMT estimated that maintaining the teacher-learner ratio would require the recruitment of an additional 20 000–30 000 teachers. Moreover, the quality of education and outcomes remained poor and unequal for historically marginalised children.

Disruptions caused by Covid-19 aggravated existing challenges and inequalities, and deepened gaps and weaknesses in the educator workforce. It is estimated that educational achievement was set back to 2015 levels, with greater losses for historically marginalised children.

Teacher profile 2018:

- Had higher education levels than the average South African, but lower than in Organisation for Economic Co-operation and Development (OECD) countries.
- 56% had completed a short-cycle tertiary programme.
- 24% had not completed any tertiary education (OECD: 3%).
- 81% received subject content, pedagogical and classroom practice instructions.

Source: OECD TALIS, 2018

Learner profile 2015

- Most Grade 9s scored below the lowest international level of competency in maths.
- 78% of Grade 4 learners could not read for meaning in either their home language or English.
- Historically marginalised children remained left behind. While 80% of learners at independent schools, and 60% at fee-paying public schools, performed above the lowest international benchmark in maths, only 19% in non-fee public schools did.

Source: TIMMS, 2015

The challenge now is to invest strategically to ensure an equitable post-Covid catch-up under the stewardship of a professional and effective 21st-century cadre of teachers that nurtures South Africa's 21st-century citizens – the people who will lead the country forward.

Scale of the challenge

According to the OECD's 2018 Teaching and Learning International Survey (TALIS), a quarter of teachers in South Africa experience frequent stress (OECD: 18%). Thirty percent want to leave teaching within five years, and more than 1 000 were lost to Covid-19-related deaths. Further losses will follow with the retirement of the 32% of current teachers who are 50 or older.

In the next decade, the education sector must retain and ensure the professional development of experienced teachers; and it must recruit new, inexperienced teachers.

Causes of the challenge

Teacher (dis)stress is caused by several interrelated factors.

Source: DGMT

- **Bloated curriculum** and **onerous administrative burden**.
  "The pressure to get through a curriculum that is too full, that is not appropriate to the classroom environment, as well as the relentless paperwork, administration and assessments we have to do, puts so much stress on us that it takes all the joy away from teaching. There's just not enough time to get through it all; things cannot be taught properly because we have to keep moving on to get through the syllabus." (Primary school teacher, Pietermaritzburg)

- **Limited capacity to teach children with language and other barriers caused by poverty, hunger, malnutrition, development delays and disabilities** – 39% of teachers and 53% of principals said that the lack of capacity for teaching children with special needs impacts on the quality of teaching, according to the OECD's 2018 TALIS.
- **The psychosocial needs of children facing adversities such as poverty, violence, hunger and discrimination** – place onerous demands on educators to provide care and support: 71% of teachers work in schools where more than 30% of children are socioeconomically disadvantaged.
- **Overcrowding and lack of critical teaching and learning infrastructure and support personnel** – Many under-resourced schools' classes are larger than the recommended maximum of 40 learners. Fewer than 30% of schools have libraries, computer facilities and laboratories.
- **Behavioural problems and violence, especially in under-resourced, overcrowded schools.**
- **Poor educator content knowledge in critical subjects such as foundational literacy and mathematics, lack of computer proficiency, and limited pedagogical skills to develop 21st-century competencies and capacities** – 79% of South African Grade 6 maths teachers were found to have content knowledge levels below the level at which they were teaching, according to University of Oxford researcher Natasha Robinson.
- **Inadequate pre-service training** – and limited opportunities for students to develop practical teaching skills in schools that do offer quality teaching and learning, according to DGMT.
- **Lack of parental involvement** – Parents' engagement in their children's education results in better academic, social and emotional outcomes for children; as such, it is key to reducing the burden carried by educators, DGMT points out.

> "In this rural area, there is no parental involvement. We try to involve the parents, but they won't come. They have this misconception that education starts at school. Even if you ask them to come to school, they say, 'No, we are busy. Please do the work you are supposed to do."
>
> **Bongani**, rural teacher, South Africa

- **Unprofessional conduct** – Absenteeism, arriving late for school, and neglect of teaching time are common.
- **Inadequate teaching time** – OECD indicates that teachers spend only 66% of their class time teaching (OECD: 78%).

The problems of educator stress, underperformance and attrition are not caused by one or a few factors: they are systemic. Resolving the challenge requires an equally systemic solution.

Systemic, transformational solutions

The United Nations Educational, Scientific and Cultural Organization's International Commission on the Futures of Education's statement on *Transforming education together* stressed that "[t]oday, more than ever, education must transform the world". It notes:

Despite over half a century of national and international development and education efforts, the promises of a quality education remain unfulfilled. We will not ensure education as a human right across the life span by continuing to do more of the same.

This statement is equally relevant to educator development. In 2019, the DBE said 80% of the education budget is spent on teachers' salaries. Additional investments, primarily in attracting new graduates and training, have yielded limited returns.

There is agreement that we cannot do more of the same and expect a different result. The solution must be *transformational and systemic*.

Amidst the host of challenges are opportunities that, with support, have the potential to yield long-term solutions. The TALIS found that 97% of teachers in South Africa cite the opportunity to influence children's development or contribute to society as a major motivation.

Unlocking educator potential requires that development be understood and actioned within a revised 21st-century school model. It requires the recognition and development of teachers as just one component of an extended education system of co-educators, including parents and others outside school structures. It requires constructing a wider, inclusive, supportive and coherent educational environment that addresses challenges to quality teaching through coordinated responses by roleplayers that extend beyond classrooms and school walls.

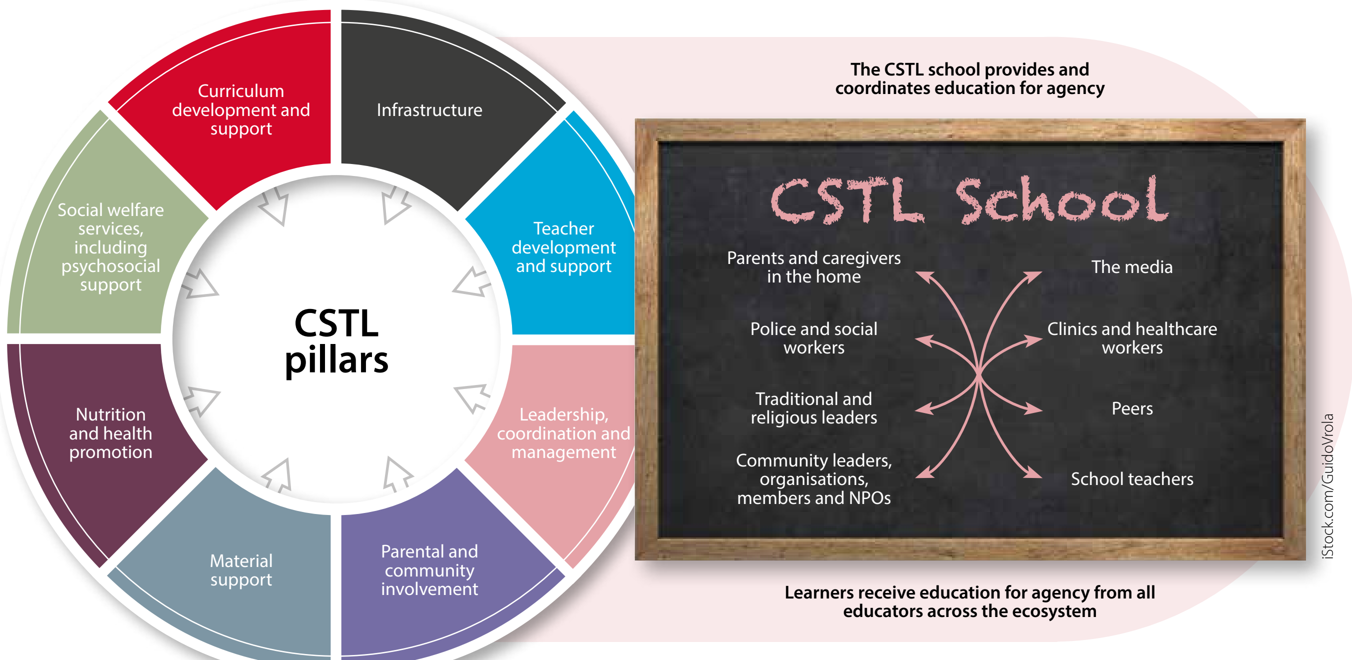
Instead of loading responsibilities on teachers, we must strengthen an extended educational ecosystem that includes and supports the development of a professional cadre of expert educators who excel at, and are measured on, their core function – facilitating teaching and learning of the essentials, namely reading, writing, mathematics and 21st-century competencies. They must be supported by co-educators, support personnel, and adequate teaching and learning infrastructure and resources, which are coordinated through schools that are hubs of transformational educational ecosystems.

The Southern African Development Community (SADC) recognises that educator development cannot happen in isolation of broader systems-strengthening. All SADC ministries of education, including South Africa's, have endorsed, and are implementing, the SADC Policy Framework on Care and Support for Teaching and Learning (CSTL), which provides a roadmap for establishing schools as 21st-century hubs that support quality teaching and learning. The framework is built on 12 pillars, one of which is educator support. The framework recognises that educator support depends on having all pillars functioning together to address systemic challenges that drive educator stress and underperformance. It thus provides direction on the systems-strengthening measures necessary for developing and maintaining a cadre of 21st-century educators.

The way forward

- Looking forward, "teacher development needs to innovate and transition from course-based training to a continuum of collaboration and exchange among teachers, schools, and education systems", according to Sustainable Development Goal 4, which focuses on inclusive, equitable and quality education.
- Support the DBE to operationalise the CSTL Policy Framework to establish all schools, especially under-resourced ones, as CSTL hubs of 21st-century educational ecosystems – that support the development of educators and co-educators to provide quality, inclusive, transformational education.
- Invest in strengthening the following CSTL pillars to support a healthy and effective cadre of 21st-century educators:
  - – Leadership and coordination of an extended continuum of co-educators.
  - – Parental and community involvement in the educational ecosystem.
  - – Teacher training through 21st-century pre- and in-service training; screening, identification, assessment and support training; educator collaboration; and ongoing mentoring to improve their core competencies, including in foundational literacy, mathematics, special needs education and information technology.
  - – Quality assurance and improvement framework made up of professional standards, ongoing assessments, and quality improvement interventions for teachers.
  - – Remote and in-person platforms for educator collaboration, co-learning and participation in devising interventions for effective educator support and development. Across the OECD, teachers emphasise that collaborative approaches to professional development are the most impactful.
  - – Supportive educational infrastructure, and teaching and learning resources, including open-source technologies, laboratories, and administrative infrastructure and support. ■

CSTL School as hub of educational ecosystem



Source: MiET Africa

Taking the lead from best practices

Anglo American's South Africa Education Programme is a systemic response to create coherent educational ecosystems supportive of 21st-century teachers, teaching and learning. Its goal is to improve educational outcomes through a systemic, collaborative integrated response. This includes:

- Building relationships, earning trust, and garnering support from the community, DBE, teachers' unions and Department of Social Development
- Understanding each school's performance, strengths and areas requiring improvement
- Engaging school governing bodies, school management teams and educators to collectively develop innovative solutions
- Providing essential basic infrastructure and administrative equipment
- Providing training, workshops and classroom coaching to improve teachers' content knowledge and pedagogical skills
- Getting parents and guardians involved in supporting schools and holding them accountable
- Supporting learners directly to improve results at matric level.

Primary School Reading Improvement Programme (PSRIP)

The PSRIP is a systemic, holistic, collaborative response to educator development. Conducted by the National Education Collaboration Trust (NECT), the programme recognises that improving the quality of teaching and learning in core subjects and pedagogies — like literacy — is key to transformation. It recognises that this cannot be achieved by educator training alone and requires strengthening of the entire system.

The programme supports educators with training and development of skills to address specific challenges faced by learners; with the provision of teaching resources; and with strengthened monitoring, reporting and collaboration. Subject advisers from 51 districts have been supported to develop the capacity of teachers to be better at teaching reading.

The results have been substantial:

- 48% improvement in CAPS comprehension by educators
- 78% improvement in instructional support
- Improved sharing of best practices
- Improvement in the reading abilities of 29 345 learners.

Further reading

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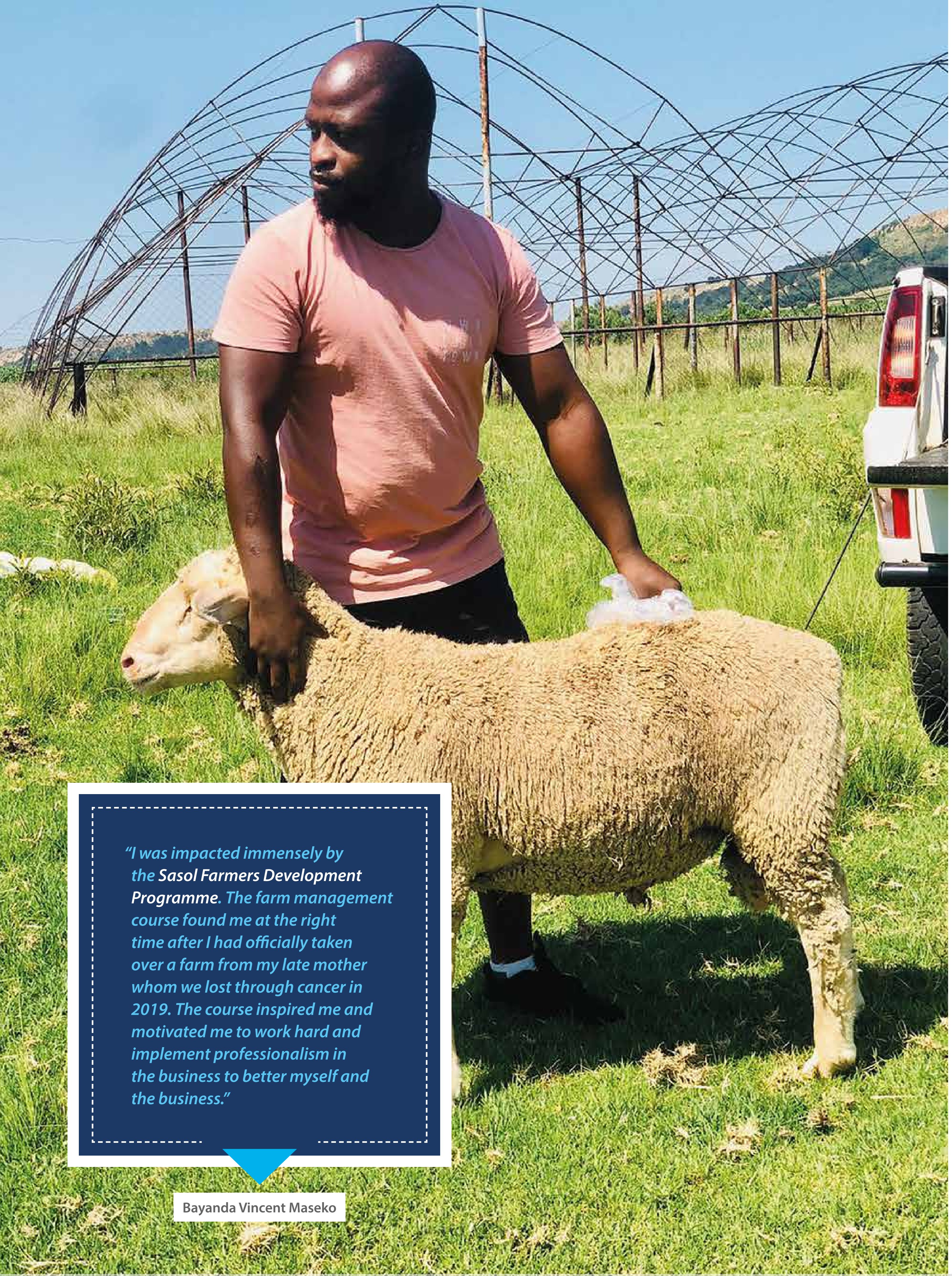


"I was impacted immensely by the ***Sasol Farmers Development Programme****. The farm management course found me at the right time after I had officially taken over a farm from my late mother whom we lost through cancer in 2019. The course inspired me and motivated me to work hard and implement professionalism in the business to better myself and the business."*

Bayanda Vincent Maseko

Sasol plants emerging farmers in the market

Bayanda Vincent Maseko (32) was born in Ratanda, a township south of Heidelberg in Gauteng. He is one of the more than 320 emerging farmers from the Gert Sibande Municipality who has been upskilled through the Sasol Farmers Development Programme, an initiative implemented in partnership with the Department of Agriculture, Rural Development, Land and Environmental Affairs (DARDLEA), Buhle Farmers Academy and the African Farmers Association of South Africa (AFASA) and now consolidated under the revitalised Bridge to Work Iphepe Farmer Development programme.

Bayanda is the director of Noliqua Legacy and co-founder of Ingwempisi Farming Projects Cooperative based in Nigel in Gauteng. His 78ha farm is situated in Balfour, which falls under the Dipaleseng Local Municipality. The farm primarily focuses on poultry farming and egg production, and has a 6 200-capacity layer house and 5 000 free-range layer house. The farm currently produces 2 000 eggs that it supplies to local restaurants, shops and the informal market.

"I was impacted immensely by the Sasol Farmers Development Programme. The farm management course found me at the right time after I had officially taken over a farm from my late mother whom we lost through cancer in 2019. The course inspired me and motivated me to work hard and implement professionalism in the business to better myself and the business," said Bayanda.

Bayanda has demarcated 43ha of the farm to plant maize and a half hectare for vegetable gardens where he has planted spinach, lettuce and beetroot.

"The crop production module changed my perspective on farming; it offered me insights on crop production and served as great motivation for me to go out and look for assistance and information from the neighbouring farmers on how to plant maize and vegetables on a small scale in order to learn and grow my business further," he added.

Bayanda is looking to increase his farm's egg production capacity and is currently looking for assistance with inputs for the layer project.

"We have the infrastructure and equipment. We only need inputs to be at full capacity in order to meet our supply demand of eggs in the market. We have recently been certified by the Department of Forestry, Fisheries and the Environment with an Environmental Impact Assessment (EIA). This is important because it shows we have the capacity to be one of the largest black layer farmers in the country," said Bayanda.

His short-term goals are to fix the boreholes on the farm in order to have efficient water supply to work the land, to build 40 000-capacity egg production houses each year for the next five years to reach a 200 000 capacity.

"In the long term I would like to establish an egg powder processing plant that will supply both the local and international market. I also want to invest in solar or biogas energy as one of the major challenges to run the farm is stable electricity supply and current costs are too high for us to keep up," he concluded.

Bayanda believes emerging farmers need to be empowered with education and programmes like the Sasol Farmers Development Programme on all aspects of farming. They also need to be properly mentored and supported.

A COLLECTIVE IMPACT APPROACH

contribution to strengthening education

Almost half of all teachers graduate via distance education institutions. A number of independent programmes have been established to offer extended student teacher internships, for learners from distance education institutions, with the intention of improving aspects such as teaching quality, pass rates and retention of teachers in the profession. This case study outlines how a collective impact initiative, the Teacher Internship Collaboration South Africa (TICZA), seeks to add value to the sector through collaborative processes, knowledge-sharing and measurement practices.

Distance learning, a key pathway to teaching

Forty-five percent of public-school teachers are scheduled to retire in the coming decade and will need to be replaced. In fact, if South Africa is to reach the targets set out in the National Development Plan (NDP), universities will need to increase the number of teachers they graduate by at least 50% within five years and double current production by 2030, according to Nic Spaull, author of the *2022 Background Report for the 2030 Reading Panel* – a growth from 26 000 in 2018 to 50 000 per year. This exponential rise is necessary to "avoid large increases in class sizes or unqualified teachers being recruited to fill vacancies".

Aspiring teachers in South Africa can pursue one of two pathways to qualify: they can either complete a four-year BEd degree or, alternatively, complete another three- or four-year Bachelor's degree, followed by a one-year Postgraduate Certificate in Education (PGCE). About 15 000 qualified teachers graduate from higher education institutions (HEIs) every year, half of whom complete their degrees through the College of Education at the University of South Africa (UNISA) through open and distance learning (ODL) programmes.

Value of practical experience

All South African initial teacher education (ITE) programmes include a practical teaching component, consistent with education theory and best practices worldwide. Teachers in training (also variously referred to as student teachers and pre-service teachers) spend time in classrooms working directly with learners and observing and being mentored by experienced educators. Through these "student teacher internships", trainees are able to develop and deepen a core skill set, from subject command and application to instructional techniques, classroom management, lesson planning, effective communication (often with multilingual learners), resource use and relationship-building. They also gain first-hand insight into the responsibilities and requirements of the job and, importantly, begin building their own professional identities, according to researchers Dan Zhan and Xu Liu.

Conversely, says Professor Sarah Gravett, student teachers with very limited practical experience can struggle to overcome the "theory-practice divide" when entering employment. This underpreparedness can lead to poor performance and even attrition from the profession altogether. As described by John Gilmour of the Global Teachers Institute (GTI) at a Trialogue webinar held in September that focused on TICZA, "the dropout rate of teachers coming out of universities, going straight into schools, and then looking quickly for alternative ways of earning a living, is way too high".

The case for extended student teacher internships

While student teacher internships feature in all ITE programmes, these vary considerably by structure and duration across HEIs – and are relatively short overall. BEd candidates, for example, only spend an average of four to six months in student teacher internships, referred to as both Work Integrated Learning (WIL) or teaching practice (teaching prac). The four to six months of WIL or teaching prac is divided between the four years of a BEd programme. At UNISA, the single biggest producer of education graduates in the country, students generally complete around five practical weeks each year, depending on the module. Student teacher internship periods drop to between six and eight weeks for those completing a one-year PGCE.

Taking into account both the current challenges in teaching quality and evidence of the value of practical experience, a number of programmes have been established to facilitate extended student teacher internships. According to Zahraa McDonald of JET Education Services (JET), speaking during the Trialogue webinar on TICZA, in practical terms extended student teacher internships mean that "a student teacher would be spending a lot more time in a school than an average BEd or PGCE." Extended student teacher internships represent a departure from prevailing practices, in which student teacher interns often only spend time in classrooms during specific times of the year. Such efforts to change and improve ITE are timely given that plans are under way to meet growing demand for new teachers and could be become a viable approach for an auxiliary pathway for ITE.

As Trialogue's Managing Director Nick Rockey explained, the education sector is "characterised by multiple initiatives, most of which are operating in isolation but have very similar agendas, for example, around teacher development, early childhood development (ECD), supplementary maths and science programmes, bridging programmes and bursaries." There are a number of obstacles impeding greater collaboration, including that implementers, NPOs and donors alike set their own organisational priorities, employ different methodologies, develop and apply intellectual property (IP), and rely on unique ownership and branding for visibility and evidencing results. One effect of this disparate approach is that the important work of addressing major systemic challenges can be reduced to "simplistic, linear processes that are symptomatic in nature" and end up with a narrow focus on specific challenges. Further, government departments with a mandate of responsibility for upwards of 17 million school learners and university students, are simply unable to effectively engage with large numbers of small initiatives with solutions that are not necessarily holistic and are therefore "difficult to scale or systemise."

Taking a collective impact approach

A new collaborative partnership (TICZA), has been established to explore how such interventions could strengthen both teaching quality and long-term educational outcomes.

TICZA was initiated by Trialogue, JET and the Bertha Centre for Social Innovation and Entrepreneurship at the University of Cape Town (UCT), and formally launched in 2021. The GTI was also involved in conceptualising the initiative and Bridge Innovation has since joined as a convening partner. Its membership cuts across the education sector and includes stakeholders from multiple government departments, HEIs, non-profit organisations (NPOs), the private sector and implementing organisations.

One of TICZA's first activities was to undertake a Sector Mapping Study in 2021, which confirmed that a variety of programmes were offering extended student teacher internships throughout the country. Although each had unique features and characteristics, most also shared common goals. Yet, to date these programmes have not been well coordinated or formalised as a recognised practice.

TICZA's members have now set a goal that is both targeted and ambitious: to achieve systemic change in ITE through demonstrating the value and impact of **extended student teacher internships**, which, if implemented, will lead to a new generation of high-quality, effective teachers for South African public schools. Many organisations, programmes, networks and individuals have worked to improve South African educational outcomes in the past – and continue to do so. What sets TICZA apart is the deliberate decision by its conveners to adopt a **collective impact approach**.

Putting collective impact into practice

The **collective impact** model and methodology, was developed by John Kania and Mark Kramer and originally published in a 2011 edition of the *Stanford Social Innovation Review*. According to Kania and Kramer, the collective impact model shares features with other types of networks, partnerships and collaborations. However, initiatives adopting this methodology are distinguished by five key features. These, as purposefully embedded in TICZA's structure and operations, are as follows:

1. **A common agenda.** All of TICZA's membership is active in the education sector, invested in ITE and interested in alternative teacher education pathways (ATEP). However, taking on a collective impact approach meant going beyond complementary values and parallel programming. Rather, as described by Rockey, partner organisations came together to debate and define the problems facing the sector and co-create a new vision for the future. Thereafter, TICZA members "actually repositioned their organisations to chase that agenda", focusing their energies and resources on goals set out together, according to Rockey.

2. **Shared measurement.** Understanding progress is a core dimension of the collective impact approach, and one of TICZA's earliest endeavours was to develop

a two-part theory of change (TOC), for both the initiative as a whole and its specific programming. This TOC maps out activities, outputs and anticipated outcomes in members' shared journey towards an ultimate vision of an **improved standard of education in South Africa**. This was followed up with accompanying monitoring and evaluation (M&E) framework, enabling data collection and tracking of results across multiple implementing organisations.

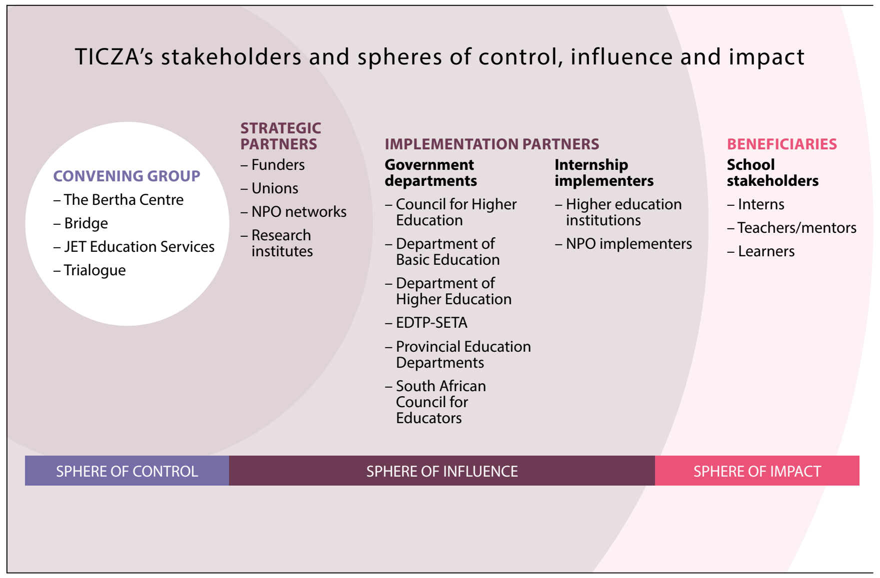
3 **Mutually reinforcing activities.** All TICZA members have additional mandates, programmes and activities but adopting the collective impact approach has meant coming together, bringing unique and diverse skill sets and building capacity to reinforce the common whole.

4 **Continuous communication.** Given the numbers and diversity of TICZA's membership – and the commitment required in terms of adopting a common agenda and fundamentally shifting their own organisational operations to accommodate this – there is a need for ongoing regular engagement. This, however, can be challenging based on how many stakeholders are involved and the imperative of ensuring that everyone is informed and given ample opportunity for input and feedback.

5 **Backbone support.** Crucially, the success of a collective impact also depends on a central organisational structure and support. In addition to the hundreds of hours invested each by the founding and member organisations in coordination, planning, implementing agreed activities and reflecting on lessons learnt, TICZA has effectively built a staffed organisation that exists solely to support this process.

Results achieved thus far

TICZA is now nearing its second year of formal, structured operations and has made steady inroads into its five-year plan. These have been channelled into four internal work streams, with notable advances made in each area. The first of these – critical to the collective nature of the initiative – was to set up **platforms for collaboration**. A robust Steering Committee (SteerCom)



champions the common agenda, oversees agreed activities and ensures accountability. In addition to 13 voting members, SteerCom meetings have included up to 50 participants and observers, from implementers to government officials, the South African Council for Educators (SACE), trade unions (the National Professional Teachers' Organisation of South Africa and the South African Democratic Teachers Union), universities and funders.

Additional platforms include a series of **community of practice (CoP)** sessions focusing on information-sharing, learning and reflection; and an **Innovation Lab**, which consists of multi-day design process workshops. These are ultimately intended to advance programme redesigns, in line with TICZA's common agenda.

The second work stream focuses on **knowledge production**, with the goal of at least two outputs annually. To date, these have included a literature review on teacher internships and other alternative ITE models; a survey-based scoping study outlining the current state of ATEP in South Africa and, most recently, **Training Better Teachers: An implementation brief for improving practice-based initial teacher education**.

Thirdly, TICZA is committed to supporting young researchers through the **sector capacity development** work stream. In 2021, grant funding in the amount of R35 000 each was provided to two postgraduate students, one undertaking a comparative study of university education curricula; and the second researching the behaviour of embedded interns and novice teachers in rural contexts. In addition, an **outcomes-mapping exercise** was undertaken to assess and document the abilities and ambitions of different stakeholders with an interest in internships in ITE.

Finally, the fourth work stream of **tools and resource development** has thus far focused on the TOC and M&E framework. Notably, TICZA's TOC includes two key components: one that focuses on the implementation of extended student teacher internship programmes in general; and a second specific to TICZA's collaborative activities.

Three Working Groups have also been established: a Mentoring Group; and HEI and NPO alignment group; and the Supporting Schools group. The Working Groups were set up in recognition of the fact that in a context of multiple initiatives previously working in isolation, there is limited opportunity to entrench or formalise broader practices, and definitions and practices vary substantially. The Working Groups function to extract learning and good practice, and provide guidance and standardisation, assisting all implementers and organisations involved.

Challenges encountered

TICZA's collective impact approach, although not the only model of this kind, represents a relatively new formation within the South African education sector. Reaching this point has not been without challenges – as is to be expected for an organisation involving so many stakeholders, each with its own past experiences, priorities and interests, plans, structures, methodologies, resources, limitations and constraints.

Together, TICZA members have anticipated these challenges and as Rockey explained of both the organisation and collective impact approach, "this is not a slam-dunk, it takes time and effort". For this reason, TICZA has been proactive about identifying problems and risks it faces, developing mitigation strategies, analysing issues as they happen, and even maintaining a live register to track high-level risks. Some of these challenges include the following:

- **Commitment and longevity of participation.** Long-term, ongoing engagement and "continuous communication" with a multi-party initiative of this kind is in itself demanding and resource intensive. In a sector characterised by constrained time, funding and human resources, joining and remaining a TICZA member has proven onerous for some stakeholders and there has been attrition along the way.
- **Independence and IP.** The adoption of a common agenda as required by the collective impact model can be very difficult – particularly with the expectation that entire programmes and organisations should be redesigned accordingly. Members must eschew some of their own best practices and this can be uncomfortable, although TICZA has worked to ensure that the benefits of membership outweigh the risks for all participants. TICZA has also adopted the key principles that participation and information-sharing is voluntary.
- **Monitoring and reporting on progress.** Some members have expressed concerns that adopting and reporting on a shared M&E framework will cast implementers in a "bad light" if planned targets are unmet, and alignment and adoption of the instruments developed has been slow. However, TICZA has worked to position a minimum effort, maximum benefit approach to M&E, which will collect core indicators with the minimum possible adjustments to existing frameworks and programmes.

Next steps

Looking to the next three years, TICZA plans to consolidate and expand on the foundations developed in 2021–2022. In McDonald's words, much "intellectual, emotional and very practical work" has gone into the conceptualisation of TICZA and activation of its collective impact model.

The activities outlined in the TOC will continue to mature, including raising awareness of the organisation and its evidence base confirming the value and impact of extended student teacher internships, as well as seeking out and aligning funding streams; collecting and reporting on results using shared indicators; new workplans and activities in the key areas of mentorship, implementer alignment and school support; and an exciting array of new knowledge products, practical tools and publications that will be freely available on the new TICZA website, planned for 2023. Finally, work is under way to commission and conduct an external evaluation and TICZA is currently in the process of appointing a service provider.

Looking to the longer term, as mapped in the TOC, TICZA ultimately aims to achieve its objectives and embed best practices of extended student teacher internships throughout the South African ITE system, so the initiative itself is no longer needed.

Further reading

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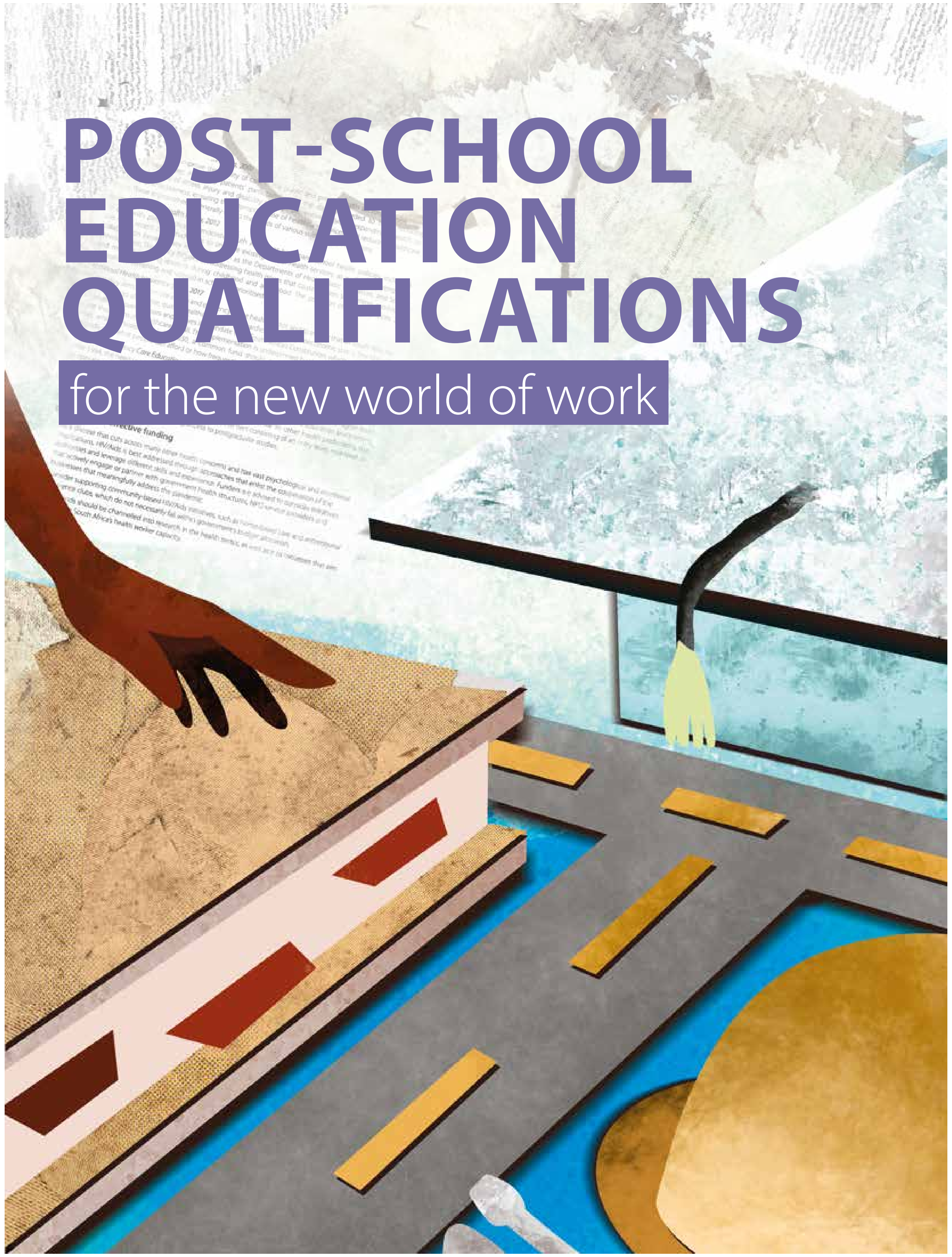
POST-SCHOOL EDUCATION QUALIFICATIONS

for the new world of work



South Africa faces the twin challenges of mass unemployment and a scarcity of skills. At the same time, the world of work has changed, and the qualifications institutions offer are no longer adequately aligned with the jobs that are available now, or in the future. To address these paradoxes, argues education development and support specialist **Monie Naidoo**, educational institutions, government and business need to work together more closely to ensure that the most relevant qualifications and graduate attributes, needed now and in the future, are systematically planned for, and implemented.

Introduction

The World Economic Forum (WEF) contends that having the right skills will become more valuable than having the right qualifications as future demand for skills will increase. Many also believe that skills-based qualifications are better than general qualifications because they are more aligned to industry needs. This raises the question of whether there should be greater provision and investment in specialised qualifications and skills courses, and less on general qualifications. It also brings into question whether students making career choices and adults making career changes should select those that are more skills-based over those that have a stronger theoretical focus.

Specialised skills qualifications in this article refer to those whose learning programmes have a significant component of practical application skills, most often in a workplace, that is work-based learning is an integral part of and is integrated into the curricula of these programmes. Skills is a term commonly used to refer to the broad range of competencies acquired by graduates through completion of a structured learning programme. However, in education discourse, 'skills' refer to the psychomotor domain of attributes, the other attributes being the knowledge (cognitive domain), and attitudes and values (affective domain) that students acquire through the study programme.

In this article, skills courses refer to those degrees, diplomas, certificates and short learning programmes offered by post-school education institutions, i.e. universities and colleges, that lead to professional or occupational qualifications that may be overseen (though not necessarily) by a professional body. Examples include qualifications that lead to becoming an engineer, technician, nurse or fashion designer. General qualifications such as a Bachelor of Arts or Bachelor of Commerce are formative degrees that provide a broad and more general array of competencies.

Collaboration between industries, educational institutions and government is critical for ensuring that the most relevant qualifications and graduate attributes needed for the future are systematically planned for and implemented now. It is not a matter of whether specialised qualifications are better than general ones, or whether degrees are better than diplomas or certificates, or whether university qualifications are better than TVET college qualifications.

The country needs a variety of institutional types and qualifications to be offered. The world of work has already changed, so alignment between the qualifications that institutions offer and the jobs that are, and will most likely be, needed in the future is urgently required. Furthermore, demand for jobs is higher than the number of jobs available, so an entrepreneurial mindset is needed by students and job seekers in response to the unemployment crisis.

New world of work

The new world of work is here in many industries and it is significantly different from the pre-pandemic years. The five-year global scenario painted in the WEF's *The Future of Jobs Report 2020* provides a useful backdrop against which to examine the education and training needs of South Africa's labour market:

- The pace of technology adoption is expected to remain unabated and may accelerate in some areas.
- Although the number of jobs destroyed will be surpassed by the number of 'jobs of tomorrow' created, job creation is slowing, while job destruction is accelerating.
- Skills gaps continue to be high as in-demand skills across jobs change in the next five years.
- The future of work has already arrived for a large majority of the online white-collar workforce.
- In the absence of proactive efforts, inequality is likely to be exacerbated by the dual impact of technology and the pandemic recession.
- Online learning and training are on the rise but looks different for those in employment and those who are unemployed.
- The window of opportunity to reskill and upskill workers has become shorter in the constrained labour market.
- Despite the current economic downturn, the large majority of employers recognise the value of human capital investment.
- Companies need to invest in better metrics of human and social capital through adoption of environmental, social and governance (ESG) metrics, matched with renewed measures of human capital accounting.
- The public sector needs to provide stronger support for reskilling and upskilling for at-risk or displaced workers.

South Africa is a complex society with a multitude of serious socioeconomic and political challenges. This makes the need for a more informed and nuanced conversation about the types of qualifications and kinds of graduates that are needed for the present and future all the more urgent. The focus should be on whether the post-school education sector is functioning optimally to best serve the graduates, the industries and the economy and, if not, what needs to be done.

Labour market trends

South Africa faces severe poverty, inequality and unemployment. Major job losses due to businesses closing or downsizing in an already weak economy, have been further impacted by factors such as the Covid-19 pandemic, looting, floods and labour unrest. Pandemic lockdown measures caused the greatest disruption and accelerated the adoption of technology that facilitates remote working, automation and information technology (IT) solutions. The world of work is changing rapidly and already some jobs are being replaced by machines, and new kinds of jobs are emerging. Having meetings online is now commonplace with many businesses and employees now preferring a blended approach and remote working to only physical interactions. Currently, the worst crisis facing the country is the electricity shortage that has resulted in increasing levels of load-shedding, which is having a devastating impact on the economy. Businesses continue to close down, downsize and retrench workers.

Having a degree or diploma used to hold the promise of employment and success, but no more. According to Statistics South Africa (Stats SA), unemployment among young graduates aged 15–24 was 32.6% and 22.4% for those aged 25–34 in the first quarter of 2022. Yet ironically, the country needs to recruit expatriate graduates in many fields such as IT and engineering. Clearly, there is a mismatch between supply and demand for graduates in highly specialised fields. Overall, there are more graduates being produced than there are jobs available in the shrinking labour market and more unemployed adults are seeking jobs following retrenchment or are wanting to enter the labour market due to economic need. Business, educational institutions and government need to work together to address the situation.

Businesses spend a substantial proportion of their annual corporate social

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responsibility (CSR) budgets on education and training. Education is supported by 91% of large South African companies surveyed by Trialogue, and received 39% of CSR expenditure in 2021. Of this amount, 29% went to tertiary education and 31% to further education and training. This includes bursaries, learnerships, work-based learning placements and apprenticeships offered to students during their studies.

Since businesses are potential employers of students and the majority of students enrol for post-school education in order to get a job after graduating, businesses should be in a position to inform the institutions and other roleplayers of the needs in the labour market, and the qualifications and competencies that are in demand. Whether there are more effective and efficient ways for business to make an impact should also be considered.

Post-school education

Students study further after leaving school primarily with the aim of getting a job and earning an income thereafter. There are many institutions to choose from, with universities, and public and private higher education institutions offering certificates, diplomas and degrees, and TVET colleges offering occupational certificates and occupational diplomas of varying duration.

No one kind of qualification is better than the other – each has its own unique purpose and structure with, for example, higher education diplomas having a higher theoretical than practical component than occupational diplomas, which have a larger practical than theoretical component. Therefore, the general term 'skills course' needs to be replaced by more specific terminology in the discourse on employability.

The post-school education and training (PSET) sector consists of diverse roleplayers, including institutions; regulatory bodies such as the Department of Higher Education and Training (DHET), the South African Qualifications Authority (SAQA), the Council on Higher Education (CHE), the Quality Council for the Trades and Occupations (QCTO); professional bodies; staff; and students. The Sector Education and Training Authorities (SETAs) and the business sector also play a role. The sector faces major challenges ranging from declining funding to student protests related to the #Feesmustfall campaign, a shortage of workplaces in which to place students for experiential training and a shortage of jobs for graduates.

Many PSET institutions have aligned their programmes to the changing job market, while some have completely ignored the emerging trends and are offering low-cost, low-demand programmes to large numbers of students seeking access to higher education – such as the large number of institutions offering one-year higher certificates in business management that has low employability prospects.

Qualifications in the science, technology, engineering and mathematics (STEM) disciplines are needed for the new world of work and would offer graduates greater prospects of employment. This would, however, require larger numbers of students to take such subjects at the correct level at school, which is fraught with its own set of challenges.

Dispelling myths and misconceptions

It is not the job of higher education institutions to produce job-ready graduates. Their responsibility is to develop a broad range of cognitive, psychomotor and affective competence that will enable graduates to continuously learn as new knowledge and skills are required. Employees with self-confidence and motivation to learn and develop will enhance the agility of businesses to respond to future changes as they occur.

There is a view that employing graduates with lower-level qualifications and training them further in-house will reduce employee costs. While this may be true for some industries that are unlikely to experience significant changes in the future, most large businesses will benefit in the long term from employing highly competent graduates. Examples of attributes that have been identified as being needed now are critical thinking, problem-solving, research, written and verbal communication, and teamwork. There is a danger in employing people with a very narrow focus in a specialised area at a low qualification level as they may have insufficient theoretical knowledge to adapt to changing circumstances.

Specialised qualifications that lead to specific professions are necessary, but may not always lead to jobs. In some fields there is an oversaturation of graduates who are unable to find employment and in other cases, such as the public health sector, vacant posts are not being filled due to financial constraints. A closer alignment between the demand for and supply of graduates is required, and institutions and the DHET need to consider business intelligence when planning enrolments. Students also need to take such information into account when making career choices.

A popular myth is that formative or general degrees have less value than professional qualifications. The formative qualifications provide graduates with a broad set of generic competencies that are applicable in multiple contexts. If one considers the academic backgrounds of people at higher levels in organisations, it is evident that in certain specialised areas such as finance and medicine, people have remained in their areas of specialisation, but for the large majority of individuals, their career paths have traversed disciplinary paths in their upward mobility.

A proactive and strategic role for business

The business sector is best positioned to inform and influence education roleplayers on the types of qualifications, and the knowledge, skills, attitudes and values that are needed across different industries. Producing up-to-date business intelligence by continuously collecting disaggregated data, analysing trends and widely disseminating this intelligence to institutions and regulators could support better institutional enrolment planning. The focus should not only be on the qualifications and competencies that are needed now, but also on those that may be needed in the future.

Planning education programmes for the future is difficult. Dialogue and collaboration between industries and institutions are key to addressing the mismatch between graduate attributes and industry needs. It is immoral of some institutions to enrol students into programmes that have little or no job prospects, or to steer them into such programmes when there are no available spaces in the programmes of their choice.

There is also an opportunity for the business sector to play a more active role in career guidance by showcasing in-demand jobs and the study choices and work they entail. The majority of students, particularly from disadvantaged backgrounds, may not have had access to information about new fields such as robotics, the Internet of Things and artificial intelligence. Access to emerging fields of study may be facilitated by businesses playing a role in partnership with institutions to popularise them through, for example, social media, road shows and career fairs.

Bursaries could also be targeted towards those qualifications for which there is a demand in the labour market to improve graduates' employability prospects. Many graduates who received financial aid are unable to pay back their student loans because they are unemployed.

While many higher education institutions have developed strategic partnerships and alliances with industries, others have not. Collaboration could take many forms, such as having industry representatives on advisory boards, and programme and curriculum design review panels as project partners, and as associate and guest lecturers. This could have the added benefit of facilitating the placement of students for work-based learning and opening employment opportunities for graduates. Industries would benefit from improving the employability of graduates and this may also facilitate the learning development opportunities of their own employees at these institutions.

Examples of collaboration

The websites and annual reports of the universities outline a number of collaborations with industries and offer examples of the kinds of partnership arrangements that are possible. This article highlights examples from two private higher education providers to offer a glimpse of good practice in the sector.

Regenesys is a private higher education institution that has established academic clusters based on subject areas that are comprised of subject-specific academics, material development writers, students, alumni and industry partners. The purpose is to create communities of practice to deepen the theoretical knowledge and understanding of the academics and industry partners; identify best practice and trends in subject areas and sectors; identify and examine the needs of industry and government and ensure that the curriculum addresses these needs; and establish a strong partnership between academics and industry partners to develop students who are relevant to the workplace. These academic clusters have enriched the learning experience for students not only by exposing them to the latest trends and best-practice cases, but also better equipping them to apply theoretical models and frameworks.

The institution invites speakers such as CEOs, industry experts, senior government officials, entrepreneurs and technical experts to speak to students during relevant modules in their programmes. In addition, Regenesys signed an agreement with The Innovation Hub to collaborate in areas of skills development, education, postgraduate research, business incubation and entrepreneurship development. An agreement with the Council for Scientific and Industrial Research (CSIR) to collaborate on research initiatives to support postgraduate students and generate co-published outputs has also been made.

Eduvos is another private higher education institution that has involved industry partners in curriculum design and content, and has brought them onto its campuses to immerse students in real, practical simulations and experiences. These partners offer the students placements for work-based learning and actively recruit graduates for employment.

One example is an IT centre of excellence launched at Eduvos' East London campus to focus on Fourth Industrial Revolution (4IR) technologies. This is being done in collaboration with the Border Chamber of Commerce and other industry partners, working with government, the wider community, business technology companies and entrepreneurs to sponsor and expose students to cutting-edge 4IR qualifications in state-of-the-art IT simulation hubs, and within organisations for real-life exposure. The partners wish to create a unique ecosystem where academia, technology and industry meet, for the benefit of the community.

Conclusions

There needs to be a deliberate strategy to better align enrolment numbers and the curriculums of the qualifications into which students are enrolled with the current and projected demands of the labour market. Unemployment among graduates is high, and where professionals have to be brought in from other countries because there are insufficient numbers of locally trained professionals, they are generally graduates with degrees and, in many instances, postgraduate qualifications. Institutions and regulatory bodies should take active steps to improve the alignment between the demand for and supply of graduates for the labour market.

More coordinated and targeted collaborations between key roleplayers in government, education institutions and industry are likely to yield better returns on investment. A prerequisite for this would be more regularly updated and detailed collection, analysis and dissemination of intelligence on the supply and demand of human resources to these roleplayers. Work is being done in this area, such as by the Labour Market Intelligence Partnership (LMIP), the World of Work reference group of Universities South Africa, researchers, professional bodies and businesses, but more comprehensive, job-segmented and regularly updated insights are needed.

Specialised and skills-based qualifications are needed at all levels, but these need to be aligned to the current and future jobs needed. Enrolling students into programmes for which there are no jobs available or that graduates would not be able to use to become entrepreneurs or as a pathway to a job, will not address the massive unemployment crisis in the country or the growing anger and frustration among young people.

Technological innovation will continue to radically change the ways in which we live, work and learn. Some jobs have already been replaced by machines and new kinds of jobs are emerging. Online learning and meetings held virtually have become normal and new modes of blended interactions have evolved. The possibilities and opportunities for our future are unpredictable and it will be those businesses and individuals that can rapidly adapt to change that will survive and flourish. A necessary precondition for this will be for structures such as educational institutions and the government, which sets up regulatory frameworks, to proactively create the conditions that will support emerging realities. ■

Further resources

- *The Future of Jobs Report 2020*. (2020). World Economic Forum (WEF). https://www.weforum.org/reports/the-future-of-jobs-report-2020/digest
- How skills education can mould job-ready graduates in South Africa. (13 December 2021). Times Higher Education (THE). https://www.timeshighereducation.com/hub/coursera/p/how-skills-education-can-mould-job-ready-graduates-south-africa
- *South Africa's youth continues to bear the burden of unemployment*. (1 June 2022). Statistics South Africa. https://www.statssa.gov.za/?p=15407
- *This is how South Africa can handle the growing demand for higher education*. (29 December 2021). University of Stellenbosch Business School. https://www.usb.ac.za/usb_insights/this-is-how-south-africa-can-handle-the-growing-demand-for-higher-education/
- *The World of Work: requirements change for workers, students and universities*. (10 October 2021). Universities South Africa (USAf). https://www.usaf.ac.za/the-world-of-work-requirements-change-for-workers-students-and-universities/
- *Why skills – and not degrees – will shape the future of work*. (21 September 2020). World Economic Forum (WEF). https://www.weforum.org/agenda/2020/09/reckoning-for-skills/
- *Why Skills Training Can't Replace Higher Education*. (9 October 2019). Harvard Business Review. https://hbr.org/2019/10/why-skills-training-cant-replace-higher-education

VIEWPOINT

The YES programme and youth employment

The Youth Employment Service (YES) programme is led and funded by the private sector. Companies sponsor 12-month youth work experiences, either within their own business, or within community-based non-profit organisations (NPOs). CEO of YES, **Ravi Naidoo**, explains why seeking to create jobs at scale for unemployed youth can help to drive lasting economic and societal change.

Youth unemployment has reached critical levels in South Africa. Just how bad is the problem and what does this mean for stability and democracy in the country?

Statistics South Africa (Stats SA) reported an unemployment rate of 34.5% in Q1 2022, the highest in the world. For youth, the figures are more dire: two-thirds of South Africans aged 15 to 34 are unemployed. To shift this trajectory, government must radically improve the quality of education in public schools (particularly the worst 50% of schools) and undertake structural reforms to boost economic growth. Without meaningful progress, unemployment and all its ills will continue. Our young people are more than the future customers and tax base on which our economy will stand. They need to gain practical skills to keep South Africa competitive in a rapidly changing global economy. Crucially, they must be economically included to benefit from this long-awaited economic democracy.

What is behind our youth unemployment crisis and how has the Covid-19 pandemic exacerbated the problem?

The pandemic had a drastic effect on unemployment in South Africa. The number of people with jobs declined from 16.3 million to 14.5 million between 2020 and 2022. But the root of the crisis lies in the lingering legacy of apartheid education – and a further 28 years of poor management – that requires radical change. Our young people don't have the skills they need to be employable right now. Secondly, levels of economic growth have barely touched 2% a year in the last ten years. Thirdly, the global economy is in the midst of major changes resulting from the impact of new technologies and accelerated by the pandemic. Millions are likely to be left behind, unless they can acquire the right skills and experience.

What is the government doing to address the issue? Do you believe its programmes can make a significant difference to youth unemployment?

President Ramaphosa's State of the Nation Address 2022 outlined how government plans to address the youth unemployment crisis:

- The first two phases of the Presidential Employment Stimulus programme, launched in 2020, has supported more than 850 000 work opportunities in government schools (such as teaching assistants and general assistants).
- The Social Employment Fund will create 50 000 work opportunities in areas such as urban agriculture, early childhood development, public art and tackling gender-based violence.
- A revitalised National Youth Service is set to recruit its first cohort of 50 000 young people during the next year.
- The Department of Higher Education and Training will place 10 000 unemployed technical and vocational education and training college graduates in workplaces from April 2022.

All of the above can have a positive impact, but we need to boost employment, especially for young work seekers. Even if we did not have the current economic difficulties, we would still require special policy and incentives for the private sector to make it easier and less risky to employ youth. Programmes like YES need to be accelerated to drive employment in the short term.

YES has made a significant impact on job creation. How many jobs have been created and how has this been achieved?

YES is a 100% private-sector-funded initiative to create job opportunities for unemployed youth. Since 2019, YES has worked with more than 2 200 private companies and numerous implementation partners to get more than 89 900 young people into first-time jobs. This has seen young workers earn more than R4.9 billion.

Sustainable jobs require that youth acquire the skills needed to connect to, and thrive in, the modern digital world. Thousands of YES participants are being placed in positions like data capturers, business process outsourcing roles, cybersecurity agents, digital artisans, drone pilots, content creators and software developers. These future-facing sectors can help South Africa emerge as a leading nation in the digital age.

How can companies partner with YES and what are some of the advantages?

Companies can join YES and make a real contribution to reducing youth unemployment. They can also gain up to two levels on their Broad-based Black Economic Empowerment Scorecards and can showcase their work with YES to their investors and stakeholders as evidence of their contribution to sustainability or environmental, social and governance issues. YES is a commercially viable way for a socially conscious company to make a positive impact.

A company can join YES by following these steps:

1. Visit the YES website (yes4youth.co.za) and click on the '4 Business' tab. Follow the steps on the site to register.
2. Contact corporatesupport@yes4youth.co.za for assistance.

RAVI NAIDOO
CEO of YES
pressenquiries@yes4youth.co.za
www.yes4youth.co.za

The FirstRand Empowerment Fund's Settling Student University Debt Project

What is the **objective** of the project?

South Africa's youth remain amongst the most vulnerable groups. According to Stats SA (2022), youth unemployment in South Africa is at 66.5%, but economic participation is important for youth so that they can achieve self-sufficiency and support their families. Students who do not settle their university debt may not receive their graduation certificates – an essential qualification required to enter the job market.

Student debt in South Africa has ballooned to R16.5 billion, up from R14 billion at the end of 2019. This number is expected to continue increasing as the delayed impact of the COVID-19 pandemic reduces household affordability for study loans and paying of fees, and as the government continues to cut university grants.

In response to this challenge, the **FirstRand Empowerment Foundation (FREF)** has granted R40 million and partnered with **Feenix** on the **Settling Student University Debt Project.** Through this project FREF has helped unlock access to employment opportunities for university students who had a historical debt that prevented them from graduating and obtaining their degree certificates.

The key objectives are:

1. **Ensure debt-free graduation** for financially excluded students in higher education
2. **Ensure graduated students are best equipped to actively seek employment** and/or other economic activities with a degree certificate in-hand
3. **Measure students' further education** or economic inclusion/employment as an indication of a reduction in the amount of young people who fall within the Not in Education, Employment, or Training category
4. **Support holistic student success** alongside funding challenges

What **impact** did the project have?

Student impact

682
students' university debt was settled

95.98%
of students graduated and achieved their education goal

Following deployment of funds, Feenix surveyed just under 50% of the funded cohort and discovered that:

63%
of graduates are economically active or in education, of which

42%
of graduates are earning an income, and

19%
of graduates are earning above a liveable wage (R5 000) per month.

Societal impact

The project also aims for students to provide financial or non-financial support to their communities, their peers and other students on Feenix in order ensure a ripple effect of socio-economic upward mobility.

Pleasingly 32% of graduates who benefited from the Settling Student University Debt Project are giving back in some way:

17.6%
are giving money to charity or family

14%
are tutoring or mentoring other learners at the school or at university level

The longer term societal impact of the project lies in the opportunities that have been unlocked for some of South Africa's most marginalised groups, specifically:

Youth

- the median age of the project beneficiaries is 25 years

Historically disadvantaged groups

- 96% of beneficiaries are black

Women

- access to previously male dominated sectors have been unlocked for 47.8% of female graduates

This demonstrates how access to a degree certificate positively impacts the family and communities of the students who have received funding. The funding provided and the partnership with Feenix has allowed FREF to make a meaningful contribution to the challenge of student debt. It fits with **FREF's broader vision to reduce poverty and inequality by supporting public benefit activities that result in broad black economic empowerment.**

NDA
National Development Agency

Skills development and job creation are top priority for the National Development Agency

The National Development Agency's (NDA) turnaround strategy aims to position it as a premier community development agency, underpinned by a focus on skills development and job creation in collaboration with civil society organisations (CSOs). Addressing these issues at grassroots level will help to address the country's high unemployment, particularly among the youth.

The NDA contributes towards the eradication of poverty and its causes by strengthening the capacities of CSOs that work within poor communities across the country. The support provided by the agency accelerates socio-economic development and service delivery, benefiting communities that rely on CSOs. Interventions are supported by strategic partnerships with other government departments, private sector, international funders and development finance institutions (DFIs), among others.

The NDA is a schedule 3A government agency established with the aim of promoting an appropriate and sustainable partnership between government and CSOs. As the only government agency mandated to be custodian of the CSO database in the country, the NDA has a deep understanding of the needs of poor communities and plays a key role in facilitating the relationship between the state and CSOs.

Since its establishment in 1999, the NDA continues to deliver on its mission of being a premier development agency that coordinates and integrates development initiatives in poor communities across the country by serving as a conduit for funding from government, the private sector and international funders to local CSOs.

The agency executes its mandate in collaboration with CSOs. In addition, the agency promotes research, consultation, dialogue and sharing of development information and experience between CSOs and relevant organs of state. These initiatives are implemented with the goal of advancing socio-economic development in marginalised communities and taking South Africa's sustainable development agenda forward.

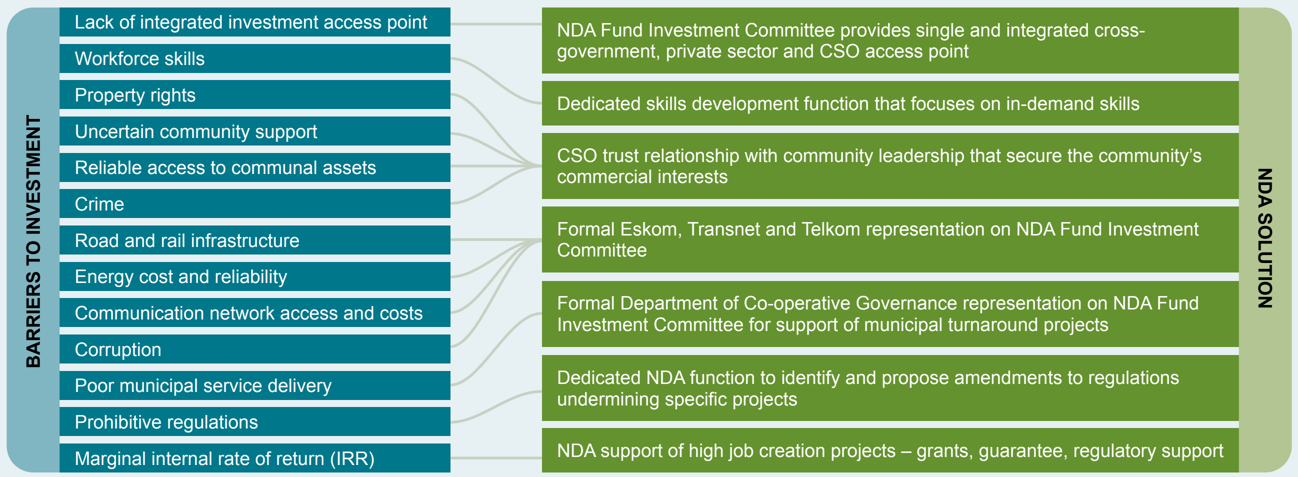
REMAINING RELEVANT IN A CHANGING CONTEXT

Despite its wealth and abundant natural resources, and the progress made in overcoming the legacy of apartheid since the advent of democracy in 1994, South Africa continues to face several socio-economic challenges. These include the triple challenge of poverty, unemployment and inequality. The challenges have been worsened by the recent Covid-19 pandemic, whose ongoing effects continue to negatively impact on the domestic economy growth prospects.

In addition, socio-economic challenges are exacerbated by the rapid pace of digital transformation, which is reshaping the global economy, permeating every sector and aspect of daily life. In 2016, the global digital economy was approximately 15.5% of the world's overall GDP. The World Bank estimates this figure will reach 25% by 2026, outpacing the growth of the overall economy.

POSITIONING THE NDA AS A PREMIER COMMUNITY DEVELOPMENT AGENCY

In response to the changing context and evolving needs of South Africa, the NDA presented its turnaround strategy to Parliament in July 2022. The strategy aims to enhance the relationship between funders and CSOs that implement development programmes in poor communities. The strategy is underpinned by two pillars: skills development and job creation. It aims to address the barriers to investment in community development programmes.



Implemented correctly, the NDA's turnaround strategy will transform South Africa's community upliftment initiatives by ensuring that programmes undertaken are impactful and sustainable.

Mr Xolile Brukwe, Stakeholder Relations Manager at NDA

The universal adoption and effective application of digital technology will create opportunities for inclusive development and inform the ability of countries such as South Africa to offer a better quality of life for their citizens. However, evidence shows that South Africa is currently capturing only a fraction of this growth. The World Bank argues that the decline in investments in Research and Development (R&D) has contributed to South Africa's weak economic performance and the country's divergence from its emerging market peers in terms of economic growth.

The digital divide, inadequate infrastructure and a shortage of adequately skilled workforce also contributes to slow economic growth.

Investing in skills development, infrastructure and harnessing South Africa's untapped potential for innovation could help create jobs and reduce poverty and inequality. This can be achieved when innovative and agile role-players such as the NDA, in partnership with other stakeholders, collaborate on community development programmes.

A SUSTAINED FOCUS ON SKILLS DEVELOPMENT AND JOB CREATION

The NDA has proposed several new initiatives as part of its turnaround strategy, to be implemented over the next couple of years. These include the establishment of the NDA's CSO Development Fund dedicated towards establishing or strengthening existing job-creation programmes. In addition, the agency aims to establish the NDA Fund Investment Committee (NFIC) comprising members from across government, private and CSO sectors. This Committee will provide oversight on the disbursement of funds and implementation of projects.

The success of the NDA's CSO Fund and Committee will rely on the quality of projects presented, the stature of the Committee membership and the scale of resources pledged by the Committee members. As such, projects approved by this Committee must demonstrate both financial sustainability and meet labour intensive requirements to justify the joint investment made by all parties.

The NDA's target to create 1 million jobs over a five-year period at an estimated cost of R120 000 per job will be funded through multi-strategic partnership investments, expertise and commitments. To achieve these numbers, a well-coordinated mechanism that enables all parties to effectively contribute to the cause is required. This will entail a phased approach along with the implementation of pilot projects. A reviewed NDA Act, organisational structure, business processes, policies, procedures, technology, governance forums and standard contracts will all need to be implemented to fully enable the functioning of the NFIC.

PARTNERING FOR SUSTAINABLE DEVELOPMENT

The NDA recognises that CSOs are key role-players in eradicating poverty and improving the lives of beneficiary communities. It also recognises that authentic collaboration, trust-based relationships and strategic partnerships are key to success. This is particularly true in the face of the trust deficit that exists between government and communities as well as between government and the private sector. This recognition informs the NDA's partnership model, which is underpinned by the following key principles:

Staying longer	Newly established CSOs often require intensive and ongoing support to ensure the effective use of resources and sustained impact. By providing support over extended periods, the NDA contributes to the sustainability of CSOs.
Pooling resources	The NDA is well positioned to pool resources from partners such as international funders, DFIs and corporate social investment partners. This contributes to effective interventions in which efforts are not duplicated and the strengths of different actors are leveraged.
Joint ventures	Joint ventures present an opportunity for partners to leverage the NDA's experience, networks and resources for mutually beneficial partnerships.
Carefully planned exits	Carefully planned exits contribute to sustainability and ensure diversification in the number and type of CSOs that are supported by the NDA.

Underpinned by the principles of stakeholder inclusivity, the NDA's partnership model is linked to the government's district development model (DDM) whose objective is to strengthen coordination by shortening the distance between all levels of government and business. The model allows the agency to leverage its networks and deep knowledge of poor communities. For example, the NDA has a national footprint where it is represented by development practitioners with knowledge and expertise in their respective areas of operation. The agency is able to implement its programmes more effectively as a result.

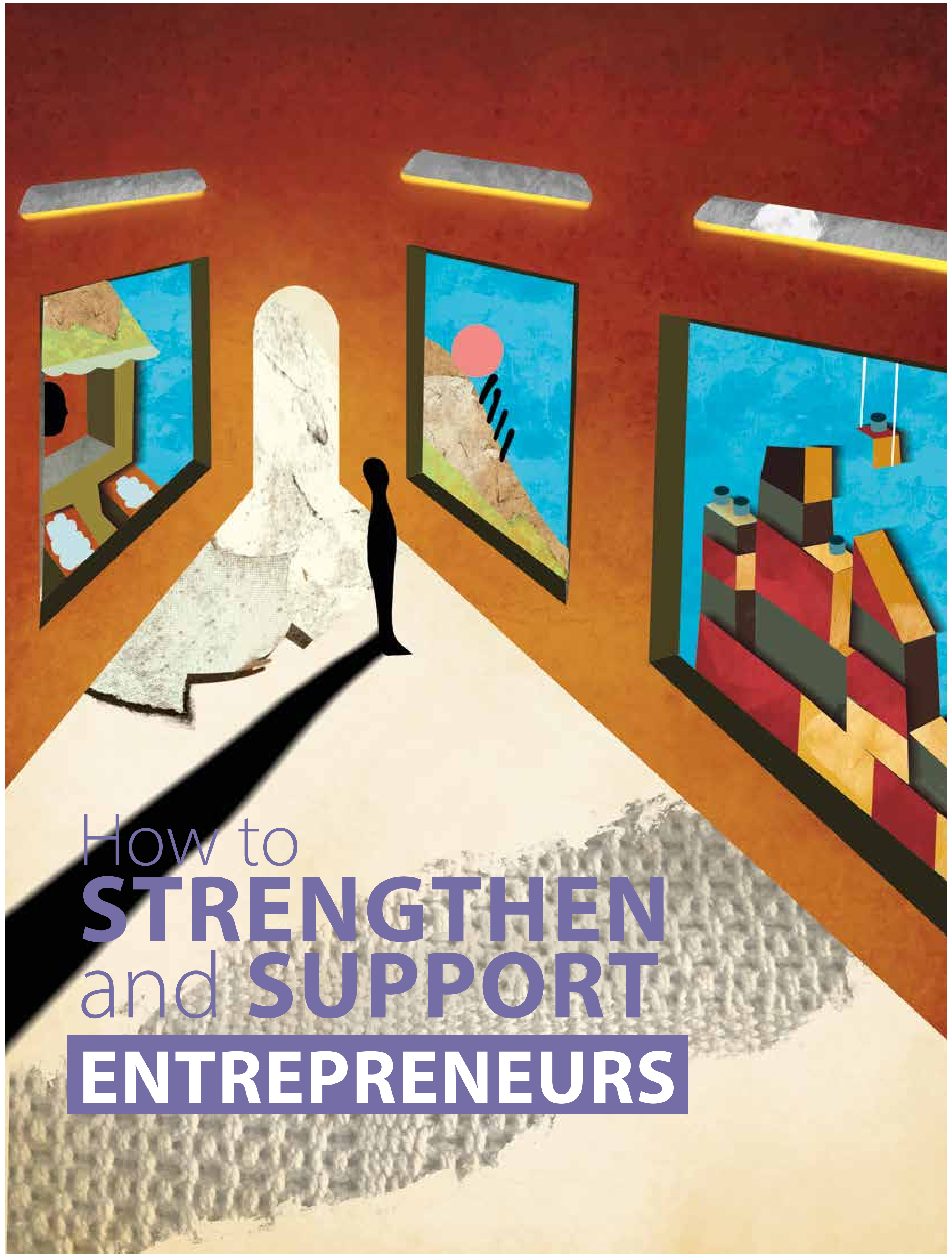
LOOKING AHEAD

Looking ahead, the NDA will focus on eradicating poverty in a changing and increasingly challenging operating environment. The agency will also focus on correcting the trust deficit between government agencies, communities and the private sector. This will be achieved through continued implementation of socio-economic development initiatives that address the current priorities of the country and demonstrable impact. Agility and innovation in responding to the needs of communities, along with alignment with government's DDM, will be key to implementing impactful community development programmes.

NDA will also build the capacity of CSOs through training programmes targeting compliance, governance, financial management – the key regulatory imperatives needed by CSOs to remain compliant and sustainable in the long term.

An additional area of opportunity is social mapping. Government has access to a lot of information and this can be used to develop a better understanding of the different role-players operating at community level, including the nature and extent of each of their contributions. This information can in turn be used for planning and coordination of different interventions.

Through its Stakeholder Relations office, the NDA is actively engaged with and continuously seeking partnerships with all funders who are passionate about community development. The NDA's database and expertise in funding and monitoring of CSO development programmes, combined with private-sector financial resources, is a winning combination that fosters inclusive development and contributes to a prosperous society for all.



How to STRENGTHEN and SUPPORT ENTREPRENEURS

There is enormous potential for entrepreneurship to contribute to economic development and greater inclusion in South Africa. The environment entrepreneurs find themselves in determines the opportunities and challenges they encounter, and ultimately their success. To effectively enable emerging entrepreneurs, Stellenbosch Business School research fellow **Angus Bowmaker-Falconer** argues, key actors need to better understand the prevailing ecosystem and challenges entrepreneurs face to determine the required mix of support they can provide.[1]

Entrepreneurship matters

South Africa urgently needs a more dynamic, employment-intensive, and innovation-led economic growth trajectory, even more so given the impact of the Covid-19 pandemic. A greater focus on entrepreneurship (policy and institutions) is required to stimulate the development of more successful enterprises and to formalise many aspects of the South African economy.

Definitions

- **Entrepreneurship** is understood to embrace the full spectrum of entrepreneurial activity: self-employment; micro, small and mid-size businesses; innovative and high-growth start-ups; and intrepreneurship within well-established businesses.[2]
- **Entrepreneurial ecosystem** generally denotes a group of interacting business entities that depend on one another's activities[3] and includes all the interdependent actors and factors that enable or constrain entrepreneurship in a particular territory or geography.[4]

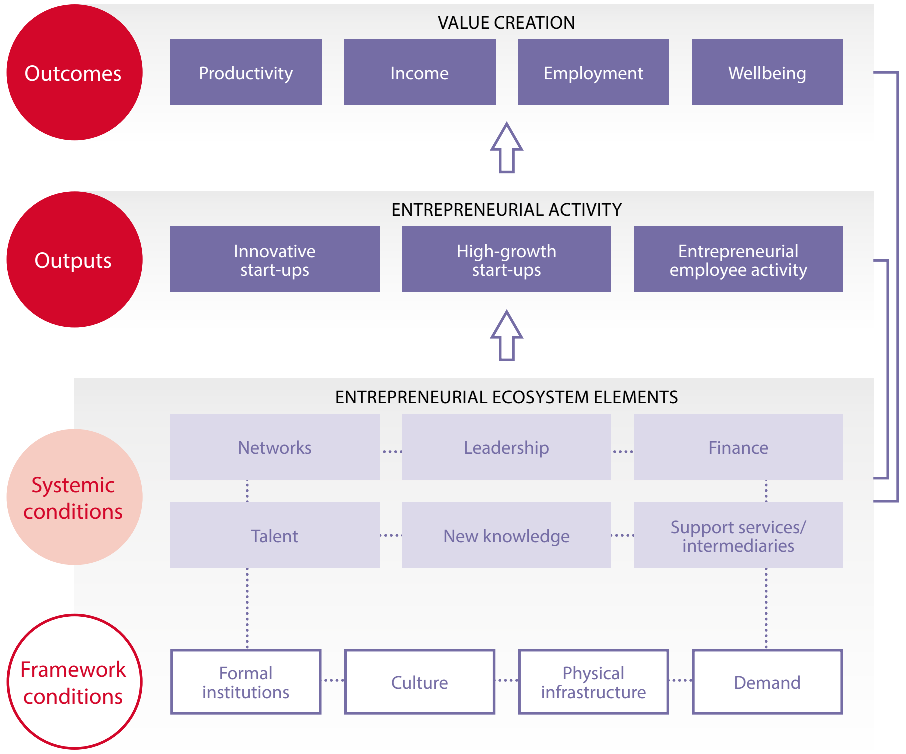
Entrepreneurial ecosystems

Start-ups need to be embedded in effective and supportive entrepreneurial ecosystems for them to thrive.[5,6] These ecosystems emerge from the interaction between start-ups, established businesses, investors, incubators, policymakers and other actors in a confined geographical region.[7] Successful entrepreneurial ecosystems offer resources, knowledge, exchange opportunities, talent and mentors – all of which enable entrepreneurs to establish and grow their businesses.

Entrepreneurship is not the same in different places, even within countries. Initiatives and policies that work in one area may not work in another.[8] The unique social, economic, political and cultural structures and processes associated with a particular place significantly influence entrepreneurial activity.[9] It is therefore important to identify the strengths and weaknesses in a specific place or region.

Figure 1 shows an integrated entrepreneurial ecosystem model.[10] It emphasises that start-ups are not isolated entities and that the ecosystem brings together a complex set of relationships between agents and factors that constitute the conditions for successful entrepreneurial activity.

Figure 1: **Integrated entrepreneurial ecosystem model**



Source: Stam and Spigel

Understanding the model

The bottom row shows the four main ecosystem *framework conditions* (formal institutions, culture, physical infrastructure and demand) as well as the six *systemic conditions* (networks, leadership, finance, talent, knowledge and support services/ intermediaries) that determine the conditions for entrepreneurial activity.

The model also shows causal depth, including upward, downward and intra-layer causal relations. Upward causation reveals the fundamental causes of new value creation, while downward causation shows how outcomes and outputs also feed back into the system conditions.

South Africa's entrepreneurial landscape

Although South Africa has the most industrialised economy in Africa and is a continental leader in most sectors, it remains a difficult place to be an entrepreneur. Over the past decade, the economy has consistently underperformed and growth forecasts for 2022 and beyond are poor, and too low given the immense socioeconomic challenges facing the country. South Africa needs more robust and inclusive growth, powered by higher levels of public and private-sector investment.[11]

Findings from the *Global Entrepreneurship Monitor South Africa 2021/2022 Report* (GEM report) provide important insight into the entrepreneurial landscape and help to reveal factors requiring greater support and intervention.

The GEM is a large international research project that carries out annual survey-based research on entrepreneurship trends around the world. Its robust methodology enables the rate and nature of entrepreneurship development to be monitored directly across and within economies. The 2020/2021 global report covers 50 economies, including South Africa.

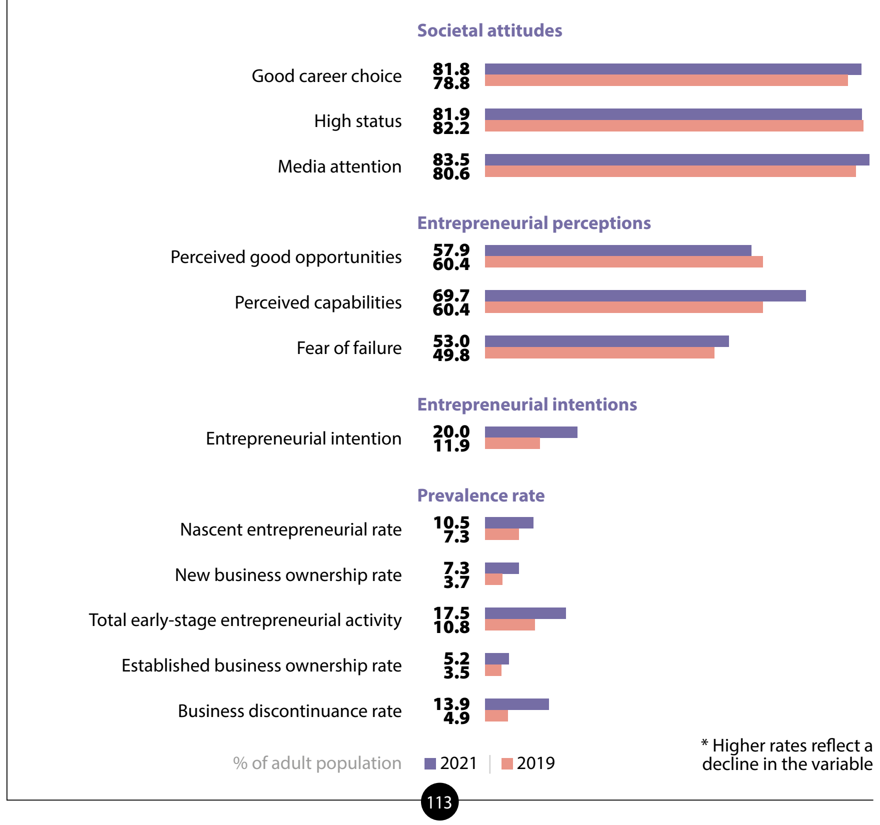
Figure 2 summarises individual and societal attitudes and values about entrepreneurship, and rates of entrepreneurial activity in South Africa. Figure 3 shows the context and framework conditions that determine how difficult or easy it is to be an entrepreneur.

National Entrepreneurial Context Index (NECI) score and rank

2019: **3.63**
rank 49th/54

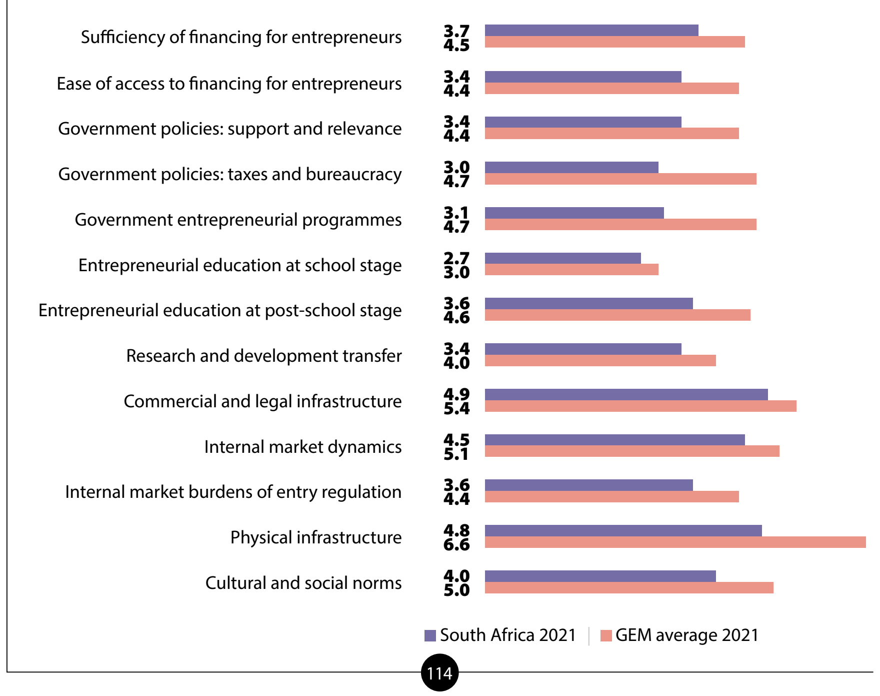
2019: **3.70**
rank 45th/54

Figure 2: Entrepreneurship indicators at a glance



Source: Global Entrepreneurship Monitor South Africa 2021/2022 Report

Figure 3: Entrepreneurial framework conditions



Source: Global Entrepreneurship Monitor South Africa 2021/2022 Report

The GEM research showed increased early-stage entrepreneurial activity and rising entrepreneurship rates among women and young people. Early-stage entrepreneurial activity, the percentage of adults who were starting or running a new business, rose to 17.5% in 2021 (2019: 10.8%). Those owning or managing an established business, in operation for at least 3.5 years, grew to 5.2% (2019: 3.5%).

Although South Africa ranked 45th out of 50 countries in the GEM NECI, a measure of the favourability of the environment for entrepreneurship and new business creation, the uptick in the established business rate is particularly encouraging given the generally high failure rate of start-ups. Having survived the start-up phase, these businesses now have a real possibility of contributing to the country's economy.

There were mixed signals around the confidence of entrepreneurs, specifically fear of failure, business exits and the adoption of digital technology. This suggests that to truly unlock the potential of entrepreneurs there is still much to be done to strengthen the enabling environment, and to improve the ease of doing business.

Other key findings

- The business discontinuance rate increased to 13.9% (2019: 4.9%). Key reasons for business closure were the impact of the Covid-19 pandemic, businesses being unprofitable and problems accessing finance. Bureaucracy and struggles with red tape remain a problem.
- South Africans' attitudes to entrepreneurship have been improving since 2003, with more than 80% viewing entrepreneurship as a good career choice (2017: 69.4%) and one with high status.
- The foundation for future entrepreneurship activity looks healthy with 57.9% of respondents believing the country offers good entrepreneurship opportunities (although down from 60.4% in 2019, but still well above the GEM global average of 54.8%). No less than 69.7% believed they had the knowledge, skills and experience to be entrepreneurs.
- More than half (53%) of those who see good opportunities, however, would not start a new business due to fear of failure.
- While rapid adoption of digital technologies is a global trend, only half (52%) of those in the start-up stage in South Africa planned to use digital technology to sell their goods and services – the lowest rate among developing economies.
- While entrepreneurship is seen as an engine of job creation, South African entrepreneurs are not optimistic in this regard – 41.6% anticipated creating no new jobs, almost double the 22.6% recorded in 2019; while those anticipating creating between one and five new jobs declined from 46.8% in 2019 to 27.9% in 2021. On a positive note, 30% expected to create more than six new jobs, compared to 27.9% in 2019.

Fostering entrepreneurial ecosystem support

Taking an ecosystem approach to analysing the GEM findings, seven support priority areas were identified.[12] These are outlined below.

1 Entrepreneurship education

The limitations and challenges of the education system are well known. Alignment of education to the Fourth Industrial Revolution (4IR) and the digital economy remains a major challenge.

- Strengthening the national culture of entrepreneurship starts at school level.
- Quality school education establishes foundation skills such as reading, writing and computation. It is also essential for the development of cognition and critical thinking skills, self-sufficiency, personal initiative and dealing with complexity.
- Entrepreneurship as a school subject was trialled in 2021 but will not be implemented for now. It should be featured at school level, preferably as part of the core curriculum, or as a prominent extracurricular subject.
- Post-school entrepreneurship education (colleges and universities) is already embedded, particularly at business schools, but it could also be offered as a course across faculties at the undergraduate level. The same approach is proposed for technical vocations and artisan trades.
- Greater interaction with industry sectors, for both school and post-school stages of education, provides good practice for learning, alignment and network participation.

2 Entrepreneurship support programmes

The government acknowledges the importance of entrepreneurship and small business development in achieving sustainable, inclusive economic growth. Executing its policy and providing financial and other support timeously and effectively remain a challenge. The private and academic sectors also have a significant role to play in supporting and developing small, medium and micro enterprises.

- There is arguably a 'critical mass' of entrepreneurial support initiatives and services in the country. The challenge is a lack of coordination, collaboration and standards.
- The GEM findings highlight the need for greater awareness about government programmes among the youth (aged 15 to 24) and in provinces outside of Gauteng, the Western Cape, and KwaZulu-Natal.
- Government-led entrepreneurial support is well funded, and it would be in the public interest to know the amounts invested and their impact.
- The draft National Integrated Small Enterprise Development (NISED) Masterplan was released for public comment in April 2022. It provides an integrating framework for small enterprise development, and to coordinate and guide programmes supporting them. Its objectives are to increase the participation of small enterprises in the formal economy, eliminate red tape and promote the ease of doing business. This is a welcome development that will require significant resources and support from all roleplayers.
- Incubators provide support for very early-stage start-ups, while accelerators

target businesses with high growth potential that already have a minimum viable product and require capital for growth. Access to both is competitive and new entrepreneurs need to be properly prepared and understand what is required (explicit entry criteria and expected levels of progress for entry).

3 Entrepreneurship heterogeneity and data

Globally, start-ups and established small businesses constitute a very heterogeneous population, with differences influenced by an economy's size, market structures, institutions and regulations, and the prevailing business environment.

The formality of entrepreneurship is also diverse, especially in developing countries with robust informal economies. The informal economy is integral to the overall economy and comprises enterprises that are often not formally registered, tax compliant, or protected.

- More accurate and variable data (and definitions) on entrepreneurial formation is needed.
- A better-informed understanding of entrepreneurship will facilitate more appropriate policy and regulations, minimum compliance requirements, labour market relaxations, impact-driven support programmes and initiatives, incentives, access to finance and the much-discussed (and mostly unchanged) ease of doing business in South Africa.

4 Access to finance and financing innovation

Government support remains critical for new enterprise financing, directly but preferably in partnership with the private sector. Private-sector funding is likely to remain more risk-averse in early-stage entrepreneurship and focus on funding enterprise growth.

- Funding is a universal challenge for entrepreneurs. Growth requires funding, but start-ups often ask for money too early or for the wrong application.
- Government loan guarantees and blended finance, although not implemented with much success to date, have been successful elsewhere and should continue, but implemented and managed differently.
- Digital financial services have created convenience and greater accessibility and improved the ease of applying for funding.
- Digital marketplaces that connect financial service providers with entrepreneurs are on the rise and will hopefully open up greater access to finance.
- Qualifying criteria for business loans do not appear to have changed. Banks could think more creatively about collateral, credit ratings and risk by, for example, including criteria like how long small businesses have traded for and feedback from their customers, suppliers and creditors.
- Advice and funding are increasingly packaged together, but the question remains whether advisers fully appreciate the needs of entrepreneurs.
- Specific incentives (tax and other) need to be introduced for early-stage funding of innovative high-growth start-ups. This will help to attract private investment at scale.
- More can be done to help entrepreneurs understand funder investment strategies and decisions. Funders are particularly interested in people and talent, purpose, track record and propensity for innovation.

5 Market access for entrepreneurs

Open, efficient markets and healthy competition are good for economic inclusion, innovation in products and services, and realistic and fair pricing. Market dominance in key sectors remains a structural impediment to market openness.

- Established businesses and government need to further open their supply chains and procurement to emerging firms. There are good examples of this already, but this could be ramped up. This will require trust and supplier development support.
- Direct incentives for big business are unlikely to work and the solution for inclusion is more likely to come through purposeful dialogue among ecosystem actors who see the upside value for all in strengthening regional economies.
- Open innovation is another way to involve growing enterprises in market participation. Increasingly, corporations understand that they can leverage the wider ecosystem for knowledge and expertise to stimulate internal innovation or for market intelligence.
- Open innovation strategies require clear goals and networks of start-up contributors or partners. These are complex arrangements but have exciting potential.

6 Support for women entrepreneurs

Access to finance and markets for women-owned businesses remains a challenge globally. Citigroup estimates that gender parity among entrepreneurs would add between \$1.6 trillion and \$2.3 trillion to global gross domestic product (GDP), potentially creating up to 433 million jobs worldwide.[13]

- Promoting the growth of women-owned businesses can play a key role in the pandemic recovery, especially in emerging economies where women entrepreneurs were disproportionately affected by the crisis.
- The benefits of having more enterprises created by women would also spill over into local communities.[14]
- Lack of access to finance is among the biggest obstacles women entrepreneurs face. In 2019, just 2.8% of global venture capital funding went to women-led businesses.
- There are four considerations to ensure that women are not overlooked in policies and programmes:
  – Focus on supporting high-growth woman entrepreneurs with the potential to innovate, create jobs and deliver solutions to their markets
  – Address policy constraints and support programmes for women entrepreneurs
  – Back woman business owners in male-dominated sectors
  – Encourage more woman investors and women in financing generally, as they are more likely to invest in women entrepreneurs.[15]

7 Digital transformation

While rapid adoption of digital technologies is a global trend, in South Africa overall only half (52%) of those in the start-up stage planned to use digital technology to sell their goods and services, the lowest rate among developing economies.

Digital transformation at scale, combined with new business models, have the potential to drive inclusive innovation and new entrepreneurial opportunities in Africa (including South Africa). Realising this potential will depend on enablers such as providing radio spectrum, connectivity and internet access for all, adequate and reliable power supply, and the adoption of renewals.[16]

Realising this potential will depend on enablers such as:

- Addressing the limited talent pool to support the implementation of digital technologies emanating partly from poor science, technology, engineering and mathematics (STEM) education.
- Diversifying away from reliance on bank financing and developing creative incentives for angel investors, venture capital, fintech marketplaces and corporate funding.
- Offering better publicised support programmes, agile policy support, reforms in R&D tax incentives, exchange control, and intellectual property and labour flexibility to support digital entrepreneurs.

Conclusion

Numerous challenges and obstacles remain in the South African entrepreneurial ecosystem. It is the greater interconnectedness between policymakers, institutions, financiers, entrepreneurs themselves and other roleplayers, that will ultimately create the conditions necessary for entrepreneurship success. Most importantly, the economy needs to grow sustainably on a meaningful positive trajectory.

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Investing in communities to help future generations live with confidence

More than **120 000** people benefit from **19** Sanlam Foundation education, enterprise and supplier development **(ESD)**, environmental and socio-economic development programmes

"Thank you to the communities we serve, for embracing the Sanlam Foundation programmes and for collaborating with us to address some of the systemic socio-economic challenges facing our society" – Nozizwe Vundla, Head of the Sanlam Foundation

Since 2011, the Sanlam Foundation has spent over R593-million uplifting and empowering communities over the past ten years, benefitting more than 120 000 people across the country and continent through 26 different programmes during this time.

This funding has been used across the education sector, helped to broaden financial literacy initiatives, assisted with health (HIV/AIDS) initiatives, supported enterprise and supplier development programmes and water security programmes.

South Africa's corporate citizenry is shifting away from the traditional 'profit first' business philosophy toward one that harnesses their economic power and uses it in a more meaningful and sustainable way. Since it was established in 2011, the Sanlam Foundation has evolved into a fully-fledged fit-for-purpose 21st century grant making organisation.

In 2021, the Sanlam Foundation, together with 19 different partners, created 378 jobs, empowered 16,000 low-income earners with financial education and trained 390 educators. A further 70,000 school-going children throughout the country also benefitted from the Sanlam Foundation's educational initiatives. Of those beneficiaries, 80% were between the ages of 18-35 and the vast majority were female.

ESD initiatives

The Sanlam Foundation invests in transforming, developing and growing Sanlam's supply chain and distribution network, through the creation and support of an environment fostering financial resilience and sustainability for high potential businesses.

"We have come to realise that if we harness our collective power to improve the financial circumstances of people across Africa, we can help the continent achieve meaningful change and sustained growth," says Nozizwe Vundla. "With SMEs playing such a vital role in the fight against rising unemployment, being able to support and strengthen them is one of the many paths we can use to achieve those goals and help the societies where Sanlam operates live with confidence."

In total, **58** jobs were created in 2021 across all the **3** ESD projects that are funded by the Foundation, which is notable, given the job-losses the country has suffered since the start of the pandemic.

Project Accelerator

Project Accelerator aims to develop and transform the Sanlam Group's supply chain by providing mentorship, and business development support to black-owned small and medium enterprises (SMEs). Selected SMEs are given access to a two-year business growth development programme.

In **2021**, **26** black-owned SMEs participated in the second year of the programme. **13** of these SMEs are women-owned, and **3** are youth owned.

In **2021**, **26** black-owned SMEs participated in the second year of the programme. **13** of these SMEs are women-owned, and **3** are youth owned.

An average increase of **37%** in revenue has been achieved across all the businesses, positive numbers indeed considering the effect of COVID-19 on SME's.

Project Elevate

The objective of Project Elevate is to increase the growth and sustainability of selected Sanlam-tied, black-owned financial planning businesses in the SanlamConnect distribution channel. These businesses are given access to mentorship, coaching and other types of support, such as boot camps.

- **11** black-owned financial planning businesses were part of the programme in **2021**
- An average increase of **37.4%** has been achieved across all the businesses, with beneficiaries able to access soft loan funding worth **R550 000.**

Project Migrate

This programme develops and transforms the Sanlam Retail Mass franchise capability by providing specialist business development support to financial planning practices using an intensive coaching-based methodology and workshops to build a collegiate environment for the programme beneficiaries.

- **4** black-owned businesses participated in Project Migrate in **2021.**
- A **2% increase in revenue** was noted across all businesses.

Financial literacy

Sanlam's strategic intent is to create sustainable value for all stakeholders and empower generations to be financially confident, secure and prosperous. One of the best ways to help empower people and alleviate issues, like over- indebtedness, is through programmes that improve financial literacy. In 2021, the Sanlam Foundation, together with its implementing partners, the Association for Savings and Investment South Africa (ASISA) Foundation, and Avocado Vision, funded two programmes aimed at improving knowledge and access to information on financial matters. These programmes, WageWise and Money fo'Sho, included a focus on money management, savings, debt and credit and insurance.

This initiative reached a total of 16 776 people. Of that number, 97% of them were black, 72% were female and 57% were between the ages of 18 and 35; while 45% of the participants were based in rural areas.

Education

2021 saw the conclusion of the Sanlam Foundation's Blue Ladder Schools (BLS) Programme. The main aim of this programme was to meet the infrastructure and development needs of schools, through collaboration with the Provincial Departments of Education, and the partner schools. The project was designed around STEM learning and teaching interventions in both primary and secondary schools.

In total, **73** schools.

70 735 learners have benefitted from the BLS programme programme from **2016** to **2021**.

In addition to the BLS Programme, the Sanlam Foundation continued to support other educational programmes in 2021. 38 269 beneficiaries benefitted from these programmes last year, which impacted 37 879 learners, 54% of whom were female. 390 educators were also supported in these programmes.

The Sanlam Foundation has also partnered with South African Institute of Chartered Accountants (SAICA), through their Thuthuka Bursary Fund, to support the increase of black Chartered Accountants in South Africa. This year 9 bursaries were supported by the Sanlam Foundation through the Thutuka Bursary Fund. This was the final year of this partnership.

2021 also saw the comeback of the WOW Spelling Festival, with 2 905 learners from 397 schools taking part in an online version of the programme. 68% of the schools involved were rural schools, while 57% of the learners who participated in the spelling festival were girl children.

Sanlam has been a critical partner to Takalani Sesame for two decades and has invested millions since its inception in 2000. With this support, kids' edutainment platform Takalani Sesame has brought laughter and learning to generations of children. This long-standing support has also solidified Sanlam's role as a leading corporate champion of children and education in South Africa. In 2020, Takalani Sesame launched a financial empowerment campaign titled The Anytime Show with Zikwe, in partnership with Sanlam; the campaign follows Zikwe as he shares tips to encourage children and their caregivers to make saving and planning a daily habit.

In 2021, Takalani Sesame produced its 11th and 12th seasons in five languages (English, Afrikaans, Sesotho, IsiZulu and Ndebele). 96,3% of the audience is black, and a total of 130 episodes were produced. Takalani Sesame was voted the Best Children's Programme at the 2021 South African Film and Television Awards (SAFTAs).

Environmental initiatives

Through its partnership with the WWF, the Sanlam Foundation is helping fund projects aimed at controlling and clearing alien vegetation, improving water security, encouraging the sustainable use of ground water and facilitating water source partnerships for water scarce areas.

Sanlam's Journey of Water campaign reflects a real commitment to systemic change, benefiting the environment, the economy and society. The goal of this ongoing initiative is to empower our communities to live with confidence by building a better tomorrow.

"As a group, we are deeply devoted to accelerating socio-economic development, shared value creation, climate change management, and investing with impact to catalyse meaningful social – and environmental – change. Working with the WWF has been a way for us to help guard against a future that threatens the wellbeing and financial security of us all," says Karl Socikwa, Group Executive: Market Development and Sustainability at Sanlam.

The last year has been a pivotal one for the Sanlam Foundation, with a focus on remodelling, in order to sharpen its impact on beneficiaries and communities that it serves.

"This has included the journey towards fully digitising the Foundation, improving how we tell the story of the impact that is made by the Foundation, and further entrenching the Monitoring, Evaluation and Llearning into the DNA of the organisation," Vundla says.

The Sanlam Foundation will continue to strive over the next ten years of its existence to become one of the most admired corporate foundations in the hearts and minds of all its stakeholders.

Sanlam
Live with confidence

Chapter six

An overview of non-profit income in South Africa, followed by fundraising tips, an article on NPO resilience, the winners of the MTN Awards for Social Change and a link to the NPO Directory, which is now available on the Trialogue Knowledge Hub.

NON-PROFIT INSIGHTS

6

Overview of NPO income in South Africa

Non-profit organisations (NPOs) are a critical partner in the corporate social investment (CSI) landscape, playing the role of implementer, so that corporates can deliver on their CSI objectives. The majority of companies surveyed in 2022 (94%) channel funding to NPOs, which received 58% of companies' CSI spend, on average. In this article, Trialogue draws on data collected through our online survey of 115 NPOs between May and August 2022 to present an overview of NPO income, as well as the impact of Covid-19 on funding and corporate support. Encouragingly, nearly two-thirds of the surveyed organisations reported an increase in income, with more organisations having reserves for three months or more.

Number and type of non-profits

According to the Department of Social Development (DSD), there were 266 531 registered NPOs in South Africa at the end of September 2022, up from 248 902 in September 2021 and 228 822 in May 2020. Further, the DSD was still processing 5 273 new applications and had deregistered 466 organisations at the end of September 2022.

In Trialogue's 2022 sample, the most common forms of registration were as an NPO registered with the DSD (69%) and as a public benefit organisation (PBO) with Section 18A status with the South African Revenue Service (SARS) (60%).

Treasury backs down on compulsory universal NPO registration

A General Laws Amendment Bill was published in September 2022 to prevent severe economic consequences arising from the threat of 'greylisting' in South Africa. This refers to a risk-based approach to reduce the opportunities for South African companies to be used to hide the proceeds of money laundering and terrorist financing.

The non-profit sector, which depends heavily on foreign donor funds, would be devastated by the greylisting, which would block and/or slow the flow of funding to South Africa. Sweeping provisions in the Bill are not useful, appropriate or achievable, so the NPO sector felt the Bill could not be passed in the form proposed. With only nine days allowed for comment, the sector galvanised to build awareness and understanding of the Bill's potential impact.

The Bill, which proposed to amend five Acts, among them the Nonprofit Organisations Act, would make NPO registration compulsory, including for foreign non-profits 'operating' in South Africa.

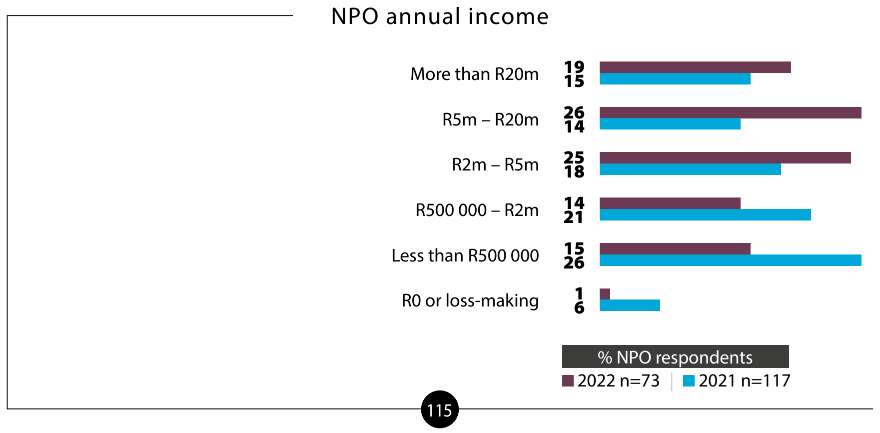
Treasury and the other government actors involved in drafting and driving the Bill gave feedback on these submissions on 18 October 2022 and have backed down on the mandatory universal NPO registration requirement, identifying instead a class of 'at risk' non-profits, which must register. Those who are identified as 'at risk' are those raising funds locally, but donating or spending them cross-border. Work is ongoing on the definition of this class of non-profits, and on where the registration of these will 'sit'.

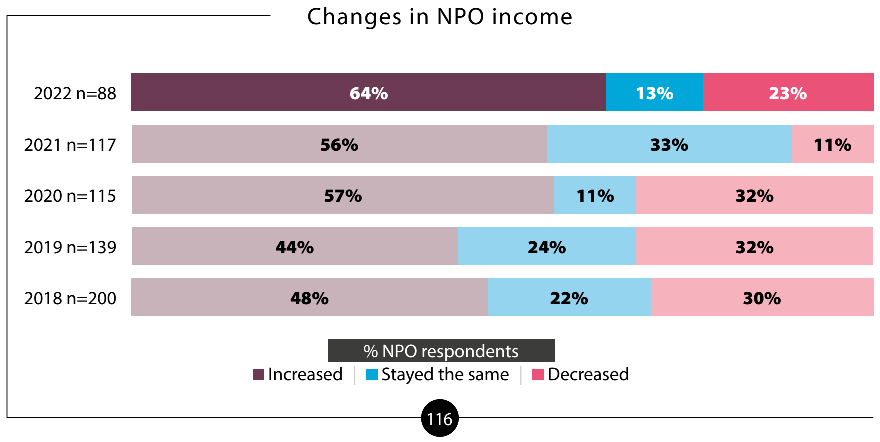
There is widespread concern that the NPO Directorate within the DSD does not have the systems, security, skills, credibility, data-granularity of records or staff to allow it to house this register in a way that would be accepted by the Financial Action Task Force (FATF) as effective in dealing with the perceived risk.

Nicole Copley is the founder of ngoLAW. For further information on the Bill, visit https://ngolawsa.co.za/news-views/

NPO income

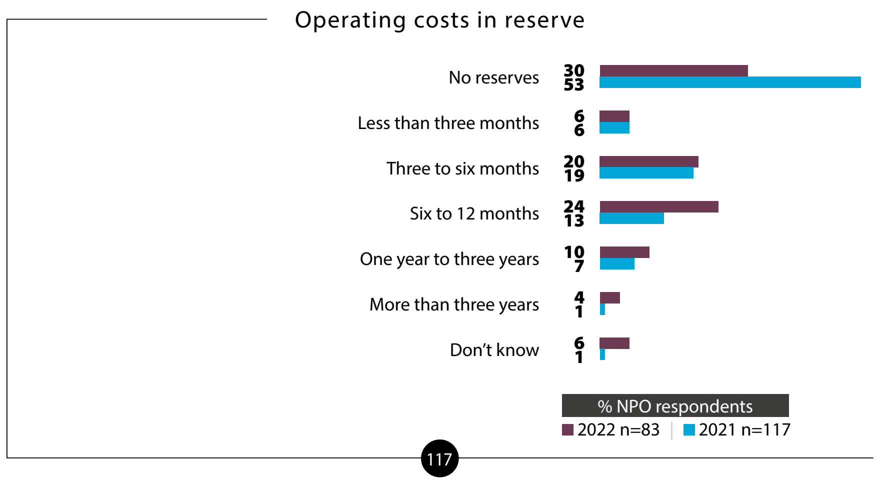
- The NPO sample was relatively evenly distributed in terms of organisation income, although weighted towards medium organisations with an annual income between R2 million and R20 million (51%). About one-fifth of the sample (19%) had annual incomes of more than R20 million.
- Almost a third of the NPOs (30%) had an annual income of less than R2 million in 2022, lower than the proportion of NPOs in the same category in 2021 (58%). However, year-on-year variations in NPO income are most likely due to different samples – of the 115 NPOs that participated in the 2022 research, only 20% (or 23 organisations) also participated in the 2021 research.
- In a positive trend, for the past three years over half of NPOs have reported increased year-on-year income. In 2022, almost two-thirds of NPOs (64%) reported that their income had increased from the previous year, up from 56% in 2021.
- A further positive sign is that 70% of the NPOs surveyed in 2022 predict that their organisation's income is likely to increase in the next two years.





Reserves

- Less than a third of NPOs (30%) did not have any cash reserves, down from 53% in 2021.
- Half of NPOs had reserves of up to a year, up from 38% in 2021. More than a third of NPOs (38%) had reserves of more than six months in 2022 (up from 21% in 2021), with 14% of NPOs having reserves of one year or more (compared to 8% in 2021).



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WE GO WHERE WE ARE NEEDED

Doctors Without Borders (MSF) is an international medical humanitarian organisation that responds to the medical needs of people affected by conflict, natural disasters, epidemics, and exclusion from healthcare. Our mission is to provide free medical care to people based solely on their medical needs irrespective of race, religion, gender, or political affiliation. We adapt our care to match patients' realities, ensuring that the care we provide is always practical, relevant, and specific.

Our work is made possible by the incredible and unwavering generosity of our donors. With almost 100% private funding, MSF's work remains independent. This independence, along with our neutrality, empowers us to go where the medical needs are most urgent.

FOR OVER THREE DECADES, MSF HAS AND CONTINUES TO RUN PROJECTS IN SOUTHERN AFRICAN COUNTRIES. THESE PROJECTS HAVE FOCUSED PRIMARILY ON HIV AND TB, HEALTHCARE FOR MOBILE AND MIGRANT POPULATIONS, AND SEXUAL AND GENDER-BASED VIOLENCE.

"It's unacceptable that millions of lives continue to be taken by TB when preventive measures exist. There's no light at the end of the TB tunnel without a massive scale-up in preventive treatment for TB."

DR GABRIELLA FERLAZZO, SENIOR TB/HIV ADVISOR AT MSF'S SOUTHERN AFRICA MEDICAL UNIT.

EPIDEMICS

Epidemics and pandemics can put pressure on even the strongest healthcare systems and make those that are already weakened, grind to a halt. This is why MSF remains committed to responding to outbreaks of diseases like malaria, HIV, TB, cholera, measles, yellow fever and more recently COVID-19.

The needs of patients and affected communities are always at the heart of an MSF intervention. Our response to outbreaks often involves the large-scale and rapid deployment of logistics to contain epidemics, improving water and sanitation to prevent the spread of disease, organising mass vaccination campaigns, and engaging in health promotion to spread critical medical information to communities.

Since 1999, through MSF's Access Campaign, we have been advocating for equitable access to vaccines and medicines to ensure that those living with chronic illnesses, like TB and HIV, can live full and healthy lives.

© MSF/Tadeu Andre

© Sean Sutton

NATURAL DISASTERS

Within a matter of minutes, a natural disaster can devastate entire communities. The need for an immediate medical response is why MSF generally solicits unrestricted funding as it empowers us to respond when needs arise at a moment's notice. Under MSF's funding model we are flexible and fast to respond to crises while remaining accountable to both our donors and the public through our resolute commitment to openness and transparency. Once on the ground, MSF's activities range from distributing emergency kits of both food and non-food items, providing mental health services to affected communities and providing water and sanitation services to mitigate and manage disease outbreaks.

"We have two essential goals now – saving the lives of severely sick patients, and containing the outbreak."

DANIELLE BORGES, MSF PROJECT COORDINATOR IN PEMBA DURING CYCLONE KENNETH.

CONFLICT

Whether living under siege on the frontlines, fleeing to safety or rebuilding once the guns have fallen silent, conflict devastates lives. In warzones, MSF works to meet the immediate and long-term healthcare needs that arise as direct and indirect consequences of conflict. Our interventions include emergency trauma care, providing chronic medication for patients when healthcare infrastructure has deteriorated, care for survivors of sexual violence, maternal healthcare and mental health services.

"When I arrived here, this place was a forest. Some good people helped me to get settled. Now I can also help pregnant women. I know they need my support."

ATIJA BACAR WORKS WITH DOCTORS WITHOUT BORDERS (MSF) AS A TRADITIONAL BIRTH ATTENDANT IN AN INTERNALLY DISPLACED PERSONS' CAMP WHERE SHE LIVES IN MUEDA, CABO DELGADO, MOZAMBIQUE.

© MSF

EXCLUSION

Many people are unable to access healthcare simply because of who they are: migrants, refugees, prisoners, sex workers, people who use drugs, or people suffering from mental illness. MSF projects are a safe place for the most vulnerable people to receive both physical and mental healthcare. Whether we are treating HIV and TB in prisons or providing comprehensive medical care for migrants, MSF develops an understanding of the people we are helping and above all else, puts humanity first.

"I visited many hospitals but they all turned me away after I could not give a passport, ID or asylum (permit)."

A 67-YEAR-OLD WOMAN WHO WAS DIAGNOSED WITH A CYST WHILE DETAINED IN SOUTH AFRICA IN MARCH 2020.

© Guillaume Binet / MYOP

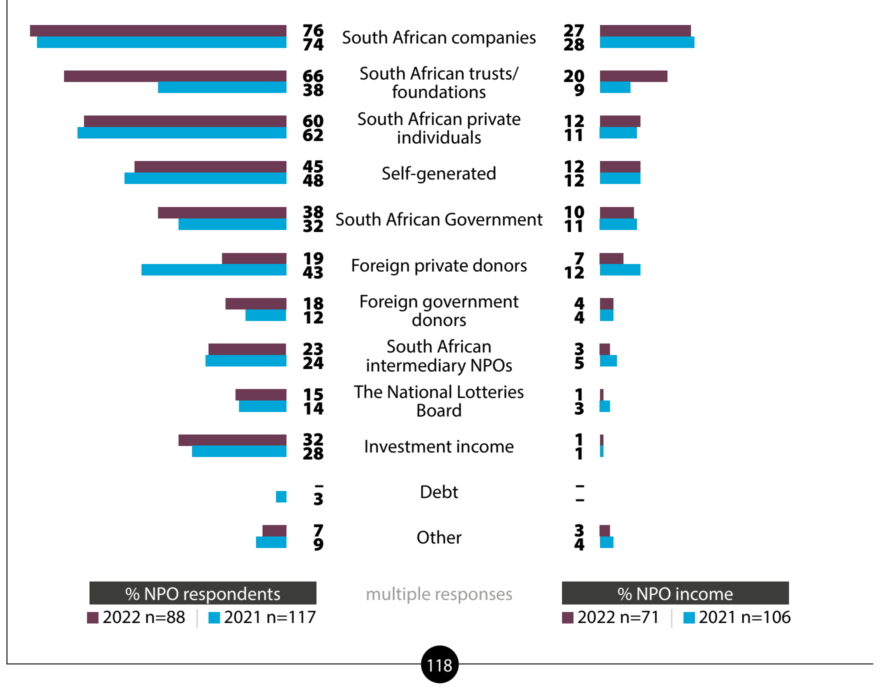
OUR IMPACT IN 2021 AT A GLANCE

- **12 592 800** OUTPATIENT CONSULTATIONS
- **639 000** FAMILIES RECEIVED DISTRIBUTIONS OF RELIEF ITEMS
- **383 300** INDIVIDUAL MENTAL HEALTH CONSULTATIONS
- **34 800** PEOPLE TREATED FOR SEXUAL VIOLENCE
- **317 300** BIRTHS ASSISTED, INCLUDING CAESAREAN SECTIONS
- **30 200** PEOPLE STARTED ON FIRST-LINE HIV ANTIRETROVIRAL TREATMENT UNDER DIRECT MSF CARE

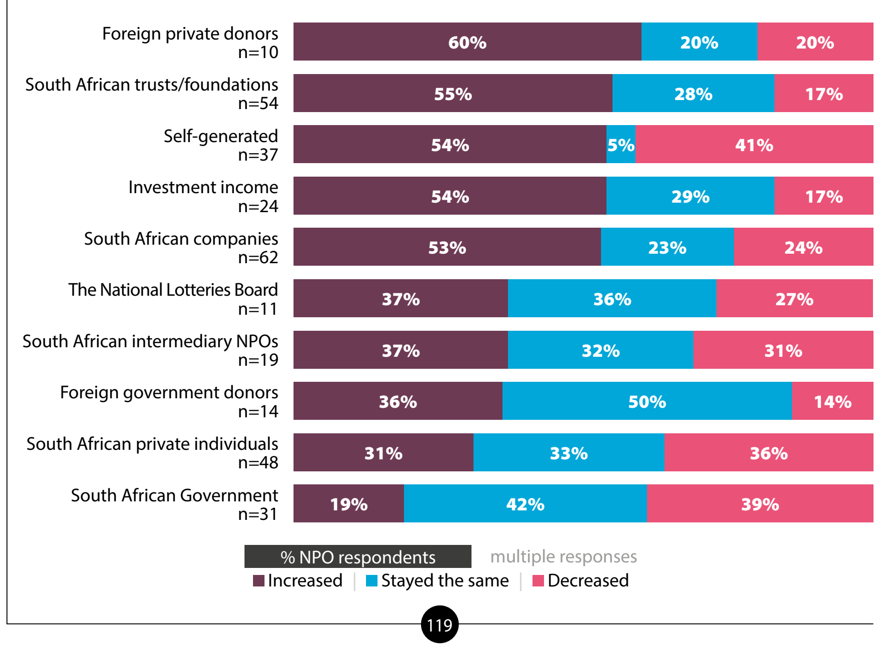
Sources of income

- The majority of NPOs in the sample (76%) continue to receive income from **South African companies**, with corporate funds accounting for an average of 27% of NPO income in 2022. More than half of the NPOs surveyed reported an increase in corporate funding (53%).
- NPOs had funding relationships with a median of ten South African companies, with responses ranging from one to 374 companies (higher than last year at 250 companies).
- Almost two-thirds of NPOs that receive corporate funding (63%) claimed it was for two or more years. Close to a third each said it was for more than three years (32%) or for one year or less (31%).
- Two-thirds of NPOs (66%) received income from **South African trusts/ foundations** (significantly up from 38% in 2021), contributing an average of 20% of NPO income. Over half of the NPO respondents reported an increase in funding from trusts/foundations in South Africa (55%). NPOs reported receiving support from between one and 110 South African trusts/foundations, with a median of three.
- This was followed by support from **South African individuals**, which 60% of NPOs received, and which provided 12% of NPO income on average. Roughly a third each said that income from this source had increased, decreased and stayed the same. The number of funding relationships with South African private individuals ranged from two to 4 217 with a median of 30.
- Fewer NPOs (19%) received funding from **foreign private donors** than in 2021 (43%), with the average contribution to NPO income decreasing to 7% from 12% in 2021. The number of foreign private donors ranged between two to 100, with a median of five. Surprisingly, 60% of the NPOs who received income from foreign private donors reported an increase in funding from the same source. This could be attributed to different samples.

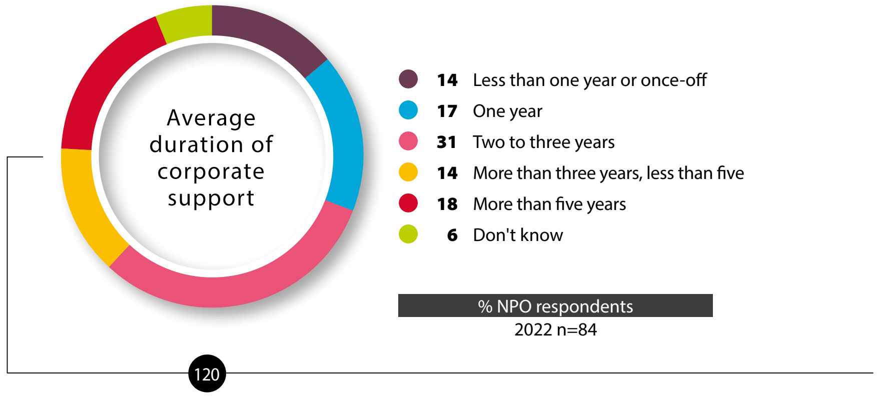
NPO income by source



Changes in sources of NPO income



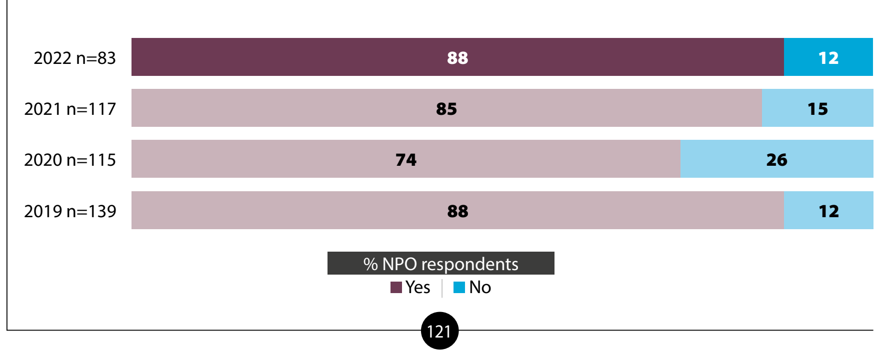
- Nearly half of the NPOs (45%) generated at least some of their **own income**, which accounted for 12% of income on average in 2021, similar to last year.
- A third of the NPOs (32%) received **investment income** in 2022, up from 28% in 2021, though the average contribution of investment revenue to NPO income remained unchanged at 1%.
- None of the NPOs sampled had debt in 2022.



Non-cash contributions

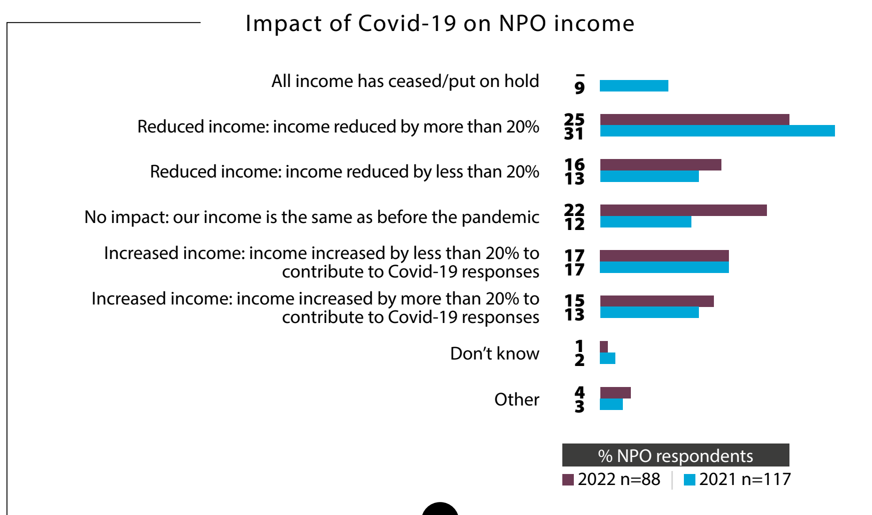
- In line with previous years, the vast majority of NPOs (88%) received non-cash donations in 2022 (products, services and/or volunteering time).
- A total of 42 NPOs that received non-cash donations quantified the donations as a percentage of income, amounting to 22% of income on average, up from 20% in 2021. The median non-cash proportion of income was 2%, with responses ranging from 0.5% to 100% of income (higher for organisations with an annual income of less than R500 000).
- In rand value, 48 NPOs received an average of R1 248 640 in non-cash donations. The rand value of non-cash donations ranged from R1 000 to R42 million, with a median of R135 000.

Non-cash donations received



Impact of Covid-19 on NPO income

- Less than half of NPOs (41%) experienced a reduction in income due to Covid-19 in 2022, compared to 53% in 2021. One-quarter (25%) claimed that income was reduced by more than 20% and 16% reported that it was reduced by less than 20%. None of the sampled NPOs had their income ceased/put on hold.
- A third of the NPOs (32%) reported an increase in income due to Covid-19, and 22% of the respondents did not experience any impact on their income in 2022 (up from 12% in 2021).



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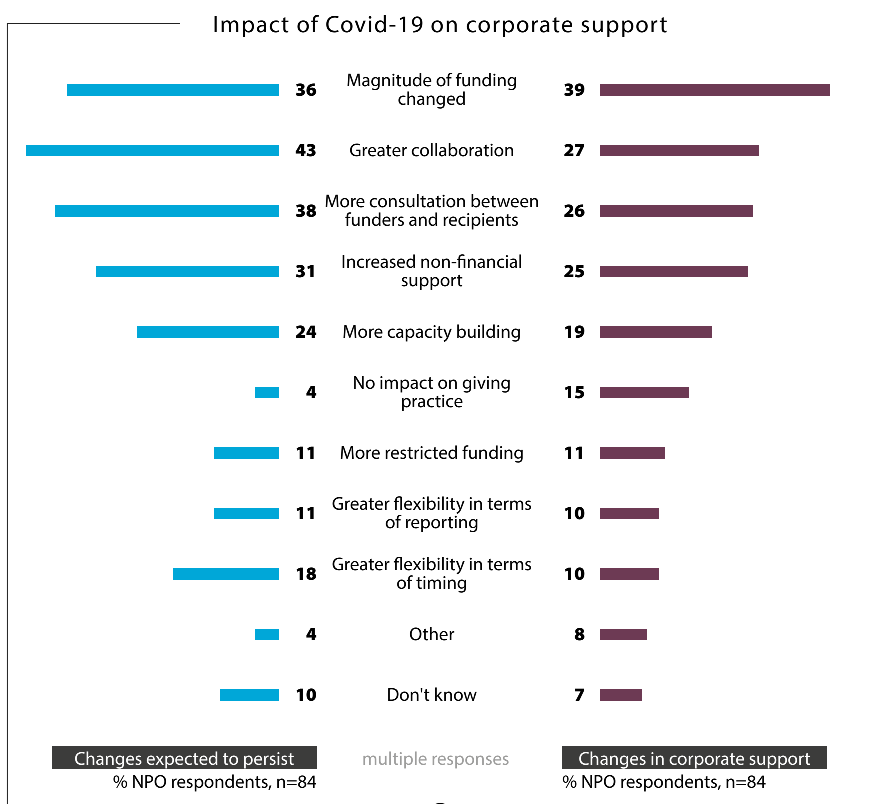
Impact of Covid-19 on corporate support

- A change in the magnitude of funding received was the most common pandemic-related impact experienced by the NPOs surveyed in 2022 (39% included it as an impact in this question, although over 70% said that the pandemic had led to increased or decreased income in the question above).
- Greater collaboration (27%), increased consultation between funders and recipients (26%) and increased financial support (25%) were all experienced by at least a quarter of the NPOs sampled.
- The most common impacts are expected to persist in the longer term by a sizeable number of the NPOs: greater collaboration (43%), more consultation between funders and recipients (38%), change in the magnitude of funding (36%) and increased non-financial support (31%).
- Fifteen percent of the NPOs experienced no changes in giving practice with 4% expecting no change in giving practice in the longer term.



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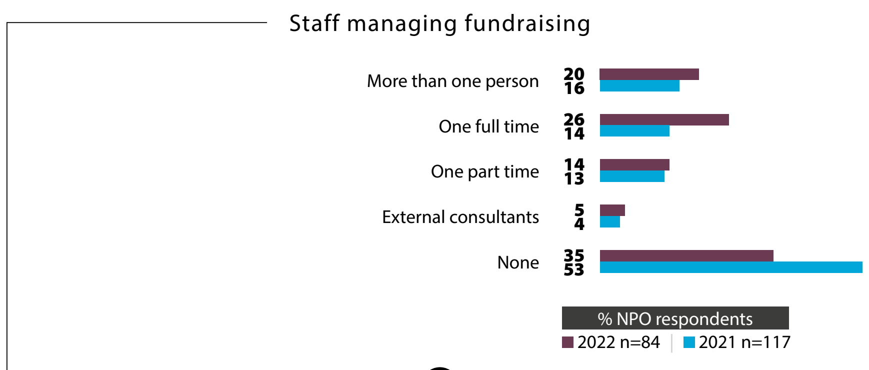
Fundraising

- Most NPOs (60%) had at least one part-time internal staff member to manage fundraising, up from 43% in 2021. Just over one-third of NPOs (35%) had no staff to manage the function, down from 53% in 2021. And only 5% used external resources to manage fundraising.
- Half of the NPOs (50%) had a budget for fundraising in 2022. Of those NPOs that provided detailed budget information (35 organisations), more than half (54%) allocated less than 5% of their overall budget to fundraising, and about a third (34%) allocated between 6% and 10%. Fewer NPOs (9%) allocated more than 10% of their budget to fundraising, down from 19% in 2021. The median allocation to fundraising was 5% of organisation budget.
- Sending solicited proposals (92% of NPOs) and unsolicited proposals (61% of NPOs) remained two of the most popular methods of fundraising and contributed the highest share of NPO income, accounting for 48% and 12%, respectively.
- With pandemic restrictions over, the proportion of NPOs using fundraising events doubled from 34% in 2021 to 67% in 2022. The average contribution of these events to NPO income was relatively unchanged at 4%.
- Digital fundraising campaigns were the fourth most-used fundraising method (49% of NPOs), with an average contribution to income of 6%.
- More NPOs sourced income through major gift solicitation in 2022 (38%), with its average contribution to NPO income increasing from 4% in 2021 to 7% in 2022.
- Fewer NPOs used face-to-face canvassing and peer-to-peer fundraising in 2022, accounting for a combined contribution of 8% of NPO income, down from 11% in 2021.



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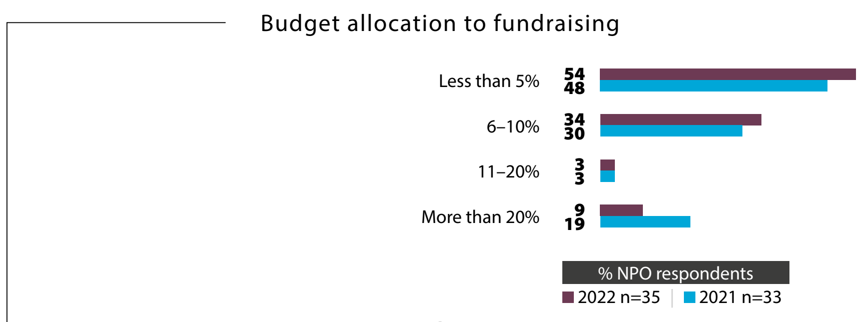

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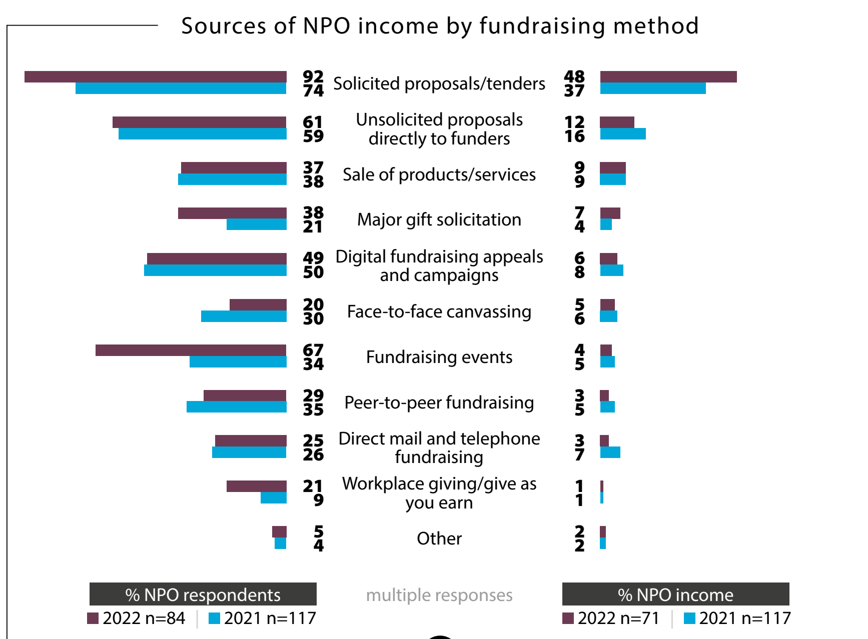

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6

Building NPO resilience in a challenging climate

Non-profit organisations (NPOs) operate in a landscape of uncertainty, challenge and disruption, and bear the weight of limited resources, unpredictable funding and unreliable government support. These organisations, so vital to society's wellbeing, were profoundly affected by Covid-19. **Tarryn Saunders** looks at the impact of the pandemic on NPOs and considers how they should be strengthened and supported to remain resilient. What does resilience look like, and how can companies provide support?

The NPO sector before Covid-19

The Department of Social Development's (DSD) statistics show the number of NPOs had been accelerating before the pandemic. In 2016, there were 153 677 registered NPOs in South Africa; by the end of May 2020, there were 228 822. This rapid growth has been driven primarily by worsening socioeconomic issues, such as unemployment, hunger, and unequal access to education and healthcare, along with government's inability to address these issues adequately.

However, more NPOs does not necessarily mean an equal increase in the overall value or distribution of services. Duplication of services and competition for limited funding and resources typically increase inefficiencies. While NPOs played an increasingly crucial role in delivering basic services and plugging the gaps in service delivery, by the start of the pandemic the sector was already suffering.

Trialogue's research, published in the *Business in Society Handbook 2019*, found around a third of NPOs reported a decline in income that year. This was an increase from 24% in 2018. Worryingly, many NPOs (43%) did not have any cash reserves, although this was a decrease from 53% in 2018. Of the NPOs surveyed in 2019, 94% said their greatest challenge was securing funding for operating costs and reserves.

NPO challenges during the pandemic

The pandemic severely affected how NPOs could operate and serve their communities. Some struggled to deliver food parcels during lockdowns, most needed to move operations online, and some pivoted their business models to operate under crisis conditions. Covid-19 brought many crises that caused the sector to respond to increased demand, but with more restrictions and fewer resources. Many NPOs were stretched thinner than before, needing to reduce staff salaries and programmes, and feeling the impact of illness and loss within both their organisations and the communities they served.

In April 2020, the South African Government announced a R500 billion social relief and economic support package. The non-profit sector was not included among the beneficiaries. NPO leaders appealed, gave suggestions and urged the government to collaborate.

The DSD did eventually contribute R100 million to support certain organisations, but not the sector as a whole. Later, a further R150 million was made available from the National Lotteries Commission.

In 2021, Trialogue's research saw companies' CSI spend decrease for the first time (there had been an upward trend previously). Over half of companies surveyed reported reduced CSI expenditure, with Covid-19 and decreased profits cited as the cause. This meant less funding for NPOs. There were also changes to which sectors companies chose to fund. The education sector was the most popular, even though CSI spend on education decreased to 39% from 50% in 2020. The change was due to companies funding responses to the pandemic directly, with food security, agriculture and disaster relief receiving more support than in previous years.

Tshikululu Social Investments conducted a survey, 'The impact of COVID-19 on non-profit organisations', between May and June 2020. Of 179 respondents, 66% saw a decline in income since lockdown, with only 2% reporting a loss of more than 75% of income and 10% retrenched staff members. Forty-nine organisations provided details of why their incomes decreased. For most, it was the reduction of in-person income-generating activities, such as events and selling goods; for others, payment delays and reduced donations. Organisations in the early childhood development (ECD) sector reported reduced income as parents struggled to pay school fees during lockdown. Notably, only 23% of respondents reported losing donors without gaining new ones during the lockdown.

> "While research shows the effects of the pandemic were severe on an already strained sector, it also demonstrates NPOs' resilience: to keep engaging with policy, find innovative ways of working and keep going despite the odds."

Nearly three-quarters (72%) of the 733 respondents in Nation Builder's survey on the effects of Covid-19 on the NPO sector, conducted in August 2020, experienced decreased funding, while 22% reported increased funding. Staff decreased for 61% of respondents and 61% suffered an increase in project costs and overhead costs.

Trialogue's 2020 survey had 115 non-profit respondents, with 24% reporting that their funding had stopped or been put on hold and 19% reporting that it had been reduced. A quarter of respondents reported needing to reduce their programmes. The Trialogue 2021 survey, with 117 respondents, showed 53% of respondents reporting reduced income that year. However, 30% reported an increase in income.

While research shows the effects of the pandemic were severe on an already strained sector, it also demonstrates NPOs' resilience: to keep engaging with policy, find innovative ways of working and keep going despite the odds.

What does NPO resilience look like?

Resilience is more than a sigh of relief each time a gap is plugged after yet another disaster, or being able to jump when the next emergency hits. Ensuring stability in an organisation is a strategic and continual effort to build strength for when a crisis happens. Resilience defines the organisation's ability to survive, recover and thrive. The Covid-19 crisis, though extreme in scale, was certainly not the first crisis for NPOs, and it will not be the last. Necessity may be the mother of invention, but NPOs also need to ensure they are constantly preparing and strengthening to improve resilience and readiness for when it is needed.

The Nedbank Private Wealth Innovation Awards 2021 focused on six areas of resilience for organisations to evaluate themselves on in their award entries. Although each area needs to be mastered individually, they are interlinked.

The six areas of NPO resilience

1	Risk management
2	Financial resilience
3	Strong leadership and teams
4	Partnerships and collaboration
5	Operations and systems for business continuity
6	Agility and innovation

Risk management refers to ways of dealing with the possibility that a future event will cause harm. Non-profits operate in a volatile space, so it is important to be able to screen for, assess and mitigate risks. A risk management plan and mitigation strategies, such as insurance, can go a long way to reduce harm.

Financial resilience has always been a challenge. Besides keeping records such as annual financial statements, it is essential to generate financial resources to be able to build back more quickly after a crisis. This includes having enough reserves to keep operations going when funding is cut, as well as having diversified streams of revenue to decrease the risk of relying on one funding source.

Leading teams in such a complex sector demands great skill. When leadership is focused on day-to-day operations, strategy and planning can be neglected. Developing capabilities like proactive leadership, being strategic, supporting the team and having a succession plan all add to the toolkit of a resilient organisation's leader.

Effective collaboration between NPOs, companies and other stakeholders increased during the pandemic. Cross-sector collaboration and multi-stakeholder collaboration can be particularly challenging, and competition for funding can be a problem for NPOs in the same sector. However, many organisations make it work. Building strong relationships is an important foundation for collaboration, whether that is within your development sector, with donors, with stakeholders like government and with the community. Having strong partnerships before a crisis means there is a network to turn to when the pressure is on.

Business continuity requires a plan to ensure longevity of the organisation if it is going to achieve a long-term vision. Getting started on a business continuity plan is not only important for internal strategy, it also assures potential donors that you are prepared, and thinking ahead. Evaluating the systems and processes used within your organisation will help you know where to improve, where your risks are and where to focus your resources.

Agility and innovation were harnessed by NPOs during the pandemic in exploring fresh ways of working, creating different products and finding solutions to new problems. Becoming stuck in ways of doing things that aren't providing enough benefit is a risk, especially during this period of digital transformation. Embedding a culture of innovation in your NPO is essential for resilience, even though it can be difficult to think ahead amid day-to-day pressures. Agility, or the ability to respond to change quickly, can bring confidence with regard to trying new ideas and make it easier to pivot when needed.

Resilience success stories

Why were some NPOs able to weather the crisis better than others were? A combination of financial resilience, innovation, agility and strategic collaboration with other organisations proved most effective.

Book Dash, Main Award winner of the Nedbank Private Wealth Innovation Awards, used various strategies to ensure resilience. A social impact publisher of books for children, Book Dash believes every child should own 100 books by the age of five.

When they entered the awards, Book Dash had published 146 new open-licence books and translated them into the official South African languages. Their publishing model reduces publishing costs by around 80%, which means they can sell books to donors and partners for R10 a copy. Their main event to create new books is usually held in person. During the pandemic, they were forced to hold it online, as well as to find ways to distribute books to children during lockdown. And they succeeded: in 2020, Book Dash celebrated the distribution of its one-millionth book.

Ten ways Book Dash demonstrated resilience and innovation

1. Collaboration with partners (such as distribution partners and ECD organisations) and volunteers helped them reach their goals.
2. Their business infrastructure allows them to remain agile and keep costs low, with small in-house teams supported by contractors.
3. Thorough evidence and documentation (from financial records to videos and testimonials) shows good governance, which builds trust.
4. Strong storytelling abilities help them communicate their mission, write proposals and connect with partners.
5. Innovative processes and systems (such as open-licence books with content created by volunteers) allow them to adapt quickly.
6. Time is dedicated to planning and systems development, so that growth is built into the organisation's operations.
7. A diverse donor base, with a policy that no more than 20% of funding can come from one donor.
8. Self-funding through book sales.
9. Reserves to cover expenses – in this case, the building of a sustainability fund.
10. Regular unqualified audits provide a measure of resilience and elicit greater trust.

The winner of the Technology Award was The Feenix Trust. Their mission is to connect communities in an innovative way to deliver debt-free education. The organisation was started as a response to #FeesMustFall. Through its crowdfunding platform, it connects university students with individual and corporate donors.

During the pandemic, Feenix launched the #CapTheGap campaign to raise funds to buy laptops, data and food vouchers for students. When they entered the awards, they had raised R3.4 million and were able to equip more than 400 students for six months.

Ten ways Feenix demonstrated resilience and innovation

1. Strong, research-driven understanding of what students need to thrive.
2. Leveraging strong networks and partnerships with stakeholders, such as universities.
3. Adapting processes with partners and networks to deliver services (including with a bookshop for distributing devices, and Shoprite for food vouchers and data).
4. Shifting operations to respond to the need they identified, and building and testing the necessary infrastructure quickly.
5. Strong storytelling to communicate their mission and campaigns.
6. Applying for grants and receiving funding from various sources.
7. Collecting stories from students to build momentum and gain support on social media.
8. Strong relationships with beneficiaries.
9. A work culture of challenging themselves, adapting and innovating, and using tech start-up culture and principles.
10. A company culture of collaboration, which meant strong networks were there when the crisis hit.

How companies can support NPO resilience

Companies can support NPOs in various financial and non-financial ways. While a once-off cash donation can quickly assist with meeting an individual need, longer-term partnerships bring numerous benefits and stronger resilience. NPOs often have a deep understanding of their development area and a presence in communities, but they frequently lack resources. Combining NPO expertise with a company's business know-how and resources can create greater impact on a shared mission. Companies can also help create more resilient NPOs through sustainable and longer-term investment.

Companies can provide more unrestricted funding, freeing money to be used at the NPO's discretion. This means funds can be used where they are most needed, on new innovations supporting strategic objectives, or on building reserves that bolster financial resilience and sustainability. An NPO needs to prove good governance, outcomes and leadership to convince companies to consider unrestricted funding. But despite the many benefits unrestricted funding offers, most companies do not provide it and many of those surveyed in 2021 (86%) said they were not willing to consider it. If a donor company imposes too many restrictions on funding, or focuses purely on programme funding, they not only limit an NPO's efficiency, but also prevent it from building reserves or using funds for other necessities.

Companies can also contribute to more innovative forms of finance such as loans, social impact bonds or specifically funding reserves and digital innovation. Trialogue's 2021 survey showed more than a third of companies provided funds to help NPOs generate their own funding and would consider doing so in future. Companies and NPOs need to work together to find forms of giving that work for everyone involved.

Non-cash contributions, such as products, services and volunteering time aren't common in South Africa, but there are opportunities for companies to become more involved. This should be done with sensitivity and in careful consultation with the NPO, so that companies can respond to an actual need without disrupting operations. For example, sending staff to volunteer could be disruptive for an organisation that isn't prepared for it or doesn't require volunteers at that time.

The business case for capacity building

Companies can also use their expertise to support capacity building in NPOs. This can involve various forms of partnership and support, but should focus on engaging with NPOs to build the capacities they need to reach their short- and long-term goals, and to develop as sustainable organisations. There's no approach that will fit all NPOs, so companies should consult with NPOs to establish individual needs.

Ways companies can help their NPO partners:

- See the value in capacity building and work with them to include it in their strategy.
- Get involved in workshops and training that help NPOs improve staff skills in areas such as governance, management, marketing, finance, fundraising, and monitoring and evaluation.
- By providing opportunities for NPOs to upskill through academic courses with formal qualifications.
- With mentorship programmes, either through a mentor within the company or an external mentor, who can provide valuable skills for NPO partners.
- Attend industry events such as conferences, seminars, webinars and forums that improve networking and connection.
- Provide pro bono support and secondment of staff; this can also be an effective way to use company expertise to support NPOs.
- Offer other forms of support, including human capital management support, joining the board and assisting with digital transformation.

In Trialogue's 2021 survey, 25% of corporate respondents said they had experienced more capacity building as a change in giving practices, as a result of Covid-19.

Ultimately, more resilient, well-run and sustainable NPOs decrease risks in partnerships for companies. Collaborating effectively, and using each other's strengths for mutual support, will develop a more robust NPO sector and strengthen society as a whole.

Nedbank Private Wealth and Trialogue Academy are creating a comprehensive online course on NPO resilience. The course covers six key areas of resilience, with videos, text, case studies, extra resources and ample opportunity to pause and reflect on your organisation to assess and grow resilience. The course is a practical toolkit for NPOs to draw on to future-proof themselves.

Further reading

- NGOs today: Competing for resources, power and agency. Kentse Radebe and Ncedisa Nkonyeni, Mail & Guardian, 5 March 2020. Available at: https://mg.co.za/analysis/2020-03-05-ngos-today-competing-for-resources-power-and-agency/
- Resilience at Work: How Nonprofits Adapt to Disruption. How Funders Can Help. Diana Scearce and June Wang, The S.D. Bechtel, Jr. Foundation, 2020. Available at: https://doi.org/10.15868/socialsector.36542
- Support Nonprofit Resilience. Grantmakers for Effective Organizations. Available at: https://www.geofunders.org/what-we-offer/the-smarter-grantmaking-playbook/support-nonprofit-resilience
- What Does Resiliency Really Mean for Nonprofit Leaders and Their Organizations? Beth Kanter, 5 January 2017. Accessible at: https://bethkanter.org/nonprofit-resilience/

VIEWPOINT

Community philanthropy: the importance of localised giving

Community philanthropy upends traditional philanthropic approaches by facilitating trust-based, care-focused, community-led projects. **Beulah Fredericks**, consultant and former director of the Community Development Foundation in the Western Cape (CDF WCape), explains how this model allows philanthropists to become more thoughtful, focused and strategic about their giving.

Please explain the concept of community/horizontal philanthropy and how it allows communities to meet needs they themselves identify.

It's a process of giving with intent, deep caring and being in solidarity with the community. In the spirit of Ubuntu, resources are mobilised and shared by and for the poor. During the pandemic, for example, women-led community-based organisations (CBOs) mobilised, and CDF WCape allowed them to lead the process and decide on the most appropriate way of dealing with the issue of food and food security. Recognising that communities are best at identifying felt needs, the Foundation made small community grants to these CBOs rather than distributing food parcels.

How does horizontal philanthropy differ from vertical philanthropy?

Horizontal philanthropy is the poor mobilising and sharing resources, which include intangibles such as time, solidarity and prayers of, by and for community. Rules are unwritten and based on an understanding of mutual trust. Vertical philanthropy is for community, and is organised and guided by legal frameworks.

Please provide an example of horizontal philanthropy and what some of its outcomes have been.

The intensity of horizontal philanthropy during the pandemic comes to mind. The process of self-organisation and mobilisation ensured links were created with other stakeholders to assist with feeding the vulnerable. For the CDF WCape, its horizontal philanthropy tool of giving circles has demystified and redefined philanthropy. By participating in giving circles, donors become more thoughtful, focused and strategic in their giving, which is specific and in the context of the felt needs of the community in which they want to see and experience impact.

Can horizontal philanthropy build on vertical giving? If so, how?

Yes, it can. Vertical giving is the seed and horizontal philanthropy offers the reputational capital of trust, solidarity and community know-how for vertical philanthropy to expand. Time, solidarity and care are often a better starting point than a cheque book, and the Foundation has seen how horizontal giving at a local level can unlock the impact of vertical giving. The giving circle strategy allowed CDF WCape to realise the potential and promise of a community fund as a localised resource mobilisation strategy to not only buttress the culture of local giving, but also deepen power horizontally of, by and for community.

Tell us more about the Community Development Foundation Western Cape.

CDF WCape is dedicated to strengthening and building the capacity of grassroots groups. Over and above community grantmaking, its work focuses on agency, elevating and giving voice, and shifting the balance of power. Our longstanding work in communities has taught us that communities have the necessary know-how and are used to addressing vulnerabilities and risks concerning poverty and adversity. While the primary emphasis is on economic regeneration and subsistence support, a large part of the Foundation's work concerns the protection of women against gender-based violence, aftercare programmes for children and youth, food and security, and, most importantly, entrepreneurial initiatives.

What has your work taught you about what types of giving help to empower communities?

Grassroots communities not only have authentic knowledge of their respective situations, but also have the edge on doable and meaningful solutions. By building on and centring the healing elements of resilience, agency and authentic knowledge of communities, a stronger CDF WCape would be able to continue creating pathways for meaningful civic engagement. Small community grants made to various CBO partners have had a ripple effect, enabled wider community outreach, and thus elevated voice and shifted the power from the ground up.

How can companies and non-profits support community philanthropy?

The pandemic highlighted the inflexibility of the donor community. With many donors not changing their agendas to adequately locate funding for pandemic relief, civil society organisations were left trapped in rigid agendas focused on project funding streams. Operational funding remains an urgent need, and while we are witnessing an outpouring of giving/mutual aid, getting funding to cover organisational running costs remains a challenge.

BEULAH FREDERICKS
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6

Top 10 fundraising tips

Author: **Melanie Jackson**, *Words That Count*

1 **Take a snapshot** – How much funding is needed and what are the timelines? Where is the organisation in its fundraising cycle? Where has it received funding from? What proposals have been submitted? What is the likelihood of success?

2 **Make a plan** – decide what it will take to meet your funding targets and map out the road to success. Consider various streams of funding and donor types in your plan.

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3 **Ensure your collateral is up to date and compelling** – do you have a suite of generic funding proposals, one for each project, ready to be sent to a prospective donor at a moment's notice? Do you have an up-to-date, compelling website and a social media presence?

4 **Explore the low-hanging fruit** – if a donor stopped supporting the organisation, find out why. Did we blot our copybook? **Or was it simply that nobody asked again?**

5 **Make use of donor databases** – but be sure to do your homework and confirm that:

a. The person is still in that role in the organisation
b. The organisation is accepting proposals at that time
c. The collateral is in the correct format
d. Your ask is aligned to the donor's strategy and requirements

And remember ... Google is your friend, along with LinkedIn. There's a lot to be learned about donors, especially on LinkedIn!

6 **Always thank your donors** – as quickly as possible. If you can, pick up the phone and thank them telephonically. Make sure that they have what they need – BEE documentation or Section 18A certificate.

thank you

7 **Keep good records** – a CRM system, or even an Excel spreadsheet, will help you keep track of donor communications and follow-ups.

8 **Make a note of reporting dates and ensure that these deadlines are met.**

9 **Stay in touch** – even when reports aren't due, an email update or newsletter is always appreciated.

10 **Find a tribe** – Find a group of fundraisers and non-profit people who can share your challenges and triumphs ... and be a shoulder to cry on when needed!

AVBOB CSI

A FIRM FOUNDATION IN BUILDING COMMUNITIES

By Kebo Mosweusweu, General Manager: Shared Value and Sustainability

> The *mutual* model of **AVBOB** is what sets us apart and makes us unique in the South African financial services industry.

In changing and challenging times, organisations have both a responsibility and an opportunity to identify and meet the real needs that impact the daily lives of their clients. This belief is anchored in **AVBOB**'s, philanthropic efforts which continues to uplift its members in everything we do.

At **AVBOB**, we are deeply committed to serving and making a meaningful impact in the communities in which we operate. We deliver on this commitment by consistently deploying the profits of the organisation into initiatives that benefit our members and their communities.

AVBOB is a responsible corporate citizen, we are invested in serving the needs of South Africans beyond our core business of being a provider of funerals and funeral insurance. For over a century, we have fostered a culture of empathy that aims to support and build sustainable South African communities.

No society can build a future without being invested in the challenges and needs of its communities and as such we believe that being a people-centred organisation is paramount to our business operations. Through our growing Corporate Social Investment (CSI) initiatives we have laid a firm foundation to support communities in which we operate.

At **AVBOB**, making a difference in the lives of our members, our employees and communities is at the heart of our existence. Through our shared value strategy which is the cornerstone of our unique value proposition, we aim to make a tangible impact in the lives of our members and livelihoods of communities. This gave impetus to why **AVBOB** became a mutual assurance society in 1951.

Ms Kebo Mosweusweu
General Manager: Shared Value and Sustainability

Purpose Driven Mutual Business

As a mutual society, **AVBOB** shares its surplus profits directly with policyholders. These are distributed in the form of special bonuses and free funeral benefits when **AVBOB** Funeral Service conducts the funeral of the life insured. In 2018, **AVBOB**'s centenary year, the organisation allocated its single largest special bonus of R3,5 billion to its members.

Over the past two years, **AVBOB** paid out over R5,3 billion in claims and policy benefits, and provided nearly R800 million worth of free funerals and benefits to our members. In the past year, we assisted victims of the KwaZulu-Natal floods with free funerals and provided nearly R6 million relief aid to the province.

Furthermore, **AVBOB** is supporting the growth and development of the economy and has invested R788 million into infrastructure and black business growth funding opportunities. By doing this we are contributing to the building of critical infrastructure and providing emerging businesses with capital to grow and succeed.

AVBOB's Enterprise and Supplier Development (ESD) Programme aims to change lives of local small, medium and micro enterprises. The ESD Programme considers not only the entrepreneurs' access to funding but also access to markets, infrastructure, the acquisition of essential business experience, and ongoing professional support to achieve long-term sustainability. To be part of the development and growth of our small business associates in the ESD Programme is a rewarding journey to ensure further socio-economic impact in the communities in which we operate.

Commitment to Sustainable Development Goals

Providing quality education makes for a reliable investment in the development and growth of a nation and country. For **AVBOB**, investing in education is not only about building tomorrow's society today, but rather a commitment to hope and prosperity for all. The majority of **AVBOB**'s CSI funding is invested in education initiatives across the country and to this end we have made a number of strategic interventions to support the learning and development of primary school children.

With the launch of our flagship Container Library Project in 2013, we committed to delivering 60 libraries fully stocked with books to underprivileged schools in South Africa. The social impact delivered through this investment has propelled us to continue with this legacy building initiative and increase the scale of the Container Library Project beyond the initial commitment of 60 libraries in the coming years.

AVBOB, in partnership with the Department of Basic Education, has invested R135 million in the upgrading of rural schools, and a further R15 million has been allocated to the Sanitation Appropriate for Education (SAFE) Project. At the time of the announcement, in 2017, this had been the largest investment in education made by a single organisation in the history of South Africa. The Joe Solomon Primary School in Bloemfontein is the first of the selected schools to be completed and was re-opened in October 2021.

In furthering our commitment to education, **AVBOB** in partnership with Oxford University Press Southern Africa, initiated the Road to Literacy campaign on World Book and Copyright Day this year. This national campaign invited South Africans to nominate primary schools or non-profit organisations to receive a mobile trolley library manufactured by **AVBOB** Industries and stocked with books donated by Oxford University Press Southern Africa. A total of 180 primary schools and non-profit organisations across South Africa received their trolley libraries in a livestreamed event on International Literacy Day, 8 September 2022. The Road to Literacy campaign aims to support government's Read to Lead campaign to address poor literacy and numeracy skills.

Through the introduction of our 365+ Campaign, **AVBOB** joined the fight against gender-based violence by donating to organisations that assist victims of gender-based violence in underprivileged communities. supports a helpline platform managed by the TEARS Foundation. The organisation pioneers a free 24-hour, help-at-your-fingertips service to assist victims of gender-based violence to find support. **AVBOB** provided R2,9 million support to the TEARS Foundation and other organisations that care for victims of gender-based violence and violence against children.

Our impact on the lives and livelihoods proves yet again, the relevance of what we do and our purpose and place in society. Our approach is not merely to offer products, but ultimately to build relationships and provide value for our members and to have a positive impact in the communities we operate in.

> *"Providing quality education makes for a reliable investment in the development and growth of a nation and country."*

AVBOB
MUTUAL SOCIETY

The National Lotteries Commission: Where to for NPOs?

Years of concern about corruption at the National Lotteries Commission (NLC) culminated in 2022 when the Special Investigations Unit (SIU) reported it was investigating misappropriation of more than R1.4 billion. With a new chairperson and board in place, what's next for the NLC and the organisations that rely on funding to carry out their good works? **Glenda Nevill** investigates.

Rumours of corruption at the NLC began at least 13 years before a determined media investigation exposed how hundreds of millions of rand had been stolen from the body. Now the SIU is conducting a probe into the corruption uncovered by journalists from *GroundUp News* and the *Limpopo Mirror*.

The total value of lottery grants being investigated totals more than R1.4 billion. Presenting to Parliament in September 2022, SIU head Andy Mothibi reported the results of the unit's first investigation into 12 grants totalling R279.7 million "corruptly siphoned out of the NLC with the assistance of [former NLC] executive and board members". Grants worth R246.6 million are currently being investigated, with findings due in March 2023. The remaining R905.9 million will be investigated from April 2023.

Mothibi told Parliament civil litigation was already under way to recover stolen funds and that preservation orders were being sought for eight properties bought with misappropriated Lottery funds. The names of 13 implicated individuals would be handed over to the National Prosecuting Authority (NPA) by the end of October 2022.

These revelations have left the NLC's reputation in tatters. As for the non-profit organisations (NPOs) reliant on Lottery funding to carry out their work, trust in the system – and the people responsible for ensuring its ethical operations – is non-existent.

Many of those named in the investigations have left the NLC but, as the SIU's Mothibi told Parliament, this does not mean they won't be pursued and prosecuted. Meanwhile, lifestyle audits across all levels of staff to root out corruption at the NLC have been promised.

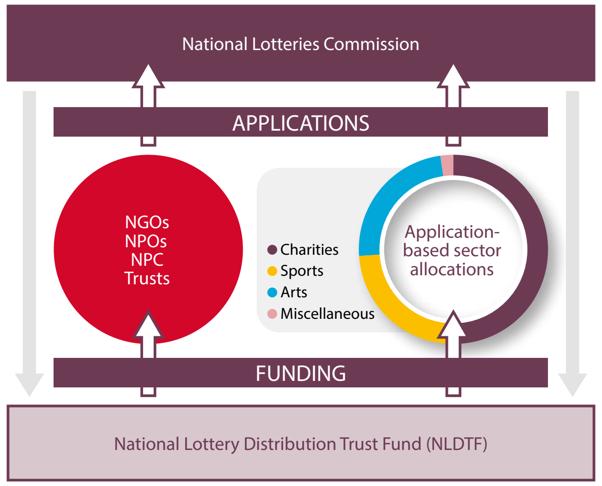
The role of the NLC

The National Lotteries Board ran the Lottery after it was launched in 1998. The NLC was established in terms of the Lotteries Amendment Act, 2013 (Act No. 32 of 2013). The NLC is the trustee of the National Lottery Distribution Trust Fund (NLDTF), into which proceeds intended for allocation to good causes are deposited. These monies are governed by regulations determining how the pool of money is shared between different sectors and which organisations are eligible for funding.

The NLC is not supposed to adjudicate applications for funding or make allocations to organisations. However, the Act was amended once more in 2015, allowing it to fund causes without the need for rigorous applications. It was this amendment, allowing 'proactive' funding, that opened the door to more abuse and corruption.

The NLC and the NLDTF are funded by a share of the ticket sales from the Lottery, interest and dividends derived from the investment of money standing to the credit of the fund and other money lawfully paid into the fund. For 2022/23, R1.24 billion has been budgeted for allocations, up 6% on the previous year.

> "When I was asked to come clean up here, I could not say no. I was part of the first lottery in 1998, so I have a passion for this. It's intended to really enable public resources to go a little further and meet the needs of the people. For this to work, we have to be trustworthy and be trusted by the people on whom the lottery depends."
>
> **Professor Barney Pityana**
> New National Lotteries Commission board chairperson
> 8 August 2022



A new era at the NLC

The Minister of Trade, Industry and Competition, Ebrahim Patel, appointed four new NLC board members in March 2022, a month before the term of the existing board ended. New appointments include former Asset Forfeiture Unit Head, Willie Hofmeyr; former Cabinet Secretary, Dr Cassius Lubisi; accountant and businesswoman Precious Mvulane; and Deputy Chairperson of the South African National Biodiversity Institute board and a former COPE Member of Parliament, Beryl Ferguson.

NLC Commissioner, Thabang Mampane, resigned in August 2022 after the NLC questioned her about a golf estate home allegedly paid for with funding intended for a school in Limpopo. Meanwhile, the assets of the former NLC Chief Operating Officer, Philemon Letwaba, have been frozen. The SIU also named former board members – the former Chairperson, Alfred Nevhutanda (his 11-year term expired in November 2020); and William Huma (who resigned in late 2021 after being fingered in various investigations) – who were responsible for the NLC's 'proactive' funding policy.

Nevhutanda, who became chairperson of the NLC in 2009, is alleged to have bought a Rolls-Royce worth R6.3 million and his R27 million luxury property has been attached. Besides Nevhutanda, the SIU report also identified two top NLC executives, former Commissioner, Thabang Mampane and Phillemon Letwaba, and former board member, William Huma, as being responsible for the NLC's controversial 'proactive' funding policy.

In July 2022, cabinet announced Professor Barney Pityana as new chairperson of the NLC board. In September 2022, Lionel October – a previous director general of the Department of Trade, Industry and Competition (dtic) – was appointed acting commissioner of the organisation.

Pityana, who attended the SIU presentation to Parliament observed, "It is fair to state that the NLC finds itself at a crossroads. This flagship philanthropic project, that should be the pride of our country, has been buffeted by crosswinds. The National Lottery is obligated to function with due regard to some key constitutional and moral principles."

He brought up the comprehensive report by auditing firm SkX, ironically commissioned by the former board, but which they subsequently concealed. Neither the SIU nor the dtic had sight of the report until well into 2022, despite it being handed over to the NLC in November 2020.

A whistle-blower leaked the SkX report to *GroundUp*. The investigation revealed:

- High levels of irregular expenditure and a culture of non-compliance
- No consequence management
- A culture of secrecy and intimidation
- A high level of fraud with respect to grant funding, especially 'proactive' funding.

Civil society's response to NLC corruption

Revelations of corruption at the NLC were no surprise to civil society organisations. Dr Joanne Harding, executive director of the Social Change Assistance Trust (SCAT), said a report into the Lottery commissioned by the Funding Practice Alliance in 2010 exposed poor funding practices at the NLC, such as long delays in the processing of grants, poor communication and lost applications, among other issues. 'Meeting their mandates?' study, she commented, is as relevant today as it was 12 years ago.

"The Funding Practice Alliance had meetings with the minister and made submissions to the portfolio committee on suggested changes. Some were implemented but others, such as the cooling-off period, have made it very difficult, particularly for small organisations that depend on this funding to keep operating," she asserted. The cooling-off period is the 12 months after receipt of a grant, during which recipients may not apply for new funding.

Harding believes there must be a deep investigation into the system, and checks and balances in decision-making as well as full declarations of conflicts of interest. Transparency about who receives funding and how much, is essential. This disclosure was taken away, which made it difficult to identify irregularities. The grantmaking arm of the Lotteries should be run with care for the sectors it is set up to support, she recommended.

Organisation Undoing Tax Abuse's (OUTA) Wayne Duvenhage believes NPOs have been hamstrung in speaking out for fear of reprisal, commenting, "They may not complain for fear of never becoming a beneficiary again in the future. Those who get reduced income will generally not complain, again out of fear of receiving less or nothing going forward. I saw this with the QuadPara

How the NLC will change

The new NLC board has made recommendations for dealing with the rot within the organisation and to stop further corruption:

- The suspension of proactive funding
- Establishment of an anti-fraud coordinating team comprising the SIU, the dtic and the Companies and Intellectual Property Commission
- A review of the grant funding process
- A review of how distributing agencies adjudicate funding applications
- The re-establishment of an anti-fraud hotline, in collaboration with the dtic Shared Services Centre
- A wider investigation into all NLC contracts, as well as all channels through which payments were made by, or on behalf of, the NLC
- An investigation into the regional operations of the NLC, which has offices in all nine provinces
- A review of all previous forensic and internal reports, as the NLC has ignored forensic reports and their anti-corruption measures.

SkX's recommendations

Audit firm SkX was appointed by the previous NLC board to investigate corruption within its ranks. It filed its report in November 2020. To date, nothing has been done to follow up the allegations it contained or implement its recommendations. SkX advised:

- Strengthening legislative, regulatory and policy regimes to address weak internal controls
- Revisiting project management structures to clearly articulate responsibilities in terms of proactive grant management
- Paying grant allocations in tranches based on project progress reports
- Rigorously enforcing grant agreement breaches
- Enforcing specific performance by non-profit organisations "up to professionally certified completion of the projects"
- Repaying money "estimated not to have been utilised towards the project"
- Seeking legal opinions on instituting claims against individual directors or members "who may have been unduly enriched"
- Instituting recovery proceedings against directors or members of organisations who may have "misapplied or misappropriated funds" allocated to projects
- Rigorously enforcing the verification and vetting process of organisations applying for funding
- Enhancing processes and requirements for annual conflict-of-interest forms and declarations, as well as regulations to address grey areas surrounding related-party entities applying for grants from the NLC
- Ensuring an upfront declaration of contractors used for the implementation of the projects
- Considering the failure of project management structures within the NLC and calling for the accountability of responsible NLC officials
- Evaluating contracts between non-profit organisations and contractors that were engaged to determine if the amounts paid were in line with the grant agreements
- Pursuing recovery remedies where contracts do not exist – including possibly instituting criminal action against parties involved
- Reviewing the financial records of NPOs as part of the grant agreement requirements to ascertain if the organisations made any payments to NLC officials.

Association of South Africa (QASA), whose allocations were cut because they (rightfully) challenged government on a specific matter."

Keshvi Nair, public relations officer for the National Council of Societies for the Prevention of Cruelty to Animals (NSPCA), remarked that it is unfortunate that allegations of fraud and corruption within the NLC have come to light. "The SPCA movement has, in the past, struggled with the NLC when they sought to exclude animal welfare from receiving funding; however, this was addressed and animal welfare continues to be included, which we are fortunate and grateful for," she added. "The NSPCA hopes that we will continue to be able to receive funds from the NLC, as we rely heavily on these types of donations/funding. The NSPCA and our member SPCAs are NPOs, and without these grants from the NLC, we are placed in an even more compromised state in terms of funds to do our vital work across South Africa."

Last word on implicated NPOs

Raymond Joseph, one of two journalists who exposed corruption at the NLC, reported that a major shortcoming is that the Commission failed to conduct proper monitoring and evaluation of grant applicants. "The system is rotten, and we discovered in many cases that fraudulent financials were submitted. All of this is something straight out of the 'tenderpreneurs' playbook. NPOs that apply for funding have to supply directors' identity documents, their constitutions and registration certificates. Crooks at the NLC had direct access to them and were able to supply them to connections that used them to successfully apply for funding." ■

How NPOs can apply for funding

Despite the uncertainty at the NLC as the new board settles in and corruption investigations continue, the organisation has called for funding applications for the 2022/23 financial year.

Details of the application process and requirements are provided on the NLC website: https://www.nlcsa.org.za/how-to-apply/

VIEWPOINT

The NPO Amendment Bill – more questions than answers?

Non-profits agree it is time to improve regulation in the sector, but as **Feryal Domingo**, acting executive director, Inyathelo: The South African Institute for Advancement, argues, the draft NPO Amendment Bill raises concerns about consultation, clarity and capacity.

Please provide an overview of the Bill and some of the contentious provisions within it?

The Bill, which was released in October 2021 for comment, indicates that it will change the current Nonprofit Organisations Directorate within the Department of Social Development (DSD), to an Office of the Registrar. This will provide for registration of non-profit organisations (NPOs) and compulsory registration of foreign organisations. An arbitration tribunal will also be established to resolve disputes.

While there is no doubt of the need for improved systems, no explanatory memorandum is available to explain the thinking behind the Bill's provisions. For example, regarding the Directorate's name change to Registrar, there is no clarity whether the Registrar will be independent and move out of the DSD.

In addition, many NPOs are currently registered with identical names and there is a drive to deregister NPOs that do not meet legislative requirements. Other NPOs currently skip DSD registration altogether and register directly with SARS to receive Section 18A status.

There are concerns that lack of capacity and resources within the department will undermine implementation of the Bill.

Regarding registering international NPOs, the DSD says this provision has been included to prevent NPOs getting caught up in money laundering and terrorist financing.

While there is agreement on the need to counter corruption, there are concerns the sector will be over-regulated with draconian controls.

What governance changes does the Bill propose and what are your views on them?

We certainly welcome amendments in the Bill relating to organisational structure and governance. The Bill proposes that, at a minimum, a non-profit should include the designations of chairperson, secretary and treasurer with their deputies. Building board capacity has been part of Inyathelo's governance training and we are happy to see this proposal. We believe the inclusion of deputies, however, is excessive and unattainable for many.

The Bill requires NPOs to "disclose whether a member or office bearer has previously been found guilty of an offence relating to the embezzlement of money of any non-profit organisations and the status of the conviction". It is difficult to understand why this is restricted to embezzlement in the non-profit sector. This clause should be rewritten to cover anyone found guilty of embezzlement.

Tell us more about the stakeholder working group formed in response to the Bill.

Following calls for comment on the Bill, a sector-wide meeting was called. A working group made up of independent organisations was asked to coordinate comment and liaise with the DSD.

At the first meeting, held in November 2021, the DSD explained that the amendments to the Bill dated back to the Summit for Civil Society, held in 2012, when changes to the Act had been proposed by the NPO sector. The DSD representative said changes in the Bill were administrative and the first phase in a review of the NPO Act. He affirmed that a second phase would include broad consultation with the sector.

The working group pointed out that the changes proposed were in fact substantive policy changes that would impact NPOs, it felt there had not been proper consultation and procedural issues related to the Bill had been problematic. For example, the Bill was not on the DSD website at the time it was announced, and the lack of an explanatory memorandum of objectives made it difficult to comment on the proposals.

What other steps has the working group taken?

The working group requested a deferral of the deadline for comments, which was extended to June 2022. It then sent a letter to the DSD minister, Lindiwe Zulu, on 28 April 2022 outlining reservations about the Bill and asking for its recall. The DSD requested that recommendations be submitted as comments on the Bill. On 25 May 2022, a petition asking the DSD to withdraw the Bill began circulating. It was addressed to the minister, the DSD parliamentary portfolio committee and the Nonprofit Organisations Directorate.

What happens now? How can NPOs and the DSD reach a positive resolution?

Both sides need to work together and engage for an optimal outcome, to ensure there is cooperation for social benefit. There is currently an opportunity to engage and address key issues, but the sector needs to be unified so all can move forward and find common ground. We need to promote accountability and transparency, and improve the working relationship between the NPO sector and government.

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The MTN Awards for Social Change: Rewarding good M&E

The MTN Foundation, in partnership with Trialogue, launched the MTN Awards for Social Change in 2019 to encourage and reward good monitoring and evaluation (M&E) practice in the non-profit sector. This year, a total of R1 million in prize money was awarded to four non-profit organisations (NPOs), one in each of the three size categories, as well as a fourth winner in the bonus award category. NPOs focusing on information and communications technology (ICT) in education or youth empowerment were invited to enter.

Competition categories:

MTN awarded R300 000 to each of the winning NPOs in the following size categories:

1	2	3
Small NPOs with a total annual income of less than R5 million	Medium NPOs with a total annual income greater than R5 million but less than R15 million	Large NPOs with a total annual income greater than R15 million

A bonus award of R100 000 was given to an NPO that provided the best evidence of advanced M&E practices.

A total of 53 NPOs entered the awards this year. The three judges, Asgar Bhikoo, impact investment lead at E Squared Investments; Feryal Domingo, director of operations at Inyathelo: The South African Institute for Advancement; and Jessica Williams, Trialogue M&E associate, reviewed and scored the shortlisted candidates and selected the winners.

M&E trends observed in the MTN Social Change Awards (2019–2022)

Asgar Bhikoo, who has participated as a judge of the MTN Awards for Social Change since inception in 2019, says he has been encouraged to see that M&E is seen as a strategic learning and accountability partner regardless of the size and age of the organisations that apply.

"I have noticed that the process has become more competitive," he says. "Across categories, there have been organisations demonstrating how M&E can be used beyond just accounting for spend and programme delivery. There are more submissions that come through that illustrate M&E as a function to support research, and experimentation to prove and validate theories of change and inform programme design. Moreover, more organisations are using technology to collect and report data related to programme implementation to inform continuous improvement and evaluative decision-making."

He adds that he has seen a trend towards using M&E to drive community action and influence policy change. "Interestingly, I have noticed how smaller organisations are able to build M&E capacity with limited resources through the use of volunteer and part-time staff," he observes. "Medium and large organisations tend to have larger M&E teams. This suggests that M&E can play a role in the scaling journey of non-profit organisations."

He advocates that more funding should be made available to support the NPO sector's M&E capacity, to help improve sustainability and scale impact.

Judging criteria

Registered NPOs were required to enter a project that is creating positive impact, has been running for at least two years, and has some level of associated M&E practice. Submissions were judged against project design, outputs, outcomes and advanced M&E practices.

Project design

Project design assesses the relevance of the project (that is, the need/problem it is addressing) and the appropriateness and suitability of the project's design. It looks at the clarity and strength of objectives, the extent of stakeholder consultation, and the consideration given to quality control and external factors or risks.

Outputs

Project outputs assess the comprehensiveness of outputs and the appropriateness of data collection methods – if the indicators and targets expressed are realistic, and if there is proof of coherent and truthful reporting of performance in terms of volume and scale.

Outcomes

Project outcomes assess the extent to which outcomes are understood, correctly identified, have realistic targets and track actual performance data. Reported outcomes should be supported by quantitative data, qualitative case studies, and/or evaluation reports, with any deviations from targets clearly explained.

Advanced M&E practices (for bonus award)

Advanced M&E practices assess if the project has a sound theory of change or logic model, together with the thought given to unintended consequences and ethical considerations. It also looks at the measurement done by the programme in relation to systemic changes, causality and attribution.

About the judges

Asgar Bhikoo has worked in an M&E capacity in the corporate social investment (CSI) and non-profit sector for more than a decade. He has served as a board member for the South African Monitoring & Evaluation Association (SAMEA) and is currently impact investment lead at E Squared Investments. Prior to that, he worked at the Allan Gray Orbis Foundation.

Feryal Domingo has qualifications in public relations, corporate governance and citizenship, and has served on the boards of NPOs focusing on education, road safety, childcare, youth development, sports development, and community development. She is currently the acting executive director at Inyathelo: The South African Institute for Advancement.

Jessica Williams is an independent M&E specialist consultant who has worked within the development field since 2012, and with Trialogue as an associate since 2020. She has conducted numerous evaluations for NPO, CSI and international donor clients across a variety of sectors and works closely with clients on developing and operationalising their theories of change and indicator frameworks.

Shortlisted applications

Category	Name of organisation	Name/description of project
Small (annual income less than R5 million)	One Voice South Africa (winner)	The Workplace Preparedness Programme
	Ezrah Community Training and Development NPC	Strategic planning for NPOs
	Girls for Girls (G4G) South Africa	Girls for Girls South Africa
	Help2read	Diepsloot Literacy Tutor Programme
	Phakamani Young Minds Academy	Youth Work Readiness Programme
Medium (annual income R5 million – R15 million)	NOAH (Neighbourhood Old Age Homes) (winner)	NOAH Happiness
	Feenix Trust	Arrive, Survive, Thrive!
	Itekeng Disabled Centre	Itekeng Clean and Green Project
	Legal Centre for Gender Based Violence Association	Increasing access to justice for victims of gender-based violence (GBV) in Diepsloot
	Masiphumelele Corporation (trading as Masicorp)	Early Childhood Development in Masiphumelele
Large (annual income greater than R15 million)	Ndlovu Care Group (winner)	Ndlovu Nutritional Units (NNUs)
	Christel House South Africa	Ntinga Ntaka ('To Fly')
	Citizen Leader Lab	Partners for Possibility (PfP)
	Dignify Africa	Dignify Pro
	U-turn Homeless Ministries	Life-Change Journey
Bonus	U-turn Homeless Ministries (winner)	Life-Change Journey
	Ezrah Community Training and Development NPC	Strategic planning for NPOs
	Ndlovu Care Group	Ndlovu Nutritional Units (NNUs)
	Neighbourhood Old Age Homes (NOAH)	NOAH Happiness
	Steps Charity NPC	Steps Clubfoot Care – Clinic Support

Find out more about the winners overleaf.

OneVoice South Africa

Winner in the small NPO category

OneVoice South Africa (OVSA) aims to address critical health and lifestyle issues affecting young people in order to empower them to make informed decisions about their lives. The main focus areas of the organisation are HIV and TB prevention, and enterprise development. OVSA is based in KwaZulu-Natal and has worked closely with schools in that province since 2005 to deliver educational programmes during Life Skills classes.

More recently, OVSA has expanded its scope to include young people who have graduated from TVET colleges, but are struggling to find work and lack employability skills. The Workplace Preparedness Programme was implemented in 2019 and addresses the skills gap between graduation and employment, through training sessions that target female students and graduates from TVET colleges. The programme consists of training in three areas: (1) Training in basic professional skills, such as interpersonal skills and project management; (2) Training in soft skills; and (3) Training in CV writing and interview techniques, with the addition of mentoring. The goal is to build skills that address workforce needs and provide opportunities to volunteer and gain work experience.

The Workplace Preparedness Programme has an annual budget of just over R1 million. OVSA has an annual income of R2.2 million in total.

OVSA makes use of its M&E data to inform decision-making and to ensure that resources are allocated effectively. M&E data is used to guide programmatic developments and strategic decisions. OVSA has strong stakeholder engagement, sharing M&E learnings with staff, community partners, beneficiaries and donors, which promotes a culture of continuous learning and improvement.

Judges' feedback:

OVSA addresses a critical skills gap for youth attempting to access the employment market for the first time. The programme is well designed to cover as many aspects as possible in preparing graduates for the world of work. M&E appears to form an integral part of the organisation and the programme, even with a small budget. The M&E approach is functional in assisting to identify deep strategic questions, and the logic of the intervention is well articulated with clear outcomes, targets and data collection plans. OVSA could be doing more in terms of data collection, but this will require further funding.

NOAH (Neighbourhood Old Age Homes)

Winner in the medium NPO category

NOAH sets out to ensure that social pensioners (elders who receive a SASSA grant as their sole income) have their basic needs met, in terms of dignity, respect and life-affordability, and that they have a sense of purpose by being able to contribute to their families. NOAH's services include twelve communal houses, which are home to 107 residents, two primary healthcare clinics with a client base of 600 members, and two community centres that provide social and wellness support.

The NOAH Happiness programme operates in Cape Town and seeks to provide psychosocial support to approximately 200 social pensioners from the two community centres, based in Woodstock and Khayelitsha. The programme employs the Asset Based Community Development (ABCD) methodology, which entails that elders are made aware of their assets and how to use them to promote healthier, more resilient and supportive families and communities. NOAH Happiness includes social support, wellness support, arts and crafts, food security and healing.

NOAH Happiness started in 1996 and has an annual project spend of just over R1.3 million (out of R7.6 million annual income of the organisation overall).

NOAH has a deep understanding of the context in which it operates and the needs of its beneficiaries, having worked within the communities and with the local community organisations for the past two decades.

Judges' feedback:

NOAH runs an interesting model to foster the inclusion of the elderly into their communities. Their model is unique in terms of its holistic approach to understanding the context and mindsets of the elderly, and using the change in thinking to foster a more positive outlook on life, and active citizenry. The organisation has made use of research to inform its programme offering. The project is well structured with clear and measurable outcomes, which have been explored and are well documented. The next step would entail conducting a formal evaluation.

Ndlovu Care Group

Winner in the large NPO category

Ndlovu Care Group has worked with communities in Limpopo for the past 27 years to address community development through an extensive suite of programmes centred around healthcare (delivered at the Ndlovu Medical Centre); child and youth development; water, sanitation and hygiene (WASH); infrastructure support; and research programmes. The organisation works closely with communities to address needs through the implementation of evidence-based programmes.

The Ndlovu Nutritional Units (NNUs) is a project within the child care and youth development portfolio focused on preventing and treating malnutrition in children through the establishment of a community-based care system. Malnourished children are identified and enrolled in a three- to six-month feeding programme with their primary caregivers, in order to ensure that they receive an adequate diet and are restored to a healthy weight. The beneficiaries attend coordinated visits to the Ndlovu Community Health Centre, which supports this process. The NNUs bridge the gap between doctors' recommendations and caregivers' healthcare knowledge by providing education on food preparation, hygiene and growing food.

Ndlovu Care Group has a total annual income of R130 million. The NNUs project began in 2012 and has an annual budget of R4 million.

The organisation has a significant footprint in the Sekhukhune community in which it works, and is well placed to address its needs, which it does in collaboration with local and international stakeholders and partners. The NNUs programme is aligned with the United Nations International Children's Emergency Fund's (now the United Nations Children's Fund) infant and young children's feeding guidelines, ensuring a high-quality intervention.

Judges' feedback:

The design of the NNUs programme is robust, and has been informed by the use of M&E processes and data over time. The organisation engages regularly with stakeholders to understand needs to improve their offering, but also to share lessons learnt and findings. There is good use of M&E tools and processes, with appropriate outcomes and measurable indicators. The outcomes are concise and outcome indicators logical and straightforward in terms of measurement. There is evidence of continuous review and refinement of the M&E framework to ensure that it evolves.

U-turn Homeless Ministries

Winner in the bonus category

U-turn Homeless Ministries assists the homeless to transition from life on the streets by equipping them with the skills they need to ultimately get sober, become employed and live independently in traditional housing. The Life-Change Journey typically lasts 18 to 24 months, depending on the client, and consists of four phases of growth.

Phase 1: Change Readiness: The homeless client is prepared for their change journey through the provision of food and clothing in exchange for Mi-Change Vouchers, funded by U-turn. This phase also includes motivational group work and individual counselling.

Phase 2: Rehabilitation: Drug and/or alcohol dependence is addressed by encouraging clients to attend rehabilitation. U-turn covers the associated transport and shelter accommodation costs.

Phase 3: Work Readiness: Clients are provided with a work opportunity with on-the-job training in one of fifteen social enterprises. There is also ongoing therapy and relapse prevention.

Phase 4: Employment: Clients find a job in the open market and graduate from the programme. U-turn reports that over 80% of their graduates remain sober and employed, with over 70% staying in traditional housing six months after exiting the programme.

U-turn Homeless Ministries has an annual income of R15 million and the Life-Change Journey project has an annual budget of R4.5 million. The project began operating in its current form in 2017.

The Life-Change Journey is grounded in research and evidence-based programming and U-turn Homeless Ministries has cultivated a deep understanding of homelessness trends over time, including detailed information about the rate of homelessness in South Africa compared with international rates, and the movement of homeless people between different geographical areas. This has allowed the organisation to engage with the city on the amendment of by-laws.

Judges' feedback:

U-turn Homeless Ministries provides an important progression model to assist homeless individuals to be rehabilitated and thrive in society. Their approach is innovative and their M&E is responsive to both programme- and community-level needs. There is an advanced data collection and data management system in place, with the use of Salesforce. It is a source of common data and business intelligence and has been widely used. The U-turn team's ability to think evaluatively, work collectively and experiment with the database and other sources allows for unique insights into the problem that many other organisations may not have. There is evidence of the use of M&E to improve and refine the project.

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NPO DIRECTORY

The NPO Directory is a searchable directory of non-profit organisations (NPOs) featured on the Trialogue Knowledge Hub – a website that provides reliable data, research and case studies on corporate social investment and broader responsible business topics. The Trialogue Knowledge Hub is the go-to website for business and other role-players that invest in socioeconomic development, with more than 20 000 unique users consulting it every year.

The NPO Directory previously formed part of *The Trialogue Business in Society Handbook*, but from 2022 onwards it will be accessible online only, in the form of an interactive map as well as a searchable database of NPOs.

The NPO Directory showcases NPOs that would like to increase their visibility to funders of social development. NPOs are listed by development sector and provide information about the organisation, including staff complement, geographic footprint, annual turnover, programme description and who benefits from the organisation's initiatives. Contact details and social media links are provided for ease of reference.

For more information on how to list on the NPO Directory on the Trialogue Knowledge Hub,
email npolistings@trialogue.co.za
or visit https://trialogueknowledgehub.co.za/index.php/csi-resources/trialogue/npo-listings.

Click on the QR code to visit the directory.

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TRIALOGUE BUSINESS IN SOCIETY CONFERENCE 2022
11 May | THEMED KEYNOTE ADDRESS

CONFERENCE INSIGHT

Reconnecting with our communities

Lorenzo Davids, CEO of the Development Impact Fund and The Justice Fund, and the former CEO of Community Chest South Africa, offered some counterintuitive insights during his keynote address at the Trialogue Business in Society Conference. He argued that average South Africans don't believe development is working, despite what those in the sector may think.

Davids, speaking under the theme 'Futureproofing development', which was presented in partnership with the MTN Foundation, referenced psychiatrist and political philosopher Frantz Fanon's seminal work *The Wretched of the Earth*, which asserts that "each generation must discover its mission, fulfill it or betray it, in relative opacity".

The problem with this mission, Davids argued, is that we keep inserting ourselves into the narrative. "We don't allow the narrative to grow beyond us – we want to be part of the story. We need to step back. So much of our work is done on the fact that we feel good about it, and that's a drug. That's the nonsense of the non-governmental organisation space," he said.

The crisis to find the soul of the nation

Davids spoke about his regular train journeys in the Western Cape, which he tweets about on Twitter, and which have launched a movement that has attracted media coverage from the BBC to *Financial Mail* and eNCA.

"At the heart of this movement is the fact that we've lost the art of conversation," he said, adding that development programmes and projects focus on getting people's membership, but have lost the true art of dialogue.

He said that South Africa is struggling with the crisis to find the soul of the nation.

"How do we get people to understand that we are a great land – not this mean, angry, violent society that we are portrayed as?" he asked. "Who is going to tell the story of our national prosperity, and build national pride that makes us feel safe and proud, and makes our children want to grow old here, with us?"

Recommendations for future-proofing development

Davids presented some recommendations, like moving away from discourses around poverty reduction, poverty eradication and poverty elimination, and adopting the discourse of wealth creation for poor people.

"Are we just happy to move people from the lower to the upper bounds of poverty?" Davids asked. "Who is having a discourse with poor people about wealth creation that empowers them to make their own decisions about their children's schooling, the food that they eat and their healthcare?"

He said development practitioners should move away from interventions to solutions. "Your greatest impact is related to your ability to solve complex problems," he argued.

He stated that donors should never be asked money. "Talk about your commitment to navigating complex outcomes, which will have high economic and social impact, and the donor will ask you how much you need," Davids said, adding that the three questions donors think about when engaging are: "What do you know?", "Why does it matter?" and "What are you solving?"

He went on to assert that innovation, intelligence, integrity and collaboration are industry essentials that count far more than compassion. He also suggested tracking five indices to help measure impact: the poverty index, the education index, the employment index, the health index and the food security index.

"How does the impact that an organisation is making ripple through other sectors; how is it tracked and plotted; and what are the data changes after five years?" he asked. "Are your teams addressing the most pressing challenges that donors, communities and governments are facing?"

The myth of sustainability

Davids said sustainability is a myth coined by the industry to get non-profit organisations to ask for less. Donor money will always be needed, but you need to be able to tell your story with data, conviction, intelligence and passion in just ten minutes, because "donors and communities either endure you or enjoy you".

"Donor fatigue is a myth. What you're running into is donor intelligence," he declared, adding that one should use justice instead of severity of need as a basis for funding.

Davids pointed out that, by 2025, justice will be the dominant filter for grantmaking. He concluded his talk by saying that, by reconnecting with our communities through the reclamation of dialogue, we will, as Steve Biko envisaged in *I Write What I Like*, "be in a position to bestow South Africa the greatest possible gift – a more human face".

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ISBN 978-0-6397-0979-6