



TOOLKIT FOR AFRICAN PHILANTHROPISTS

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African
Philanthropy Forum



ABOUT APF

The African Philanthropy Forum (APF) seeks to build and continuously expand a learning community of Africa's strategic philanthropists and social investors committed to inclusive and sustainable economic development throughout the Continent; to embed that community in a larger, global network of strategic philanthropists and development experts who share their goals; and, through educational programs and match-making services, to inform, enable, and enhance the development impact of their giving and investing. The APF is an affiliate of the Global Philanthropy Forum.

APF ENABLES MEMBERS TO:

- Foster the growth of strategic philanthropy on the Continent
- Learn about philanthropic investment opportunities and tested strategies from peers and leaders in the field of development and social investment on the Continent and elsewhere
- Gain visibility for their philanthropic strategies and impact
- Serve as role models and inspiration to emerging philanthropists
- Meet, collaborate and partner with other donors and social investors on the Continent and across the world through the APF and GPF conferences
- Meet emblematic social sector leaders with on the ground experience whom they can fund

PARTICIPATION IN THE APF IS:

- By invitation only
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- Intended to be Pan-African

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ABOUT THE TOOLKIT

This toolkit is a dynamic document which will be updated quarterly with new chapters and insights from philanthropists and practitioners across Africa.

It is intended to equip African philanthropists with the information, knowledge and skills to enhance the effectiveness, efficiency, impact and scale of their interventions.

This practical handbook includes information, short case studies, steps and questions. Leading experts, practitioners and philanthropists contribute chapters to this toolkit, either in their personal capacity or as representatives of an organization.

It has been edited by social entrepreneur and APF Director, Ndidi Okonkwo Nwuneli.

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FOREWORD¹

“Ubuntu” in Eastern Africa or “Ubuntu” in Southern Africa speaks to a unity that ties us to one another as members of the human race. Ubuntu is about you. It is about me. And it is about us. It is about community. It is about connection. And it is also about caring.

Archbishop Desmond Tutu in his memoir "No Future Without Forgiveness" describes Ubuntu as a philosophy that says "my humanity is inextricably bound up in yours", that "a person is a person through other persons."

The word *philanthropy*, has origins in the Greek language and means "love of man." It encompasses a love of humanity, in addition to harboring a sense of caring and a deep desire to enhance or improve the human condition. It sounds very similar to Ubuntu, doesn't it? It emphasizes community, connection and caring.

Philanthropy is often confused with charity since both acts entail giving. However, the main distinguishing factor between the two is that charity tends to occur on a more short-term basis. Philanthropy, on the other hand, is more long-term. It is more organized and more strategic. The main idea behind philanthropy is to promote the welfare of others. It is not just a quick fix to a pressing need. It goes much deeper than that; its aim is to positively impact society.


We are not strangers to giving. Whether it is a contribution to a church, tuition to university students, treatment and care to terminally ill patients or simply supplementing an income. We are called upon several times to give to various causes. This type of giving is not a new concept to Africans. Our communities are in fact built on the foundation of reciprocity.

For a number of reasons - some of them more obvious than others - philanthropy is a concept that has been associated with the Western part of the world. However, African philanthropic activity has been slowly building momentum and is already well positioned to be a significant factor in the growth and development of many African nations.

The Africa 2016 Wealth Report indicates that there are 165,000 (High-Net-Worth Individuals (HNWIs) living in Africa with combined wealth holdings of US\$ 860 billion and personal fortunes in excess of \$US 1 million. This is a proverbial gold mine - not only in terms of the money but especially in terms of the great positive impact a fraction of such a sum can have on African societies. This is where the importance of organized giving comes in. As opposed to having one-off, short-term, unconnected giving, philanthropic endeavors through Foundations, Trusts, Corporate Social Responsibility initiatives and Endowments among others, create a long-lasting impact not just on an individual but on societies as a whole.

While it has not yet gained mainstream status, African philanthropy has clearly emerged as an unmistakable contributor in addressing the various challenges faced across the continent. When you understand the hidden potential that lies with the growing number of African high-net-worth

¹ Adapted from a Speech given by Queen Sylvia on September 30th 2016 at the first APF breakfast meeting in Kampala organized by the Nnabagereka Development Foundation, the Higherlife Foundation and funded by UN Women.



individuals, coupled with their desire to make a positive and lasting impact on their communities, you start to see why organized giving becomes a crucial issue.

Over the past 15 years, the number of high-net-worth individuals on the continent has grown by 145%. The great advantage to our societies is that a significant number of these high-net-worth individuals keep their wealth within their African country of residence.

There are several benefits to organized giving.

A first benefit goes back to the interconnectedness that the Ubuntu philosophy espouses - the notion of community, caring and connection. In a world where formalized organized giving structures are in place - structures governed by legal rules and an ethical code of conduct - tangible links are created between givers and beneficiaries. This link is what actually serves to keep us human. To have us looking out for the disadvantaged members of our society. To have us constantly reminded that "a person is a person through other persons." This link between the giver and the receiver also allows a dialogue to take place between the two entities. Hence your wealth is put to good use and in turn the members of the community have actual needs met

The second and perhaps most obvious benefit of organized giving is that it moves society from the "quick fix" scenarios that many of us are familiar with.

I am sure a number of you can relate to being called upon to contribute to a particular cause and you willingly do so. The following year you realize that the mechanism that existed the previous year to support that particular cause may have disbanded – without bringing about the much needed results or impact.

Organized giving either through a Foundation, a trust or an endowment gives that solution far more longevity than the quick fix you participated in.

Another advantage to organized giving is that structures like foundations, endowments and trusts, among others offer a sense of perpetuity to a philanthropic endeavor. That way a person's impact on their community is continued to be felt long after their departure from earth.

The fourth and last benefit to organized giving is that it amplifies the impact - because there is strength in numbers. Formal structures like foundations and trusts for example, also allow everyone - regardless of their income - to participate in making a lasting impact.

The focus here, is not on the amount given - because for sure, some will give substantial amounts while others may not. The focus instead, is on consistent giving. But without formal avenues for consistent giving, the entire society loses out unknowingly.

My hope is that this Toolkit will result in the creation of foundations, trusts and partnerships that the African Philanthropy Forum is ready to support on a regional basis and the Global Philanthropy Forum on a much larger scale so that we can actively and sustainably bring about the change we all want to see.

Her Royal Highness, Queen Sylvia Nagginda
Founder, Nnabagereka Development Foundation
Pioneer Board Member, African Philanthropy Forum

TABLE OF CONTENTS

Chapter	Author	Pages
1. Determining What to Give and to Whom	Katja Schiller Nwator	10 - 16
2. Philanthropy & Personal Values: Case Studies	Charlotte Ashamu	17 - 25
3. How to Give	Sarah Rennie	26 - 39
4. Maximising Impact: Design, Measurement, Communications	Mwihaki Kimura Muraguri	40 - 46
5. Aligning your Assets with your Philanthropy	Christoph Courth	47 – 57
6. Collaboration and Partnership as a Vehicle for Scalability	Amanda Bloch	58 - 68



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Ndidi holds an M.B.A. from Harvard Business School and an undergraduate degree with honors in Multinational and Strategic Management from the Wharton School of the University of Pennsylvania.

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CHAPTER 1: DETERMINING WHAT TO GIVE AND TO WHOM

By Katja Schiller Nwator

Introduction

There are many competing causes and organizations that will require your support and choosing one to focus on can be an overwhelming task. Setting clear goals from the onset can make this process easier and help you determine what combination of your resources you are able to give and to whom. Although philanthropy is a personal choice, the giving decisions you make have a visible impact on the recipients (the people, groups, or communities whom you choose to support). Following a guided process to build structure around your philanthropy can help you avoid common pitfalls.

In Africa where much of philanthropic giving is still informal or charitable, making this shift to more strategic or long-term giving is a challenge. Due to weak and, in some cases, non-existing regulation and limited expertise, the sector is not yet well defined and practices are still evolving. However, applying your ideas, values, and experiences to establish a process from the beginning will help you create lasting and sustainable impact. Embarking on this journey will require you to reflect on your motivations, research and understand the development problem you are hoping to solve, ascertain the kind of resources you are willing to commit, and finally, decide who to support.

This chapter will show how you can apply this strategic thought process and create a workable structure for your philanthropic giving. The key questions, learnings, and examples shared, only provide a starting point to guide you in making sound giving decisions.

Key Questions

- What is my motivation for giving?
- What problem am I trying to solve?
- What resources will I give?
- Who should I support?


What is my motivation for giving?

Asking yourself why you are getting involved in philanthropy is a necessary first step in understanding your motivations. For some, philanthropy is largely inspired by a sense of being able to right a wrong that was experienced or witnessed. Or, it might be driven by a particular conviction behind solving a

specific social problem. For others, it may be a combination of factors including family legacy, religion, and impact. Whatever your motivations are, it is important that you understand and acknowledge what drives you.

The reason for this is simple.

Embracing your motivations will keep you focused on specific issues and goals. In the long term, it will help you make better decisions about how and where your resources will be applied. It will also help those advising you to have a clearer understanding of the ethos behind your philanthropic giving.



Consider the motivations behind the work of two philanthropists: Noella Coursaris, Founder of Malaika based in Democratic Republic of Congo and Patrick Ngowi, Founder of Light for Life Foundation in Tanzania:

Noella Coursaris lost her father when she was only five years old. Her mother, who was considered “uneducated” did not have the resources to take care of her and sent her to live with relatives in Belgium. She did not return to Congo until she was a teenager armed with the belief that if more girls received an education, they will grow up to be able to take care of themselves and their families. According to Coursaris, “I realized at an early age that education, particularly for girls, was the key to building strong families and communities.”² Malaika was formed as a result of this personal experience. Today, Malaika focuses on empowering Congolese girls through education and training opportunities.

Ngowi, on the other hand, was a successful renewable energy entrepreneur before he decided to venture into philanthropy. He discovered that there were several communities around him that had inconsistent and, in some cases, no access to electricity – they were essentially, off-the-grid. In addition to the energy issues, there was a prevailing lack of opportunities and he wanted to change. For this reason, he set up the Light for Life Foundation, donated 1000 solar kits to women and youth who were trained and supported to generate new streams of income. ³Today, he partners with different organizations to bring renewable energy to other off-grid communities in Tanzania.

Just like Coursaris and Ngowi, embracing and articulating your motivations will sharpen your strategic focus and help build the ethos behind your philanthropy. Understanding your ‘why’ for giving is important whether you are a veteran philanthropist or first-timer; whether you are motivated by past experiences or current problems in society.


Some common motivations for philanthropic giving can be summed up in the following categories, none of which are mutually-exclusive.

What is my “why” for giving?

- **Legacy:** You think a lot about what you or your family will be remembered for doing. You want your family name to be synonymous with a specific solution and the impact you would have made through your giving.
- **Religion:** You believe your faith and religious-based institutions hold the key to transforming lives and focus your giving on faith-promoting activities and programmes.
- **Experience:** You have overcome certain challenges through the generosity of others or had a negative experience you want to prevent others from experiencing. You see philanthropy as an opportunity to correct these situations.
- **Impact:** You typically focus on a specific problem beyond your immediate environment. Your giving is tied to solving that problem and making a difference with your philanthropy.
- **Recognition:** You like the recognition that comes from being a philanthropist. You have seen others who this has benefited and would like to be recognized in such a manner.

² Global Philanthropy Forum website, “Why Give: Noella Coursaris” *African Philanthropists Interview Series*, accessed July 29, 2016; <https://philanthropyforum.org/why-give/>

³ Light for Life Foundation website, accessed July 29, 2016; <https://www.light-for-life-foundation.org/>



Which of the above reasons best describes your motivation for giving? Once you have gone through this exercise and established your “why” for giving, a crucial next step is to identify what problem you are trying to solve, and what makes you the best person to solve that problem.

When philanthropy is driven by clear motivations, you are likely to invest more time and resources. As important as it is to acknowledge your personal reason for giving, it is equally important to begin to define what problems you are focused on solving and your strategic approach to solving them.

What issue or problem am I trying to solve?

Building a Firm Foundation for Philanthropic Giving⁴

Her Excellency, Toyin Saraki, set up the Wellbeing Foundation to solve the intractable problem of maternal health and child mortality in Nigeria.

When she first started to explore the idea of formalizing her giving, her goal was simply to understand how various organizations around the world were addressing maternal health and child mortality issues; problem areas that she was passionate about. Aside from her personal research, she mobilized a small team to gather and analyse existing data, research, and benchmarking of similar organizations in both local and international environments. This work paved way for the strategy behind the creation of the Wellbeing Foundation.


Through her leadership, the Foundation created, managed, and funded multiple programmes that have saved children’s lives and championed womens’ rights for over a decade. The Foundation has since evolved since its inception in 2003, and expanded its focus to include human rights advocacy and socio-economic development. Today, the Wellbeing Foundation is one of the leading, globally recognised philanthropic organisations in Nigeria.

A critical question to consider is who defines the real problem? Should one’s giving be based on an area that a philanthropist is passionate about? Or is the problem important because there are several requests that a philanthropist receives for support in one given area? While both passion and perceived demand are good indicators of a problem space to work in, they are but the first step in designing the most effective or appropriate approach to solve the problem.

Here are four questions to guide you in articulating your problem-focus area:

- *What sector will I focus on?*
This could be a particular development sector like education, health, entrepreneurship, or the environment. Some people focus on one sector and support multiple interventions within that sector, while others focus on two or more sectors and are able to create or fund distinct programmes across those selected sectors. If your interests cut across several sectors, it may help to make a list and prioritize the top two or three that motivate you.
- *What are the problem areas in my chosen sector?*
With clarity on what sector or sectors you plan to focus on, a next step is understanding the particular problem you want to solve. For example, someone who is interested in agriculture might look at how to support the increase of farmers’ access to inputs or advocate for women farmers to receive agribusiness training. Someone interested in human rights might look at funding measures to prevent trafficking. These very distinctive problem areas need to be well-

⁴ Global Philanthropy Forum website, “Why Give: Toyin Saraki” *African Philanthropists Interview Series*, accessed July 29, 2016; <https://philanthropyforum.org/why-give/>



defined to ensure a sustainable engagement process and impact. Focused research on the dynamics of the chosen problem area will be necessary.

- *What specific groups of people am I looking to impact?*
In each sector and for each problem, there are distinct groups of people who are affected and could benefit from support. Based on your interventions, you will need to determine your target group of beneficiaries. Who will your programmes impact: children, youth, women, immigrants, or prisoners? As you narrow down the specifics you will find it a lot easier to tailor your interventions to the selected group or groups.
- *Where will I focus my work?*
Mapping out exactly where you will focus your philanthropy is critical. Some philanthropists concentrate their giving on specific communities, states, or countries based on where they have lived or had past experiences. However, some are drawn to areas where there is the most need. For example, during the Ebola crisis, a few African philanthropists provided cross-border support to carry out long-term health interventions and reintegrate communities affected by the epidemic. Although far from their immediate environment, these philanthropists were able to respond to the urgent needs within affected countries.

As you embark on this problem identification path, narrowing down your focus will be instrumental. However, choosing a problem area to focus on is an easier task compared to understanding what exactly it takes to bring about sustainable change. In reality, poor education, disease, hunger, inequality, and similar social problems are complex issues that need to be properly defined, and require well-researched and planned solutions. Due to this complexity, you have to guard against trying to address the symptoms of a problem instead of the root cause. Investing from the beginning, in focused research about the problem area, the sector, the target group and the region of focus, will enable you to build a more sustainable process through which you can start to actualize your giving.

Due to its long-term nature, philanthropy places demand on your time and financial resources. Philanthropists need to be honest and practical about the problem areas they are focusing on and if they are the best person to directly deliver the required solutions. In cases where it is obvious that your impact would be better off as a donor, the wiser option will be to seek out credible organizations that you can support.


The Buffett Vs Gates Approach to Philanthropy

Warren Buffett, Chairman, CEO of Berkshire Hathaway, has given away most of his wealth to support various global development causes. Through his Foundation, the Susan Thompson Buffett Foundation (named after his deceased wife), he funds two major education initiatives. However, in 2006, he pledged almost all his wealth to support the work of five organizations: Four family foundations and the Bill and Melinda Gates Foundation⁵. Buffett is not directly involved in the work of any of these foundations.

Buffett's blended model is a bit different from the model employed by Microsoft founder, Bill Gates. Under the aegis of the Bill and Melinda Gates Foundation, Gates leads a private foundation that runs its own programmes and also provides grants to other charitable organizations. Gates also pledged most his wealth to philanthropic causes, but his primary vehicle for actualizing this is his own private philanthropy. Unlike Buffett, he is closely involved in his Foundation's activities.

What resources will I give?

⁵ Reuters, "Buffett donates nearly \$2.9billion to Gates charity and four others," accessed August 12, 2016; <http://www.reuters.com/article/us-buffett-charities-idUSKCN0ZU2IH>



The majority of African giving today is characterized as charity and not philanthropy. Charity is a term that captures informal and one-off donations and support for social needs, whereas philanthropy is a long-term commitment, mostly financial, to tackling root causes of social problems. According to the Acton Institute, “philanthropy is the more institutional, big-picture cousin of charity, which is the personal and direct connection to those in need.”³

For philanthropy to sustain change and impact it has to be backed by substantial financial investments, and in some cases, the philanthropist’s time. Although financial support isn’t the only resource a philanthropist can offer, it has a greater capacity to influence scale and delivery of long-term impact. The case of the Tony Elumelu Foundation’s Entrepreneurship Programme exemplifies this notion:

Big Bets Require Bold Commitments

The Tony Elumelu Foundation⁴, a Nigeria-based Foundation is focused on building a vibrant entrepreneurship ecosystem in Africa. In 2014, its Founder and Chairman, Tony Elumelu, committed \$100 million to create 10,000 start-ups in Africa through the Tony Elumelu Foundation Entrepreneurship Programme. Each year, the Foundation identifies, trains, and mentors 1000 entrepreneurs who are supported with seed capital to grow their businesses.

This programme was created based on findings of the Foundation’s in-depth study of entrepreneurship in Africa. Challenges and barriers to small business growth were researched and identified, and existing programmes and organizations were benchmarked to understand what had worked previously and what needed to be improved. This initial work was carried out under the direct leadership of the Founder who was engaged in reviewing in-house case notes and proposals.

These components, along with the financial capacity of the philanthropist, all helped the organization to develop a framework for the programme and decide on the combination and amount of resources required to make a big impact on entrepreneurs in Africa. Not only are the selected entrepreneurs given a seed-investment, they also receive online entrepreneurship training, one-on-one mentorship from global mentors, and access to a pan-African business network⁵.

Deciding what to give and how much, really depends on the complexity of the problem you are trying to solve. A realistic study of what it will take to achieve your goals and what you are willing to invest,

will help you identify what combination and amount of resources are required to make long-term impact in a given focus area.

Time as a philanthropic resource

The commitment of your time is sometimes as important as your financial resources. In most cases, these contributions go hand in hand depending on the role that you play as the Chairman or CEO of your Foundation. However, many philanthropists also try to seek fulfilment by being directly involved in the programmes and organizations they support. A review of some of Africa’s biggest philanthropists and their relationship with the foundations they set up proves this to be true.

Here are some ways that philanthropists ‘give their time’ within their own organizations:

³ Acton Institute Website, “Charity Vs. Philanthropy,” accessed August 12, 2016; <http://www.acton.org/pub/commentary/2006/07/12/charity-vs-philanthropy>

⁴ Source: Field interviews with the TEF team



- Provide leadership and guidance to management and staff of their Foundations
- Speak at organized seminars and conferences related to the Foundation’s focus area
- Interact with beneficiaries at programme events
- Attend and participate in board meetings
- Mentor staff or beneficiaries through organized mentoring programmes

Time, as a philanthropic resource, is not factored into the mainstream discussion about philanthropy. But, it is important for you to bear in mind particularly as you decide whether to set up your own Foundation or support an existing one.

Who should I support?

Now that you have some idea of the problems you are going to solve, the next step is to think about how the actual work will get done and by whom. Are you creating an operating foundation, purely grant making, or a mix of both? Are you donating to new or existing organizations? Essentially, the question here is - who will you support?

In Africa, most philanthropists tend to set up operating foundations. There are organizations that they create, fund, and execute their own programmes. Unfortunately, the growing numbers of operating foundations have produced multiple organizations with overlapping focus areas resulting in increased competition for funding, and donor fatigue. The overall consequence of these issues is the increasing ineffectiveness of development programmes. Philanthropists need to examine alternative structures of giving in order to create a sustainable philanthropy sector.

The alternative to an operating foundation is to set up a grant-making foundation. There are only a few grant-making foundations in Africa and this model is mostly adopted by international development agencies seeking to achieve scalable impact across different development sectors. However, most of these international development agencies have stringent funding conditions that local organizations are not always able to meet. To close this funding gap, we need more philanthropists and their foundations to step into the grant-making role.


Regardless of the model you choose, you need to engage in a thorough scoping effort to decide who you will support. The information you gather will influence how you go about choosing grantees or partners for your organization’s work.

Differences between operating foundations and non-operating (grant-making foundations)

Operating foundations...	Grant-making foundations...
<ul style="list-style-type: none"> • Conduct their own programmes 	<ul style="list-style-type: none"> • Fund programmes run by other organizations
<ul style="list-style-type: none"> • Directly engage with beneficiaries 	<ul style="list-style-type: none"> • Do not engage directly with beneficiaries
<ul style="list-style-type: none"> • Can give out very limited grants related to the mission 	<ul style="list-style-type: none"> • Only give out grants to their selected grantees
<ul style="list-style-type: none"> • Raise funds or look for collaborative partners who can contribute financially 	<ul style="list-style-type: none"> • Typically make grants alone unless while participating as a co-funder

Here are some questions to help you brainstorm through this process of deciding whom to support:

- *How will I identify grantees or partners?*



Most philanthropists who are just starting out might want to find potential organizations through referrals from their immediate network. Along the journey you may find out that taking a more objective approach might serve you better. For example, you may find that publishing an RFP (Request for Proposals) gets you more options to choose from. But, like any organization looking for people to work with,, you need to create a process for finding the right grantees and partners to help you achieve your goals.

- *What selection criteria will I use?*

Most established organizations develop criteria they use to scan against potential grantees and partners. To help you get started on developing your own, reflect on the following questions:

- Does the organization share similar values or goals?
- Does the leadership have a good reputation?
- What is their track record for success?
- Do they have the required capacity and expertise?
- Are they good financial stewards?

- *What activities or costs will I fund?*

There is a big debate globally around how funding for organizations should be structured, because there is a tendency for philanthropists to underestimate what it actually costs to run and execute development programmes. Ultimately, you will have to figure out what works best for your organization. Previously, philanthropists have only funded direct programme costs, but there is growing recognition that more support should be given to operational costs, which helps to support the sustainability of the organizations being funded. Studying how similar organizations have done this can be particularly helpful.

For how long should I support my grantees?

Most philanthropists tend to give one-off donations while others give longer-term support. However, this decision should be based on what programmes or initiatives you are supporting. For example, reducing obesity in children will take a lot longer to solve than providing education access to orphans and vulnerable children. Developing realistic funding timelines early on will help set the appropriate expectations for your grantees and partners.

Concluding thoughts

Ultimately, philanthropy is a personal journey and there is really no 'right' path to follow. Thinking strategically about philanthropy will require practice, and you may not get it all figured out all at once. Learning from others and your own experiences can help put a lot of the ideas and reflections, discussed in this chapter, into perspective. Eventually, you will be poised to make more effective decisions about your philanthropic giving especially if you take the time to examine your motivations, understand the problem you are trying to solve, commit the appropriate combination of resources, and identify credible grantees or partners to work with.



CHAPTER 2: PHILANTHROPY & PERSONAL VALUES: CASE STUDIES

By Charlotte Ashamu

The desire to give is a personal choice. The motivations for giving are often rooted in one's values, interests and life experiences. This chapter explores three cases of philanthropists on the continent and the diverse reasons behind why they engage in philanthropy. The philanthropists profiled here are by no means a comprehensive list of philanthropists in Africa. This is just a start at creating and highlighting the remarkable stories of Africans involved in philanthropy. What this chapter sets out to do is to offer both experienced and emerging philanthropists an opportunity to take a closer look at what motivates them to give.

The motivations of each individual philanthropist in this chapter are of course unique. However, there are several motivating factors that appear to be common among them, reasons stemming directly from a personal experience to a deep personal belief. Understanding one's motivations for giving, as well as one's personal values, is critical to ensure that philanthropy is effective. The decisions regarding how much to give, to whom and to which causes are all important. Determining why you are motivated to give is the key starting point.

Stewardship

Among the philanthropists in this chapter there is a strong desire to give based on a sense of duty or obligation to fellow human beings. These individuals are aware that they have received significant benefits whether through an education, a job, or material wealth, and they acknowledge their gratitude by helping others to maximize their potential. Their actions consist of volunteering one's time to contributing money to a specific group of people or program. For example, one philanthropist who benefited from financial support to pursue her education was inspired to start a scholarship fund for young women through her philanthropy.

Collaboration

The three philanthropists in these cases all identified collaboration as a core value and essential to their philanthropy. Some come together in peer learning networks around a particular cause; others combine their money and collectively decide where to give. They acknowledged that working with others to leverage time, money and resources helps to ensure greater impact and often inspires others to give as well. This motivation to collaborate also stems from their belief that philanthropy is not just for the wealthy, and that it provides a way to feel connected to and learn from others whose life circumstances may be quite different than their own.

Commitment

The label of philanthropist is often given to those who make large sums of money. However, these stories demonstrate that philanthropy and giving are not only motivated by the possession of money. These three philanthropists often stated that their time was just as valuable as their money. They described feeling more connected to a particular cause or group of people when they offered their time such as coaching young entrepreneurs or providing strategic advice to an organization. Beyond providing financial support, a key motivation for philanthropists is a strong commitment expressed through their personal time, volunteerism and active participation in the causes they support.

CASE STUDY

Dr. Frannie Leautier

Dr. Frannie Leautier has had a distinguished career in international development and the private sector. She is currently Senior Vice President at the African Development Bank (AfDB). Previously she was Vice President of the World Bank Group and held various roles during her fifteen-year career there, including Chief of Staff to the President of the World Bank. Before coming to the AfDB, she was Chairperson and Co-Founding Partner of Mkoba Private Equity Fund. Dr. Leautier and her husband are active philanthropists and social investors.

Q: How did your philanthropy begin?

In the early 2000s, my husband and I jointly decided to fund a woman from an African country studying at the Massachusetts Institute of Technology (MIT) in the United States. I attended MIT and graduated with a Master's in Transportation and a PhD in Infrastructure Systems in 1990. I felt that it was important to support African women in their educational journey because it was through another's generosity that I was able to attend MIT. My husband and I were not wealthy but we decided that we wanted a portion of our annual income to go towards supporting causes we cared about.

Shortly after we started supporting the funding of women from Africa attending MIT, we also began putting our money aside to support students in high school. We decided to support a group of 10 girls in Agona located in the central region of Ghana. I had visited this part of Ghana some years back through an engineering project that I was involved in and was struck by the similarity it had with where I grew up. I am from Tanzania. So when we decided to expand our giving, I did not feel that I had to restrict my giving to my country. Both my husband and I preferred at the beginning to be anonymous in our giving, and giving in an area far from home allowed us to remain in touch with the community but at the same time have some degree of anonymity.

Q. Why did you decide to talk about your philanthropy?

We supported various causes in this low key way for the past 16 years, mainly to remain anonymous in our giving, but also in order to keep administration costs low, and ensure that funds go directly to the causes we are supporting. As our lives got busier and in order to have some structure to our giving, while leaving some sort of legacy for our children to build on, we have now set up a foundation incorporated in Ghana. To support an African institution and at the same time get quality inputs in administering the grants provided annually by our foundation, we contributed the funds to the Small Grants Program managed by the African Capacity Building Foundation (ACBF). The ACBF has a local office in Ghana, so it also makes it easier to follow up.

It was great being anonymous as all we really cared about was whether we were making a difference. But to get to scale, we needed to involve others. You know, when giving is across borders and you need to transfer funds across countries internationally with all the "Know Your Client--KYC" requirements these days, you need to have some structure to allow the giving to transpire in transparent ways. But also when you are not anonymous you can encourage others to give.

Q. Why did you choose Agona?

We chose Agona specifically because we wanted to work with a traditional governance structure that could help to identify the students. Our goal was to help remove the financial barriers preventing young women from receiving the education they deserved. We started out by working with a few volunteers who introduced us to the Paramount Chief so that we could come up with a list of girls who would benefit from the program. Once the girls were selected, we provided the money to cover their tuition and books. We receive their grade reports at the end of the year. Some of the students in the program have gone on to university while others have chosen to stay in the community.



Q: How did you decide what causes to focus on?

The areas we fund have evolved over time, but from the outset our focus has been on education. I was most interested in supporting female students because of my own educational experiences. Someone removed the financial barriers for me to attend MIT, which was otherwise unaffordable for a woman from rural Tanzania. It was only through the generosity of others that I received a complimentary ticket from Swiss Air, which allowed me to make the trip from Tanzania to the United States. I received a fellowship from the United Nations to help pay for my first year's tuition. I got jobs to pay my rent and then earned a scholarship to do my research primarily because someone or some corporation removed the barriers for me. Because of all of this, I wanted to support other young women to have access to a quality education.

Q: How has your philanthropy been influenced by your early life experiences?

The seeds of my philanthropic interests were planted long before I had the opportunity to set up a foundation. I was born in the town of Moshi, at the base of Tanzania's Mount Kilimanjaro. I am one of seven children – four boys and three girls. We grew up in the quiet countryside on a small coffee farm, where education was important even from a rural existence. My parents encouraged an open learning environment and taught us the value of an education. I was one of 25 girls accepted into an all girls' high school for math and science and later graduated from the University of Dar es Salaam as a civil engineer. Tanzania, which was under the leadership of Julius Nyerere at the time, was making great strides in access to education. My education, for the most part, was free, except for a few years where my parents had to pay, because there was no public school close by. They needed to buy books, uniforms and so on, but the public schools I attended were free. All that was needed for me to succeed was my talent and hard work. It was a real eye opener when I got accepted into MIT. For the first time I had to find money to pay for my education. I believe that the values and ideas that I grew up with in Tanzania ignited my interest in supporting education.

Q: How has your philanthropy evolved over the years?

My family has been giving grants to students for about 16 years. An education can bring huge improvements to people's lives. But you can't fix everything through funding an education. You have to think about the broader issues impacting young girls particularly in rural communities - demanding household chores, a lack of basic infrastructure and electricity, etc. We have learnt that it is important to assess the long-term impact of your giving. We have begun to define the criteria needed to measure the effectiveness and impact of our giving. We are entering a more complex phase of our philanthropy. We are asking ourselves how to scale up our philanthropy to create a larger impact on society? We are finding that groups and networks like the African Philanthropy Forum (APF) are important for this reason because there is a limit on what you can do alone. My husband and I also now involve our children and we solicit their ideas about ways to give. They themselves started to give quite young-- baking cookies to raise money for cancer research for example or organizing yard sales to raise money for victims of natural disasters.

Q: Do you collaborate with other philanthropists?

Yes, if people join forces, they can create a bigger impact and reach out to more people. One of the achievements that I am most proud of is the creation of science and technology schools on the continent that I have been involved in with a friend and fellow philanthropist.⁶ Our vision was to create the "MIT of Africa." Together, we have both contributed our time and strategic advice and have helped to chair fundraisers. We now have three schools established in Abuja, Ouagadougou and Arusha.

⁶The name of the philanthropist has been omitted to maintain confidentiality until permission is granted.



What advice would you give to others looking to become more engaged in philanthropy?

First, I think it's important to know that giving can happen at any level. It is not just about wealth. Your time is a valuable commodity. Second, your giving has to be sustainable if you want to take it beyond volunteering. Third, I've learnt a lot through my involvement in APF. It is really important to learn from and network with others in philanthropy so that we can leverage our resources. Fourth, you've got to be selective about how you give and establish the right criteria. One final piece of advice I would share: pass it on to the next generation. It will enable your own values to live on.

CASE STUDY

Janade du Plessis

Janade du Plessis is an investment banker and social entrepreneur. Janade began his career at Standard Bank and then Goldman Sachs, and went on to work at Rand Merchant Bank (RMB) and the African Development Bank. He is the founder of Abrazo Capital, a social impact investment company, which he established to invest in small businesses and community projects in South Africa. Janade is also the Co-Founder and Executive Board Member of Marang Capital Management, a social infrastructure fund that invests in hospitals across Africa. Janade serves as a coach to young entrepreneurs and is an active angel investor.

How did your philanthropy journey begin?

There have been a number of people in my life who were a source of inspiration – my mother and the women who helped to raise me. I grew up in a township in South Africa on the outskirts of Cape Town. I grew up on the Cape Flats, a displaced community of mixed-race South Africans, relocated onto the outskirts of Cape Town City due to the segregation laws of the apartheid government at the time. The women I knew worked long hours and did everything to earn extra income from selling vegetables to baked goods. They taught me about business. I learnt from them the importance of not only having one but several jobs. Through their support, I've had a great education and a career. I feel a sense of responsibility to give back by using my talents and financial skills. I often have all kinds of people come to me for business advice or to pitch an idea, and I make time for them – I see that as part of my philanthropy.

I've always been involved in philanthropy, but when I was a student at the University of Cape Town's (UCT) Graduate School of Business in 2003, I had my "light bulb moment." I'm passionate about helping black women in South Africa's townships because I felt they were the most marginalized under apartheid. I wanted to invest in businesses owned by women to help them push through the financial barriers in life. I felt that this was a huge need even more so than just giving money to charity.


It all started from a discussion I had with one of my professors at UCT's Bertha Centre for Social Innovation and Entrepreneurship. I knew a woman through a family connection who was running a hair salon. I saw how determined she was despite not having all the resources and my business brain clicked in and said, "right, this business needs an investor." With guidance from my professor, I made my first investment in this hair salon to help the owner upgrade her equipment. I later did the necessary registrations in South Africa and found other angel investors to pull our money together. This is how I set up Abrazo Capital. It was the moment when I got more "hands on" in philanthropy.

How did Abrazo Capital develop?

I saw how the first business was growing and thought, "wow, I need to do more of this." One year later, I made my second investment in a baking company owned by a group of women, Khayelitsha Cookies. Khayelitsha is one of the largest townships in Cape Town, where I was spending more time in the early days of setting up Abrazo. I also identified a third business in Khayelitsha, a woman-owned mechanic shop. At that time, I had a small amount of money to put into these businesses (R60, 000 ZAR) but what I gave was my time. If you ask an entrepreneur what's his most precious resource, it will be time. I treated Abrazo like a business, formed a board and put structures into place. I got together a team of volunteers, who now help me manage Abrazo. These are retired financial services experts and lawyers. Today, Abrazo is currently capitalized at R210m ZAR. We have a total of seven investments and are growing.

Is there a particular investment you made and are particularly pleased and excited about?

In 2003, the South African government enforced a tax on retailers for the use of plastic carrier bags. There was a rush into the market to produce durable, long-lasting cloth bags, which all retailers were selling. We purchased twenty sewing machines and developed a women's community project in Port



Elizabeth where the women (all unemployed) could produce the bags, and earn a small income for each bag produced. With the assistance of one of South Africa's largest retailers which became the buyer of these bags, we managed to set up the business. What was significant about this transaction was identifying a social change and creating something completely new that had a small but significant impact on women's lives. Moreover, we structured the business so that the women owned 80% of the equity in the business and over time repaid the initial capital outlay for the business. Most of my time was spent on creating proper business management structures and governance practices, often more vital to sustainability of the business, rather than just providing finances.

How has your work in finance influenced your philanthropy?

When I make investments I have to think of value and return on equity. I try to follow the same concepts when it comes to my philanthropic work. Therefore, when I disburse money, I think about its impact. I try to follow this principle with Abrazo.

How do you measure impact?

I think we still have to develop our capacity in impact measurement. When we give money, we get the business owners to provide us with updates and reports. We do a bit of our own due diligence. We always try to closely engage with them and provide feedback to help them be more effective. Although we want to achieve maximum impact, there are people who you believe in and want to help, regardless of financial returns. We are trying to solve complex social problems. There is a lot feeling and emotion that goes into this work beyond just measuring results.

Why do you think it is important for philanthropists to work with others?

Abrazo is a great idea but it didn't happen in a vacuum. When you get the public, private and volunteer sector working together it is powerful. When I started, I had to connect with all sorts of people. When we invested in businesses in townships, we always sought the guidance and assistance of the key government officials, ward councilors and business people in the area in order to get them on board with our vision. Community engagement and partnership is vital to ensure that people truly understand what you want to achieve. I partnered with a group of retirees to provide support to the businesses that Abrazo invests in. I've been astounded by how much time and commitment they give. They see a way to change South Africa. These are old, white men who usually would not be working in townships with small business owners. The businesses are surprised that these volunteers are around them – people who are spending time with them because they want to – and that is transformational. That is the power of bringing everyone together.

What has been a key lesson learned?

Often funding is not the most important thing that a business needs. Small business owners can be very passionate and have a lot of energy, but then they are often not so well organized, especially when it comes to financial management. A few of Abrazo's investments have gone really well, a few have been failures. But you learn. Impact investing is not just about giving away money. You are also hand holding a business. You also need to ensure that your goals as an investor are aligned with those of the business you are supporting.

What is your advice to other philanthropists?

I would say, 'get involved'. For many of my peers, philanthropy means just writing a cheque or making a donation. And that's all well and good, but if you want to really do something then you have to give something of yourself. Find something that you enjoy, do it well, and make sure whatever you support is sustainable. Alternatively, provide the financial resources to organizations that deliver on their promises and hold them accountable. And, then use your network, skills and expertise to grow these organizations. Not everyone needs to operate at the grassroots level. Some of the greatest impact can be made in boardrooms. Lastly, use your influence to effect social change and to drive policy and transformation to improve the lives of others. We are all more powerful beyond our own expectations.



What are your future plans for Abrazo Capital?

We've got ambitious goals for Abrazo. In the next five years, we are planning to expand into at least four other African countries. With a renewed focus, Abrazo is now in the fundraising process for a second fund focused on (1) women and entrepreneurship, (2) youth and skills development (3) the elderly and social integration and (4) rural and inner city development. We want to develop a more holistic approach to our investment model. We want to expand our focus and start funding larger community development projects. We have a great network of supporters and some great businesses involved. On a personal level, I'd like to step up my role. It comes back to that idea of having balance in your life. You can achieve superficial happiness by having material things, but if it's all one way, you don't achieve anything like deep-down happiness.

CASE STUDY

General Theophilus Yakubu Danjuma

General TY Danjuma had a long and distinguished career in the Nigerian Army where he rose to the rank of Lieutenant General and served as Chief of Army Staff. Following his retirement from the army, General Danjuma embarked on a business career and founded many Nigerian companies including the NAL-Comet Group, one of the most successful indigenous shipping agencies and terminal operators in Nigeria and South Atlantic Petroleum Limited, an oil exploration and production company. General Danjuma served as Nigeria's Minister of Defense from 1999 – 2003. In 2009, he set up the TY Danjuma Foundation, a private, grant making philanthropic organization dedicated to improving the quality of life of Nigerians.

Q: How did your philanthropy begin?

I have always wanted to give back to my country, Nigeria, which created opportunities for me. I had a successful career in the army and in business for which I am grateful. To show my gratitude to my country and to the Almighty God, I give. Previously, I had been giving to various causes but mostly in an informal way. There was no documentation or monitoring of what and how I was giving. A lot of money was being spent but it was not clear if there was value in return. It became imperative to set up a structure around my philanthropic activities to ensure a long-lasting impact.


In 2009, with advice from others, I decided to establish a private, grant-making foundation, the TY Danjuma Foundation, with a \$100 million endowment. The foundation has a board of trustees, experienced staff and an office infrastructure. We have a head office in Abuja, and two other offices in Taraba and Edo states,, one of which is my home state, Taraba. Taraba is historically one of Nigeria's most impoverished states. As we set up the TY Danjuma Foundation, I narrowed the scope of my philanthropy to focus on education and health care. Primarily we provide grants to non-governmental organizations (NGOs) across Nigeria working in impoverished and underserved communities. The money we give is vital to these organizations. They are doing important work, and the money we donate enables them to use their energy and their time doing more of this live-touching work.

Q: How did you select the focus of the TY Danjuma Foundation?

We listened. In the beginning, we held a consultative meeting with key stakeholders. We spoke to community groups and NGOs in Nigeria. They confirmed that health care and education are the most pressing needs of Nigerians. We used these meetings to learn how to prioritize our funding.

Q: Has your approach at the TY Danjuma Foundation changed over time?

Our approach has changed as we learn from our successes and mistakes. We've put in place a strategy to deepen our work with other partners such as government. We think about how to address the root causes of some of the problems we see, rather than simply supporting one organization. We're trying to bring about systemic change through our giving. In 2014, we reached a significant milestone. Our total amount in grants reached two billion Naira.



We have also begun to leverage additional resources from other development partners, government and other foundations to support the work of our grantees. But we do more than just giving money. People need more than donations, what they need is engagement. They need people who give time, share skills, train and nurture leadership. This can have far more impact and is an important part of philanthropy.

Q: Can you tell us more about the core values of your Foundation and how you apply these to your work?

Accountability is crucial. This is one of our core values at the Foundation. It is important that we try to implement this discipline and way of thinking in our own work and the organizations we work with. The more we encourage philanthropic organizations in Nigeria to behave more professionally, the more we can start to identify and create value. We strongly encourage the organizations we work with to document what they spend, the results they achieve, and when they are not successful. This helps them to become more efficient at delivering services and attract more resources. Without proper governance and structures in place, we risk destroying a lot of the value of the Foundation, and the work we support. We have the resources in Nigeria to deal with the social and economic challenges we face, but the challenge is now to put a framework in place so that we can ensure these resources are used effectively.

Q: If you were to give advice to someone that was at the beginning of his or her philanthropy journey, what advice would that be?

You need to think strategically about how you give money. I've really had to learn on the job and made several mistakes. Over the years, I have sought expert advice about how to give in a structured and sustainable way. You need to ask how your money is being spent, and whether it is solving the problems you want to solve. Giving money and knowing there's a management structure around it and that results are tracked over time can ensure that the money is properly used and the causes and projects you support grow and develop. I think the best way of getting this message across is to lead by example, and to show people how this can be done. This is why it's important that the TY Danjuma Foundation be an example of a philanthropic organization that has made a positive social impact – not just in Nigeria but in Africa. We need to develop our local role models. The reason I am so keen on structure, accountability and sustainability is that they can help provide these examples.

Q: What has been your biggest lesson learned?

To me, philanthropy is more than just giving money. No one, absolutely no one is too poor to give. If you don't have money, you have time.

CHAPTER 3: HOW TO GIVE

By Sarah Rennie

Introduction

Private philanthropy, particularly individual and family foundations have almost complete flexibility in their spending patterns. They can decide the amounts, the purpose and the beneficiaries in a way that is completely personal and particular to the intentions of the individual or family. As Walter Hewlett, the Chairman of the Board of Trustees of the William and Flora Hewlett Foundation revealed, in a private foundation context;

...what, whom, where and how [its] funds are [allocated is] entirely up to the discretion of the foundation's governance. This in indeed is one of the key strengths of the private foundation, as the founders do not need to be answerable to shareholders or voters. Such discretion, in turn, will be determined by their values, which in turn are determined by the personal background, much of them shaped by culture" (Fleishmann, in Lew and Wojik, 2010).

While Walter Hewlett perceives the discretion and flexibility of private foundations as a key strength, it is arguably a neutral feature of philanthropists. If the impact of the philanthropy increases social well-being, then it surely would be viewed as positive. However, the lack of accountability could result, not only in an inefficient allocation of resources but even a harmful or counterproductive impact on the social well-being. Philanthropy that is poorly conceptualised and implemented may in fact have a negative impact on the very people it wishes to assist, perhaps creating a legacy of dependency or unanticipated consequences. In other words, the positive value of the discretionary nature of foundations resides solely in the competency of the founder or her team. It is with this reminder in mind that we consider the choices and responsibilities of how to give.

This chapter will attempt to enhance the competency of the founder and his/her team members. It will consider two elements to the "how to" part of giving; the first relates to the philanthropists' approach or style of giving. This links very closely to a philanthropist's values, as discussed in Chapter 2 as well as the decisions she has made on what and whom to give to, as discussed in Chapter 1. In the beginning of this chapter we will consider the various approaches to giving that are available to the philanthropist, some general principles of giving and as well as how to manage relationships with the grantees. The second element of "how to give" is what can be called the "mechanics" and it relates to the actions required to give. The last three sections in this chapter deal with the mechanics, including; considering the most appropriate vehicle or structure for giving, considering how a philanthropist manages his/her budget and finally describing the steps in the process of giving.

1. Style or approach to philanthropy

There are many different ways to be a philanthropist and the style or approach to philanthropy is a very individual one. In recent years, the study and practice of philanthropy has grown rapidly and there is now a great deal of literature, and supporting professionals, which deal with various options.

The table below provides a summarized indication of the different approaches available to philanthropists. Many philanthropists adopt one or even more of these approaches.

Type of philanthropist	Key differentiator
Charitable philanthropy	Unconditional donations given to individuals, non-profit organisations and other community based organisations that usually are engaged in social welfare activities and helping the poor. Usually an upfront assessment of the project with little follow up.
Grant-making philanthropy	Grants, usually with conditions attached, made to non-profit organisations based on an assessment, usually by trustees or a board, of an application against set criteria. Some follow up with reports submitted.
Strategic philanthropy	Similar to grant-making philanthropy but with selection criteria line up against a clear strategy and theory of change. Clearly articulated expected outcomes and impact are monitored and reported on.
Operating philanthropy	The philanthropist sets up an entity to run charitable programs of her own. She may set up a foundation that channels money exclusively to the implementing non-profit organisation (NPO) or she will directly support a NPO to run programmes. She will make few, if any, grants to outside organizations.
Large scale, one off donation	A particular driving vision to establish a “bricks and mortar”, capital project legacy. Completion of the project is usually the end of the relationship. Examples including building a school or a hospital.
Social entrepreneurship	Applying principles and techniques of entrepreneurship to address social development issues. The social entrepreneur is directly engaged with the execution of its programmes. Intensive hands on management.
Social finance	Soft loans to social development organisations, which can be non-profit, or for profit. This form of capital is often considered “patient” because of the longer lead times for repayment and the lower interest rates. Social bonds are another example of social finance. Ability to repay loan and interest is often a key consideration.
Venture philanthropy	Applying principles and techniques of venture capitalists to address social development issues – a high engagement approach to improving the performance of social change organisations with finance and other non-financial resources, such as business management skills. Organisational reporting and monitoring undertaken.
Investment philanthropy	Similar to venture philanthropy whereby the philanthropist seeks to build and grow an organisation (nonprofit or for profit) over the long terms by investing in the capabilities of the organisation not just individual projects. Organisational reporting and monitoring undertaken. The investor can look for both social and financial returns.



Type of philanthropist	Key differentiator
Impact investing	The philanthropist makes an investment into a for-profit or non-profit company, or an NGO, with a clear expectation of a financial return as well a social or environmental benefit or “return”.
Social investing	Similar to impact investing, the emphasis is on the investment the philanthropist makes, with the expectation of a return. The return is measured by an improvement in some social or environmental issue. There may also be a financial return, usually below market rate. This definition helps to differentiate the “social investor” from a “normal” investor.

There are many new ideas, and just as many accompanying definitions, on how to approach philanthropy and these terms are still unstable and contentious. However, it is more important to understand that there are many different ways to establish a philanthropic profile and choose a style that aligns with the philanthropist’s values and interests.


In addition to the chosen approach towards philanthropy, the philanthropist may also want to target a specific objective that cuts across sectors (such as health, education, environment etc.). She may want to focus on influencing public spending if she believes that the best way to spend private money is to influence public money. Consequently, she may focus on incubating and rigorously testing new ideas, programmes or organisations for solutions that could work at scale. With careful and rigorous evidence, and the engagement of government as a key stakeholder from the outset, these privately funded ideas may be adopted by government for a much wider reach. Alternatively, the philanthropist may choose to make general-purpose grants to research and policy development, such as universities, think tanks and advocacy organisations that work to improve, critically examine and challenge government policy for improved social outcomes.

On the other hand, a philanthropist may have a strong belief in the power of collaboration and the positive role that sharing information and ideas can have in replicating best practice across a system. In this instance, a philanthropist would look to support networks and collaborative practices and organisations that are good at knowledge management and dissemination, as well as trial running the replication of programmes, through the support of social franchises for example. Other activities could include bringing together community leaders, experts, grantees, funders and creative thinkers to generate new ideas, build consensus around a shared vision, and share experiences and best practices. Chapter 6 discusses collaboration in more detail.

2. The relationship between donor and donee

Philanthropists may have very clear ideas about the societal issues they wish to address and often they have a wealth of knowledge and experience to bring to bear. However, it helps to also remember that a community-based organisation or a non-profit organisation is more likely to be closer to the communities, its development issues and have a deeper understanding about the types of interventions that are required. And furthermore, and perhaps more importantly, the ultimate beneficiaries of the grant, or the community directly affected, have assets, knowledge and resources that can be identified and mobilized. They should drive the development process. This is a development approach called “asset based community development” (see www.abcdistitute.org).

Consequently, it is a valuable principle for philanthropists to respect the agency of those they seek to assist and to be humble in their approach to donating funds. Philanthropists have limited power to change the system on their own, as well as limited resources (both financial and human) and experience and knowledge. A respectful approach, combined with a great deal of listening, will encourage grantees to be open in their views and tell the donor the whole story, even if there are



mistakes and failures along the way. Failures and mistakes (unless there is evidence of serious negligence, fraud or continuous repetition of mistakes) should not be penalised by a withdrawal of funding. Instead the philanthropist could take an approach of discussing with the NGO what has been learnt and ways of improving.

However, just as there are responsibilities on the part of the philanthropist, so too are there rights. Donors have a right to hold the grantees accountable and to apply a professional approach in dealing with donees and others. An identified need is not in itself sufficient motivation to provide funding. A poorly conceptualized and badly executed project could cause just as much harm as good and the philanthropist should only consider investing in a well-run, responsive organisation. Arguably, an NGO's ability to manage its relationship with its funder is an indicator of its overall efficiency and effectiveness and therefore high standards of accountability should be present in the relationship between the donor and donee.

Practical aspects of the relationship are also important. For example, it is mutually beneficial to agree on when reports should be submitted to ensure that there is reasonable period on which to report and to assist the NGO to manage multiple reporting deadlines.

Caselet 3.2 – A (sad but often true) story of a relationship between donor and donees.

Foundation X is looking to support projects involved in primary health care and sends out a call for proposals to the NGO health community giving a deadline of 1 July. Five proposals are received and Foundation X decides to support two. It writes a brief letter to the 2 organisations on 4 November and never gets back to the other, unsuccessful organisations. Before the 2 successful organisations can reply to the “grant letter”, the Foundation deposits 50% of the grant into the NGO's accounts. It also sends another email with a long and complicated reporting form it says it will require to be completed within 12 months from the deposit being received.

In the meantime, NGO Y, one of the successful organisations, has received funding from another Foundation for the same project but has yet to inform Foundation X. In addition, it has just discovered that its part time bookkeeper is actually unqualified and has made a mess of its books. It will take months to understand its exact financial position properly. The director of the NGO decides to wait until the problem is solved before telling her donors. When Foundation X's deposit is received, the director of NGO Y is surprised but decides to hang onto the funds, which will help with the unexpected auditing expenses – she is sure she can sort this out with Foundation X later seeing as the Foundation's original communication was so brief and vague.

What did Foundation X do that did not help establish relationships of respect, transparency and clarity with NGO's in its area of interest? How could they have approached the NGO's differently? What should they do to improve the relationship?

Likewise, what did NGO Y do that would create disappointment, unfulfilled expectations and distrust amongst its donors? What should it have done differently? How can they better manage the relationship in the future

3. Principles of grant-making

Most donors establish certain general rules or principles that they apply to their grants. These principles are typically guided by their values and style of philanthropy. However, there are certain norms that many donors apply.

A good place to start is to be clear about what will **not** be funded. A clear exclusion strategy helps to maintain focus. For example, some funders explicitly state that they will not support activities such as



sponsorships, promotional events, religious events and political activities because they believe that these activities often have limited long term developmental impact.

Another key issue is the strength and credibility of the grantee organization. A way of managing the governance risk and the risk of fraud or maladministration is to only fund organisations that are properly registered with the relevant authorities as nonprofit organisations and that can present audited or externally reviewed financial statements. This may preclude funding start-up organisations, small community-based organisations (CBO's), individuals or social enterprises that are registered as for profit companies. If the philanthropist's strategy requires funding CBO's, start-ups, individuals or for-profits then she will need to ensure that her chosen structure of giving is appropriate and that the trust deed or Memorandum of Agreement allows it. She will also need to consider other ways to manager her governance risks.

In terms of the type of grants made, one view is that philanthropists have the advantage of being able to adopt a higher risk strategy than corporate or government funding. They can also be very flexible in the type of grants they make. So, grants could be made for organisational overheads, organisational growth and human resource development, funding research and development for the NGO or funding salaries – all areas which are not commonly supported but which are very necessary to the survival and growth of many organisations.

When considering the financial aspects of the grant, many philanthropists prefer to make a contribution to the budget of a project rather than fund 100% of the project, which spreads the risk both for the donor and the donee. In this regard, some funders will ask for "matched funding" which requires the organisation to find some percentage of the project costs from another donor before the grant is released. Some donors are happy to provide the grant in one upfront lump sum. In other situations, perhaps where concerns about financial management are present, donors will provide the grant amount in quarterly tranches or against invoices.

There is a trend towards giving bigger and fewer grants. This is efficient from a management perspective both for the donor and the receiving organisation. Quite often donors underestimate the cost of effective programmes and have unrealistic expectations about what can be achieved with a certain amount of money. Likewise, non-profit organisations may under budget on a project and later require top- up grants to complete the project. Larger grants tend to focus the minds of both donor and donee and encourage both parties to establish a carefully thought through, detailed and accurate budget for a specific project.

And finally, there is the time frame for the grant. In some instances, a one off grant is appropriate, for example for the purchase of a vehicle. Many donors may make the first grant to the organisation as an annual year grant – as a sort of trial run - with a follow up grant of three to five years. For many projects, outcomes can take up to ten years to be visible and donors need to consider whether they are willing to stick with a project "for the long haul".

Spotlight 3:3: A Comparison between two Foundations regarding their grant-making principles

The Bill & Melinda Gates Foundation states very clearly on its website what it will not fund. It does not give grants or donations to individuals and it will not accept unsolicited proposals. Instead the staff at The Foundation proactively identifies the organisations (that must be US tax exempt) that fall within their areas of interest. In addition, the Foundation will not support projects addressing health problems in developed countries, it will not support political campaigns and legislative lobbying efforts, building or capital projects nor projects that exclusively serve a religious purpose (see www.gatesfoundation.org)

In contrast, another very large US Foundation, the William and Flora Hewlett Foundation, does accept unsolicited applications and does not set any deadlines for these types of applications, although it warns that the success rate for unsolicited applications are low. It indicates on its website that it will support general operating support for an organisation rather than project support and it will also provide grants to “develop the organisational health and efficiency of [its] grantees”. (see www.hewlett.org)

4. Structuring the giving


There are many different options available to the philanthropist in terms of the vehicle or structure used for giving and the choice made will depend on a number of considerations. However, the key thing is to get proper tax and legal advice so that the tax obligations are clear and there is a shared understanding of the limits placed on the philanthropist by the various legal structures. Some banks and other professionals also provide good, bespoke advice on structuring philanthropic giving.

There are a few different approaches to structuring giving, some of which are outlined below.

Firstly, at the very basic level, the philanthropist could choose to keep things really simple (but possibly not very tax efficient) and make donations in her own name to various causes that align with her values. This provides her with complete flexibility, quick response times and little administrative or legal obligations. Alternatively, she can decide to do the bulk of her giving in her will and leave bequests to various organisations. It is quite likely that many philanthropists start out this way and then, when the value and the complexity of giving increases, start to look for alternatives.

Secondly, a very simple solution is to find another grant-making organisation (such as a closely related family trust or an independent foundation or an international grant maker operating in the same area) that is willing to also receive your funds. It would obviously need to be closely aligned with the philanthropists’ values and an organisation in which she can place high levels of trust. The advantage is that she “piggy backs” on their work. Some grant-making organisations are also set up as grant-receivers and will provide the donor with a tax rebate. Some foundations may not have consciously considered receiving donations but may well be very happy to do so and the philanthropist may find this is also tax efficient. Certainly, from a management perspective it is very efficient to “piggy back” on a Foundation that shares similar values and which the philanthropist believes is doing good and important work. If the philanthropist wants to be more involved with the ultimate beneficiaries she can negotiate reporting and site visit arrangements with the foundation. If she wants greater oversight, she may be able to be appointed as a board or trustee member.

Thirdly, if the philanthropists’ intention is to leave a legacy that lasts beyond her lifetime and/or provide a vehicle for giving that her children and grandchildren can be involved in, then she may wish to consider a testamentary trust or establish a charitable trust during her lifetime. Establishing a trust formalizes giving as it requires the philanthropist to think about the purpose of the trust, approve a trust deed, appoint trustees and comply with the various regulatory reporting and other requirements. Different countries will have different laws applicable to charitable trusts and there is a need to take legal advice.



Fourthly, another way to formalize giving is through the creation of a non-profit company (NPC). Again, different countries may have alternative names and scope for non-profit companies but in South Africa non-profit companies came into existence in 2011 when the South African Companies Act 2008 came into force. The Act prescribes the rights and limitations of a non-profit company but generally speaking, there is considered to be slightly more onerous governance requirements for an NPC than a trust. In South Africa, if it is registered as a Public Benefit Organisation (PBO) it can receive donations.

Fifthly, a founding donor may also wish to consider whether donating through a private, family business is more appropriate – this could be considered as a “corporate philanthropy” solution. If the donor and/or the donor’s family have significant control over the company, then it may be quite easy for her to align her personal values and the values of her company and run her philanthropy out of her business. One way to do this is to establish a stand-alone trust or non-profit company that uses the business’s brand and other financial and non-financial resources. For example, the family-owned company could establish the Company X Foundation, which could be based at the company and could provide value to the company brand. It is not necessary to establish an independent trust: many companies are involved in charitable giving of some sort but simply run it out of their public relations, marketing or human resources department.

5. Determining the annual budget

How a philanthropist decides on the amount to give through one of the options identified above would involve a number of considerations. At the heart of it lies the individual’s values; ultimately the philanthropists’ budget depends on the amount available and what the philanthropist thinks is an appropriate amount to give, and the answer to both these questions is driven by her values. Once these broad parameters are set, more specific considerations come in to play.

Some philanthropists do not set a specific budget for their giving. The amount they spend in any one year depends entirely on their view of the worth of projects, organisations or causes that they either seek out or that come to their attention. This flexible approach to spending is usually facilitated by a funding stream that comes directly from the philanthropist, whether she makes the donation directly or whether she gifts her Foundation, which in turn manages the grant to the organisation. The value of this approach is that projects are not chosen in order to fulfill the budget allocation but rather, hopefully, on merit. One disadvantage is that it may make it harder for managers and the beneficiaries to plan.

Other philanthropists set a specific budget according to the needs of the projects or programmes and provide these funds by way of annual contributions.

However, most structured giving will rely on a capital donation and use the income from that capital to determine its annual budget. In some instances, that capital lump sum is determined by a bequest in a will. In other instances, the individual or family will arrive at what it regards to be the right amount. For example, NPC’s can hold shares in for-profit companies and use the dividend income to determine its annual budget or a trust can invest its endowment with asset managers and use the annual dividend and interest income to make its grants. This approach meets the needs of a philanthropist that would like to ensure that there is a growing capital sum for the sustainability and long-term growth of the fund.

However, there is flexibility even in this approach. If the trust or NPC is registered as an entity that can receive donations (a PBO in South Africa) it can supplement its income through donations from other family members or friends, through once-off donations from the founder for special occasions and by spending a small proportion of its capital each year while still allowing for re-investment and growth. For example, some foundations spend 5% of total capital and income per annum.



Another percentage indicator that some philanthropists like to monitor is the amount of the annual budget that is spent on running the trust versus the amount that goes directly to grants. There is quite a range in this regard and economies of scale do help – in most cases the bigger the total budget, the smaller the percentage that is spent on administration because most expenses are fixed. A very proactive, “hands –on” philanthropist/ foundation may very reasonably spend more on managing the foundation and the various grants than philanthropists that take a more “hands-off” approach. The range is usually between 5% and 20% spent on management expenses of the total annual budget.

Finally, even if a philanthropist has established a specific vehicle for her giving, such as a trust or an NPC it is not inevitable that the trust will exist past her lifetime. If the intention is to spend down the trust over a period of years, then the annual budget may be more generous and use significant portions of the capital as well as income.

The philanthropist should also spend some time reviewing and planning the budget over a short and medium time frame (if the philanthropist has decided to have a fixed annual budget). Three to five-year (and even ten year) planning may be advisable especially when income streams can increase or decrease year on year and when your commitments over the period are fixed. For example, many bursary or salary support programmes require at least a three to five-year commitment and it is worth spending some time ensuring that the available income covers these and other commitments. Budget planning can also significantly affect one’s strategic planning for programmes and projects and they go hand in hand.

While trusts and NPC’s will have a set of accounts with a balance sheet and financial statements, for operational purposes, a philanthropist’s budget may look somewhat different. An example is set out below.


Spotlight 3:4: An example of a budget

FOUNDATION X BUDGET			
	<u>2016</u>	<u>2017</u>	<u>2018</u>
INCOME	R 5 500 000	R 6 375 000	R 6 886 250
Surplus carried forward from previous year	R -	R 625 000	R 1 036 250
Dividend and interest income	R 5 500 000	R 5 750 000	R 5 850 000
EXPENSES	R 475 000	R 498 750	R 523 688
Accounting fees	R 25 000	R 26 250	R 27 563
Audit fees	R 15 000	R 15 750	R 16 538
investment management fees	R 200 000	R 210 000	R 220 500
operational management fees	R 200 000	R 210 000	R 220 500
printing and stationary	R 5 000	R 5 250	R 5 513
seminars and conferences	R 5 000	R 5 250	R 5 513
subscriptions	R 15 000	R 15 750	R 16 538
travel expenses	R 10 000	R 10 500	R 11 025
DISTRIBUTIONS TO BENEFICIARIES	R 4 400 000	R 4 840 000	R 5 324 000
NGO 1	R 1 000 000	R 1 100 000	R 1 210 000
NGO 2	R 500 000	R 550 000	R 605 000
Think tank 1	R 500 000	R 550 000	R 605 000
Think tank 2	R 750 000	R 825 000	R 907 500
University	R 1 000 000	R 1 100 000	R 1 210 000
Foundation Y - collaboration project	R 400 000	R 440 000	R 484 000
Social impact bond	R 250 000	R 275 000	R 302 500
TOTAL EXPENSES AND DISTRIBUTIONS	R 4 875 000	R 5 338 750	R 5 847 688
SURPLUS/ DEFICIT	R 625 000	R 1 036 250	R 1 038 563

6. The grant-making process

Making an individual grant to an organisation or charitable cause can be as simple or as complicated as the philanthropist desires. The philanthropists' approach to philanthropy and the principles of giving that she wants to adopt (as discussed above) will influence the process of grant-making greatly. The process described below is for what could arguably be called a strategic grant-making approach in that it places value on careful analysis, selection and feedback against set goals.

It is assumed that the strategic grant-maker will have developed some sort of strategy for what she wants to achieve with her philanthropic efforts, and that the strategy will be intimately tied to a feedback system to check whether the planned activities are meeting the strategic objectives (otherwise commonly called "a theory of change"). She will also have considered the principles of her



grant-making and these too will influence her process. In other words, these elements will provide the framework on which to hang the grant-making process.

A starting point is to become educated. It is tempting to rush off and support the first project that comes to the philanthropist, and that may be a good project, but if the intention is to be thoughtful and careful about the efficiency and effect of the philanthropy, then spending time researching, planning, analysing and mapping is necessary. Evidence-based funding, rather than funding based *only* on a “gut feel”, a relationship, or a desire, will have a better outcome and be a more strategic investment. Consequently, the philanthropist requires up-to-date knowledge and should perform the necessary due diligence on all proposals and projects.

For example, if the philanthropist has decided to support the early childhood development (ECD) sector then gaining some knowledge of the following is useful:


- government policies and objectives in ECD;
- the current state of ECD in the country/ region/ area of interest;
- what is considered by experts to be “best practice” in ECD;
- what are the key constraints and opportunities in ECD;
- who are the other funders interested in supporting ECD and what are they doing;
- who are the key civil society actors/ NGO’s in the sector and what are they saying and doing.

Once the philanthropists have gained some generalist knowledge of the area she wishes to support, then some time spent thinking about her role in the sector as against her strategy would be helpful to understand exactly what role she could best play. Reaching out to other stakeholders in the sector and building those relationships will help immensely in this analysis as well as for the future success of her programmes or projects. By this stage, the philanthropist should have a good idea of the type of projects and organisations she wishes to support and it could be very helpful to test her ideas and assumptions with other donors and experts in the sector.

The next step is to determine whether the philanthropist wishes to be a pro-active or reactive donor, although in truth, most philanthropists are both, with an emphasis on one or the other.

- With pro-active grant-making, the philanthropist will seek out the projects she wishes to support. This can be done by building on the research already undertaken, tapping into networks or making a public call for proposals. The pro-active grant-maker is usually an “interventionist” grant-maker that explicitly constructs (or co-constructs with partners) the outcomes she wishes to see as well as the path to those outcomes. So the call for proposals will set out the rationale for the programmes, the objectives it hopes to achieve, the deliverables it expects the donee/ partner organisation to meet and the criteria for being eligible to apply.
- A re-active donor may also have clear strategies and eligibility criteria but she relies on organisations finding her and assessing whether they match her criteria for funding. If the philanthropist is new and just setting up, it is likely that she will be pro-active until her trust of foundation becomes better known in the circles she funds.

Arguably all donors have some sort of application criteria against which they evaluate and select applications but some donors choose not to write them down, relying on a more flexible approach to initiating the grant relationship, i.e. through conversation and interview, site visits, gauging reputation etc. Most large and long-standing donors require a written application of sorts, whether it is according to their own predetermined template or whether they allow the applicant to present the information in their own way. Some donors are happy to consider applications for funding throughout the year while others establish a calendar of deadlines during the year, or even over a two or three-year period in which applicants must submit. It is a common courtesy to acknowledge all applications but many foundations that are inundated with requests do not do so.



The next stage in the process is to review the application. Some can be quickly decided upon if the philanthropist has a clear idea about what she will not fund and it is polite to tell the organisation that it has been unsuccessful in its application. In the interests of transparency and improving the quality of applications, the philanthropist may wish to provide reasons for declining the request for funding. This can open up an unwanted conversation and if the philanthropist chooses to give reasons it may wish to add that her (or the foundation's) decision is final.

As mentioned previously, some donors choose to assess the merit of an application without much process and form-filling, relying instead on developing relationships, getting to know the organisation well and seeing first-hand what it does. This may take just as long as a more formal process requiring detailed written applications. Some foundations do both; investing a great deal of time and energy in assessing and reviewing an organisation up front before committing to fund it. So they may have a three stage written application process; the first stage containing threshold information, the second stage requiring more detail and supporting documentation and the third stage involving answers to specific questions, as well as conducting site visits and interviews with the organisation's management.

An assessment of the following elements of an application may be appropriate:

- whether the project has a clear sense of purpose with tangible expected results OR if it is an existing project, whether it has credible (rigorous) evidence of success;
- whether the project has been thoughtfully considered, designed and implemented to date;
- the appropriateness and viability of the project in the context of the sector's constraints and opportunities;
- the value for money;
- the alignment of the organisations' values and strategic objectives with the philanthropist;
- the ability of the organisation, in terms of resources and management, to carry out the project;
- whether risks have been identified and addressed as far as possible.

This list is by no means comprehensive.

Once the application has been assessed, then it needs to be declined or approved. As previously mentioned, if the philanthropist is providing direct funding to organisations without any legal structure in place, this can be a very simple process. However, if a trust has been established, then the trustees need to pass a resolution approving the grant, usually done at a trustee meeting where a number of applications are considered. If the trust deed allows it, the trustees can indicate their decisions by emails and the emails can be proof of a "virtual meeting".

Grants are often approved with conditions. These can be conditions relating to the timing of the funding, the ability of the organisation to raise matched funding or any other conditions precedent that are required before funding is released. The funds can be given either in one lump sum or in tranches against milestones or against approved third party quotes. Beyond these standard requirements, some donors sometimes include other requirements that are specific to the organisation or project.

It is good practice to ensure that the donee agrees to the conditions and accepts the grant in writing. Sometimes finalising the grant contract requires significant discussion and negotiations. If it is large grant for a complicated, long project such as a building project the process could be drawn out. In other circumstances, the whole application, review and decision-making process can be done in a day, if for example the donor is responding to relief aid for a natural disaster or some other emergency relief.



It is up to the philanthropist to decide how engaged or ‘hands off’ she wishes to be during the grant period. This will depend on the approach or style she adopts, the complexity of the grant and her personal interest (or what she expects from the managers of her trust or foundation). It is usual for representatives of the philanthropist to visit the organisation that has received the grant and to see their work in action during the grant period. Sometimes unscheduled visits may be included. Other less time consuming ways of keeping in touch may be preferred, such as emails and telephone calls.

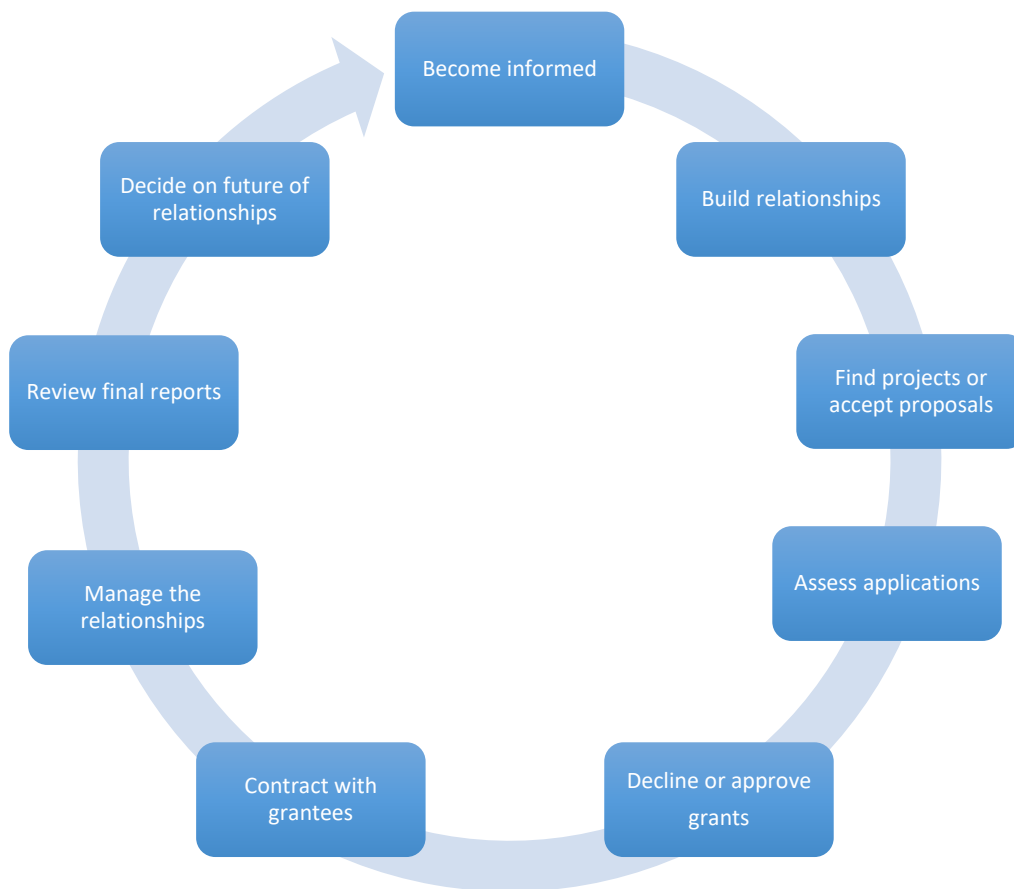
However, almost all donors expect some type of reporting; either at the end of the grant period or at specific intervals as well as at the end of the period. Some foundations are not prescriptive about the content of a report, satisfied with a set of audited financial statements and a general annual report. Others are far more specific about the content of the report, with reporting templates and agreed upon indicators and monitoring frameworks required. It is helpful to think carefully about what reporting is required and, more importantly, how the information is used. There is no purpose in asking for all sorts of qualitative information, quantitative data and detailed financial reporting if it does not directly feed into a decision-making process.

Finally, there is a stage, usually towards the end of the grant period, when the donor must consider whether to continue funding the organisation, which will usually request further support. If the donor is considering ending the funding, this is often a difficult decision because personal relationships and expectations have been established. Some of the common reasons for ending a relationship are:

- the project has come to an end (most common with infrastructure projects);
- evidence of fraud or serious mismanagement at the donee organisation;
- the organisation is likely to close down due to ongoing poor financial or other management;
- a change in the donor’s strategy.

What does the donor do if the grant required specific, tangible outcomes that have not been met? Most donors would not view this as grounds for ending the relationship if the organisation carried out the project in good faith, is honest about the shortcomings and has learnt from the experience and adjusted its programme. If the philanthropist decides to end the relationship, a responsible approach is to give the organisation sufficient clear written notice, with supporting ‘exit’ grants of one or even two years. Proven fraud or serious mismanagement at an organisation would be an exception to this rule.

Spotlight 3.5: Summary of the grant-making cycle



Summary

In summary, there are a wide variety of options for how to give and the choice the philanthropist makes will be guided by her values, experience and circumstances. The key point is that not all giving makes the world a better place. The care, thoughtfulness and diligence that is applied in how the philanthropist gives will determine to a great extent whether her efforts result in social development that is positive.

Key points raised in this chapter:

- Definitions of the style or approach to giving are still unstable but there are many different ideas about how to give. Philanthropist can choose one or adopt a number of different styles.
- Styles range from unconditional charitable donations to impact investing where a financial return is expected.
- Particular objectives can affect the style of giving, for example to influence public/ government spending or to foster collaboration in a sector.
- A good relationship between donor and donee depends on honesty, open communication and mutual respect.
- There are practical ways that philanthropists can improve their relationships with donees, for example by agreeing reporting cycles that suit the project's reporting cycle.
- It is helpful to establish certain principles that guide the philanthropists giving. For example, to decide on what will not be funded, whether multi-year grants will be provided and whether grant-making will be pro-active or reactive.



- Philanthropists can choose to make direct personal donations/ investments in organisations or they can establish a trust or a non-profit company to channel funds.
- Philanthropists may prefer to establish a company foundation if they run a family business.
- Factors to consider when determining how much to spend annually are whether there is a capital endowment to protect and grow, how much flexibility is financially available in setting the budget and whether the intention is to spend down over a lifetime.
- It is also worthwhile to monitor and manage the percentage spent on the administration and management of the giving compared to the grants made.
- There are certain steps a philanthropist can follow during the grant-making process. These can be tailored to fit with the style and objectives of the philanthropist.

CHAPTER 4: MAXIMISING IMPACT: DESIGN, MEASUREMENT & COMMUNICATION

By Mwihaki Kimura Muraguri

Why should I measure my giving?

The very essence of philanthropy is the provision of resources in order to bring about positive change. Measurement enables a philanthropist or philanthropic institution to gauge the effect of their giving in a number of ways. First is understanding the link between intent and change – did the change that I was seeking actually take place? And if I am to reflect on my giving as a transformational endeavor, how best can I assess whether that transformation actually came about?

The second consideration is what degree of change actually occurred on account of my contribution? Was it enough to bring about the change that I sought? Did it require additional resources and if so where did those additional resources come from and how critical were they for the solution? In unpacking and understanding these questions, one begins to appreciate their giving against the magnitude of the problem they are trying to address. The answers to these questions set a benchmark for the next donation and allows one to realistically set expectations about what they can forecast for a charitable investment of specific resources.

Lastly, though giving for many individuals is a private matter, the notion of providing the donation is the more central action, asking the measurement questions provides a level of accountability that can offer satisfactory answers for some of the questions highlighted above while also engaging recipients in a way that primes a canvas for success. If structured well, both the giver and the recipient become co-actors in the resolution of the identified problem. In terms of development and social investment practice, putting in place symbiotic relationships between donors and recipients increases the probability of success and long-term adoption of projects and practices that philanthropist's support.

Ultimately, measurement is about answering questions. The savvy philanthropist should start the measurement process by answering the following five questions in the quest for positive impact.

- What does success look like for me and for the beneficiaries my philanthropy serves?
- What was the situation before my intervention?
- Which tools should I use to monitor progress?
- Whose responsibility is it to do so? and lastly,
- How will I resource it?

With the answers to these questions guiding your philanthropic investment, the information unlocked provides a path forward to understanding and maximizing impact.

This chapter will attempt to provide some insights and guiding principles to philanthropists who are committed to achieving impact.

Measurement in Action

Designing the appropriate measurement approach is best done at the outset of an investment. The first consideration to take into account is what one is trying to learn through the measurement lens.



The second is agreeing on what level of output would be reflective of success. These two important questions are best answered that philanthropists must answer early in the structuring of support.

Economic and social development issues are rarely easy to solve and further complexity is often uncovered with each layer of success. For instance, supporting a project to build classrooms may solve the problem of quality spaces for children to learn, but then opens up the question of teacher availability, quantity of books or computers, how to ensure equitable access to learning materials and a host of additional factors necessary for engaging and quality learning.

While the classroom is a necessary part of the quest for quality education and building classrooms for schools is a noble and useful investment, it undoubtedly only solves one part of the problem. The philanthropist needs to determine at an early stage what a tangible measure of success is, in order to: manage long-term expectations of grantees or beneficiaries; to optimize the strategic nature of their philanthropic investment; and to set the limits of their giving.

Success could be characterized by a classroom building program that spans an entire district or state; it could be characterized by fully fitted classrooms with teaching aids, books, learning materials in ten model schools; or a long term policy programme that addresses education quality at a national level. Each point on the spectrum is valuable and each point can be deemed as impact from a benefactor’s viewpoint. There is no wrong or right answer regarding investing in an approach that chooses depth vs. breadth or vice versa. The important element is that a decision should be made regarding the nature and extent of one’s giving before it begins to unravel like the proverbial never ending ball of string.

A question for philanthropists to reflect on from the outset is, what makes them the most suitable to solve the problem and additionally, are the resources and timeline they are willing to commit to a problem commensurate to the impact they seek? The answers to these reflections begin to guide one’s giving towards effectiveness and impact.

Case Study: Beyond Scholarships.


When Palmhouse Foundation was set up by Margaret and Eric Kimani in the late nineties, their initial quest was to support the cost of school fees for bright, underprivileged children in their community. Within a short period, they realized that though useful, their unstructured giving was more of a panacea. In 2002 they registered Palmhouse Foundation whose primary goal was to put in place a structured scholarship program for academically gifted needy students. One criteria for selection into the program was Form 1 enrolment in a national secondary school in Kenya. National school placement is highly competitive and only the brightest across the country are selected. Additionally, acceptance in a national school is very prestigious and is often viewed as the gateway to a high quality education. The cost, however, is at the top of the range in public education. The 650 USD a year fee was still out of reach for many of the students accepted.

Palmhouse Foundation Kenya

Founded by Margaret and Eric Kimani

Program Description:

- *Secondary school bursary program for bright and needy children*
- *Covers school fees. Parents are expected to provide accessories such as uniforms or books.*
- *Includes a mandatory mentoring programme with entire student cohort meeting three times a year and at the close of their secondary school term*
- *Palmhouse runs the mentorship programme and undertakes follow-up of individual students.*
- *Palmhouse links a select number of their graduating students with scholarship programs for university.*
- *Palmhouse beneficiaries are expected to take part in future mentoring sessions once they have graduated.*



In addition, as Palmhouse supported students came from poor backgrounds, many were daunted by living with peers from more privileged backgrounds. Others were the very first to go to a national school in their extended family and had to deal with familial pressure to succeed “for their community”. The need to provide a conducive support system for the scholarship recipients soon became apparent and Palmhouse began structuring a mentorship facet for the scholarship program. Palmhouse students meet three times a year at the end of each school term and have an opportunity to debrief with each other, learn from the challenges and successes of older students in the cohort, engage with inspiring adults from a range of professions, and finally have a series of one on one sessions with selected mentors.

Today, Eric Kimani defines impact for Palmhouse as graduating students who through their experience, feel compelled to pay it forward by the time they leave the program. Working with each individual child and providing a wholesome experiential support system for that child became central to their giving, and their definition of impact was no longer the number of children Palmhouse financed for school. While they may have started off by focusing on fees support for as many children as possible, through engagement with their students, success became defined as students graduating and understanding their role in building opportunities for other disadvantaged children.

Recognizing Success

The articulation of success is inextricably linked with the philanthropist’s primary motivation to support a specific area of need. Some interventions have seemingly clear cut indicators of success - e.g. five thousand girls enrolled in school in the next five years. Yet even the most innocuous of objectives can hide a variety of confounding indicators.

Did the girls who were enrolled complete school? How many dropped out in the first, second or final year? Why did they drop out? Was it a multitude of reasons or a specific problem in the cohort? How many matriculated with a grade that enabled entry to a tertiary level institution?

In the same way that business and for-profit companies rely on dashboards and performance management indicators or assess return on investment and fund performance, philanthropic investments require analysis and monitoring that allows emergent learning and course correction in the journey to impact.

The nature of measurement is reliant on the type of giving structure one has put in place. If one has set up a formal structure such as foundation or company through which their giving is channeled, then that institution has a responsibility to report back to its founders or trustees about charitable expenditure. In the same way that a company requires annual audited accounts that enables the board to gauge the financial health of an institution, effective philanthropy requires a similar level of regular review of its activities. A measurement framework provides this.

Ongoing monitoring by an outsourced or in-house team that tracks an agreed set of indicators to deliver on the theory of change allows for, recalibration where necessary and overall learning on how to address the identified problem more effectively. The monitoring and evaluation (M & E) team have the same responsibility that a fund manager and administrator have in tracking and reporting on an investment funds performance. They objectively track philanthropic investments and bring the necessary information to help decision makers (philanthropists or their proxies) make necessary adjustments to their giving strategy.

An important element to keep in mind is that unlike fund performance which is bi-directional in nature, philanthropic investments are working on myriad planes at the same time, and one indicator can have high traction e.g. school enrollment while another is floundering e.g. matriculation. Measurement enables the decision maker steps in to provide guidance on which indicators are integral and which are secondary to the philanthropist’s vision of success.



Another way of enabling measurement and shared responsibility for outputs and outcomes is to include resources to grantees or beneficiaries in the grant award to track and measure their own progress. Many small organizations often lack the resources needed to develop or implement quality monitoring approaches, and yet they have the most to gain in terms of being able to uncover challenges in their approach and to deploy those lessons to their work for greater success. Many grantmaking institutions include an allocation in the region of about 10% of the overall grant specifically towards knowledge management, monitoring and evaluation. For many a small institution this modest addition to their grant is worth its weight in gold.

One caution with regards to monitoring and evaluation – at its best, M&E should be for project or programme improvement, and emergent learning. Measurement should be viewed as an adaptive learning tool that enables the growth of project, course correction or maturity towards greater impact. When the central function of measurement ceases to be about the recipient’s ability to learn from the measurement process, and starts to lean too heavily towards fulfilling an obligation for the funder, then it ceases to be an asset for change. It has likely become a bureaucratic endeavor, which no longer serves its intended purpose.

Often for an individual philanthropist going back to the central question of why they are investing in measurement helps provide the return to a mutually beneficial measurement approach.

At the end of the day, assessing the success or impact of a philanthropist’s support or intervention within a given community or sector is an important learning tool, but also one that allows for appropriate costs benefit analysis and value for money, from an objective point and vis a vis the philanthropists own intentions.

Measurement Tools

The very first step to unlock an understanding of the magnitude of one’s contribution to change is to invest in the baseline assessment. This provides a point-in-time report on the state of affairs before the philanthropist’s intervention. As the length of the project could vary from less than a year to decades, projects must put in place appropriate monitoring milestones to assess periodic changes. A project that supports children’s attendance at school could provide yearly updates on the academic progress of the pupils, whereas monitoring for a programme that is helping farmers increase productivity could be pegged to harvest seasons. Monitoring – the regular assessment of a set of indicators against the original baseline assessment, charts the steps on the journey to impact. Monitoring periods need to be designed to suit the nature of the intended outcome to be assessed.

A mid or end term evaluation allows the assessment of overall impact of an intervention or investment and tells the story of what changed between the time of the initial investment (baseline) and the end (evaluation). These two elements are complementary sides of the same coin and it becomes notoriously difficult to attribute change on account of a philanthropist’s interventions without both. Lastly, years after the investment, one can undertake an impact assessment that evaluates the lasting change of an intervention after the exit of the original funding and actors.

Evaluators will undertake an impact evaluation after the conclusion of an activity or philanthropic investment in order to determine the changes that can be attributed to a particular intervention, such as a project, program or policy, both the intended ones, as well as ideally the unintended ones.

The impact assessment is useful in understanding the sustainability of an intervention and what changed within a given community or ecosystem in the long-term on account of that investment.

If the philanthropic investment is sizeable the development of an appropriate measurement plan should be done professionally and ideally collaboratively with the recipients or beneficiaries in question. As highlighted before, the indicators that matter to the philanthropists may not be the same



as those of the beneficiaries, and the attainment of overall change is driven significantly by the incentives and interests of each party. Taking the time to understand these incentives and how best to craft the right indicators from them enables the development of an appropriate measurement plan.

In trying to assess how to institute appropriate and effective measurement and to resource it correctly, investing in the services of an evaluation professional is a useful first step. Additionally, presenting the entire portfolio of one's philanthropic investments, even if they are as diversified as saving marine environments, investing in tertiary education and providing solar panels; to the evaluation expert would allow them to provide nuanced guidance to the philanthropist into the need, the depth and the benefits of a portfolio approach versus a project based approach, or what an appropriate measurement approach should indeed be. The guiding consideration should be – if I am not willing to throw this money away, then even a modest investment in sometime of measurement is worthwhile.

Of note, technology is playing an increasingly convenient role in tracking of real time results, sharing of data and cost analysis monitoring. Investing in appropriate software could be an added bonus to the measurement process.

Communicating Change

For the 21st century philanthropist who lives in the world of constant media, tracking all externalities that arise from the philanthropist's activity is an important aspect of brand and reputation management. A conundrum that is faced by many individuals who undertake private philanthropy is whether to share their philanthropic stories or not. Some may feel that talking about their philanthropic investments is self-serving and goes against their personal principles of charitable giving.

Deciding on whether one wants to disclose details of their philanthropic endeavors or not is a personal decision. In most cases where a formal foundation has been set up, then charity laws determine how much and which information must be disclosed to the public. Approaches to telling the stories of philanthropy are very different, some institutions or individuals require due recognition for their investments while others prefer to give anonymously with no associated branding expectations.

Making a clear distinction between the funder and the program or project being funded helps identify where communication is useful. However even if one decides to keep the story of the philanthropic giving at arm's length, asking the tough questions of grantee partners is still critical and in fact bringing in the business principles and acumen that may have led to the philanthropist's success could be important additions to the proposed program.

Within the decision of how to message one's philanthropic efforts, a question to consider is who or what is served by communicating the work of a beneficiary? Many organizations, programs or projects are able to replicate, grow and scale by virtue of having a multitude of funders and many grantees would benefit continuously from a mention on a philanthropist's communication platform. Communicating a programme's success allows for other funders to crowd in and contribute to that vision of scale, replication or even sustainability. Money likes to follow good ideas and proven approaches and the proof of success comes about when the story is told. The story can only be told if there is the evidence to prove it. And the evidence is available only if the data is collected through a good measurement process.

The growth – communication – evidence – data continuum is essential to a project's long term success. Without investment in all the elements, outputs are unlikely to move towards transformative outcomes and long term impact. Many projects remain at the point of circling around in a small location delivering first order outputs, which as highlighted maybe necessary but are an insufficient level of true transformation.

Key Evaluation Terms

Baseline study – An analysis describing the situation prior to an intervention, against which progress can be assessed and comparisons made. A baseline study, for example, might assess conditions in a specific neighborhood (e.g., poverty level or truancy) before the launch of a grantmaker-funded initiative aimed at improving those conditions.

Cluster evaluation – An evaluation that looks across a group of projects or grants to identify patterns, as well as factors that might contribute to variations in outcomes and results across the sample.

Dashboard – An easy-to-read tool that allows board members and staff to review key information about the performance of the grantmaker and its grantees. Sometimes called a “balanced scorecard,” the dashboard flags key data that board and staff decide they want to track over time.

Emergent learning – Learning that happens in the course of an initiative or project, when goals and outcomes are not easily defined. Using “emergent” or “developmental” evaluation methods, a grantmaker can generate feedback and learning as work unfolds. New learning, in turn, can be used to refine or change strategies over time.

Formative evaluation – An evaluation that is carried out while a program is under way to provide timely, continuous feedback as work progresses. Sometimes called “real-time evaluation” or “developmental evaluation.”

Indicator – A quantitative or qualitative variable that provides a simple and reliable means to measure results or to demonstrate changes connected to a specific intervention.

Inputs – The various components of a specific intervention, as measured in financial, human and material resources.

Knowledge management – The processes and strategies a grantmaker employs to create a culture of knowledge sharing among staff, grantees and colleague organizations, including everything from databases and intranets to Web sites and grantee and staff convenings.

Learning community – A group of grantmakers, grantees and/or other constituents who come together over time to share evaluation results and other learning and to identify pathways to better results. Sometimes called a “community of learners.”


Logic model – A conceptual picture or “roadmap” of how a program or intervention is intended to work, with program activities and strategies linked to specific outcomes and desired results.

Organizational learning – The process of asking and answering questions that grantmakers and nonprofits need to understand to improve their performance and achieve better results.

Outcomes – The broader changes or benefits resulting from a program, as measured against its goals (e.g., an X percent reduction in emergency room visits). Compare with “outputs,” below.

Outputs – The direct products of a program, usually measured in terms of actual work that was done (e.g., meetings held, reports published). Compare with “outcomes,” above.

Participatory evaluation – A form of evaluation that engages a range of stakeholders in the process of designing the evaluation and tracking results, based on the goal of ensuring that the evaluation is useful and relevant to all involved. **Social return on investment (SROI)** – A measure that sets out to capture the economic value of social benefits created by an initiative.



Summative evaluation – An evaluation that assesses the overall impact of a project after the fact, often for an external audience such as a grantmaker or group of grantmakers.

Theory of change – A systematic assessment of what needs to happen in order for a desired outcome to occur, including an organization’s hypothesis about how and why change happens, as well as the potential role of an organization’s work in contributing to its vision of progress.

© Evaluation in Philanthropy, 2009, Grantmakers for Effective Organizations and the Council on Foundations

Resources:

Africa Grantmakers’ Affinity Group 2012 Annual Retreat Report: Evaluation & Learning: Navigating the Range of Approaches, African Grantmakers Affinity Group, <http://africagrantmakers.org/wp-content/uploads/2014/08/2012-Retreat-Report.pdf>

Guides to Giving Well, <http://donate.rockpa.org/page.aspx?pid=431>

Evaluation in Philanthropy, Perspectives From The field, Grantmakers for Effective Organizations/Council on Foundations
[https://www.hfcm.org/CMS/Images/Evaluation_in_Philanthropy -- GEO COF.pdf](https://www.hfcm.org/CMS/Images/Evaluation_in_Philanthropy_-_GEO_COF.pdf)

Stanford Social Innovation Review for the Aspen Institute Program on Philanthropy and Social Innovation <https://assets.aspeninstitute.org/content/uploads/files/content/docs/pubs/PSI-SSIR-Advancing-Eval-Practices-Philanthropy.pdf>

Toward a Common Language: Listening to Foundation CEOs and Other Experts Talk About Performance Measurement in Philanthropy
http://research.effectivephilanthropy.org/toward_a_common_language

Need Help?

African Evaluation Association, www.afrea.org

Rockefeller Philanthropy Advisors www.rockpa.org

Logic Model Design Tools: <http://www.trueimpact.com/logic-model>

CHAPTER 5: ALIGNING YOUR ASSETS WITH YOUR PHILANTHROPY

UBS

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From the so called first gilded age of philanthropy in the late 19th century right up until recently, philanthropists have tended to make their money and then give it away later on in life. You could say that there were two chapters in an individual's life, the part where they made their money and then, when enough had been accumulated, the part where they started to give it away. Both were separate and, mostly, completely unrelated.

Philanthropists today however are becoming younger than ever before, tending to make their wealth at an earlier age and give it away at the same time. These modern philanthropists also tend to take a more holistic view of their social footprint, by seeing value in the impact that their business activities can have on society and the environment, by linking their companies directly to their philanthropic entities and by looking to manage their assets in a way that supports their vision of a better world.

In short they recognize that their philanthropy in isolation can never be as successful as when all components of their lives come together.

With this vision in mind, this chapter will seek to shine a light on five key questions:

1. When and how should you give?
2. How can your assets and your philanthropy work in conjunction?
3. What should you consider when creating an endowment?
4. How to balance your investment and philanthropic goals?
5. How to maximize your impact through raising additional philanthropic resources?

When and how should you give?

Two common questions that are often asked are:

1. *When do I know that I have enough to start giving?*
2. *How, and how much should I give?*

These are questions that are as individual as the person asking it, and there is no one-size-fits-all answer. And there is a question that every philanthropist should ask themselves, prior to asking the above questions, "Why do I want to become a philanthropist?". Understanding your own motivations and the source of your passion, will help to guide you on your journey.

Most major religions put great emphasis on charitable giving, Tithing in Christianity, Tzedakah in Judaism, Zakat in Islam and Dāna in Hinduism, Buddhism and Jainism. And for many, their religious beliefs are what drive and inform their philanthropy. For others it is their life experiences, witnessing poverty or injustice at an early age, losing loved ones to an illness or accident, family values passed onto them by their parents or simply a vision of a better brighter future.



On pledging to give “not less than 50% of the funds” they receive from their family assets, Strive and Tsitsi Masiyiwa highlighted Apostle Paul as their motivator for doing so⁷. For Patrice and Precious Motsepe it was the “spirit of Ubuntu/Botho” and the ethics and morals passed onto them by their parents⁸. For Mohammed Dewji it was “having witnessed severe poverty throughout” his upbringing⁹. Every philanthropist has their own story.

For these individuals, and indeed all philanthropists, it is personal experiences and beliefs that help guide them in answering these questions. But what should be common throughout is a well-thought-out and considered strategy that will help ensure you are giving in a structured manner in a way achieves the greatest impact and that aligns with your values and your capacity.

When considering the best structure for your philanthropy, one will often be tempted to set up a private foundation from the outset. However, such a vehicle may not always be the most suitable solution, especially when only just commencing your philanthropy journey.

Other options include direct giving, discretionary funds, Donor Advised Funds, corporate foundations, impact investing etc. There are many ways to realize your philanthropic aims and in order to find the one that best works for you it is helpful to look inwards at your personal requirements and preferences, and outwards at what is most suited to your vision and strategy alongside what is most appropriate and possible in your own country.

How can your assets and your philanthropy work in conjunction?

Mission Investing is gaining significant traction amongst individuals who understand that making money and giving it away are not two totally distinct practices, but when interlinked, a robust tool to combat some of the world’s most intractable social and environmental challenges.

However, this practice is still not commonplace amongst African philanthropists. According to a 2014 published Trust Africa/UBS study on philanthropic giving by wealthy Africans – *Africa’s Wealthy Give Back* – mission investing is highlighted as one of the reports top seven recommendations to increase the impact of African philanthropy. But it is growing.

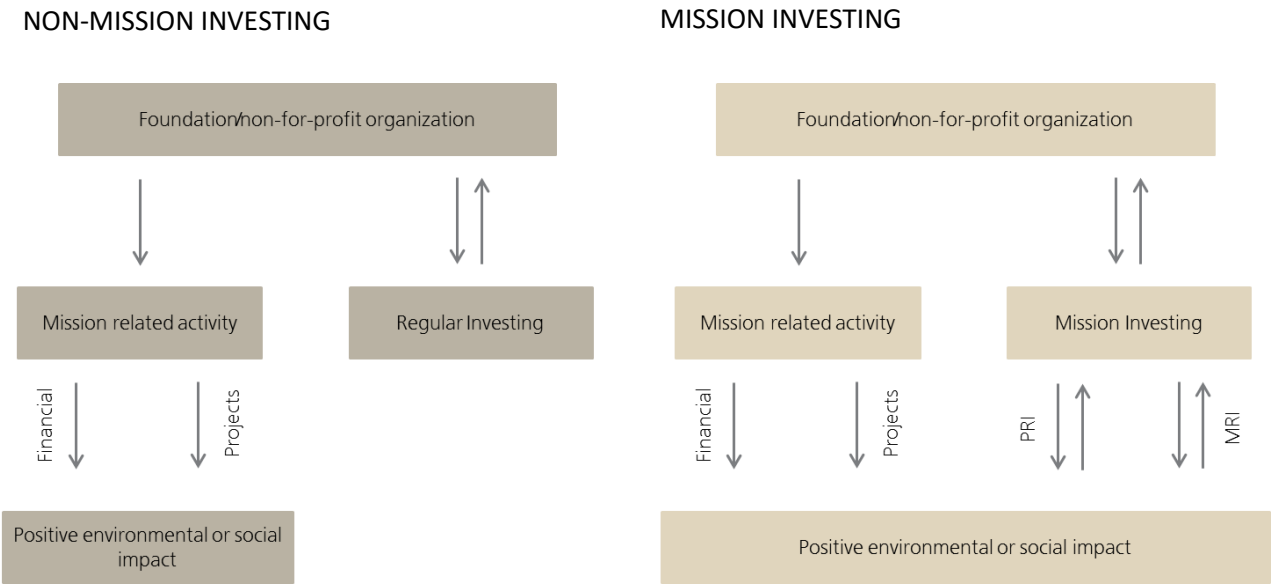
Simply put, mission investments are investments made by philanthropists and their foundations that are not just about the financial return, but take into consideration the societal or environmental impact of that return and in some instances, achieve a direct tangible social impact. These investments seek to add value to and support the philanthropic aims of the foundation or philanthropist. Such investments fall into two key segments:

<p>Mission Related Investing (MRI):</p> <p>The practice of aligning the management of assets with charitable purposes while sustaining long-term financial return. Many larger foundations are adopting these methods for their endowments so as to achieve a positive social or environmental impact while contributing to the foundation’s long-term financial stability and growth</p>	<p>Program Related Investing (PRI):</p> <p>The practice of investing in loans, loan guarantees, linked deposits, impact investments, that directly support charitable activities alongside seeing a return of capital. These investments are a valuable addition to a foundations grant giving activity, utilizing all available resources in support of the end vision</p>
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⁷ The Giving Pledge - <http://givingpledge.org/>
⁸ The Giving Pledge - <http://givingpledge.org/>
⁹ The Giving Pledge - <http://givingpledge.org/>



If managed correctly, all your assets, from financial to real, can be used to further your social impact beyond traditional grant making techniques. If managed incorrectly, they can have the adverse effect and, in the worst case situation, come into direct conflict with your philanthropic capital.



Source: UBS

The following are two examples, based on real life examples that illustrate this in practice.

Example A

A foundation had been supporting pulmonary health initiatives amongst impoverished children in a West African country for a number of years. On their investments side, unbeknownst to the founders, a portion of their assets were simultaneously being invested in high polluting companies in the same country. A study, undertaken by their foundation, revealed that the contaminants released from these firms in to the local biosphere were, in part, responsible for the pulmonary illnesses in children in the country. The founders were shocked to learn that their investments had been in essence fighting against their philanthropic capital and immediately amended their investment policy to ensure both their philanthropic and investment capital started to work in harmony.

Example B

A wealthy entrepreneur whose philanthropic activities were driven by his and his families firm religious beliefs, supported a wide variety of initiatives through his church aimed at helping disadvantaged entrepreneurial youth to become active, responsible and contributing members of society through setting up small businesses. On the investments side, he wanted to ensure that his financial assets were not only, not in contravention of his moral and ethical beliefs, but were also working to support his philanthropic vision. He therefore chose to exclude investments in so called sin industries – tobacco, pornography, arms, alcohol etc. from his portfolio but also chose to invest 10% of his assets in Impact Investments in SME’s in his home country.

In order to support the growing demand for Mission Investing techniques, a growing number of investment managers are seeking to offer tailored investment solutions to their socially and environmentally conscious clients. UBS for example offers three sets of investment strategies under the banner of Sustainable Investing to support its clients’ needs in this area:



Exclusion: This traditional and still most commonly used approach involves excluding individual companies or entire industries from portfolios if their areas of activity conflict with an investor’s personal values. This process, called exclusionary or negative screening, can rely either on standard sets of exclusion criteria or be tailored to investor preferences. For instance, investors may wish to exclude companies with 5% of sales or more generated from alcohol, weapons, tobacco, adult entertainment or gambling – so-called “sin stocks.” Exclusion is generally applied through publicly listed stocks and bonds.

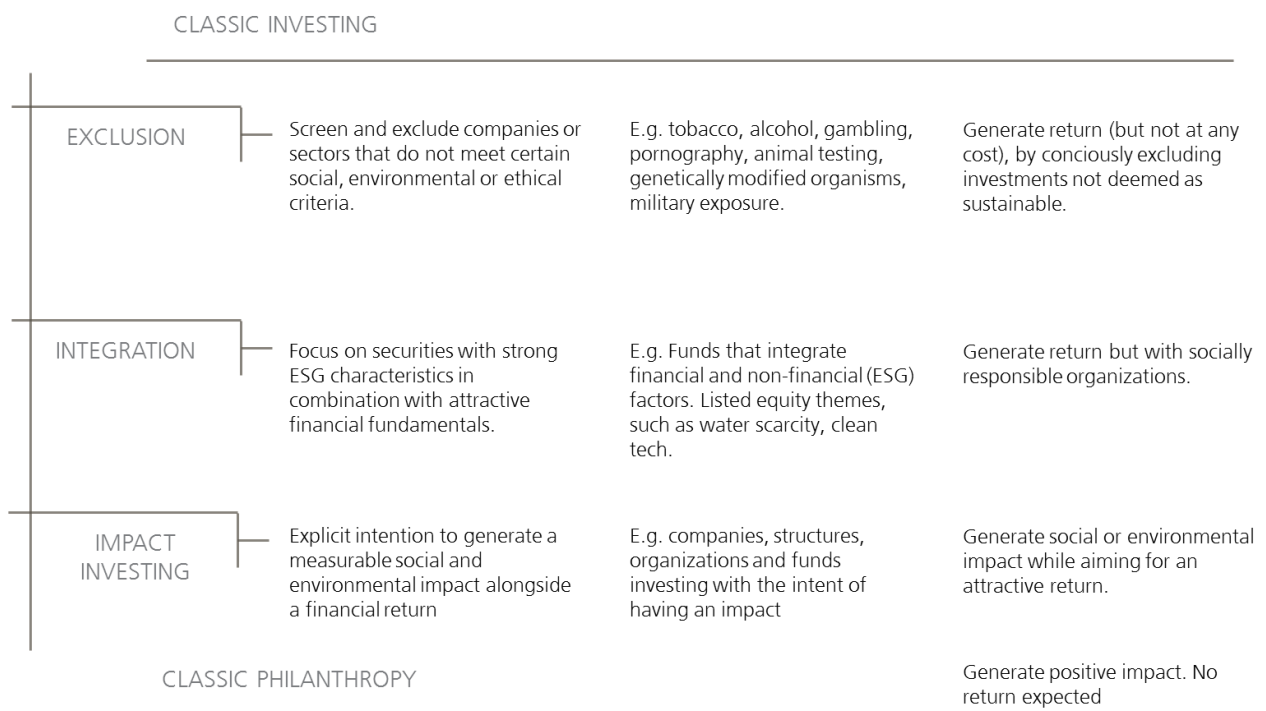
Integration

This approach centers on systematically combining environmental, social and governance (ESG) information with traditional financial considerations to guide investment decisions. Compared to exclusion, integration is more holistic, proactive and involves a higher level of expertise and data availability. This category includes two specific approaches that are often blended in practice:

- *Positive screening (also known as best-in class screening)* uses ESG performance criteria and financial characteristics to select the best companies within an industry or sector.
- *ESG integration*, unlike positive screening, seeks to incorporate material ESG risks and growth opportunities directly into traditional security valuation (e.g. through inputs such as earnings, growth or discount rates) and portfolio construction.

Impact Investing

This strategy differs from the previous two in its explicit intention. While exclusion removes companies which do not comply with investors’ values, and integration applies ESG considerations to security selection, impact investing explicitly aims to make a measurable positive environmental or social impact through the capital invested. Impact investing engages directly with companies and/or funds, generally through private market solutions, that intend to create measurable positive social or environmental outcomes alongside financial returns.



Source: UBS



Beyond investing for maximum return there is much more that your assets can do for your philanthropy. By reviewing your own asset management strategy, not only to see how it aligns with your philanthropic goals, but also by looking at ways you can give differently, new opportunities for imparting positive change will open up.

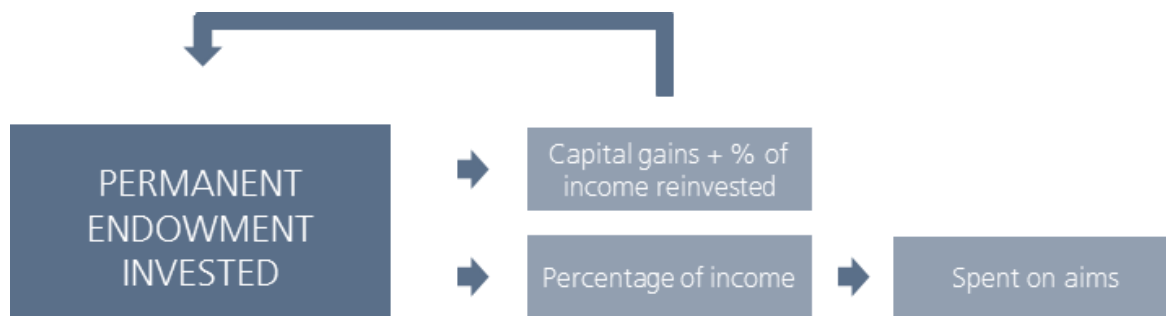
Remember that your assets are not just bonds, cash or stocks, they also encompass things such as art, buildings and intellectual property which can be gifted or loaned to organizations who have the capacity and infrastructure to put them to best use. It is also worth highlighting that these investment strategies are not just for those involved in philanthropy, but should be a consideration for all investors.

What should you consider when creating an endowment?

An endowment is seen as a powerful way to ensure long-term survival and sustainability of a non for profit organization ensuring a continuous, guaranteed source of income.

An endowment is essentially a separate investment fund where only a portion of the earnings or interest from the invested capital is used to fund the non for profit organization. Often this fund is managed completely independently from the non-profit, investing the principal capital in stocks, bonds, physical assets and other instruments. The initial seed capital is not touched so that the flow of funds can continue, and depending on the investment, withdrawal and usage policy (see Fig 2) increase, over time.


FIG 2: ENDOWMENT EXAMPLE



Source: UK Charity Commission

Although the practice of supporting a charitable foundation from a robustly seeded endowment is relatively commonplace in countries such as the US and the UK, according to the aforementioned Trust Africa/UBS study – *Africa's Wealthy Give Back* – they are not as commonly used by African philanthropists with only 8% of those interviewed for the report stating that their foundation receives funding from an endowment.

The report does however go onto mention the use of *Waqf* in places such as Kenya, Nigeria and South Africa. A *Waqf* is a religious endowment in Islamic law, typically through the donation of a building, a sum of money or plot of land for charitable purposes. The donated assets are held by a charitable trust and the profits of which are given away as charity. Today, a growing number of Islamic foundations in Africa are accepting donations as *Waqf*, investing the money and using the profits generated to fund their activities.



And there is a growing interest in both endowments and *Waqf* across the continent with notable examples such as the Tony Elumelu foundation, The Dangote Foundation and the Allan Gray Orbis Foundation whose endowment investments are said to be over \$100m each¹⁰.

When considering following suit and setting up your own endowment, there are three key policies which need to be finalized and, in some countries, legally formalized:

The investment policy: This policy lays out what types of investments a manager is permitted to make and dictates how aggressive the manager can be when seeking to meet return targets. This policy will need to be undertaken with a trusted investment advisor and should take into account the concepts noted in the previous section.

The withdrawal policy: This policy sets out stipulations around what percentage of funding the organization is permitted to access from the fund at any given time. The withdrawal policy is based on the needs, and sometimes legal regulation of the country of registration, of the organization and takes into account the amount that remains in the fund.

The usage policy: This policy details what the extracted capital can and cannot be used for and serves to ensure all funding is adhering to the original purpose of the endowment.

There are five items to think about when creating your own endowment in addition to the above:

- 1) How much is needed to start an endowment? This is perhaps the most common question and depends on a whole raft of factors such as the amount of capital needed to fund your organization annually, are there any other sources of income to the organization or ongoing income into the endowment (i.e. corporate profits, fundraising), what is the investment profile of the endowment fund, what is the growth/vision of the organization etc.
- 2) What is your risk appetite? And seek out an investment manager who can offer suitable strategies (in terms of historical return and risk)
- 3) Will the endowment be set up within your existing nonprofit organization or will it be a separate organization?
- 4) What are the tax implications and legal implications of setting up an endowment? Speak to your legal advisor, accountant and tax advisor on the most suitable way to structure your endowment.
- 5) What is the public facing rationale for your endowment? Some potential funders will question your need for additional funding if you already have a particularly large endowment. Turn it into a positive to show financial stability, professionalism, etc.

As with your foundation, proper governance is required, and again a legal obligation in many countries, for the management of your endowment. The Board needs to be a mix of individuals who have experience of the investment side, but also a passion for your cause. You also need to consider transition questions and the legacy of your endowment should the founder no longer be around to ensure the continuation of its intended use.

Example C: The African Academy of Sciences (AAS) based in Kenya, set up an endowment in 2001 with seed funding of \$5m received from the Government of Nigeria. The AAS uses the interest generated from investing the Endowment Fund to finance a portion of the operational and capital requirements of the Academy. A portion of the interest is also reinvested to compensate for currency degradation and inflation. The AAS Governing Council authorizes how the income from the fund is used and also approves gifts, cash and physical assets given as endowment. The Investment Manager, who is

¹⁰ Mail & Guardian 10.12.14 - *Africa's elite club of philanthropies getting to be the 'go-to' donors around the continent* <http://mgafrica.com/article/2014-11-25-africas-biggest-philanthropies>



currently the AAS' Chief Operating Officer, acts as the fund manager and decides where to invest the funds.¹¹

Meanwhile, purchasing power should be protected by capturing additional sources of return. In addition to the traditional "risk premiums" that can be earned by investing in public markets, the high share of private market investments means that investors can also capture returns from exposure to less liquid and less well-followed markets.

How to balance your investment and philanthropic goals?

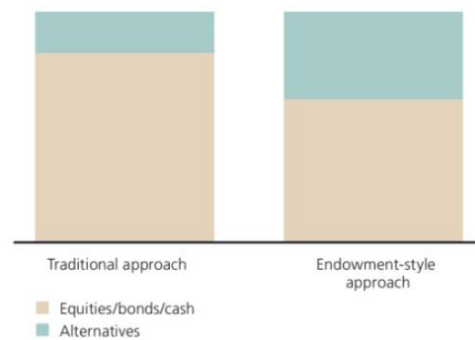
Over and above the setting up of an endowment, as you consider aligning your investment and philanthropic objectives you will need to balance all components of your asset management strategy to ensure that you achieve the ultimate objectives of:

- 1) preserving your capital
- 2) generating income (to meet your philanthropic commitments)
- 3) ensuring liquidity at the right time

The needs of some private investors have a lot in common with endowments; model portfolios of both need to provide recurring cash flow, while also preserving the purchasing power of the portfolio against inflation into perpetuity. The "endowment model," as pioneered by David Swensen, the CIO of Yale's endowment¹², aims to provide recurring income for an institution's operational needs (in Swensen's case, Yale University) while preserving the inflation-adjusted value of the assets granted to the endowment in perpetuity.

Many endowments have been highly successful in fulfilling this objective in recent years, the most notable being universities such as Yale. MIT's endowment for example has risen by an average of more than 10% annually, in Africa, the largest endowment is that of the University of South Africa, which between 2011 and 2015 rose by around 16%¹³.

Source: UBS



¹¹ African Academy of Sciences – Annual Report 2015 <http://aasciences.ac.ke>

¹² David Swensen – Yale University Pioneering Portfolio Management

¹³ University of South Africa – Annual Report 2015

<http://www.unisa.ac.za/Default.asp?Cmd=ViewContent&ContentID=16451>



These investors earn more return, with lower volatility. The key to their strategy lies in not limiting the scope of their investment universe. They take positions in asset classes worldwide, including niche and less liquid assets in private equity, real estate, hedge funds, and private debt markets. By diversifying broadly and accepting lower levels of liquidity, they are able to earn high returns.

So, how does it work? The key building blocks, in UBS's view, are some assets from public markets (bonds ranging from the safest government bonds to sub-investment grade bonds, and equities), and some assets from private markets (hedge funds, private equity and debt funds, and real estate). Endowment allocations typically have a much heavier weighting in private market investments than most traditional allocations held by private investors. This mix of assets meets the key criteria of income and purchasing power protection: income is provided by diversified streams: dividends from public equities, distributions from private equities, rents from real estate, and interest from a variety of fixed income instruments.

Endowment funds are generally created to last forever, in order to sustain the existence of a particular institution. This very long-term time frame calls for portfolio construction with different weights and asset classes other than entailed with traditional investments, one that focuses more on long-term performance and less on liquidity.

How to maximize your impact through raising additional philanthropic resources?

When Warren Buffet pledged to donate 83% of his wealth to The Bill and Melinda Gates Foundation in 2006, one could argue that the Gates's had just pulled off perhaps the greatest fundraising ask in history.

Yet there is little in the way of support for philanthropists, who wish to do the same and leverage their position, network and their capital, to raise additional funding and resources. There are any number of publications, websites, groups and forums to help guide professional fundraisers in their quest to secure support from companies, governments, institutions and indeed wealthy individuals, yet almost nothing the other way around.

Yet a growing number of philanthropists are seeking support in this area. Over the past few years for example, UBS Philanthropy Advisory has seen a marked increase in the number of philanthropists who have specifically requested advice on how they can access additional resources, financial and non-financial, from their peers. In many cases, the purpose being to help them set up an endowment fund.

The needs of a philanthropist are very different to that of a professional fundraiser, and so too are the outcomes if done well and indeed the possible repercussions if not. It can be quite a daunting prospect, not knowing where to begin, who to approach and how to actually make the ask.

Raising donations, often for no tangible return, requires significant thought and takes careful planning. It is not to be underestimated. It can be a challenging, time consuming and even costly undertaking. However, with proper planning and a sound strategy, it can bring significant, cost effective returns, and/or additional resources alongside generating publicity and awareness.

When considering fundraising for your own philanthropic work, you need to think clearly about the reasons why you want to fundraise, what are the principal drivers? Understanding your own motivations will help you frame your planning.



- 1) **Do you want to increase the scale of your work?** Most philanthropic causes are not isolated islands but intricately linked to numerous other denominators which means that issues are typically too large for any single philanthropist to tackle.
- 2) **Do you want to ensure sustainability?** However wealthy an individual, funds are not bottomless and their lives are not eternal. Building partnerships with other philanthropic individuals can help to ensure that support of the cause can continue, even if they are no longer able to support it.
- 3) **Do you want to inspire others to become philanthropically engaged?** Many philanthropists want their peers, like them, to use their wealth to help build a better world. Through fundraising, they want to raise awareness of the joy of giving and the ability to create impactful change.
- 4) **Do you seek public recognition for your philanthropic activities?** Some philanthropists seek acknowledgement for their philanthropic work, standing as a role model to others to help further the philanthropic landscape. Fundraising enables them to build a platform whereby they can target key audiences, to raise awareness of all they have achieved and want to achieve.
- 5) **Do you seek affirmation that what you are doing is has an impact?** Many philanthropists are successful business persons or entrepreneurs. In their professional lives, having someone invest in their business is the highest demonstration of accreditation. They mirror this belief in their philanthropic undertakings too.
- 6) **Do you belong to a board or are a trustee of a nonprofit?** Many philanthropists have a specific role with third party nonprofit organizations and these posts often come with job descriptions, which more and more encompass a fundraising directive.

Once you are clear on your own motivations, you need to think about your target audience and ask why they would support you:

Why would they donate?

- You have earned their trust: *You cannot underestimate the power of being asked by a peer; many will find it hard to say no.*
- You will make giving simple for them: *Impactful philanthropy is challenging, you could be offering them a simple way to give effectively*
- You will show them a powerful cause they don't yet know about: *You might be opening their eyes to a cause they are not yet aware of*
- You can offer them interesting networking opportunities: *You might be providing them with a forum to work together with people they are interested in meeting*
- You can offer an attractive and exciting way to give: *Altruism may not be their sole key driver and you could be offering them a joyful way to give such as an auction*

These questions sound simple but key to fundraising is knowing the motivations involved, yours and your target audience. Understanding these will help you craft a robust plan of action.

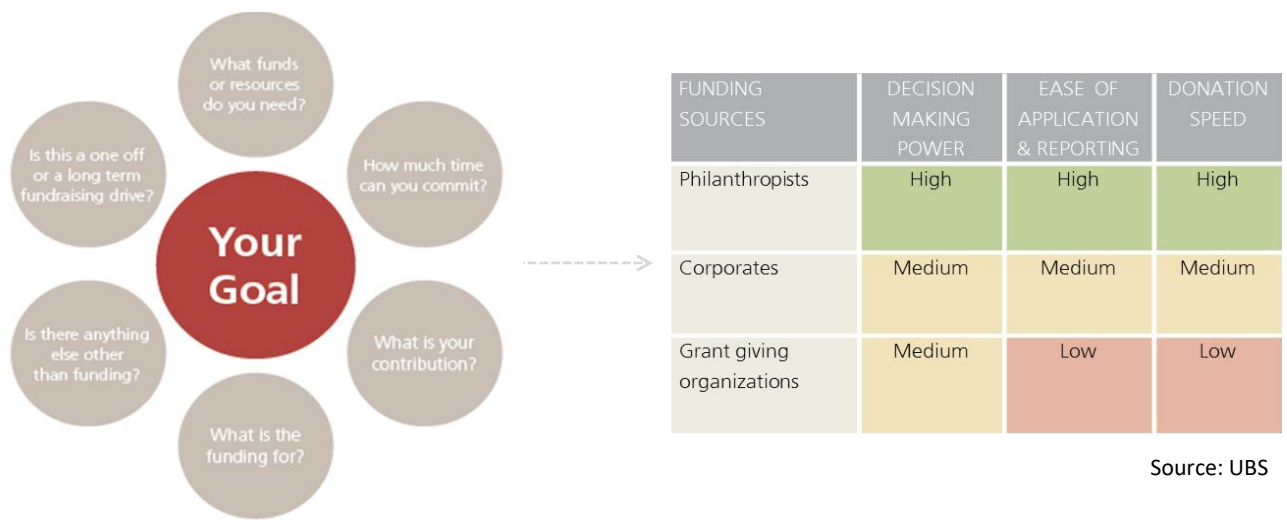
During the planning phase use the opportunity to take a step back and look at your philanthropic work as a whole. Are your vision, your mission, and your ultimate strategy clear? Are they simple for others to understand? If not, take the time to address any causes for concern.



As with any project, the best way to commence your fundraising plan is to visualize what the desired end goal should be. In a philanthropic context, that can be both a simple and complex task as the outcomes typically have a range and any amount of funding will be of benefit. So set yourself a financial target which is linked directly to the tangible result that will be created by this funding.

Then think about who you are going to approach and how, all the while taking into account the answers to the above question, *why would they donate*.

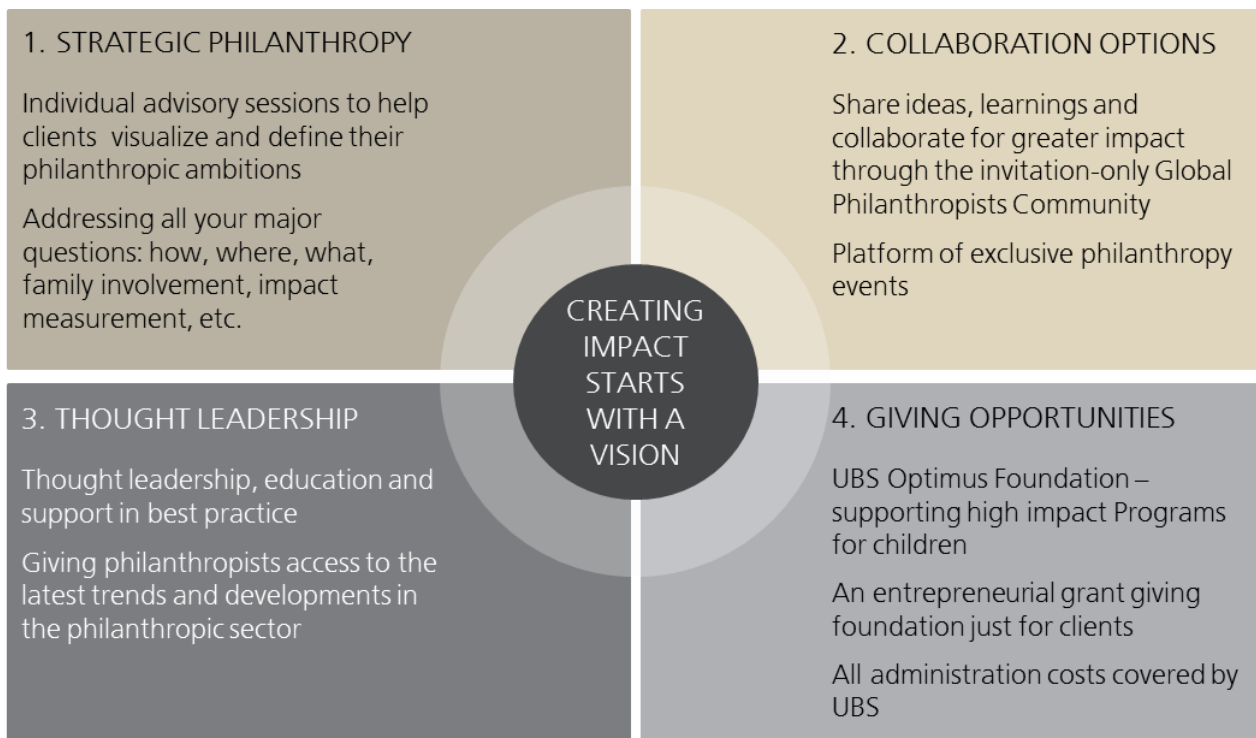
FIG 3: FUNDRAISING: FROM PLAN TO APPROACH



Conclusion

UBS has been offering philanthropic advice to its greatest clients since 2004 and its team of experts, who themselves have come from backgrounds in the philanthropic sector, are based on four continents in six regional offices and encompass dedicated support specifically for our African philanthropic clients. The focus is on offering tailored solutions no matter at what stage of a philanthropic journey these individuals find themselves.

The offering has four key parts:



Source: UBS

UBS believes it has a responsibility to help its clients get the highest return for their investments, be this with their regular financial investments, or with their philanthropic funds. The UBS Optimus Foundation provides clients with a best in class grant giving foundation. The UBS Philanthropy Advisory team helps clients to make their philanthropic work as effective and efficient as possible. This chapter has been written using two key handbooks developed specifically for wealthy philanthropists and social investors, the *UBS Philanthropy Compass* and the *Fundraising Guide: A resource for philanthropists*. These guides, alongside a number of thought leadership reports, notably the UBS/Trust Africa report - *Africa's Wealthy Give Back* - are freely available to download via the UBS philanthropy webpages - www.ubs.com/philanthropy.

Information regarding Sustainable Investing and Impact Investing has come from the UBS Chief Investment Office (UBS CIO) which provides a range of investment publications via its webpages www.ubs.com/cio. UBS CIO provides clients with thought leadership and investment advice in the sustainable and impact investing space. UBS CIO experts work closely with organizations including the World Economic Forum, the World Bank, United Nations, the G8's Social Impact Investment Taskforce on new and compelling investment approaches to address social and environmental challenges. UBS was also a founding member of the Global Impact Investing Network.

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CHAPTER 6: COLLABORATION AND PARTNERSHIP AS A VEHICLE FOR SCALABILITY

By Amanda Bloch – Director GastrowBloch Philanthropies

Introduction

The issue of scalability has become an important focus for many philanthropic entities as it is a measure of success if a project can be rolled out beyond its initial pilot phase. Whilst scalability is desirable in the business sector as it implies increased profits, great care has to be taken in the social sector as effectiveness and success is heavily dependent on context. What works in one social context many not work in another and therefore if scalability is required, the model often has to be adjusted to fit another context, which could even be another neighbourhood down the road. Equally, social context is impacted by the political and economic realities of the day which are also ever changing and therefore impact on scalability.

However, having made the decision to give using a formalised structure such as a foundation, ensuring the appropriate governance is in place along with sound financial and administrative management and having identified and implemented successful grants with positive outcomes and impact, the next step for many is to explore the development of partnerships that enable scalability and thereby impact.

Partnerships are critical to large scale impact. Philanthropists will need to work with other donors [including other philanthropists, corporate social investment representatives, development agencies, aid agencies, impact investors, venture philanthropists and others] along with stakeholders from the public and private sector and most importantly civil society if they want to be part of large scale impact.

In relative terms, philanthropy generally has the least available financial resources when compared to government for example. However, it has enormous convening power as well as the ability to leverage funds for partnerships and collaborations that would not otherwise materialise.

Collaboration is not a natural state of being. These relationships need to be worked at, evaluated and re-envisaged from time to time and open to new partners. Communication between partners is key not just in shaping a shared vision and desired outcomes, but in terms of simple operations, administration and implementation.

The development landscape is an ever changing horizon affected by a myriad of realities not least of which are political and socio-economic realities. These include the current disruptors of climate change, migration, technology and corruption etc. When things go wrong or success is compromised, this is not necessarily because of poor partnerships, but rather as a result of context, situation and circumstances. Expectations may have to shift accordingly and communication is absolutely key in managing these.

Defining partnership in the philanthropic sector

Partnerships in the usual sense refer to an arrangement in which two or more individuals share the profits and liabilities of a business venture. These profits and liabilities may be allocated in different share as would the workload to generate the profit.



In the philanthropic sector, partnerships cannot be viewed simply as business arrangements out of which profit is gained. Rather, in my view, they should be viewed as collaborations of individuals and/or organisations with mutually held objectives where the outcome is social development, empowerment, enablement and upliftment rather than profit. These collaborations are deeply steeped in relationship building.

These relationships can be between philanthropists themselves, between government departments or agencies and philanthropists, between philanthropists and corporate structures and between philanthropists and civil society organisations or anchor institutions such as universities. Successful partnerships are, however, strongly dependent on the choice of the institution, non-profit or civil society organisation that undertakes the work on the ground. This is, in fact, the key role player in the continuum of development actors.

Partnership does also not necessarily imply creating a legally defined relationship. Networks and peer learning forums are also a form of partnership that can result in significant collaborations which are almost the unintended consequence of these forums. These networks can be solely for the purpose of bringing philanthropists together or they can be aimed at sector learning such as those forums that focus on, for example, donors and organisations working in the education sector.

The power myth

Another notion to consider is that in business partnerships ordinarily there is equality of power. It has been my experience that in relationships developed in the philanthropic sector there are some real and perceived power imbalances related almost always to who gives the money and how much is given. Agendas are often driven and set against this. This unfortunately plays a significant role in the destruction of relationships and can compromise the outcomes originally envisaged by the partnership.

Individuals and organisations do not always hold the same views and values as their partners and, in order to collaborate successfully, there will need to be a certain level of negotiation and concession on the part of all parties. Often the hurdle to taking a successful initiative to scale, enabled by philanthropy and implemented by a civil society organisation, is an unwillingness to make concessions which allow other partners into the door. All parties should be accountable to each other and roles and responsibilities defined upfront.

Collaboration is a powerful vehicle to amplify resources and thereby effectiveness and impact. However, whilst the motivation to collaborate is clear, successful teamwork amongst philanthropists in this regard is rare.

According to Bridgespan's article *How Philanthropists Can Collaborate for Better Results*¹⁴:

“few donors have advanced beyond information sharing and grant coordination. In fact, it's unusual for donors to form joint endeavours that pool money, time, and talent to advance a shared vision with multiyear goals, largely because collaborative efforts include realities that may be difficult for many philanthropists to accept. By its very nature, donor collaboration places results ahead of recognition for an organization or individual, and it involves large commitments of time and money, a loss of unilateral decision-making control, and the possibility that everyone taking part could lose prestige if the project doesn't work out.”

¹⁴ <https://www.bridgespan.org/Philanthropy-Advice/Philanthropist-Collaboration/How-Philanthropists-Can-Collaborate-for-Results.aspx#.V9-eNfB96M8>



Why collaborate? The positive benefits of collaborative funding efforts.

The myriad of challenges facing society and the development sector in general are so significant that even the largest philanthropists cannot achieve impact alone. In South Africa this is especially true given the decrease in government support for civil society organisations and the ever-growing demand on them.

According to *Learning and Working Together: A Framework for Donor Collaboration*, it is very difficult in these circumstances for funders to identify an issue, implement a solution and measure progress. *“Instead, funders can identify and engage an array of stakeholders to build a shared understanding of the problem, mobilize resources that match the scale of the challenges, and work together to test a range of possible solutions.”*¹⁵ This access to pooled knowledge, information, expertise and skills is key to scaling solutions.

Philanthropy is not answerable to citizens or shareholders and as such is able to take risk. In so doing it can be more innovative in what and how it funds than governments and corporations. Philanthropy can, through the funding of innovative pilot projects, act as a lever for taking successful innovations to scale in the broader context.

Despite philanthropic appetite for risk, scaling these innovations often carries a far greater risk than that implied in a pilot project. As a result, such collaborations should allow for the risk to be spread across the stakeholders.

Networks and collaborative structures illuminate commonly held values, practice and implementation. In so doing they enable a more optimal use of resources [financial and other], the avoidance of duplicate interventions or initiatives and the development of a community of practice.

Partnerships allow for increased voice and visibility of the challenges and initiatives as potential solutions. The bigger the voice behind the problem, the greater the public consideration and responsiveness. This provides a platform for activism and can in and of itself lead to shifts in values and behaviour.

Obstacles to successful collaboration

Finding partners

Potential partners are not always easy to find. Philanthropists often operate in silos or under the proverbial radar; there is no directory of private individual philanthropists or foundations which can easily be accessed and most often their private contact details are hard to come by. In this regard networks are key and more important is joining the most appropriate philanthropy network relevant to the context in which you want to achieve impact. Networks grown locally and organically in the relevant context are invaluable sources of peer learning, knowledge sharing, developing a community of practice and a forum for collaboration.

Collaboration and networking enable organizations to extend, and thereby improve, their outreach abilities in order to serve as many target groups and individual beneficiaries as possible.

¹⁵ “Learning and working together: A framework for donor collaboration” by Barbra Dale Jones for Bridge 2015



Equally difficult is the challenge of finding the right people in the relevant government departments and structures to work with. Government representatives change regularly, whilst government policy also changes, and the promises of today are not always the actions of tomorrow.

Different stakeholders have different motivations.

Usually philanthropic motivation is altruistic with the desired return on investment being social return in the form of development, empowerment and upliftment.

Government motivation is linked to political agendas and election promises with development goals defined by these. The return on investment government seeks is not altruistic in nature.

Corporate social investment is ultimately driven by the company's bottom line. If it's good for business to do good, then it will invest in those opportunities. Usually the investment has a financial return for the business in the form of client loyalty, brand building, broadening the customer base, accessing the target audience and creating a pipeline for employees along with improved public reputation and building corporate social capital, making it more attractive to investors.

Civil society organisations have as their goal creating interventions, disruptions and programmes that address the needs of their specific causes and are relevant to their specific communities and constituencies, whether geographical or membership-based. Some organisations have systemic development solutions as their goals and others operate in a charitable paradigm with the alleviation of the plight of the disadvantaged as their goal.

International aid agencies have as their motivation the provision of relief; However, this is not always carried out in the absence of a political agenda. Whilst they claim to build partnerships, many indigenous organisations are negatively affected by powerful, globally connected aid agencies that set the development agenda according to their perception of what is required. Local entities, therefore, should be conscious of all agendas related to international aid be it private or government related.

Whilst different values, motivations and agendas can be barriers to collaboration; they can be understood, negotiated and ultimately a solution agreed upon which serves all parties. Key to this outcome is ensuring the key leaders with the right authority come together to set the collaboration in motion. Trust and communication are imperative in this relationship.

A driver or champion

Collaborations and partnerships take time, effort, energy and resources. In multi-stakeholder relationships the lack of a strong, dedicated and credible driver, who takes ultimate responsibility for the process, could result in failure of the best intentioned endeavours.

Timing

The timing of an intended collaborative effort needs to be right. Often, no matter how well intentioned and how successful a project is in the pilot phase, taking such an initiative to scale will rely on the right timing in terms of the environment and context, special opportunities that may coincide with political or leadership change and/or a simple crisis situation which creates an opportunity for shared aims and objectives.



Flexibility

Flexibility on the part of the stakeholders and the ability to adjust or adapt to changing circumstances will be key. A lack thereof or an unwillingness to be open to innovation can compromise collaborative efforts even in the presence of mutually held objectives.

Initiating Collaboration

Bridge is a South African organisation that focuses on improving the quality of teaching and learning in South Africa. Through linking people, sharing knowledge and supporting communities of practice, it has developed substantial skills in collaborations and partnerships. This section of this paper is based on lessons learned by Bridge and presented to a symposium of the Independent Philanthropy Association South Africa in 2015.

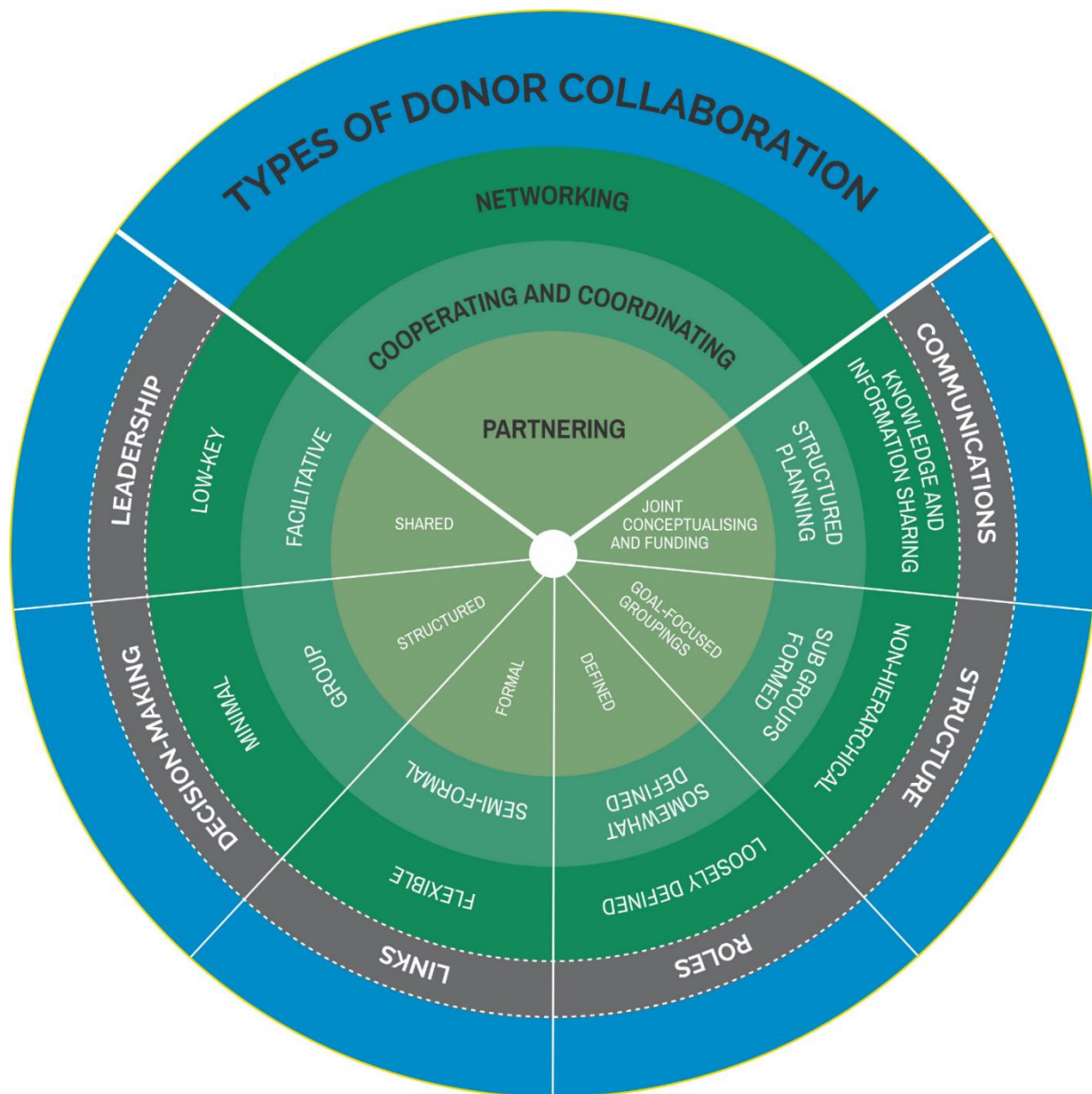
Key steps to initiate collaboration

- 1 Start by inviting other funders to get together to discuss experiences and ideas. An informal meeting with other donors can provide an opportunity to compare notes and explore similar interests
- 2 Identify questions and issues you are jointly interested in exploring
- 3 Be clear about your understanding of the benefits and goals of collaboration
- 4 Select the level of collaboration you feel is appropriate
- 5 Define expected outcomes. What will be accomplished? What impact will this collaborative relationship have on knowledge acquisition, current and future giving, and on the chosen issue or problem? What will be different if this collaboration is successful?
- 6 Assess the commitment that will be required. What resources (including both time and money) are required for participation and how significant is this commitment? Will the potential benefits be worth the commitment?
- 7 Make sure that the rules are clear and workable. Consider questions such as the following:
 - a. Will there be a memorandum of understanding or operating agreement that specifies what is required for membership, how decisions are made, who will provide leadership, what processes will be used for ongoing communication, the expected timeframe for initial commitments etc.
 - b. Do all involved funders have an equal voice in making funding and overall governance decisions?

- c. Does the collaborative have a mechanism for evaluating the results it achieves

Collaboration Framework for Funders¹⁶

A summary of the nature of the different types of collaboration



¹⁶ "Learning and working together: A framework for donor collaboration" by Barbra Dale Jones for Bridge 2015

CASE STUDY 1

IPASA - Independent Philanthropy Association South Africa

IPASA is a locally established, voluntary association of independent philanthropists and private foundations in South Africa that share a common purpose. IPASA's key purpose is to extend the reach and impact of philanthropy while representing and promoting the common interests, concerns and objectives of its members.

IPASA has at the heart of its mission to promote, support and advance independent philanthropy in South Africa through growing and transforming philanthropy in South Africa, being a voice for independent philanthropy in South Africa, promoting good practice in Philanthropy and supporting collaboration in philanthropy.

The establishment evolved from the reality that there was little or no communication and collaboration between philanthropists and foundations despite there being significant alignment both in terms of sector support and objectives. South African philanthropy operated in silos and maintained privacy as a priority.

In 2015, members decided to reconstitute and formalize the entity as a voluntary association with a written constitution which provided for the establishment of a legal identity, separate and distinct from its members.

By associating as IPASA, philanthropists contribute to a learning agenda, enabling thought leadership amongst members, who come from diverse backgrounds and practice. This facilitates collaboration and builds a culture of giving. The power of IPASA lies in its ability to bring organisations and communities together who would not otherwise meet.

The focus of the network was initially aimed at developing trust between members, transparent communication, networking, knowledge sharing, peer learning and building relationships. However, as a natural consequence of the trust that grew within the network and the alignments that organically emerged between the members, structured partnerships have been a significant outcome.

These collaborations have not necessarily involved the pooling of funding or initiating a common project or programme, although this has emerged in some cases. Members have acted as conveners, bringing together a range of stakeholders for the benefit of positive outcomes both for IPASA, its members and for the donor community and civil society in general.

These have included:

- a. Quarterly fora which provide the opportunity for peer learning, developing a community of practice and engagement with invited stakeholders
- b. Annual symposia exploring the external environment and the context in which philanthropy operates drawing on inputs from thought leaders, policy makers, technical experts and civil society representatives
- c. Informal affinity groups of donors in the sectors of education, the environment, social justice and health which have in turn joined more formal affinity groups and networks
- d. Networking events between the members and corporate giving sector representatives with the aim of seeding collaborative efforts
- e. Fora with various government role players including the National Treasury and South African Revenue Service with the aim of gaining better insights into the workings of government to create a more enabling environment for philanthropy.



Additional benefits of associating as IPASA include

- a. A confidential space to share experiences, concerns and challenges with others working in the sector.
- b. Strengthening your networks.
- c. Exploring philanthropic challenges and potential solutions with others.
- d. Opportunities to collaborate and build partnerships with associated funders.
- e. Building a community of “best practice” and grantmaking ethics.
- f. Enhancing understanding of the South African developmental context and civil society space.
- g. Promotion of a more enabling fiscal and legal environment for philanthropy.
- h. Potential to engage with international philanthropic entities and networks.

CASE STUDY 2


The following case study was presented at an IPASA Symposium as an example of sectoral collaboration and taking an initiative to scale. It is an extract from “Leadership for Biodiversity – Principles and Practices in the GreenMatter Programme for Transformation and Capacity Development in South Africa” by Eureka Rosenber and Sibusiso T. Manzini

GreenMatter¹⁷

The Lewis Foundation, a conservation-focused donor, and the South African National Biodiversity Institute (SANBI) have collaborated successfully on GreenMatter. Launched in 2010, GreenMatter is a public-private partnership programme for graduate level skills development and transformation in biodiversity. GreenMatter is implementing a Human Capital Development (HCD) Strategy developed in response to the call in the National Biodiversity Strategy and Action Plan to address the shortage of skilled personnel, particularly black people, in critical areas of biodiversity research, management and conservation.

After a strategy review in 2008, the Lewis Foundation decided to focus on long-term projects that would catalyse systemic change. A consultative process showed that there was poor capacity in higher level biodiversity skills and general human capital development in the sector, and that this poses a significant risk to the current and future management of biodiversity in South Africa. The need for a human capital development strategy in the biodiversity sector became the Foundation’s area of focus, and collaboration its method of addressing this strategic area. SANBI was chosen as a partner as it had a mandate from the department of environmental affairs. GreenMatter was launched with just a memorandum of agreement between the two parties. This is an example of a donor collaborating with

¹⁷ “Leadership for Biodiversity – Principles and Practices in the GreenMatter Programme for Transformation and Capacity Development in South Africa” by Eureka Rosenber and Sibusiso T. Manzini



a government partner through developing a vision of systemic impact and creating an initiative that is by the sector for the sector.

GreenMatter's strategic foundations are solid, with high investment into this phase of the collaboration. As GreenMatter moved from planning into implementation, the nature of the capacity building required crystallised.

It became evident that while numbers and qualifications were important goals (e.g. to increase the number of black post-graduates in the field) some subtle, less tangible aspects were also highly significant. Many of the biodiversity workers we consulted felt that the quality of the leadership in the field needed to be strengthened. Others mentioned that not only the number of mentors needed attention (there were too few) but also the quality of mentoring relationships, as mentoring in many organisations was plagued by mistrust with racial and political roots, and inter-generational differences in expectations.

It also became apparent that while black students now had political and financial access to higher education and science careers, it was not enough. Outside of the mainstream of highly educated and employed society, youth from remote rural and equally marginalized township schools were finding it difficult to move successfully from first degrees to further education and into suitable work places, despite having financial support. Other forms of access needed attention, too, for example, access to academic and professional networks and career guidance.

In response, GreenMatter undertook to strengthen networking, mentoring and career guidance. They also started a sector-wide conversation about leadership. "The participants in this conversation distilled the idea of leadership for biodiversity as distinct from leadership in biodiversity". GreenMatter has also developed a Fellowship programme which now provides graduate students and employees with access to funding and support to develop higher-level skills. In the Fellowship, graduates and young professionals are also encouraged to pair with mentors, often seasoned professionals, in a more structured and potentially longer-term relationship.


The relationship between the Lewis Foundation and SANBI was described by a representative of the Lewis Foundation as 'rocky' in the beginning. Issues arose related to territory, mandate and trust. The Lewis Foundation wanted excellence and the right people for the right job, while SANBI had to deal with matters of government mandate and transformation. However, there was real commitment from both sides and they developed a superb strategy that was insightful, in-depth and layered. Both partners also agreed that GreenMatter should not be about ownership and that implementation should be through partnership. Partners were brought in to do specific things, which helped to make this a sector-led initiative.

GreenMatter has a lean core team, consisting of a director, a fundraiser, and a marketing and communications specialist. The brand is a 'cause brand', and anybody can use it as it represents Human Capital Development (HCD) for biodiversity. The partners insist that it is bigger than individual organisations. It has a brand and a profile and stakeholders see it as a sector-based organization, which is not owned but exists to develop human capital. However, the partners have recently undertaken a process of organisational development and feel GreenMatter now needs to be taken to the next level as an independent entity, rather than a Lewis Foundation programme.

Sustainability will depend on both the ability to raise money and on getting the sector to own the brand. GreenMatter needs to exist in a form suitable for these purposes.

This case study illustrates several lessons:

- a. Collaboration responded to a clearly defined need agreed on by the partners;
- b. Timing was crucial in the sense that the intervention reacted to current concerns in a sector;

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- c. Developing trust was the first and most important factor in their collaboration;
 - d. The stakeholder engagement process identified the priorities for HCD in the sector, and developed the vision and strategy of GreenMatter;
 - e. A core team with key skills was critical to ensuring that the strategy remained on track;
 - f. Appropriate partners were brought in when needed;
 - g. No ownership by any donor has been a key enabling factor, but champions and drivers are vital; and
 - h. A developmental and flexible approach with democratic patterns of governance, hosting and responsibility has been essential.

Ultimately, the Lewis Foundation sees itself becoming less and less important in the work. It is prepared to go the distance but wants to reduce dependence on it. It has seen itself as a catalyst; now it is pushing for sustainability. Success is defined as no longer being needed.

Concluding Remarks

The nature and scale of the problems affecting society in Africa at present require large scale interventions and solutions which would result in systemic shifts both in terms of delivery and policy. In the current political and economic climate government alone cannot achieve this without the support of the private sector [business], philanthropy and civil society. Collaboration and partnership are key tools to achieve this.

Philanthropists are crucial role players not necessarily in terms of the collective funding they can provide, but in terms of their power to convene and act as levers for collaborations and partnerships; their appetite for risk, their independence from bureaucratic rigidity and their ability to move quickly in an ever changing environment.

If one accepts that all social investors across the continuum are committed to the growth and development of the sectors in which they work or invest, then one must conclude that collaboration is key and must be adopted.



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