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2017 CSI Handbook – 20th Edition

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A preliminary overview of CSI in Ghana and Kenya

There is a global trend towards the adoption of formal corporate philanthropic programmes. The extent (often linked to a percentage of corporate profit) and profile of giving is measured and reported in both developing and developed economies. While corporate social investment (CSI) has been measured in South Africa for over 20 years, giving has not been formally researched in other African countries.

In order to gain continental insight into corporate philanthropy, Triologue partnered with the Centre for Learning and Evaluation-Anglophone Africa (CLEAR-AA), a global initiative aimed at strengthening developing countries' capacities in monitoring and evaluation and performance management. The initial aim of the partnership was to map the landscape of corporate giving in Ghana and Kenya and to determine the nature and magnitude, influencing factors, and monitoring and evaluating of CSI.

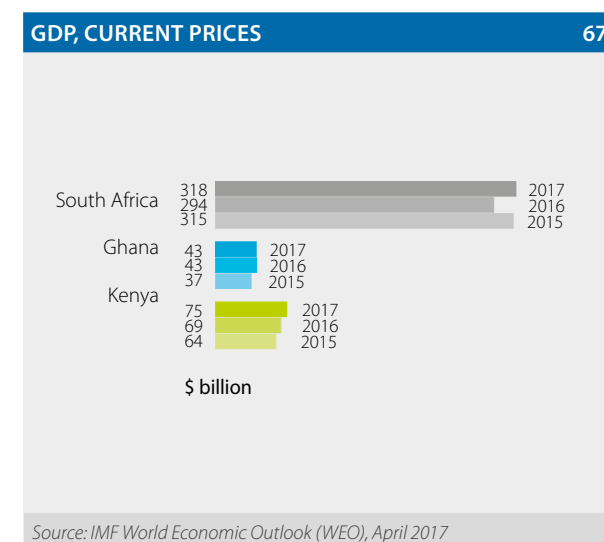
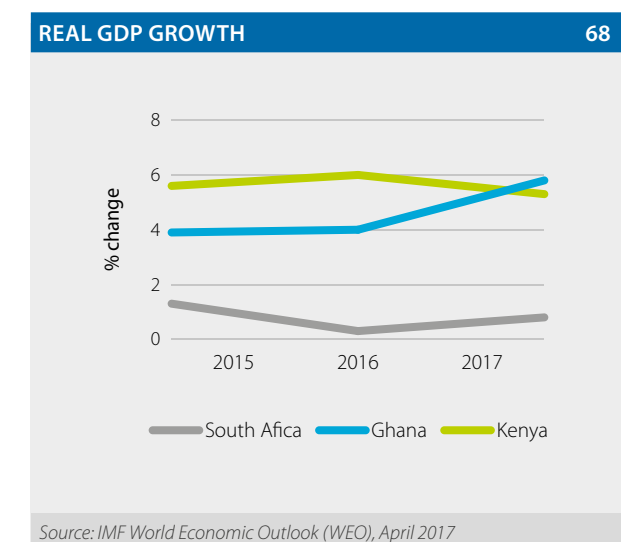
The intention is to expand this research to other African countries in 2018, in order to track progress over time and to compare these findings with other regions. The research, summarised here, was conducted with 17 companies in Kenya and 32 companies in Ghana, in 2017.

KEY FINDINGS

- While there is positive growth in CSI expenditure, the levels of maturity and sophistication of CSI support, governance and structure differ across African countries.
- Kenya's adoption of CSI initiatives is more mature and possibly more proactive in approach than that of Ghana, with more sophisticated methods used to determine expenditure; governance mainly via a CSI department; progressive adoption of the Sustainable Development Goals in CSI strategies; widespread national funding initiatives, and a higher incidence of flagship projects.
- In Ghana, CSI participation is slightly more reactive, with budgets determined at the discretion of the company board; governance mainly via other company departments; lower levels of adoption of the Sustainable Development Goals; emphasis on programmes at a regional level, and fewer flagship programmes in place.
- Monitoring and evaluation processes, while prevalent in Ghana and Kenya, are used less strategically than in South Africa.
- There is a high incidence of employee volunteerism programmes. Kenya mirrors South African participation, while Ghana utilises a less structured approach.
- There is opportunity for increased levels of communication of CSI initiatives in Ghana and Kenya.

GDP comparative

South Africa has a significantly larger gross domestic product (GDP) than Ghana or Kenya. However, growth in South African GDP is flat, unlike Ghana and Kenya where there is year on year growth (exceeding the average 3.46% world GDP growth, driven mainly by developing economies which demonstrated growth of 4.13 percent in 2016 and are expected to grow by 4.49 percent in 2017).



GHANA FACT SHEET

Diverse and rich natural resource base, including the manufacturing/exportation of digital technology goods, automotive and ship construction

- Population: 27 million people
- Unemployment: 5%
- Inflation: 17.5%
- Challenges include lack of drinking water, limited hospitals and basic sanitation

Source: IMF World Economic Outlook (WEO), April 2017

KENYA FACT SHEET

Africa hub for financial, communication and transportation services

- Population: 49 million people
- Unemployment: 38%
- Inflation 6.5%
- Challenges include high levels of poverty and rapid population growth

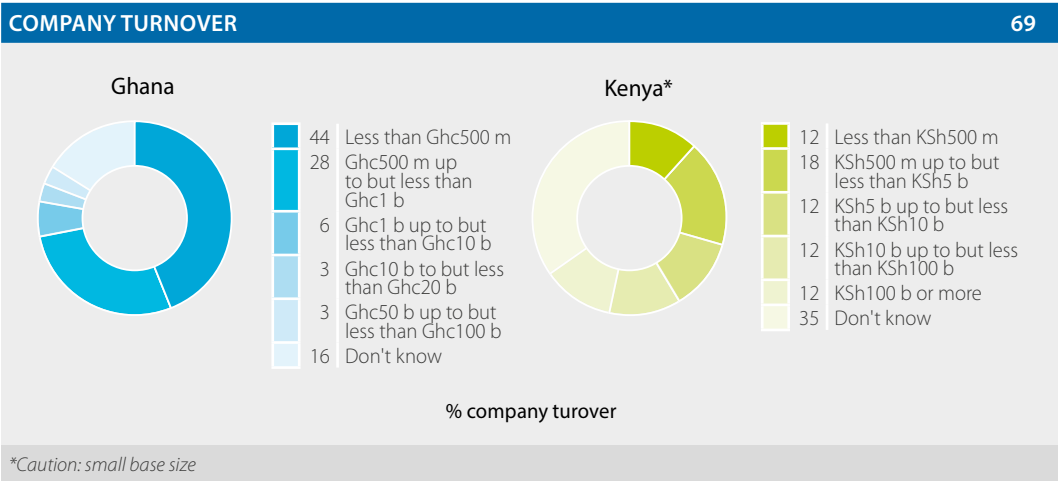
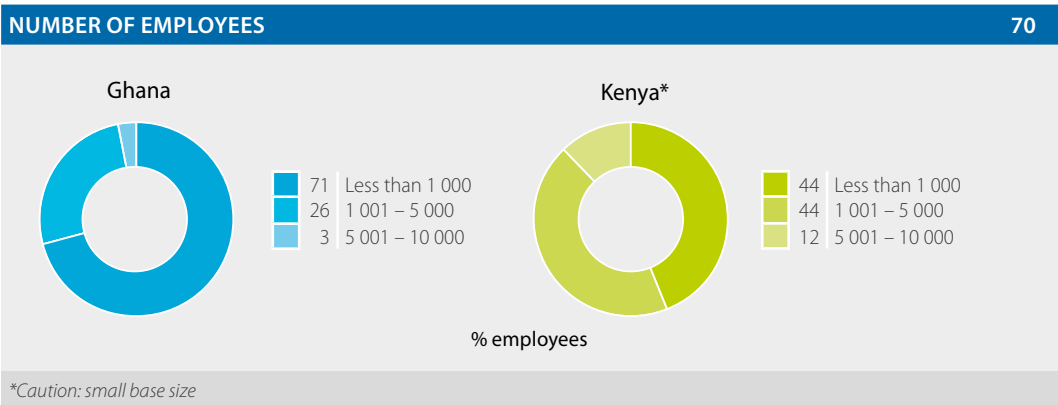
Source: IMF World Economic Outlook (WEO), April 2017

Overview of corporate sample

- The highest representation of companies (38% of the sample) interviewed in Ghana were in the building/construction sector, whereas in Kenya, 41% of the sample was drawn from financial institutions. This is reflective of the economic focus areas of each country.
- The companies interviewed in Ghana had a lower turnover and number of employees compared to those in Kenya.

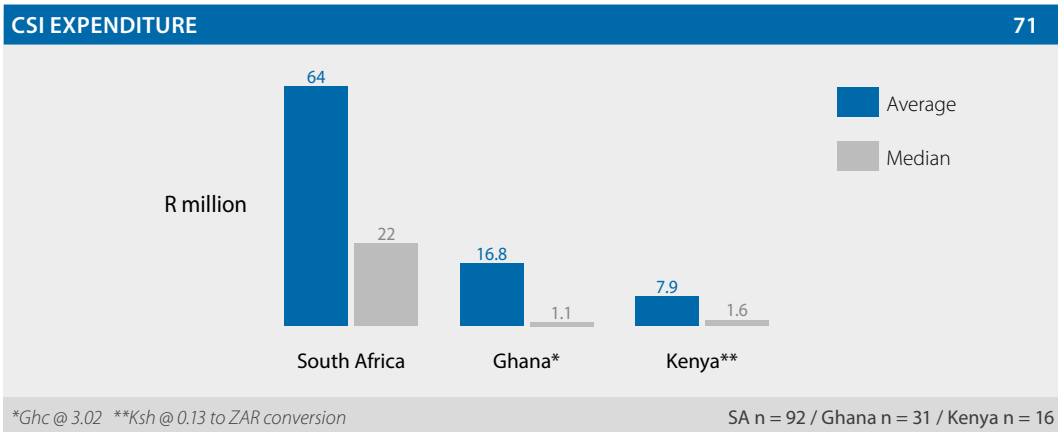
Ghana
(@3.02 Ghc/ZAR)
Ghc500 million
= R1.5b
Ghc100 billion
= R30.2b

Kenya
(@0.13 KSh/ZAR)
KSh500 million
= R65m
KSh100 billion
= R1.3b

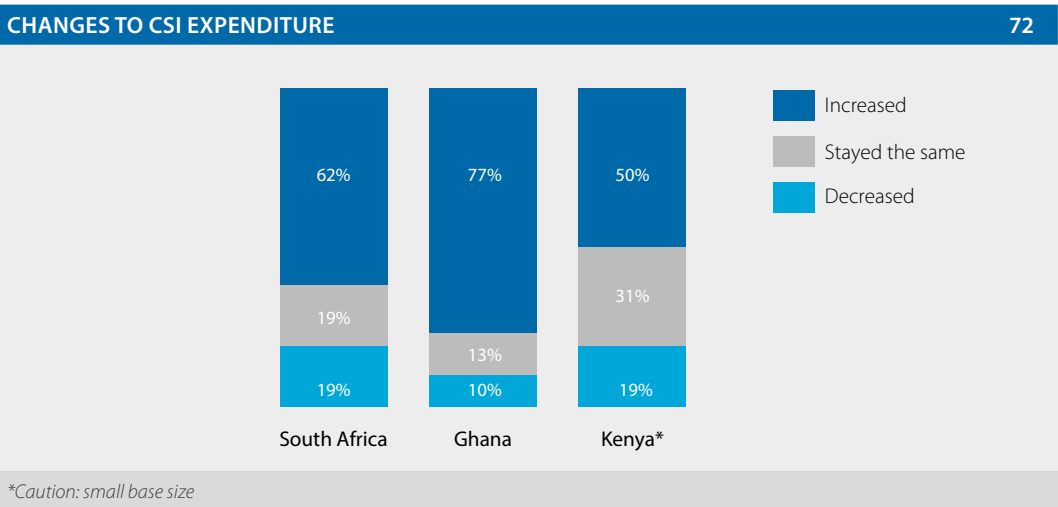


CSI expenditure profile

- Looking specifically at Ghana and Kenya, the use of mid-point data limits the precision of spend. It is however evident from median figures that the majority of corporates from Kenya and Ghana spend relatively small amounts on CSI.
- The distribution of expenditure by Kenyan companies was more even, resulting in a higher median but lower average spend than that of Ghana.



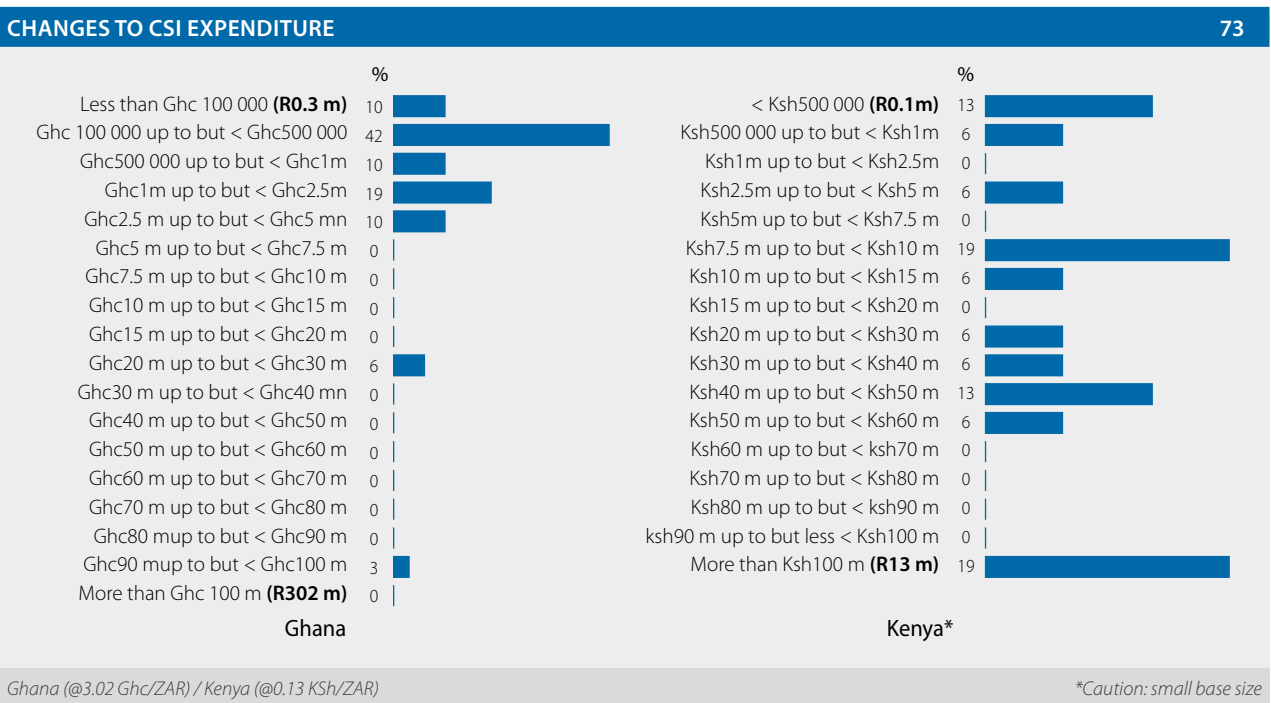
- In Kenya and Ghana, as in South Africa, more companies indicated an increase in CSI expenditure than those with declining expenditure. Growing corporate profits and inflation are the causes for increased budgets, particularly in South Africa where most companies determine expenditure as a percentage of net profit after tax.
- Ghana showed the largest increase in CSI expenditure in the past year. While there was growth in Kenya, one third of corporates claimed to have had no change in expenditure since 2016. This aligns with the growth in GDP per capita for each region respectively.
- In Kenya and Ghana, the main reason for increased expenditure was noted to be project requirements/needs of recipients, followed by policy or focus change and an increase in corporate profits.



Distribution of CSI spend

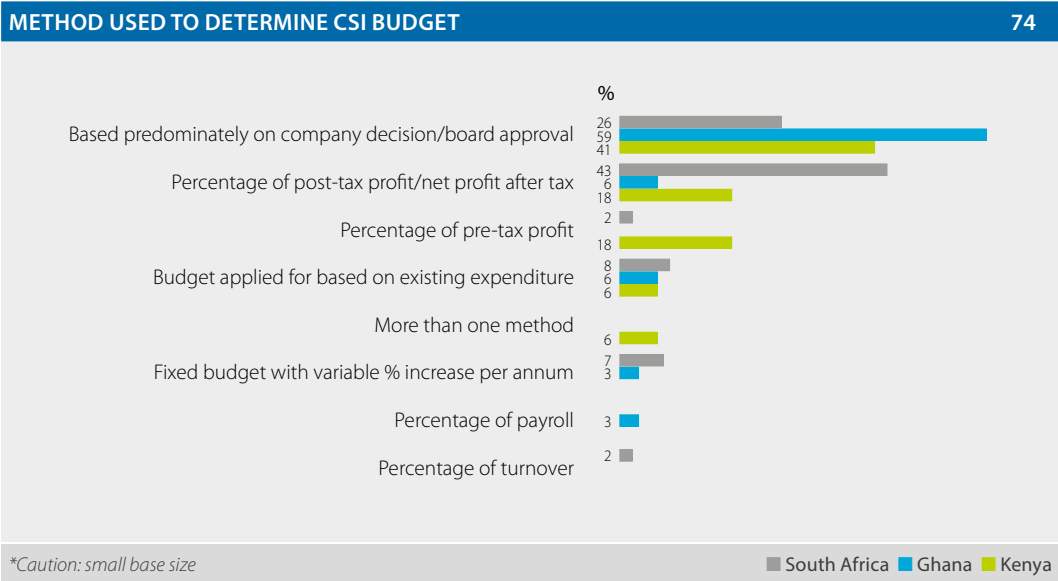
Corporate respondents in Kenya and Ghana were asked to quantify their total annual CSI expenditure, including cash and non-cash expenditure. Respondents were not always able to give precise breakdowns of their CSI expenditure, but most provided range estimates, as shown below.

- Just over a half of corporate respondents from Ghana reported spending less than Ghc 500 000 (R1.5m) per company, per annum.
- In Kenya, CSI expenditure amounts varied across the sample. Those companies that spent the most were financial or travel institutions; core to Kenya's economy.



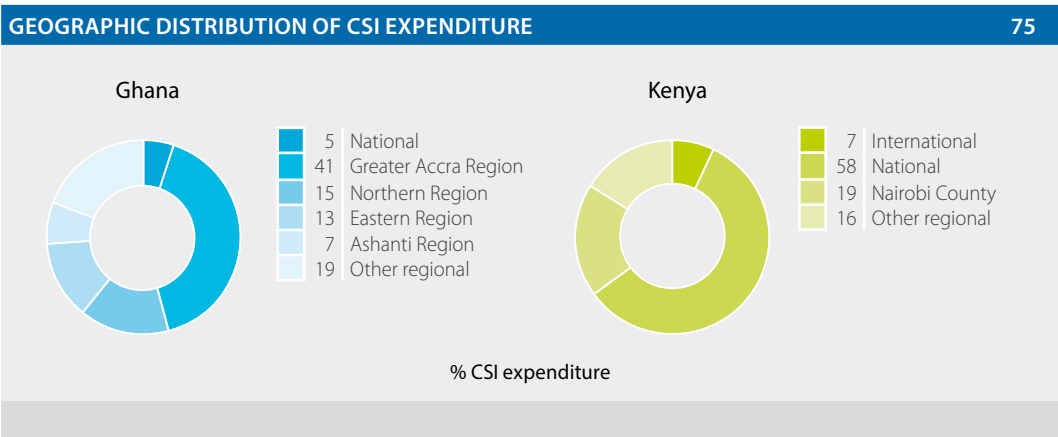
Method of determining CSI budget

- In Ghana, company decision/board approval was the most prevalent means of determining the CSI budget. While this was also the most common means of budget determination in Kenya, over one third of companies used a percentage of profit (pre- or post-tax). The latter determination aligns to the most widespread method used in South Africa, which suggests that Kenya's CSI is more mature and that methods used to determine CSI expenditure are more sophisticated and aligned to business performance.



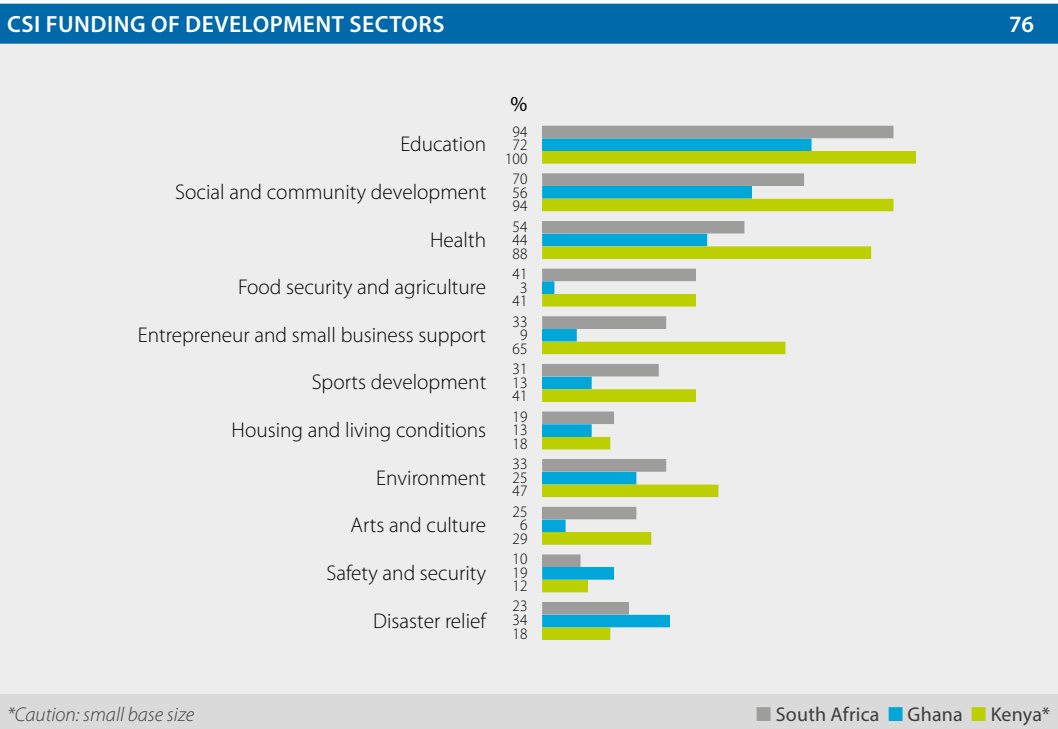
Geographic distribution of funding

- Just 5% of CSI expenditure in Ghana was spent nationally. Funding was regionally focussed, with the Greater Accra, Northern and Eastern regions receiving approximately half of CSI expenditure. No portion of CSI funding was spent internationally.
- The majority of Kenya's CSI expenditure was national, with the remainder of spend spread across regions; predominantly centred in Nairobi. Kenya distributed a percentage of its CSI expenditure to other countries (with focus on Tanzania, Rwanda and Uganda), possibly due to a larger presence of multinational companies in the country.



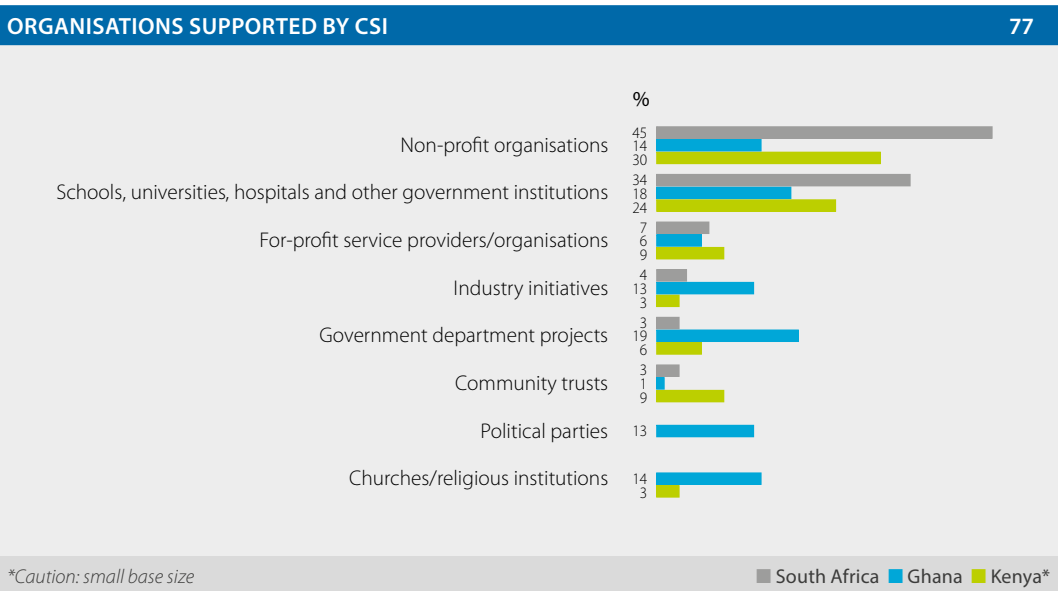
Funding of development sectors

- Education and social/community development received the most frequent support from corporates across South Africa, Kenya and Ghana.
- Support for disaster relief was more frequent in Ghana, while Kenya's support of health and entrepreneur/small business development was more common than that of South Africa or Ghana.



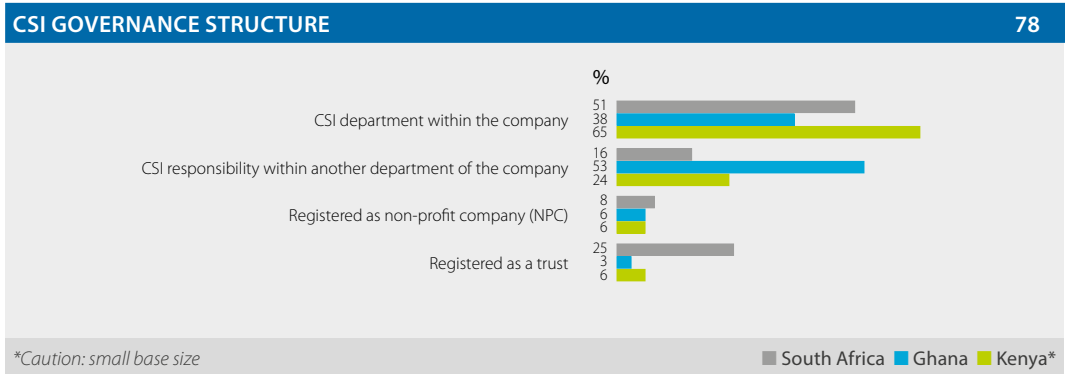
Types of organisations supported by CSI

- The alignment between Kenya and South Africa's support of non-profit organisations (NPOs) suggests the prevalence of more mature CSI programmes in Kenya.
- Ghana showed stronger support for government departments, religious institutions and political parties, but less support for NPOs relative to the other two countries.

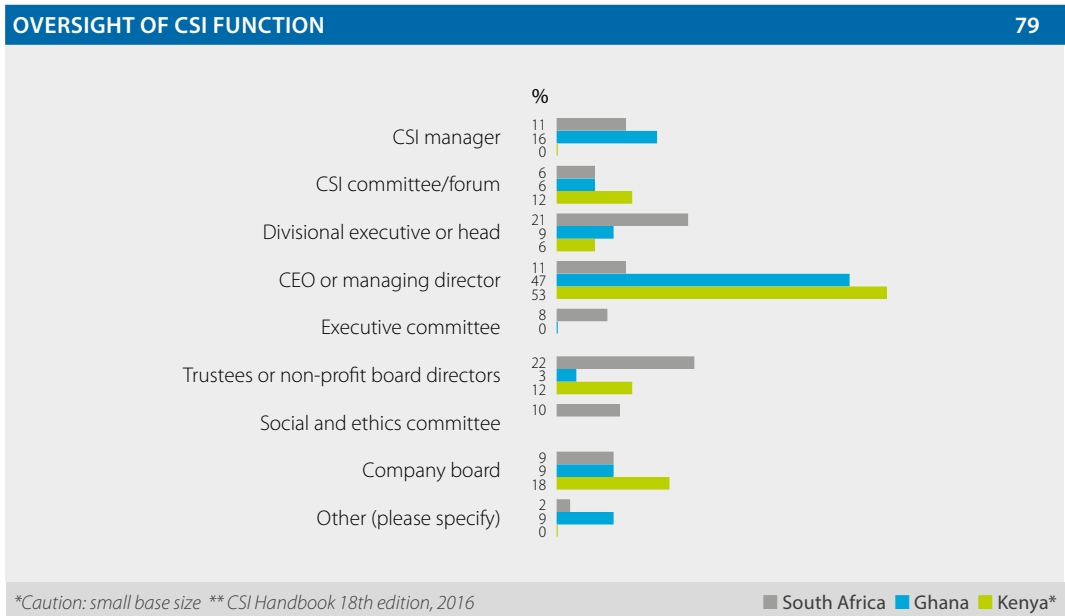


Structure and governance

- Governance of CSI programmes was least formalised in Ghana, where over half of respondents ran CSI from within another department (versus only 16% in South Africa and 24% in Kenya).
- About one in ten companies in Ghana and Kenya managed their CSI through a non-profit company (with funding mainly from the company) or a trust, while a third of South African companies govern CSI in this way.

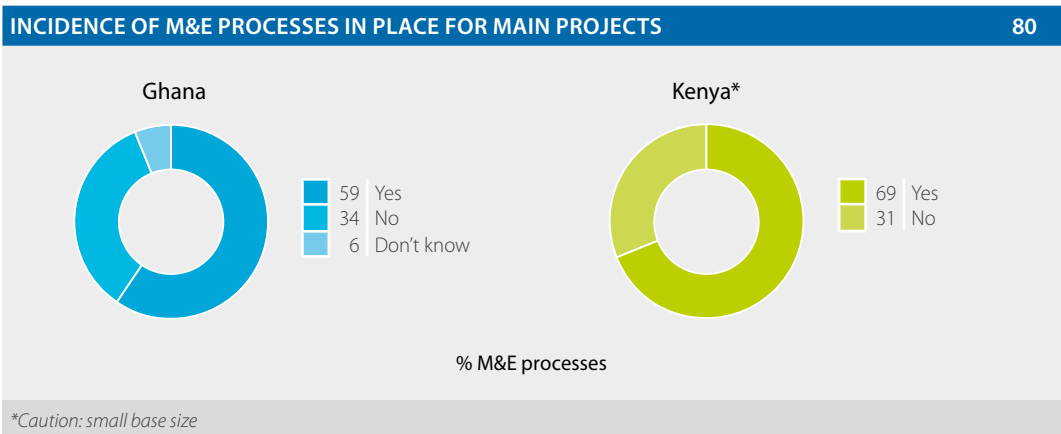
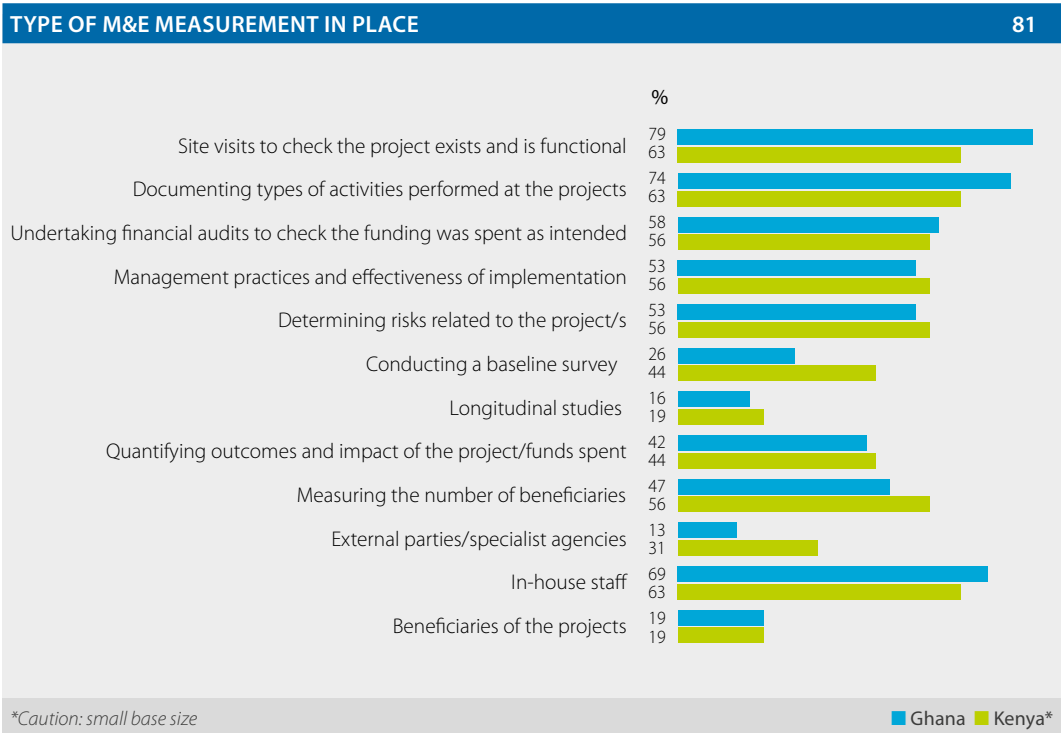


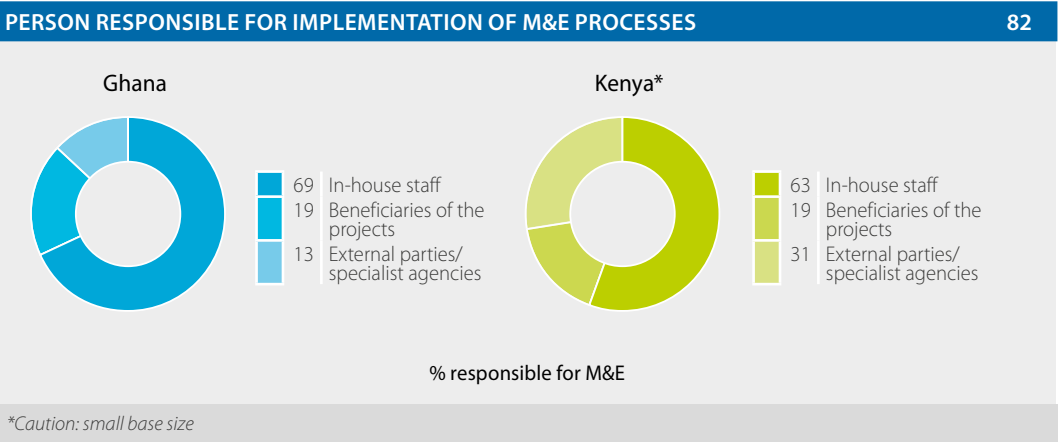
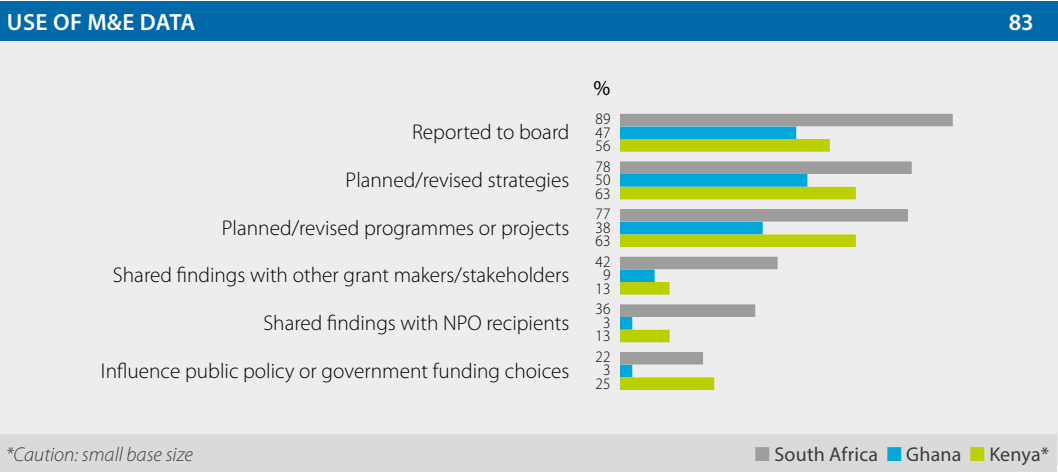
- In Ghana and Kenya, the CEO or managing director had oversight of the CSI function in approximately half of companies, unlike South Africa where ultimate oversight was mainly via trustees/non-profit directors (where applicable) or divisional executives.
- In Kenya, the company board and the CSI committee also played a significant oversight role.



Monitoring and evaluation

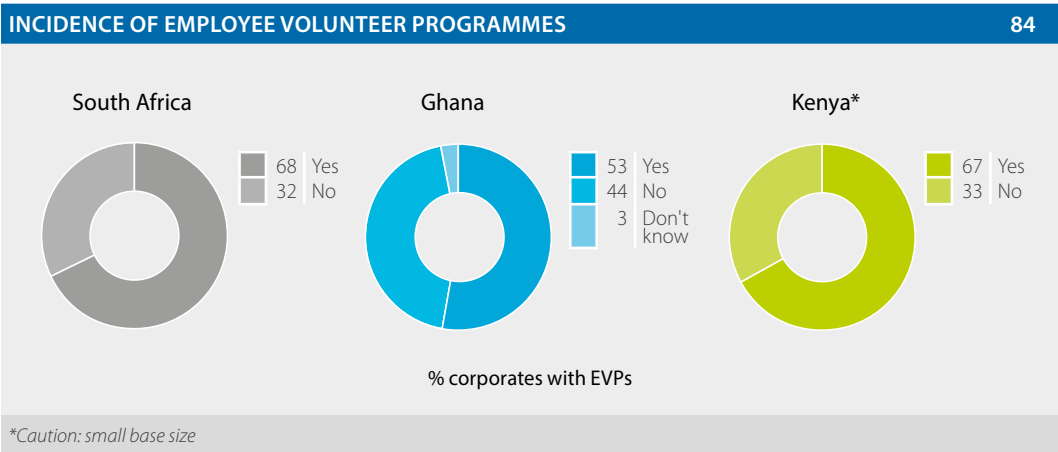
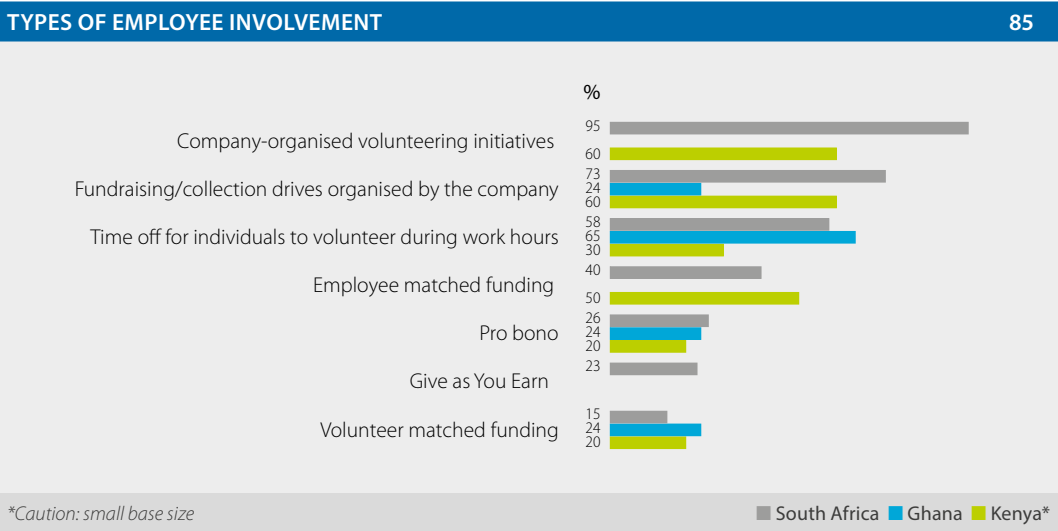
- Over half of companies in Ghana and more than two thirds in Kenya had monitoring and evaluation (M&E) processes in place for their most significant CSI projects (in South Africa, two thirds of companies measured impact and 55% measured project outcomes).
- In Ghana and Kenya, the majority of M&E was conducted by internal staff. The most common M&E undertaken in both countries comprised site visits and the documentation of activity.
- As a more mature CSI market, Kenya had a higher incidence of conducting baseline surveys.
- Over 40% of companies in Ghana did not allocate a percentage of their CSI budget to M&E. Of those that did, the allocated amount was most often between 1% and 5%. There was also a lack of awareness of the budget for M&E activity.
- In Kenya, there was a higher incidence of a formal percentage of CSI spend going to M&E. One fifth of companies claimed to spend between 6% and 10% of their CSI budget on M&E processes.
- Kenya and Ghana lagged behind South Africa in terms of M&E data being reported to the company board.
- There was little sharing of information with other stakeholders or NPOs. However, Kenya was progressive in its attempt to influence public policy or government funding with evaluation data.





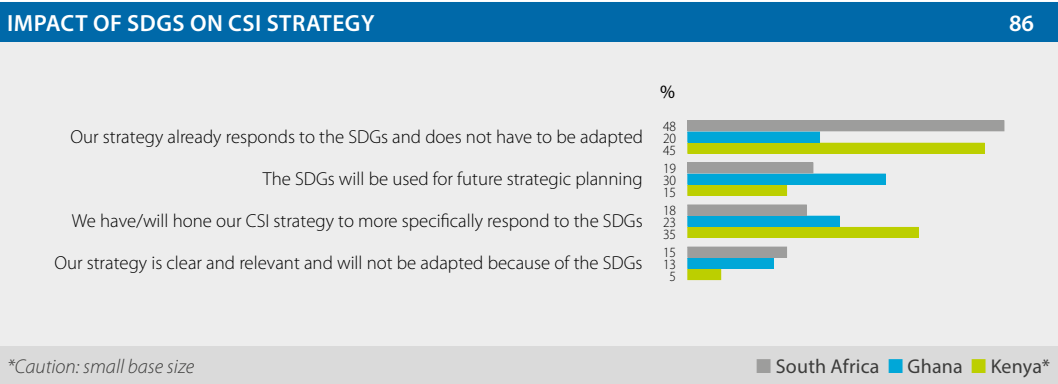
Employee volunteerism

- As in South Africa, employee volunteerism programmes are popular in Ghana and Kenya. However, employee volunteerism in Ghana is less structured than in Kenya (mainly in the form of allowing staff time off, rather than company initiated programmes).



Sustainable Development Goals

- Kenyan companies were more responsive than Ghana in their consideration of the Sustainable Development Goals as part of their CSI strategies.
- Kenya, Ghana and South Africa shared similar alignment with the Sustainable Development Goals. There was however greater emphasis on 'good health and well-being' in Ghana and Kenya; pointing to higher levels of poverty in these countries.
- There was more emphasis on the 'decent work and economic growth' Goal in Kenya, given its high levels of unemployment (38%).



ALIGNMENT OF CSI PROGRAMMES TO SDGS	SA	GHANA	KENYA*
	%	%	%
Quality education	61	69	59
No poverty	38	19	18
Decent work and economic growth	32	22	53
Zero hunger	31	28	18
Good health and well-being	30	69	47
Gender equality	21	19	24
Clean water and sanitation	15	19	12
Industry, innovation and infrastructure	14	31	12
Sustainable cities and communities	14	16	6
Reduced inequalities	13	13	12
Partnerships for the goals	13	9	12
Affordable and clean energy	10	16	18
Peace, justice and strong institutions	10	9	12
Responsible consumption and production	6	9	12
Climate action	6	6	24
Life below water	6	6	12
Life on land	3	13	29

*Caution: small base size

CSI communication and reporting

- The company annual report is the most common CSI communication method in South Africa, Ghana and Kenya.
- The use of the company website as a communication tool was low in Ghana, but more prevalent in Kenya.
- Company sustainability reports were not used at all in Ghana, possibly due to few companies producing these reports.
- Other forms of communication were under-utilised in Ghana and Kenya, relative to South Africa, suggesting that there is work required in order to increase levels of CSI awareness and exposure in other African countries.

