

South African corporate social investment grows to R11.8bn in 2023

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South African companies spent an estimated R11.8bn on corporate social investment (CSI) in the 2023 financial year, according to corporate responsibility consultancy Trialogue's latest research findings.

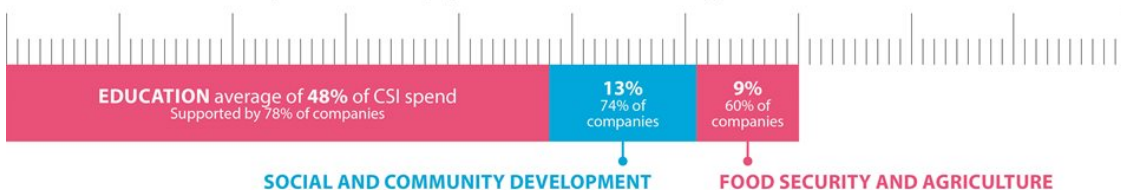
Total estimated CSI expenditure in 2023:
R11.8 BILLION 8% increase from R10.9 billion in 2022

The spend reflects an 8% nominal and 1% real increase from R10.9bn in 2022, on the back of post-Covid recovery, low economic growth and a challenging operating environment.

The findings, published in the latest annual edition of the [Trialogue Business in Society Handbook](#), reflect a continued recovery in CSI expenditure, with more than half of surveyed companies (59%) reporting an increase in CSI spend, compared to 36% in 2021. About 60% of companies determined their CSI budget as a percentage of net profit after tax (NPAT), supporting the primary reason for increases and decreases in CSI as changes in corporate profits.

"South African companies, primarily driven by a moral imperative to influence positive social change, are increasingly positioning themselves to achieve systemic impact. Their CSI efforts are becoming more collaborative, and resources are being applied to research, networking and thought leadership in their development fields of interest. This is securing their voice on critical social issues and contributing to addressing the country's social development challenges in the face of government budget cuts," says Trialogue director Cathy Duff.

FOCUS AREAS Companies supported an average of five sectors



Education remains a priority CSI focus

Development sector priorities were similar to previous years, with three sectors – education, social and community development, and food security and agriculture – capturing the bulk of CSI expenditure.

Education remains the most popular cause for local companies. Although 2023 figures showed a decline in company support for education – down from 98% of companies in 2022 to 78% this year – the average spend increased from 44% of CSI in 2022 to 48% in 2023. Almost three-quarters of companies (74%) support social and community development, unchanged from last year, spending an average of 13% of CSI in this area. Food security and agriculture, which saw significant increases in support during the pandemic, was supported by 60% of companies in 2023 and received an average of 9% of CSI expenditure.

In contrast to US trends, where health and social services receive 25% of CSI spend on average, South African companies allocate an average of only 6% to health. Even fewer companies supported the sector this year, dropping from 43% in 2022

to 38% this year.

More than a third of South African companies (37%) claim to support environmental causes through their CSI, but this sector received just 3% of CSI spend on average. More companies supported the sports development, social justice and advocacy, and safety and security sectors in 2023, though the average CSI spend for each remains below 5%.

NPOs receive the bulk of CSI funding

Non-profit organisations (NPOs) remained the primary recipient of South African CSI, with 84% of companies directing an average of 63% of their spend to NPOs in 2023. Surprisingly, the proportion of companies directing CSI funding to NPOs fell below 90%, even as the average contribution increased.

After NPOs, schools, universities, hospitals and other government institutions were the second most common funding channel, with 57% of corporates providing an average of 19% of expenditure towards them. Support of social enterprises increased from 17% of companies in 2022 to 28% in 2023, with social enterprises receiving an average of 5% of CSI expenditure.

Most companies were reluctant to engage in more progressive types of funding, with more than 69% indicating they would not provide funding for reserves, unrestricted funding or loans. However, 60% of NPOs reported receiving unrestricted funding from companies, and 39% received funding for reserves.

Fifty-three percent of companies reported non-cash giving in the form of products or services or volunteering time, while 83% of NPOs received non-cash donations.



Alignment of CSI with SDGs

Companies and NPOs are more likely to integrate the sustainable development goals (SDGs) into their strategies than the goals of the South African National Development Plan (NDP), with 63% of companies reporting integration of the SDGs, compared to 49% for the NDP goals.

Companies aligned with 5.6 SDGs on average. CSI programmes aligned most closely to SDG 4 (quality education), with 84% of companies reporting alignment. Sixty-three percent of companies aligned with SDG 2 (zero hunger), up from 43% in 2020. Corporate support for SDG 3 (good health and wellbeing), SDG 9 (industry) and SDG 7 (affordable and clean energy) decreased between 2020 and 2023.

NPOs were aligned with fewer SDGs, aligning with 3.9 on average. Like companies, most NPOs (71%) were closely aligned with SDG 4 (quality education), but 49% were then aligned with SDG 3 (good health and well-being) and 36% with SDG 1 (no poverty).

CSI operations and tech uptake

Most companies (71%) continue to manage at least some of their CSI internally, though 56% have a separate legal entity for this purpose. CSI most commonly reports to corporate affairs, with the median number of full-time CSI employees at three.

The technological revolution of the past year has witnessed limited uptake in South Africa's CSI space. Only 35% of companies and 15% of NPOs have invested in AI for core operations, and only 10% of companies have invested in AI for CSI work.

The Trialogue Business in Society Handbook 2023 can be downloaded for free at

<https://trialogue.co.za/businessinsocietyhandbook/trialogue-business-in-society-handbook-2023-free-online-version/>.

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