

# Want to maximise CSI and B-BBEE spend? Consult the community

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When it comes to corporate social investment (CSI), socio-economic development (SED) or broad-based black economic empowerment (B-BBEE), businesses need to dig deeper if they want to make a meaningful, sustainable impact. Too often, CSI / SED / B-BBEE strategies are set without gaining a full understanding of the real needs of the communities they will directly impact. As a result, the opportunity to dramatically change lives and add value is lost.



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These investments are critical to successfully doing business in South Africa. B-BBEE compliance can count for 20-30% of overall point scoring when it comes to assessing government requests for proposals (RFPs), whilst in industries such as renewable energy or mining, the lack of compliance can cost companies penalties or result in the revocation of their licence to operate. However, for many companies, SED investments and achieving B-BBEE compliance remains a 'tick-box' exercise – a grudge spend that eats into business profits. These companies repeatedly do not reach beyond first-tier discovery to inform their implementation strategies.

## What drives the disjunct?

Well-meaning business executives may decide on a theme for CSI or SED investment (let's build a library or let's focus on housing) or investments may be driven by industry transformation charters (supplier development) or generic B-BBEE requirements. While each of these efforts may be relevant, if it is not directly in line with the needs of the surrounding community the end result may be perceived as negative.

Consequently, the targeted community does not only lose out, but the company will not achieve the expected returns – e.g., the growth of local skills and the development of local suppliers to more cost effectively drive the business, and the buy-in and support of the community.

## Want an example?

Consultation with relevant authorities such as municipal structures, community leaders or labour leaders etc., may provide direction and identify areas of need or opportunities for value-adding programmes. Through the engagement with the community, the real challenges to be addressed and opportunities for mutually beneficial improvements or gains may be identified. For one of Economic Development Solutions' (EDS) mining clients the focus of its social and labour plan (SLP) investment strategy seemed straightforward: the rural Limpopo community where it aimed to invest a large portion of its CSI aspect of the SLP budget had been struggling with intermittent access to water for years. This was also where the local municipality desperately wanted assistance. However, the company radically rethought its investment strategy once it had consulted with the community.

With the closest high school 60km away and no money to pay for transport to and from the school, a large percentage of the children in this rural community were not progressing beyond a primary education. The community felt its water struggles could be resolved over time by the municipality; building a school could not wait.

Today, with the construction of two-classrooms, ablutions facilities and an administration room being planned in conjunction with the local municipal structures and the provincial Department of Education, things are looking more positive. The municipality has allocated land, the Department of Education has committed to allocating teachers for 2019, the education of a generation of children in this community is better secured! The value of this investment is huge for this community; so is the goodwill it secures for the company.

There are numerous other examples of misaligned CSI / SED efforts, some of them so misdirected they have led to worker and community protests. In some instances where the role of the municipality versus the company providing CSI or development investment have become confused, this has led to serious brand damage.

So, how can companies address this potential misalignment and optimise the sustainability and impact of initiatives? It starts with the engagement of all stakeholders and interested or affected parties.

**Conduct an on-the-ground assessment:** Do a walkabout and go see what is happening in the community. Speak to people – ask them what they are experiencing, the good and the bad. Meet with local stakeholders such as church and school leaders, and other community councillors, to discuss community aspirations and challenges. Engage with the municipality's local economic development (LED) team to understand hot topics and what investment is required.

**Formal engagement:** Have a public meeting in the community – explain your proposal, get inputs and set up a platform for ongoing communication to reach consensus.

**Be transparent:** Communities are increasingly savvy about economic development investments and want to maximise the benefits. They want to know what the budget is and where the opportunity is for the people in the community i.e., jobs, skills acquisition, local spend. Be transparent about the opportunities and follow through on delivery of any promises.

**Collaborate:** By collaborating within the industry or working together with other stakeholders on related efforts, broader impact and greater sustainability can be achieved. Formally collaborate with government bodies – from municipalities to the Departments of Social Development and Public Works – to understand how they can contribute. For example, allocation of land is preferable to the purchase of land.

**Close the loop:** Re-engage, go back to the community and provide feedback on progress and outcomes. By keeping the community informed and engaged, you secure ongoing participation.

If your in-house CSI and economic development teams do not have the capacity or know-how to organise, negotiate and facilitate these processes, seek out independent economic development advisors who do. They bring a number of benefits to the table: they have a great deal of experience of negotiating with stakeholders from across the spectrum (government, business, suppliers, the community) and, as independent advisors, know how to maximise the benefit for your business and for the direct beneficiaries.

True appreciation and gratitude from the community for successful meaningful investments into their wellbeing and future delivers the kind of goodwill your brand or business cannot buy. It's worth the extra effort.

## ABOUT THE AUTHOR

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