



African
Philanthropy Forum

Promoting homegrown development in Africa

TOOLKIT FOR AFRICAN PHILANTHROPISTS

| Volume Two

Introduction

Incredible progress has been made around the world, these have been made possible not only by the huge contributions made by governments or international donor agencies which account for the vast majority of development funding but also by the generosity of philanthropists, foundations, the charitable giving of individuals across the world, and the efforts of the poor on their own behalf.

The Sustainable Development Goals (SDGs) are a reflection of a collective ambitious plan for all of humanity and the planet in which we all live. This requires significant mobilization of investments, resources and capacities to be achieved. The overall financing for the SDGs requires a complex mosaic of all sources of financing in a structured and interactive manner and a look at the state of development funding shows a stark contrast between the price tag to eliminate poverty and protect the planet by 2030, and the actual financial resources that are available.

Honoring this goal requires transitioning from business as usual and while this transformation requires changes in mindsets, behaviors , realigned systems, innovation and cooperation. This transformation also requires that Financing must be sustainable. Philanthropies, International Development Agencies, Governments, or Private Institutions must direct focus and resources into sustainable investment.

The African Philanthropy Forum (APF) seeks to galvanize action on sustainable financing for development in Africa and following on from our work in volume one of this toolkit, where our focus was on making a strong case for giving especially from the African Continent to the African Continent, the purpose of this toolkit is to present practical steps needed to increase investments, improve sustainability and inclusivity, boost cross sector cooperation and promote innovation and good practice within the philanthropic space.

The structure of the toolkit is generally undisputed. It is divided into 5 chapters, each addressing an aspect of sustainable philanthropy. What is notable throughout and what raises the work far above a simple manual/toolkit is the elegance of the prose, the underlying principles well laid out and the intense practicality of the toolkit.

The steps demonstrated in the five chapters are transparent, straightforward and can be quickly applied to get solutions. They do not require any specialist skills or fancy mathematical talent although the writers do show when more sophisticated analytic techniques may be required.

Chapter One – Creating an Effective and Sustainable Grant Making Process works the reader through the three broad phases of grant making and provides general guidance on the grant making cycle as well as best practices. It provides anyone - a newbie in grant making, a grantee, an experienced grant maker, or a grant making organization with tools and principles you can deploy and lessons you can learn from.

Chapter Two – Innovation in Philanthropy provides the reader with recent financing innovations piloted in the world of philanthropies and other development financing agencies and the impact such innovation in financing has had. Through case studies and relatable examples, interesting concepts such as Social Impact Bonds (SIBs), Blended Financing and Development Impact Bonds (DIBs) are highlighted.

Chapter Three - African Value-Driven Philanthropy with Innovative Impact: From Global Ethics to Local Action introduces a few terminologies - motivation, values and virtues and the fundamental role they play in driving Philanthropy. Through activities, images and examples it aims to help philanthropists shape their aspirations whilst guiding foundation leaders in their strategic thinking, innovation and governance around issues such as Cross Sectoral Networking, alignment to the Sustainable Development Goals (SDGs) and Methods of Fundraising.

Chapter Four – Africa's Next Generation of Givers: Guidance for Creating and Managing a Philanthropic Legacy calls on wealthy Africans to create legacies through philanthropy. It starts off by making a case for philanthropy and its ability to unite generations and goes on to provide guidance on key factors to consider before starting a foundation and what formal structures need to be in place. This chapter ends on a strong note, by creating a bridge between philanthropy and our path to ending inequality on the African continent.

Chapter Five – Strategic Giving Without a Foundation: A Practical Guide is a chapter for all who believe there isn't one single true path to philanthropy and that the act of giving should be done without the need for public praise as a return investment. It provides would be philanthropists with a workbook on the what, how, measurements and benefits of strategic giving. The writers' use of African context examples gives room for inspiration and also provides conceptual and practical approaches to follow to ensure that individuals without foundations can also give strategically to courses that drive development, impact and sustainability.

Sustainability and Impact should be at the core of every Philanthropic agenda. Now, we have a guide on how to do it right. This guide gives readers and practitioners an overall introduction to sustainable philanthropy management.

We hope this toolkit will remind everyone the role philanthropy plays and how it should be done. Philanthropy isn't like business. We don't have sales and profits to show, neither do we have share prices to report. But there are numbers and indicators we must all watch closely to guide our work and measure our progress.

Our goals are shared and we are all in this together.

Tsitsi Masiyiwa

Board Chair, African Philanthropy Forum

About African Philanthropy Forum

The African Philanthropy Forum (APF) was launched in 2014 to bring together a diverse community of partners who are united by their passion and commitment to see inclusive and sustainable development in Africa. APF is affiliated with the Global Philanthropy Forum, a global community of over 1,800 donors and social investors committed to international causes.

Since the journey began at APF's first conference in Addis Ababa in 2014, we have increased our footprints to eleven additional countries including, Cameroon, Cote d'Ivoire, Egypt, Ghana, Kenya, Morocco, Nigeria, Rwanda, South Africa, Tanzania and Uganda. APF has also reached philanthropists and social investors in the diaspora through its international meetings in London and New York. Beyond these convenings, APF has strengthened the capacity of givers through Volume 1 of its Toolkit for African Philanthropists and Why Give Series, which consists of interviews with Africa's strategic philanthropic leaders, showcasing their motivations for giving.

To date, APF has reached approximately 1,900 philanthropists, social investors and key stakeholders in the philanthropic space across Africa and the world; thereby facilitating collaborations, amplifying the work of change makers and sharing best philanthropic practices and strategies for promoting homegrown development. We are proud of how far we have come and excited about the potential of philanthropy in Africa and the future of the continent.

Mission Statement

The African Philanthropy is a strong and vibrant community of partners who through their strategic giving, investments and influence, foster shared prosperity on the African continent.

Vision Statement

To transform the culture of giving on the continent to the extent that it exceeds development aid by 2030. (*USD 42bn FDA in 2017, source: UNCTAD Report*)

Become a Member

Join a community of givers to learn, share and be equipped to give more effectively and strategically for desired impact. 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 open to:

- Emerging and established African donors and social investors who have made, or plan to make, a significant commitment to philanthropy
- Family Foundations
- Corporate Foundations
- International Foundations committed to development on the African continent

To join the APF, send an email to apf@africanpf.org. For additional information about APF, visit <https://africanpf.org/>

About the Toolkit

The Toolkit for African Philanthropists is a dynamic document, to be constantly adapted to fit the current environment of philanthropy in Africa. The first edition of the toolkit was developed in 2016 to provide practical knowledge and tools to inform emerging philanthropists on their decision making and enables them to build strong frameworks and/or institutions for strategic giving. It consisted of 6 chapters contributed by leading experts, practitioners and philanthropists including Katja Schiller Nwator, Charlotte Ashamu, Sarah Rennie, Mwihaki Kimura Muraguri, Christoph Courth, and Amanda Bloch.

To access the first edition toolkit:

<http://africanpf.org/wpcontent/uploads/2017/06/ToolkitforAfricanPhilanthropists1stEdition-2.pdf>.

With a bold new vision which will see African philanthropists take the lead in giving to solve the continent's development challenges by 2030, APF brings the release of the second edition of the toolkit. This practical handbook, comprises of visual and written teaching aids, and includes relevant content to enable philanthropists amplify their impact across Africa.

Leading experts, practitioners and philanthropists in the development sector have contributed chapters to this toolkit, either in their personal capacity or as representatives of an organization. It has been edited by APF Executive Director, Mosun Layode and Research Officers, Ifeoma Umunna and Faramola Fasuyi.

This volume of the Toolkit for African Philanthropists was produced with the support of the Ford Foundation.

Disclaimer

Each chapter and its content were developed by the author. APF does not take any credit or responsibility for the accuracy or the required permission for these chapters. APF and the authors make no representations or warranties of any kind and assume no liabilities of any kind with respect to the accuracy or completeness of the contents of this publication. Neither the authors nor APF shall be held liable or responsible to any person or entity with respect to any loss or incidental or consequential damages caused, or alleged to have been caused, directly or indirectly, by the information or programs contained herein.

Copyright

This toolkit and its contents should not be quoted, photocopied, shared or reproduced without the expressed permission of the APF and the authors.

Table of Contents

			Page
1	Creating an Effective and Sustainable Grant Making Process	Mamadou Biteye	16-28
2	Innovation in Philanthropy	Valarie Dabady and Nana Spio-Garbah	29-45
3	African Values-Driven Philanthropy with Innovative Impact - From Global Ethics to Local Action	Christoph Stückelberger	46-65
4	Africa's Next Generation of Givers - Guidance for Creating and Managing a Philanthropic Legacy	Yvonne Moore and Hafeeza Rashed	66-75
5	Strategic Giving Without a Foundation	Ndidi Okonkwo Nwuneli	76-94

Biographies of Contributors

Mamadou Biteye is Vice President, Social Impact for the Central Europe, Middle East and Africa (CEMEA) region at Visa, based in Dubai. In this role, Mamadou works closely with the CEMEA Leadership Team to develop a Social Impact strategy for the region and implement programs that align to regional and market business priorities. He is responsible for engaging non-profit, client, and government organizations as well as Visa employees to bring the VISA Social Impact vision to life in markets across CEMEA. Mamadou has over 25 years of experience in strategic leadership, advocacy and campaigning, community development, and capacity building with extensive field experience in Africa and around the world. Prior to VISA, Mamadou served at The Rockefeller Foundation as Managing Director for the Africa Region, leading programs such as the Digital Jobs Africa initiative, Global Impact Sourcing Coalition, as well as developing partnerships with the African Development Bank, the Gates Foundation, and USAID to support the Foundation's work. Prior to the Foundation, he held various leadership roles in Oxfam including Regional Director for West Africa Oxfam Great Britain and Oxfam America, leading the development of regional strategies and programs. Mamadou also currently serves as an advisor and board member for various international organizations such as the World Bank, the World Economic Forum, and the African Leadership Network. Mamadou holds a Master of Science in Agricultural Economics from Ohio State University. He is an Honorary Officer of the Most Excellent Order of the British Empire (OBE), and he was also recognized as a Top 100 Most Influential Africans by The Africa Report for his work. Originally from Senegal, Mamadou speaks English, French, Russian, Portuguese, and Wolof.

Valarie Dabady is the Manager, Resource Mobilization and Partnerships Department at the African Development Bank (AfDB) where she leads the non-statutory resource mobilization, partnerships and management of partner relations with new and emerging donors like China, India and South Korea and non-sovereign entities like the

Rockefeller and the Bill and Melinda Gates Foundation. A lawyer by training, Valerie is an experienced international development professional with a focus on Africa.

Valarie sits on the Board of Microcred CI, one of the AfDB's equity investments, and from 2009-2012, she was advisor to the Vice-President responsible for country and regional programs and policy which saw two notable achievements: adoption of the Bank's decentralization policy and re-engagement with Zimbabwe. An experienced change manager, from 2013 to September 2014, she was advisor to the Vice-President responsible for the return of the Bank to Abidjan, which involved the move of 1,300 staff and their families from Tunis to Abidjan. Of note is the implementation of a comprehensive change management plan involving all stakeholders.

Valarie received her JD from Harvard Law School, her Bachelor of Arts from Brown University and prior to joining the Bank, worked at the law firms of Baker & McKenzie and O'Melveny & Myers in New York. She is admitted to the Bar of New York and is also a registered PRINCE 2 Practitioner (African Development Bank, 2019).

Yvonne L. Moore is the Founder and Principal Philanthropic Advisor of Moore Philanthropy. Yvonne has over 20 years of experience in the government, civil society, and philanthropic sectors. Yvonne has a wealth of practical knowledge to the creation and refinement of philanthropic goals, as well as a commitment to bridging theory and practice to ensure donors are able to maximize their investments, and organizations are resourced to achieve their greatest potential. That bridge, as well as the engagement of community is the foundation on which Moore Philanthropy was founded. During her 15 years in both private and public philanthropy Yvonne has observed a wide range of investments, some of which have yielded lasting improvements for families and communities, and meant success for the donor.

Yvonne holds a BA from Texas Tech University and a MS in Non-profit Management from the Milano School of International Affairs, Management, and Urban Policy at the

New School. She has completed post-graduate studies in democracy and civil society at the University of Cape Town, and nationalism, post-conflict violence and gender at the University of Lower Silesia in Poland. Yvonne serves as a trustee of The Daphne Foundation, the New York Women's Foundation, Philanthropy New York, and Faces of Giving. She also serves as an advisor to the Triskeles Foundation, the Accountability Council, and Jola House Liberia (Moore Foundation, 2019).

Ndidi Okonkwo Nwuneli is the founder of LEAP Africa, Co-Founder of AACE Food Processing & Distribution, an indigenous agroprocessing company, and a Co-Founder and Managing Partner at Sahel Capital, an advisory and private equity firm focused on the agribusiness sector in West Africa. Ndidi started her career as a management consultant with McKinsey & Company, working in their Chicago, New York and Johannesburg Offices. She returned to Nigeria to serve as the pioneer executive director of the FATE Foundation. She established LEAP Africa and NIA in 2002 and 2003 respectively. LEAP is a respected leadership development organization that has worked across Nigeria providing leadership training, and coaching to thousands of entrepreneurs, youth, teachers and community organizers.

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. Ndidi was recognized as a Young Global Leader by the World Economic Forum and received a National Honor – Member of the Federal Republic from the Nigerian Government. She was listed as one of the 20 Youngest Power African Women by Forbes. She serves on numerous international and local boards including Nestle Nigeria Plc., Nigerian Breweries Plc., Cornerstone Insurance Plc. and the Royal DSM Sustainability Board.

Hafeeza E. Rashed is the Senior Advisor, Communications and Outreach at the King Baudouin Foundation United States. At KBFUS, she is responsible for the outreach to individual donors and the development of our partnerships with African non-profit organizations. Hafeeza joined KBFUS in 2015 from the Gbowee Peace Foundation USA where she spent three years as an Officer of Strategic Partnerships. During these years, she worked closely with Nobel Peace Prize winner Leymah Gbowee. She oversaw the establishment of the Gbowee Peace Foundation Africa, a non-profit based in Liberia, and coordinated its fundraising and donor cultivation platforms.

Hafeeza earned her Bachelor of Arts degree from Spelman College, and her JD from the University of Richmond (KBFUS, 2019).

Nana Spio-Garbah is the Principal Resource Mobilization Officer at the African Development Bank (AfDB). In this role she serves as the relationship manager for AfDB stakeholders, handling the partnerships between the Bank and philanthropic organizations, foundations and high-net worth individuals. She currently manages the USD 80 million KOAFEC Trust Fund with an active portfolio of over 80 activities. Prior to joining the Resource Mobilization and Partnerships Department, she was a Senior Financial Analyst within the Treasury Department's Financial Technical Services Division responsible for following African bond markets and developing and marketing the Bank's menu of sovereign and non-sovereign financial products. In that role, she also successfully structured a number of large scale private sector infrastructure deals. Prior to joining the AfDB, she worked for Deloitte Consulting as a Senior Consultant in the Public Sector practice where her principle clients were the U.S. Treasury and U.S. Justice Department. She began her career as a Financial Analyst at IBM Consulting. She is co-author of the December 2013 economic brief: "Diaspora Bonds: Some Lessons for African Countries".

Nana holds a M.Sc. in Finance and Development from the University of London, School of Oriental and African Studies and a B.Sc. in International Economics from Georgetown University, School of Foreign Service (African Development Bank, 2019).

Christoph Stückelberger (Prof. Dr. Dr. h.c.) has over 30 years of experience in development work, particularly in the field of microfinance and ethical investments. Stückelberger is Founder, was Executive Director (2008-2016) and is President (since July 2016) of the global network on ethics “Globethics.net Foundation”, based in Geneva and with ten offices on four continents. He is Executive Director of Geneva Agape Foundation in Geneva, mainly with partners in China. He is Prof. (em.) at the University of Basel, Distinguished Professor at the Technical University MEPhI in Moscow, Visiting Professor at GOU University in Enugu/Nigeria and at Kingdom Business College in Beijing/China. He received his doctor honoris causa (Dr. h.c.) from the UPC University in Kinshasa/DR Congo for his long-term engagement in Africa. He is Vice-President of the Ethics Committee of Prime Value (Ethics Fund), member of the Board of Quadia SA Geneva and Ethics Advisor for the UN-Scaling Up Nutrition Programme (SUN).

His main fields of research are economic/business ethics, trade ethics, finance ethics, political ethics, development ethics, environmental ethics and philanthropy. He published as author and editor many books and hundreds of articles on applied ethics, in seven languages, among others on Responsible Leadership, Global Trade Ethics, food ethics, peace ethics, consumer ethics, work ethics, corruption, interreligious ethics, technology and ethics, development ethics, fundamental values and bioethics (Agape Foundation, 2019).

Mosun Layode is a development professional with over fifteen years of experience in international development and non-profit leadership. She currently serves as the Executive Director of the African Philanthropy Forum (APF). She works extensively across Africa with established and emerging philanthropists who are committed to the sustainable and inclusive development of Africa. Prior to this, she served as the Executive Director of WIMBIZ and LEAP Africa, leading non-profits in Nigeria. Passionate about the interplay of social issues and business, Mosun founded Social

Runway, a non-profit organization that supports social innovators. She has also served as an independent development consultant for non-profit organizations.

Mosun studied Urban and Regional Planning at the Federal University of Technology, Akure, Nigeria and obtained an MSc. in Environmental Resources Management from Lagos State University. She has an MBA from Lagos Business School and benefited from Executive Programs offered by the IESE Business School, Barcelona and Harvard Business School. Mosun currently sits on non-profit boards and is an alumnus of the United States International Visitors Leadership Program (African Philanthropy Forum, 2019).

African Development Bank. 2019. *Team - Resource Mobilization and Partnerships*. Frmb.afdb.org. Available at: <https://frmb.afdb.org/?page=team> [Accessed 12 Mar. 2019].

African Philanthropy Forum. 2019. *Our Team - Mosun Layode*. African Philanthropy Forum. Available at: <https://africanpf.org/team/mosun-layode/> [Accessed 12 Mar. 2019].

Agape Foundation. 2019. *Prof. Dr. Dr. h.c. Christoph Stückelberger*. Gafoundation.world. Available at: <https://gafoundation.world/en/about-us/board/board-bio-pages/prof-dr-dr-h-c-christoph-stuckelberger> [Accessed 12 Mar. 2019].

KBFUS. 2019. *The staff of KBFUS*. Available at: <https://kbfus.org/about-us/staff/> [Accessed 12 Mar. 2019].

Moore Foundation (2019). *Who We Are - Yvonne Moore*. Moorephilanthropy.com. Available at: <https://moorephilanthropy.com/whoweare/> [Accessed 12 Mar. 2019].

The Rockefeller Foundation. 2019. *Our Team - Mamadou Biteye*. The Rockefeller Foundation. Available at: <https://www.rockefellerfoundation.org/people/mamadou-biteye/> [Accessed 12 Mar. 2019].

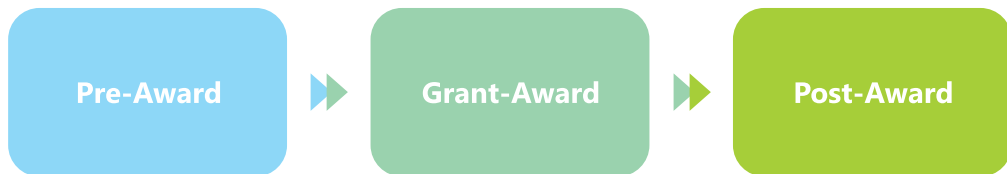
Sahel Consulting (2019). *Ndidi Okonkwo Nwuneli*. Sahel Consulting Agriculture & Nutrition Limited. <http://sahelcp.com/ndid-nwuneli/> [Accessed 1 April 2019].

Chapter 1

CREATING AN EFFECTIVE AND SUSTAINABLE GRANT MAKING PROCESS

By Mamadou Biteye

Grant making is a careful and calculated process that consists of a series of steps with the purpose of supporting a cause which aims to deliver social and beneficial impact. The grant making process can be complex, requiring caution and mindfulness. The cycle consists of three phases, each with specific requirements that must be completed by both the grant maker and the potential grantee. Within these phases, aspects such as criteria definition, analysis, assessment and ranking, selection, communication, monitoring and evaluation, and return measurement are fundamental to successful grant making. While requirements and timelines for each phase may vary by organization, the section below provides general guidance on the grant making cycle as well as best practices.



Pre-Award: Selection of Grantees

There are three possible methods for sourcing recipients for grants:

- 1) call for proposals
- 2) active engagement with potential grantees who match your goals
- 3) a combination of number 1 and 2.

Call for Proposals

At the beginning of the grant process, the grant-making organization is to plan and develop a funding program based on their mission, vision and values. This preparation prior to a call for proposals is a key moment for the organization. It must be very clear from the beginning what can be achieved with the resources available. A term for references for the program must be prepared, usually in the form of a call for proposals. This formal announcement of funding opportunity is advertised to applicant communities and invites tailored proposals that are inline with the program's mission. In general, a call for proposal is the most inexpensive and relatively efficient manner through which a grant maker can bring together a large pool of prospective grantees. To ensure that the right types of applications are received. It is critical that terms of reference for the potential grant be clear and free of misinterpretation by grantees. If there are any reasons why a grantee will be excluded from receiving a grant, this should be made explicit both on the terms of reference and on the funding organization's website.

To ensure that there is consistency in selection of grantees, it is good practice to develop a scoring tool that mirrors the terms of reference. Not only will this allow for transparency, but it will also allow successors to understand why certain grantees were provided with grants over others. As can be expected, the time between submission of a proposal and receipt of a decision is one of high anxiety for applicants.

Therefore, it goes without saying that each proposal that is submitted should be acknowledged, screened for compliance, and potential grantees provided with a timeline of when they can expect to hear about the decision. Similarly, if there is any information that is missing, the acknowledgement communication is a good time to highlight gaps.

Active Engagement

In some instances, grant makers require grantees in a certain geography with specific skillsets and reach. In such cases, active engagement that includes site visits is the method of choice when selecting grantees. While this process limits the pool of potential grantees and is also cost intensive, it allows for alignment, where possible, at an early stage. Similarly, it allows both grant maker and grantee to assess whether there is a potential for a partnership and also ensure that both parties lay out their requirements and expectations from the start. While this method is the most effective in forging long standing partnerships with grantees, its downfall is that selected grantees are often times those within the grant makers network or immediate line of vision. Other deserving grantees who perhaps may make an even greater impact, lose out in such instances.

Combination

Given the strengths and weaknesses of both Call for Proposals and Active Engagement, grant makers have moved towards using a combination of both. Regardless of the method used, communication during this process is of utmost importance. Identifying materials that will be required upfront as well as during the course of the selection process will prevent frustrations on both ends. For example, a grant maker waiting for information that is not forthcoming and a potential grantee needing to compile information at short notice into a presentable format may cause frustration and weaken the possibility of a healthy working engagement before the project even begins.

While different grant-making organizations have nuanced processes based on the type of grant in question, there are general applicable steps to reviewing an application:

- Initial screening to ensure application is complete
- Programmatic review and assessment of the substance of the applications
- Financial review of proposed budgets

Pre-Award: Due Diligence

Once grantees have been shortlisted for a grant, the next step is to carry out due diligence. The table below identifies some of the areas that grant makers are to consider as they carry out this process. While the information below is not exhaustive, it provides a starting point for both grant makers and grantees who are new to the grant making process.

Area of Consideration for Due Diligence	Questions to Ask	Materials to Guide Decision	Red Flags
<p style="text-align: center;">Grantee Reputation</p>	<p>For existing organizations:</p> <ul style="list-style-type: none"> • What is the reputation of the grantee in its operating location(s)? • How is the grantee viewed by other grant-makers <p>For new organizations:</p> <ul style="list-style-type: none"> • What is the reputation of the management team/Board members? 	<ul style="list-style-type: none"> • References from past grant makers including but not limited to: <ul style="list-style-type: none"> • grant size • duration of grant • grant outcomes • Google search of organization and management • Beneficiary interviews to gauge perception of grantee within the community 	<ul style="list-style-type: none"> • High turnover of Board or Management Failure to achieve grant outcomes in the past record of <ul style="list-style-type: none"> • bribery, • corruption, • tax fraud, • sexual harassment, • involvement with terrorist group
<p style="text-align: center;">Management and Operations</p>	<ul style="list-style-type: none"> • How does the leadership of the organization partner with the Board? • What are the qualifications and skillsets of the organization's leadership as well as 	<ul style="list-style-type: none"> • Qualifications of management and project team • Clear organizational structure and long-term strategy that is board approved • Clarity on how/when consultants are 	<ul style="list-style-type: none"> • No board in place or conflict between the leadership and the Board • Unusually high staff turnover • Leadership cannot describe any

Area of Consideration for Due Diligence	Questions to Ask	Materials to Guide Decision	Red Flags
<p>Management and Operations</p>	<p>the implementing project team</p>	<p>contracted</p> <ul style="list-style-type: none"> Interviews with partners, vendors, beneficiary communities 	<p>internal process through which work is evaluated or goals are set</p> <ul style="list-style-type: none"> Leadership that does not possess the experience or training to run the organization
<p>Financial (This section is only applicable to existing organizations)</p>	<ul style="list-style-type: none"> How are financial statements prepared and how often? Is there an operating loss and if so, what is being done to avoid future losses Is there a clearly articulated funding or development plan? How much was raised against last year's funding plan? 	<ul style="list-style-type: none"> Financial statements Examples of similar sized (monetary) projects that have been carried out successfully Regular audits by reputable firm At least one Board member with Financial expertise 	<ul style="list-style-type: none"> Difficulty answering questions about financial statements Auditor letters indicate weaknesses in internal controls No Financial Statements

Table 1: Due Diligence Guidance ¹

¹Extracted from the Rockefeller Foundation Due Diligence protocols

Given the range of areas that due diligence covers, it is advisable that a team be set up to carry out the process. At a minimum, the team should include an individual with financing or accounting skills and where possible a legal expert who can advise on findings that may have a legal bearing on the grant maker.

To ensure consistency throughout the process and for purposes of documentation for future use, it is best practice to develop a ranking scale to classify grantees at the conclusion of the due diligence process. This can be as simple as 'low, medium, high'. A due diligence report should be produced at the end of this process highlighting where a grantee ranks with justification. If there are any red flags, these should be indicated with recommendations made to the grant making team on whether or not to proceed with the grant.

Pre-Award: Negotiations

Occasionally, when there is a strong desire by the grant maker to proceed with a grant, there is an informal negotiation phase that occurs before a grant agreement is signed. This can be for a variety of reasons including:

- The grant maker believes (based on experience) that the requested amount vis-a-vis the work that needs to be completed is too low
- The grant maker has a strong desire to support the project but resources for the current fiscal year have been exhausted and the grant maker is not able to provide the full amount requested

Whatever the case may be, this stage requires full honest and transparency. Moreover, any additional resources that the grant maker wishes to provide should be noted at this point. Similarly, if a grant maker is not able to provide the full amount requested, the potential grantee should indicate how the project will be affected and the minimum amount that will be required for satisfactory execution of the project. Where there is a shortfall of funding, potential grantees should take the opportunity to ask grant makers if any of their partners in their grant making network are in a position to

provide resources. The negotiation period is also the phase where a grant maker and grantee agree on the disbursement plan, deliverables as well as the dissemination and use of any outputs or knowledge products from the grant.

Grant Award

Once a grant receives an internal 'green light' within a grant making organization, a grant agreement is drafted for signing by both the grantee and grant maker. The level of interaction between the grantee and grantmaker from this stage onward is based on preferences of both parties. Some grant-makers prefer a hands-off approach once funds have been disbursed and only request periodic update reports. Other grant makers take on the role of a partner and provide strategic and communications support throughout the duration of the grant. There is no right or wrong method of involvement by the grant maker, this is based on their discretion.

Case Study: The Rockefeller Foundation Demand Driven Training (DDT)

Recognizing the challenge of youth unemployment, and particularly in Africa, the Rockefeller Foundation launched its Digital Jobs Africa (DJA) initiative in 2013. DJA's goal was to influence systemic change, bringing together the demand and supply sides of the labour market to significantly increase employment opportunities for high potential but disadvantaged youth. Thus, The Foundation called for proposals for the Demand Driven Training (DDT), a program that would foster skills development initiatives that are customized to respond directly to the specific requirements of a job role, for an employer or a group of employers, and lead to placement in employment or self-employment. Demand-Driven programs develop and prepare youth for specific job roles.

Through a Call for Proposal application process, Making Cents International was awarded the grant of \$649,742 to implement this program, ensuring that it is applicable across all sectors because it seeks to develop a strong link between formal training and actual industry requirements. It is a methodology, a systemic approach to linking skills to demand.

Since the start of the initiative, more than 150,000 youth have been trained, with more than 45,000 successfully placed in jobs.

Post Award

The post award phase is the period where the grant has come to an end and all deliverables and financial reports have been submitted to the grant maker. While the grant may be 'closed' this does not signal the end of the partnership between the grantmaker and the grantee. This phase solidifies the joint commitment on an issue by the grant maker and grantee. Moreover, it allows previous lessons learned to influence not only their thinking but future planning on the topic.

Case Study: The Rockefeller Foundation & Making Cent International Demand Driven Training (DDT) Toolkit

Upon completion of the grant, the Rockefeller Foundation and Making Cents International launched the Demand-Driven Training (DDT) Toolkit, which brings together lessons learned from the work done with grantees and partners under DJA since the beginning, on how to better link youth with jobs, with both them and their employers reaping optimally.

Making Cents International created the toolkit by collecting information through a literature review, and site visits with five leading South African DDT providers, and five leading global DDT organizations operating in various markets. It also input by development investors such as Accenture, JP Morgan Chase, the MasterCard Foundation, Prudential, and USAID among others. Eight public and private South African technical and vocation education and training organizations also provided important background and context to their own.

DDT is a proven model that shows significant results in transitioning disadvantaged youth to sustainable livelihoods.

The Rockefeller Foundation³

² The Rockefeller Foundation (2019). *A Demand-Driven Training Toolkit for Youth Employment*. <https://www.rockefellerfoundation.org/blog/demand-driven-training-toolkit-youth-employment/> [Accessed: 9 April 2019].

Building a sustainability framework

In the grant making sector, sustainability refers to the continued impact that can be expected after a grant ends. There are several key principals to ensure sustainability:

1. The most critical principal is the need for a **shared vision** between a grantmaker and a grantee. If a grant is not aligned to a prospective grantee's overall goals, the conclusion of the grant may equate to the conclusion of the work.
2. The second principal is about the beneficiary community and their **public will**. Take the example of a grantee spearheading a vaccination drive during a meningitis outbreak to a rural community that shuns vaccines on religious grounds. If the community does not understand why the vaccine is necessary and how they will benefit, the vaccination drive will not succeed, and subsequent grant makers will not allocate resources to the initiative. Grantees must be able to address the component of public will as part of their proposals. In instances where there is no public will methods need to be identified through which they will bring the community on board.
3. The third principal, **cross sector engagement**, takes a step back from the community and looks at the individuals and entities in the wider ecosystem that will be critical for long term impact. Generally, this includes bringing in the private sector, which through its corporate social responsibility has significant resources; as well as the public sector which is able to provide man power and formulate policies that can facilitate long term success after a grant comes to an end.

4. Cutting across all three principles is the need for **clear success metrics**. While improving maternal and child health may be a shared vision, success for the grantee might be increasing the number women that give birth in a health facility while that of the grant maker might be 100% attendance at pre and post-natal visits. Clear success metrics will also ensure that there is one message that is being used to garner public will and messaging used to bring in the public and private sector partners on board and continually engaged long after a grant has ended.

Managing Expectations in the Grant Maker - Grantee Relationship
Communication is at the heart of managing the grant-maker and grantee relationship. On the next page are a few pointers on how this can be managed from both parties.

³ The Rockefeller Foundation (2019). *A Demand-Driven Training Toolkit for Youth Employment*. <https://www.rockefellerfoundation.org/blog/demand-driven-training-toolkit-youth-employment/> [Accessed: 9 April 2019].

⁴ Feather, John. "How Sustainable Grantmaking Helps Create Age-Friendly Communities That Last." *The Huffington Post*, TheHuffingtonPost.com, 7 Dec. 2017, www.huffingtonpost.com/john-feather-phd/how-sustainable-grantmaking-helps-create-age-friendly-communities-that-last

Grant Phase	Grant Maker	Grantee	Both Parties
<p>Pre-Award</p>	<ul style="list-style-type: none"> • Before a grant is disbursed, make it clear that communications should not be construed as commitment for funding. • Provide realistic timelines during the grant review process with an indication of how long each step will take. • Streamline communications so that a grantee isn't receiving multiple emails from several departments of the organizations, i.e. one email from the legal department, another from the due diligence team and another from the project grant maker 	<ul style="list-style-type: none"> • Avoid calling and reaching out to the grant maker repeatedly in an attempt to check on the status of the grant proposal. Occasional check-ins within reason are appropriate (i.e. monthly) 	<ul style="list-style-type: none"> • Agree on clear objective, deliverables and milestones with realistic dates from the onset of the engagement • Identify a suitable frequency of communication and the method. For example, a monthly skype call and 1 update email per quarter. • Develop a monitoring and evaluation plan
<p>Award</p>	<ul style="list-style-type: none"> • Avoid micro-managing the grantee. If a grantee has passed the due diligence process, they are more than likely capable of executing the grant 	<ul style="list-style-type: none"> • Maintain an open line of communication with the grant maker • In the event that there is a delay or foreseeable delay with deliverables, it is important to share this information with the grant maker as soon as possible. This also applies for extension requests for the grant. 	

Grant Phase	Grant Maker	Grantee	Both Parties
<p>Post-Award</p>			<ul style="list-style-type: none"> • Maintain contact and keep each party updated on successes, leadership changes and new streams of work

Table2: Grant-Maker – Grantee Relationship Guide ⁵

The legal implication of giving

The legal implication of giving is largely tied to tax laws. In the United States, grant makers are often given a tax exemption known as 501 (c) 3 status. This tax exemption comes with stipulations, one of which being that grant making resources cannot be used for lobbying purposes to influence legislation. Similarly, in Canada, under the Income Tax Act, registered charities (grant makers) can only use their resources for their own activities or to registered grantees, which are for the most part exclusively Canadian. For non-Canadian grantees, the funding organization must have direction and control of the resources allocated, failure of this may lead to a 105% penalty on the amount transferred and/or revoking of charitable status.

Grant making efforts can sometimes be impacted by sanctions and government policies. Grant makers within the European Union for example are required to follow strict regulations where funds are directed to grantees in countries facing sanctions. Similarly, the reverse situation applies in some countries. For example, In Algeria,

organizations are not allowed to receive donations from foreign grant makers without prior approval from the government ⁷.

Lastly, grant makers must strive to address the topic of governance thoroughly. Given that most grant makers particularly philanthropies are solely accountable to their Board of trustees (versus shareholders, donors, tax payers etc.), strong efforts must be made to ensure that potential conflicts of interest are addressed well in advance of grants being awarded. Conflict of interest can come in the form of a grant makers staff, board members or their relatives benefitting financially from a grant ⁸.

⁵ Extracted from the Rockefeller Foundation Grant-maker - Grantee guide.

⁶ Lobbying includes: a) communications with any member or employee of a legislative body or any other governmental official or employee who may participate in the formulation of legislation, where a point of view is expressed on specific legislation b) Grassroots lobbying communications to members of the public, where a point of view is expressed on specific legislation and there is a "call to action" encouraging the recipient of the communication to take action with respect to the legislation.

⁷ *Legal Framework for Global Philanthropy: Barriers and Opportunities*. International Center for Not-for-Profit Law, 2010, *Legal Framework for Global Philanthropy: Barriers and Opportunities*, c.ymcdn.com/sites/www.wingsweb.org/resource/collection/3F0EC9A8-2934-454A-A4AA-63DA30CA30A5/ICNL_Legal_Framework_for_Global_Philanthropy.pdf.

⁸ "Algeria." *Freedom House*, 9 Mar. 2012, freedomhouse.org/report/freedom-association-under-threat-new-authoritarians-offensive-against-civil-society/algeria.

Chapter 2

INNOVATION IN PHILANTHROPY

By Valarie Dabady and Nana Spio-Garbah

Introduction

There has been a recent seismic shift in the approach to development in order to reach the last mile and eradicate poverty. Achieving the Sustainable Development Goals (SDGs) will require mobilizing an estimated USD 2.5 trillion. The Paris Climate Agreement calls for the mobilization of USD 100 billion per annum for green growth alone to limit global warming to 2 degrees Celsius. The African Development Bank's (afDB) own High 5 Strategy will require annual investments of around USD 170 billion, and the 2030 Agenda more than USD 600 billion, or roughly 12 times the annual Official Development Assistance (ODA) flows to Africa. In fact, these amounts dwarf the availability of ODA which stood at USD 135 billion at its peak in 2013. Development partners have been asked to ramp up development financing from billions to trillions, but the global development agenda cannot be achieved with public finance alone. It will require private financing, including philanthropic capital, at scale.

Yet, the Organization for Economic Cooperation and Development (OECD) reports that philanthropic flows are still modest in volume compared to ODA – accounting for only 5% between 2013 and 2015, except in some key sectors like health in which their impact is more astutely felt. Their report also found partnerships to be highly concentrated to about 20 foundations and thus there is a need for a diversification of partners and specifically for more African philanthropies to emerge and throw their resources into the blended finance mix especially to reach the lowest income countries and fragile states, which even philanthropies shy away from. The statistics at a glance show that while 143 foundations from all over the world gave USD 24 billion from

2013-2015, only 28% of that targeted Africa and only 33% targeted low income countries, and 53% of it – that is, over half of philanthropic giving – goes to health and population management, and not other sectors such as energy, job creation or infrastructure.

Mapping of Foundations to Interest in Sectors

	Sectors							Theme (multiple Sector)						
	Health	Education	WASHs	Agriculture	Urban City	Renewable	Infrastructure	Housing	Local Currency	Youth	SMEs	FDI	Gender	Financial Inclusion
Philanthropic Sectors														
Gate Foundation	H	L	M	M	L	L	L	L	L	L	L	L	M	M
Rockefeller Foundation	H	L	L	H	H	H	M	M	L	L	M	M	L	L
Shell Foundation	L	L	L	L	M	H	H	L	L	M	H	M	L	M
Mastercard Foundation	L	H	M	H	L	L	L	M	M	H	L	L	H	H
Hewlett Foundation	L	H	L	L	L	H	L	L	L	M	L	L	H	L
Ford Foundation	L	H	L	L	M	H	M	L	M	L	L	M	H	L
Citi Foundation	L	M	L	L	H	L	M	M	L	H	L	M	L	H
Omidyar Network	L	H	L	L	M	L	M	L	L	L	L	H	L	H
Packard Foundation	H	M	L	H	L	H	M	L	L	L	L	L	L	M
Skoll Foundation	H	L	L	M	L	M	L	L	M	M	H	M	L	M
DEON Foundation	L	M	L	L	H	H	L	L	L	M	H	L	L	L
Calvert Impact Capital	M	L	L	L	L	L	L	L	M	L	M	M	H	L
AHT Foundation	L	H	L	L	L	M	M	L	H	M	H	H	L	L
Conservation International	L	L	M	H	M	L	L	L	L	L	L	L	L	M
Farm Access Foundation	H	L	L	L	L	L	L	L	M	L	L	M	H	L

H=HIGH
M=MEDIUM
L=LOW

Source: AfDB Strategy Department

The 2015 Addis Ababa Agenda for Action (AAAA) called on innovative financing solutions to meet the SDG investment needs. Many of the last decade's innovations have come as a result of bringing multiple stakeholders together. The topic of Innovative financing for development is vast in scope. It encompasses social impact bonds, diaspora bonds, securitization, green bonds, and results-based lending, among other innovations. The 2018 United States General Assembly (UNGA) was awash with debate on how best to harness innovation for development outcomes. At UNGA, the Leading Group on Innovative Financing for Development launched a debate on cryptocurrencies, blockchains, and other innovative ways to unlock capital. Another key innovative solution to help crowd in private sector investment in development is the use of blended finance. As Africa's premier development finance institution, the African Development Bank was nominated to lead resource mobilization for the attainment of the SDGs in Africa, and thus, the mobilization of capital from sources beyond the African Development Bank - for example, from partners like the Bill and Melinda Gates Foundation and Rockefeller Foundation - remains critical.

Rockefeller Foundation Trust Fund at AfDB

The Rockefeller Foundation Trust Fund was established in January 2018 with an initial amount of USD 3 million to support technical cooperation activities linked to the Bank's strategy, namely the (i) Leadership for Agriculture Platform (L4Ag) under the Bank's Feed Africa priority area; and (ii) Jobs for Youth for Africa Coding for Employment (CfE) Flagship Program under the Improve the Quality of the life of People in Africa priority area, which aims to launch Africa's next generation of tech-enabled youth. The trust fund can finance consultancy services, training, capacity building and institutional support activities, high-level meetings and workshops studies but most importantly it fosters cooperation between the two institutions. In addition, the trust fund serves as a mechanism through which the Foundation can channel additional financial contributions to support the Bank's operations.

Indeed, the partnering with non-sovereign entities such as with the Dangote Foundation with regards to the African Leaders on Nutrition program and the Rockefeller Foundation to support the Bank's Job for Youth (J4Y) initiative, has been a structural innovation in AfDB's institution given that it only formalized the processes for partnering with private sector in 2015. Other notable successes include the Sustainable Energy Fund for Africa (SEFA) or Africa Guarantee Fund.

Sustainable Energy Fund for Africa (SEFA)

As a USD 90 million multi-donor trust fund launched in 2012, SEFA provides grants to African project sponsors and governments to strengthen the enabling environment for private sector investment in renewable energy and energy efficiency. SEFA's early stage involvement enables it to play a catalytic role in supporting sustainable, private-sector led economic growth through the efficient utilization of untapped renewable energy resources. SEFA provided the first funding of USD 1 million as a preparation grant for market scoping and fund structuring of what would become the Africa Renewable Energy Facility (AREF). It then provided a USD 25.5 million equity investment in "concessional shares" (return capped at 4%) – alongside the Global Environment Fund (GEF). This corresponds to USD 4.5 million in concessional equity. The African Development Bank provided USD 25 million in commercial equity as well, which enabled AREF to raise significant amounts of capital from Development Finance Institutions (DFIs) and commercial investors, for a final close at USD 200 million. This represents a leverage factor of nearly 10x. More than 15 different DFIs and private and institutional investors participating including Banque ouest africaine de développement (BOAD), the Dutch Development Bank (FMO), the UK development institution CDC, European Investment Bank (EIB), Global Energy Efficiency and Renewable Energy Fund (GEEREF), Humming Bird Ltd, Sonen Capital, Calvert, Wallace Global Fund and a number of other partners. SEFA is additionally funding AREF's Project Support Facility (PSF) with USD 10 million. This will go towards supporting the development and de-risking of projects. SEFA thus championed one of the first blended finance experiences at the African Development Bank and contributed to paving the way for more such initiatives.

What is Blended Finance?

Combining concessional finance from donors or third parties alongside MDBs' normal account finance and/or commercial finance from other investors, to develop private sector markets, address the SDGs, and mobilize private resources.

In October 2017, the Development Finance Institutions (DFIs) Private Sector Roundtable and the Multilateral Development Bank (MDB) Heads agreed on the above definition of blended finance. Key to this definition is the use of concessional capital to unlock market-rate finance. We believe that the DFIs that master blended finance will become major conduits for other development partners, namely philanthropic foundations, to achieve their development objectives, while allowing the private sector to achieve financial return. It should be noted that the definition of blended finance is broader among other organizations, whereas this definition adopted by the MDBs/DFIs limits blended finance to the use of concessional finance, from governments or philanthropic organizations, in combination with commercial finance from either DFIs or the private sector, *for use in private sector projects*.

There are three common types of capital in blended finance: (a) concessional capital from the public sector (donors and development agencies) and philanthropic foundations, (b) commercial capital from private sector investors (commercial banks, institutional investors and (c) capital from DFIs and MDBs.

Given challenging business environments in many low-income countries, the risk-adjusted returns of projects are not always sufficient to incentivize the private sector and commercial investors to undertake catalytic projects. This challenging business environment combined with the public good nature of some goods and services lead to market failures or sub-optimal allocation of resources. Concessional finance can be used to mitigate the market failures, reduce actual and perceived risks and improve the

profile of risk-adjusted returns. This has the potential to unlock private sector financing and make projects commercially viable, particularly in new geographies and/or sectors.

From the perspective of philanthropic actors, blended finance offers the opportunity to diversify from pure grant making to using philanthropic funding to attract additional commercial and private capital and thereby increase development impact. Philanthropic actors can also facilitate the piloting of innovative blended finance structures to prove their concept before scaling up. Blended finance offers philanthropy a unique possibility to create significant leverage of their philanthropic capital from MDBs/DFIs and the private sector.

Yet, blended finance has remained somewhat fragmented to date. The number of blended finance facilities launched has tripled between 2009-2016 compared to the prior 8 years.¹ However, while blended finance moved significantly into Africa during this time, it did not reach those most in need. Only 7% of the private finance mobilized through blended finance went to least developed countries (LDCs).²

Therefore, the African Development Bank hopes to see blended finance significantly scaled up in a coordinated manner as it will be an important theme over the remainder of the SDG era. Given declining ODA, there are limited pools of concessional resources that can be used for blended finance transactions. Philanthropic funds can help to fill the gap and further contribute to the scaling up of blended finance facilities and success stories. In this vein, we are establishing our own Blended Finance Framework to guide our engagement with providers of concessional finance such as foundations going forward, and look to formalizing and accelerating blended finance, as an optimal funding option to ensure maximum leverage of available development assistance across the continent.

DFI PRINCIPLES FOR BLENDED CONCESSIONAL FINANCE IN PRIVATE SECTOR OPERATIONS

Principles (P) for Blended Finance	Principle Description
	MDB support of the private sector should create benefits which are either not available in the current market or cannot be offered cost effectively.
P2: Crowding-in and minimum concessionality	MDB support should contribute to catalysing market development and mobilizing private sector resources, but should not offer outsized returns.
P3: Commercial sustainability	MDB support of the private sector should contribute towards the commercial viability of projects.
P4: Reinforcing markets	Assistance to the private sector should be structured to address market failures, and minimize the risk of disrupting or distorting markets.
P5: Promoting high standards	MDB private sector operations should seek to promote adherence to high standards of conduct in projects: environmental and social; transparency; governance etc.

Blended finance improving the efficiency of existing funding

One of the recent innovations the African Development Bank has successfully piloted is a balance sheet optimization initiative, which aims to unlock further capital and create additional lending headroom. In 2018, AfDB launched the Room2Run initiative (R2R), which is expected to expand the Bank's lending capacity by allowing capital redeployment and availability of new funding resources for development projects

across Africa. R2R is a collaboration between the African Development Bank, European Commission, Mariner Investment Group, Africa50, and Mizuho International which allows for a USD 1 billion synthetic securitization corresponding to a portfolio of existing pan-African credit risk. R2R is the first-ever synthetic portfolio securitization between a MDB and private sector investors, pioneering the use of securitization and credit risk transfer mechanics to a new and previously unexplored segment of the financial markets.

The R2R initiative directly responds to calls by the G20 that MDBs use their existing resources to full capacity, as articulated in the 2015 G20 MDB Action Plan to Optimize Balance Sheets, as well as calls for greater MDB efforts to crowd-in private investment. The G20 has called on MDBs to share risk in their non-sovereign operations with private investors, including through structured finance, mezzanine financing, credit guarantee programs, and hedging structures. Foundations as providers of concessional finance are critical to the success of such structures. This is shown by the role of the European Commission's European Fund for Sustainable Development in the form of a senior mezzanine guarantee. R2R has already attracted major support from partners like the European Commission who will provide an additional USD 100 million guarantee to the project for renewable energy projects in Africa. The transaction will also attract institutional investors (pension funds) to invest in the highest-risk components of African private sector loans. In total, the freed up headroom for the African Development Bank will amount to around USD 700 million, which can be re-allocated to new projects. The underlying investor base of the anchor private sector investor (Mariner) ranges from public employee and corporate pension funds, university endowments, to charitable foundations around the world, bringing many of these private investors into African infrastructure projects for the first time. As a first of its kind credit risk transfer on a portfolio of loans between an MDB and private investors, it is our hope that R2R will garner the attention of the philanthropic community to see if it can be a model for others to follow to increase MDB lending globally.

Philanthropies serving as a launch pad for new blended finance vehiclesThe African Development Bank opened its first trust fund with a philanthropic donor four years ago and has since received tremendous support from a multitude of foundations. Its partnership with foundations has been critical to pushing the institution in unconventional directions and unlocking doors to new relationships. For example, the African Digital Financial Inclusion Facility (ADFI) is a multi-donor Special Fund established in May 2018. Its primary objective is to contribute to the scaling of financial inclusion through catalytic investments in the digital financial services (DFS) ecosystem in Africa by addressing the systemic barriers to DFS growth and uptake. ADFI came about through an initial contribution of USD 500,000 from the Bill and Melinda Gates Foundation (BMGF). It allowed AfDB to finance the market assessments to further inform the structure and size of ADFI. ADFI is a blend of grant resources from donors and ordinary capital resources from the African Development Bank with a target size of USD 100 million that will be extended in the form of grants and affordable loans to non-sovereign entities. To implement the objectives of the Fund, BMGF is now seeking approval for USD 35 million contribution. With the market assessment completed, the Bank obtained the contribution of two more donors: the Agence française de développement (AFD), in July 2017 and Luxembourg in December 2017. The German DFI, KfW has also expressed interest to join. Thus, the BMGF grant catalysed others to join in this new transformative vehicle.

The Facility for Energy Inclusion (FEI) is a debt financing platform championed by the African Development Bank for small-scale projects - off-grid solar, small scale IPPs and mini-grids – with the objectives of aggregating capital, structuring bankable projects and accelerating their delivery so as to increase access to clean energy across Africa while supporting the transition to low-carbon development pathways. FEI is structured with two discrete windows/funds. FEI ON-GRID will provide senior and mezzanine debt financing to small scale independent power producer (IPPs) and mini-grid projects. FEI OFF-GRID will provide short/medium term debt financing to support the growth of companies providing off-grid energy access, as well as related products and appliances. The beauty of FEI is that it addresses market failures head on. For off-grid

solar and mini-grids the market failure arises because of:

- (i) perceived/real risk in nascent sectors with innovative technologies and limited track record;
- (ii) information asymmetry (lack of understanding of the business models, including 'Pay As You Go');
- (iii) the opportunity cost for local financial institutions of investing in nascent energy sectors versus better known sectors, and the financial and operational constraints faced by banks in terms of servicing the market.

Role of Philanthropies in the Facility for Energy Inclusion (FEI)

The design of the Facility for Energy Inclusion (FEI) was coordinated with the Shell Foundation from the outset due to the foundation's extensive market understanding and expansive network of stakeholders, as well as the shared objective of catalysing new sources of capital to unlock access to the energy sector's transformative potential.

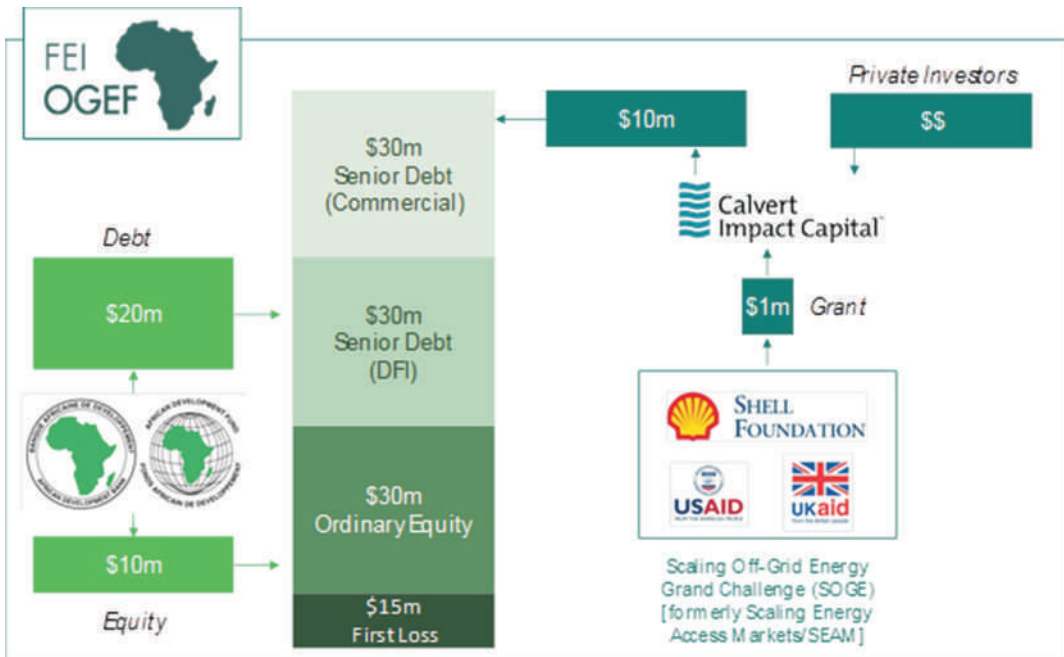
Through the structuring and capital raising process, the African Development Bank and Shell Foundation leveraged the foundation's partnership with the United States Agency for International Development (USAID)'s Power Africa and the UK's Department for International Development (DFID)'s Scaling Off-Grid Energy (SOGE) program.

Through its direct partnership, Shell Foundation committed collateral to Calvert Impact Capital (CIC) that allowed CIC to raise many multiples of that amount from private sources through notes issued to a North American investor base. CIC in turn invested this capital into the fund in the form of senior unsecured debt, supporting the overall fundraising targets.

Thus, FEI aims to catalyze private sector capital by both (a) structuring bankable deals and (b) demonstrating the commercial viability of projects by leveraging a capital structure that provides significant protection to commercial investors. Capital with a high-risk appetite like the resources available at foundations is needed to catalyze investment by public and private investors into innovative and emerging technologies

and smaller scale projects than are typically supported by DFIs. FEI's ability to provide cost effective capital to off-grid solar players is critical in order to enable the growth of the sector and lower overall electricity costs for the ultimate end consumers (low-income households, mostly in remote rural areas, and SMEs).

The off-grid window of the FEI has a targeted fund value of USD 100 million out of which USD 17 million will be provided on concessional terms, either as junior equity (i.e. first loss capital), or as ordinary equity with capped return. In fact, it is the blended finance contributions that will enable FEI to reach a target return of 6%-8% for the ordinary equity tranche. Furthermore, the debt tranche attracts additional investment from impact investors, enabling the Fund to provide affordable working capital to its target companies in hard and local currencies, while establishing commercial viability for investors that may wish to anchor similar funds in the off-grid energy sector.



Tapping the capital markets while linking financing to results

The African Development Bank started issuing themed bonds in 2010, responding to investor demand, seeking to buy bonds that not only satisfied their investment criteria and preferences, but more importantly, addressed pressing social and environmental needs. Since 2015, the range of themes the Bank has considered for issuing bonds has been restricted to our five operational priority areas, the High 5s, with the aim to showcase some of the good work we are doing on the continent. For instance, the “Light Up and Power Africa” Bond, issued in 2017, supports the African Development Bank's ambition to achieve an important goal of realizing Africa's energy potential and bridging the continent's energy deficit.

By establishing the Green Bond Framework in 2013 and launching the inaugural green bond benchmark transaction, AfDB has further demonstrated their commitment and support to the nascent green bond market, as well as showed leadership on the continent in terms of addressing the issue of climate change. Unfortunately, the African green bond market remains relatively small, as there have been a limited number of sovereign/sovereign-guaranteed green bond issuances.

Certainly, MDBs can assist potential capital market borrowers through the process of issuance, but philanthropic organizations can certainly help as well, in particular by helping to establish the framework and platforms for issuance, as well as by aggregating reporting. Indeed, Environment and Social, Governance (ESG) markets are relatively new and many potential African sovereign/sub-sovereign issuers are not familiar with the requirements to issue into these markets, nor do they have the required staffing to establish a framework for issuance. Similarly, many of these potential issuers do not have an ESG function or department focused on assessing and communicating on ESG related results, which are a key requirement when it comes to reporting. Philanthropic organizations based on their expertise, for instance Bloomberg Philanthropies, share their expertise in setting up such functions, or help in engaging consultants that can assist potential issuers on that.

In 2017, the African Development Bank launched its Social Bond Program. In May 2018, it successfully priced a EUR 1.25 billion 10-year social bond transaction. This particular transaction displays the African Development Bank's established positioning in the social bond market, representing its largest EUR-currency benchmark ever.

The Bank was able to diversify its investor base and reach out to Socially Responsible Investors (SRIs), who have incorporated ESG standards into their investment decisions, which remain though secure investments with risks taken on the issuer ('credit risk') and not directly on the underlying projects.

Consequently, another innovation that is being harnessed for social good are Social Impact Bonds (SIBs). SIBs raise investments to alleviate social issues, and fund interventions addressing unmet needs of vulnerable groups. Investors pay for a set of interventions to improve a social outcome of interest to a government or agency but one where the payment for the delivery of an intervention is separate from the payment for the success of that intervention. It can be viewed as an alternative Public-Private Partnership (PPP) funding solution based on the provision of social services through a performance-based contract.

The mechanics are fairly straightforward. An impact driven organization like a foundation or DFI can enter into a contract to pay for specific, measurable social outputs and outcomes whereas investors provide the external financing needed to achieve those outputs. An intermediary or project coordinator disburses the funds to the service provider and the service provider works to deliver the social outputs and outcomes in a flexible manner not defined by the outcome payer (for example, the foundation). Then an independent evaluator assesses the outcomes of the program and verifies the results to determine success and repayment.

The first SIB in the world was issued in the UK in 2010 to finance a prisoner rehabilitation program. It was a 6-year pilot scheme targeting 3,000 short-term

prisoners with the objective of funding rehabilitation services to reduce the potential of prisoners reoffending post-release. The social contract was such that if reoffending was not reduced by at least 7.5%, the investors would receive no return on their investment. Since that time, there have been at least 60 registered SIBs launched in over 15 countries with up to USD 216 million raised, and a positive impact on an estimated 90,000 people.

The main investors in SIBs are trust funds and charitable organizations like philanthropies and even some high net worth individuals. Trusts and foundations can also serve as outcome funders. In Africa, SIBs have birthed a further innovation with Development Impact Bonds (DIBs) which the African Development Bank is also exploring, as SIBs and DIBs represent one of the best ways to link financing to results while raising additional funds.

SOCIAL IMPACT VERSUS DEVELOPMENT BONDS

	Social Bond at AfDB	Development Impact Bond
Risk level	Standard. Return & capital guaranteed unless default of the issuer	High. Similar to a structured product as return is indexed to a specific measure
Mechanism	Market standard	Innovative, involving an outcome payer
Framework	In line with Social Bond Principles	To be defined but no general framework has been set yet

Evaluation	2nd opinion provider & annual reporting	External evaluator
Size	Market size (benchmark, i.e. potentially > USD 500 million)	Limited per issue (~USD 10 million)
Investors Type	Dedicated social funds and traditional market investors (Asset Managers, Insurers, Central Banks...)	Foundations, charities, net worth individuals
AfDB role	"Lead-by-example" role into a growing market. Increase AfDB's visibility on its core mandate in capital markets	Could act either as an outcome payer or as an investor

Source: AfDB Capital Markets Division, Treasury Department

The Bank also received support from the BMGF to pursue innovation around the sustainability for our most concessional funding vehicle – the African Development Fund (ADF) – which resources our operations in over 30 low income countries across Africa. The ADF Policy Innovation Lab (the Lab) was created, under the BMGF Trust Fund, to think critically about the place of the ADF in the financing landscape, in response to the changing reality of its clients. Positioned as an independent think-tank, the objectives of the Lab were to examine the future of the ADF and its strategic positioning vis-à-vis other development institutions as well as to amplify the voice of Africa in the debate about the future of concessional finance. The core innovation recommended by the High-Level Panel of the ADF Policy Lab which included Ngozi Okonjo-Iweala, Board Chair of GAVI, the vaccine alliance and Mary Robinson, President of the Mary Robinson Foundation consists of frontloading ODA through a 'Big Bond' supported by enhanced policy dialogue.

The ingenuity and timeliness of this approach is apparent. With interest rates in donor countries near historical lows (the yield on the 30-year United States Treasury bond is

now at about 3%), a window of opportunity exists to raise up to USD 100 billion by securitizing annual ODA flows of about USD 5 billion over a 30-year period. This proposed frontloading has several advantages. First, it does not require additional resources from existing donors, but rather recognizes that Africa needs a big push on infrastructure and human capital in order to grow. Such a big push is better achieved by USD 100 billion upfront than an equivalent present value stream of USD 5 billion a year over the next 30 years.

Philanthropic resources can be used to help service these bonds. The resources needed to service the bond are less than 11% of the annual USD 45 billion in ODA grants currently provided by donor countries and institutions. This percentage could be lower if new foundations, impact investors and private sector entities committed to such a bond. The initial commitments sought from donors would aim to support a funding target of USD 100 billion. The concept of the Big Bond as already proven by GAVI is designed to accept commitments and guarantees from sovereign donors as well as nonprofit entities such as foundations and social impact investors.

Conclusion – Takeaways for Philanthropists

Given the trends outlined above, we would like to offer some guidance and lessons learned to philanthropic organizations particularly those domiciled and working in Africa as we move towards more innovative solutions for financing development:

Adhere to the DFI principles and guidelines for blended concessional finance in private sector projects: While there exist opportunities where direct grants make sense, for example, in humanitarian situations, supporting the private sector in Africa requires the involvement of more and more philanthropic organizations. Create specific guidelines within your organization that allow your concessional funds to be used for investments in private sector projects, including through instruments such as reimbursable grants. Adhering to the DFI principles and guidelines will ensure that the limited pool of concessional financing is used to directly address market failures and

that these scarce resources are provided at terms that provide the minimum concessionality required to make the project viable. This will allow the contribution of your concessional funds to leverage far more additional resources.

Participate in private placements: While many donors suffer from 'plant the flag' syndrome and wish to champion activities single-handedly, SDG17 is about partnerships for the goals. Financing organization should think about how much of their endowment it might consider putting into a SIB or DIB in their areas of interest. More philanthropic organizations should look to partnering in some capacity with larger MDBs or UN agencies not just as implementing partners but as financiers to their activities. The African Development Bank's themed and social bonds have had anchor investors from the private sector as part of their corporate social responsibility. Certainly, the support of the philanthropic community would also be beneficial.

Set up trust funds: The African Development Bank currently has 25 active trust funds supporting a wide range of sectors, including agriculture, governance, renewable energy, water and sanitation and infrastructure development, youth employment and entrepreneurship and climate change. We would be happy to see more African and other philanthropic organizations contributing to these as seed anchors or first loss participants. Partnerships with those institutions mandated to work in development such as the African Development Bank, and others give you the clout and access to government and other agencies you may not currently have. Working with such DFIs allows you to balance direct investment on the project level with a multilateral approach to scale up existing funds in those organizations.

To conclude, the next wave of innovation will not come from the usual suspects – it might come from you. The future bodes well for financial innovation for development on the continent, and we, as the African Development Bank welcome learning more from our partners. Philanthropic donors and other private sector actors including high net worth individuals are welcome to join DFIs in our joint quest to eradicate poverty within a generation. Together, we can achieve the SDGs.

Chapter 3

AFRICAN VALUES-DRIVEN PHILANTHROPY WITH INNOVATIVE IMPACT - FROM GLOBAL ETHICS TO LOCAL ACTION

By Christoph Stüchelberger

Summary: This chapter discusses seven aspects of philanthropy.

1. The need for additional, African homegrown methodologies for data on philanthropy
2. The importance of a holistic approach to motivation, values and virtues in philanthropy
3. Utilizing the UN Sustainable Development Goals as a global frame of values and goals in philanthropy
4. Innovation Ethics as the basis for values-driven innovative solutions in philanthropy
5. The need and potential for blended financing of projects: combining donations and investments.
6. Networking across sectoral, geographic, religious and ideological borders to increase efficiency and impact of philanthropy
7. Funding and fundraising typology as a tool to increase resources for homegrown philanthropy that is embedded in the respective cultures.

Facts and Figures: Need for African Methodologies

Individual and collective work in the formal and informal sectors are the basis for human well-being and development of the world. Private sector investments and public expenditures are two key sources for funding such development, the third being donation-based input for programmes and projects.

More than 260,000 foundations in 39 countries have been identified by the Global Philanthropy Report, however, there are certainly more.¹⁰ Most foundations exist in Europe (60%) and North America (35%), but the foundation sector in Africa, China and India is fast growing. The trends heavily depend on philanthropy and NGO legislation, tax deductibility, encouragement or limitation of private initiatives and Corporate Social Responsibility (CSR) legislation. For instance, in India the two percent law obliges large companies to spend two percent of net income on CSR programs.

Foundation assets globally exceeded 1,5 trillion USD in 2018 which corresponds to 5% of the U.S.' GDP. Of these assets, an average percent of 10% (150 billion USD) is spent annually.¹¹ The ownership of foundations varies drastically. In Europe and America, the majority of foundations are independent though monitored by governmental supervisory authorities. In Latin America, corporate foundations represent half of all foundations. In China, Russia and some Arab countries, government led or linked foundations make up the majority; whereas in Africa, family foundations represent over one third of all foundations. Notably, not all philanthropy goes through foundations. There are various forms of legal structures for philanthropy.

Statistics on giving and charity globally and by country are important to recognize the different giving cultures.¹² The World Giving Index is based on three criteria: "helping a stranger, donating money, volunteer time".¹³ Yet such figures can be misleading and need contextualisation: in countries like Europe, which has a strong social welfare state, much of the social needs are covered by state expenditures based on tax collection. Therefore, taxes are part of "social giving" in terms of institutionalized solidarity. Education is primarily done in public schools, funded again by tax income from companies and citizens. The US has a comparable weak health care system, poor public schools and strong private education system. Therefore, supporting a public school or public university is seen as philanthropy, but the benefit for the population may not be better than in Europe, where these expenses are covered by taxes. In Africa, where many countries have fragile social welfare programs, the largest contribution to "charity" and solidarity is done by unspectacular daily and intense support of the

enlarged families. This is performed in various forms including hosting children of brothers and sisters in the own family, paying scholarships or medical bills for relatives etc.

Volunteering in many countries is described as voluntary contribution of time to society outside of one's job and without remuneration. But then again if the family is not defined as the small core family of 3-5 people as in Western countries but as the enlarged clan of 10-30 people with mutual responsibilities of caring, and if work is not defined by formal employment, in societies where 50%-80% are active in the informal sector, what does volunteering then mean? For hundreds of millions of people, the daily survival struggle is a mixture of small business, helping, caring which is not counted in statistics. Even in countries like Switzerland, with highly developed social security schemes and one of the highest number of philanthropic foundations per capita worldwide (over 20,000 foundations with a population of 8 million people), domestic labour is still not counted as work in official labour statistics and all the work of women, children, grandparents at home is still almost invisible. As such, extensive "philanthropy" and "charity" is not counted in international statistics.

I dare the hypothesis: Africans may be the most generous people in the world. Exhibiting "natural" support without speaking about it or publishing it, Africans tend to give as an obvious cultural, religious and human obligation. In addition, a large part of the capital of African High Net-Worth Individuals (HNIs) is in foundations in Europe and U.S., therefore counted as "European" or "American" philanthropy even though coming from Africans.

Motivation and Values

Within the act of philanthropy, motivation and values are key to the foundation of giving as they heavily influence the result and impact of philanthropic activities.

The motivation for philanthropist to setup a foundation in order to reduce taxes by tax-deductible donations to the foundation, is a legitimate one. The motivation for

philanthropist to improve their own reputation and set a monument for oneself is understandable. The motivation for philanthropist to execute power through capital injection in programmes, may bring the strength for action and is legitimate. However, all three motivations are not enough for values-driven philanthropy and cannot be the primary motivations. The first motivation in ethical terms should be to serve the community, to aid the progression of common good and humanity, and to give back to society. A good example of this is the Mo Ibrahim Foundation's motivation for focusing on governance and leadership in Africa.

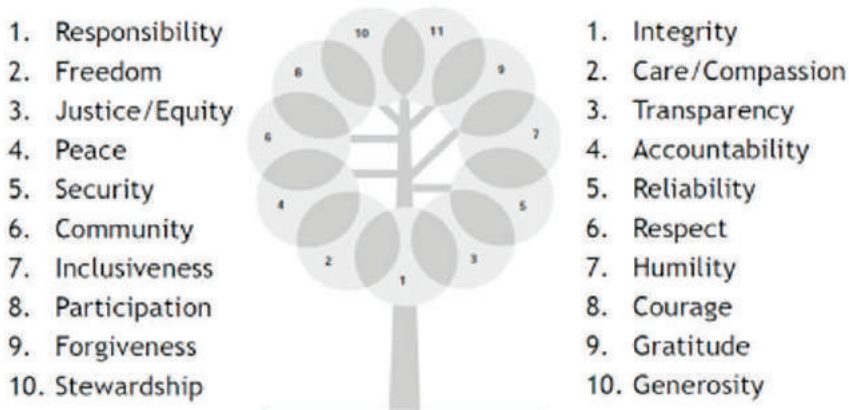
The Mo Ibrahim Foundation (MIF) is an African foundation, established in 2006 with one focus: the critical importance of governance and leadership in Africa. It is their belief that governance and leadership lie at the heart of any tangible and shared improvement in the quality of life of African.¹⁴

Values are then guiding principles in philanthropy. We as human beings have common values and virtues. The debates about clashes of civilisations, the conflicts around nationalism and protectionism to protect own ethnic or national values against foreign value systems, are mainly power struggles to defend particular interests. But as human beings we all have basic human needs such as food, water, shelter, security, community, fair treatment, education and some space of free decisions to take life in his/her own hands and to structure community. In ethical terms, these needs are then expressed in guiding values such as protecting life, freedom, justice, equality, community, peace, security.

Virtues are corresponding personal attitudes in implementing the values which are broader orientation for persons, institutions and society as a whole. In order to build community, members of the community need to trust each other. Honesty is necessary virtue to build trust and community. Peace is not possible within an ongoing power struggle, a win-win mind frame is paramount to obtaining peace. The virtue of

modesty helps overcome endless power games that undermine peace. Additionally, the virtue of courage is then, at the same time, needed in order to ensure that modesty does not lead to submissive attitudes. Courage has the ability to evoke empowerment and the courage to resist injustice and inequality. The value of freedom is necessary for entrepreneurial and innovative decisions and actions. But maximized freedom, which is not linked to responsibility, leads to “wild west capitalism”, exploitation of nature and threatens community life.

Values and virtues can be shown as a tree as in the following graph. It depicts the interdependent relationship between the different values (as the virtues) and how they are linked. It is important that values and virtues are viewed in a holistic way like a tree which consists of different branches stemming from one whole entity.



¹⁰ Paula D. Johnson, *Global Philanthropy Report. Perspectives on the global foundation sector*, Harvard Kennedy School/UBS, April 2018, 10.

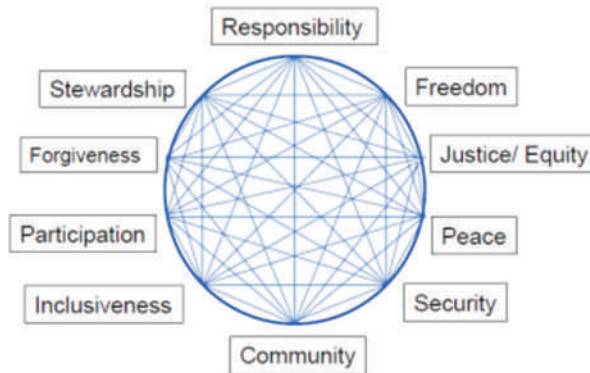
¹¹Ibid.

¹² Such as CAF World Giving Index, latest Oct. 2018. <https://www.cafonline.org/about-us/publications/2018-publications/caf-world-giving-index-2018>.

¹³ ibid, 11

¹⁴ Mo Ibrahim Foundation (2019). *About Us*. <http://mo.ibrahim.foundation/> [Accessed: 17 April 2019]

This can also be displayed in the form of an interconnected circle with relations between all the different values (the same can be done with the virtues)



This relational perspective on values and virtues is very relevant for a balanced vision and mission of a philanthropic institution and programme: it leads to a holistic view. Even when focused on a particular aspects such as peace or freedom, philanthropy does not forget the other dimensions. For example, 'there is no peace without justice, no justice without peace'; refers to the fact that contributions peace and conflict resolution in a community can only be sustainable and successful if inequalities are reduced and fair, just as access to resources are established. On the other hand: justice cannot be reached by dictatorial forced equalization if there is no participatory process to reach fair access to resources.

A) Suggestion for a practical tool for a Board or staff meeting of a philanthropic foundation:

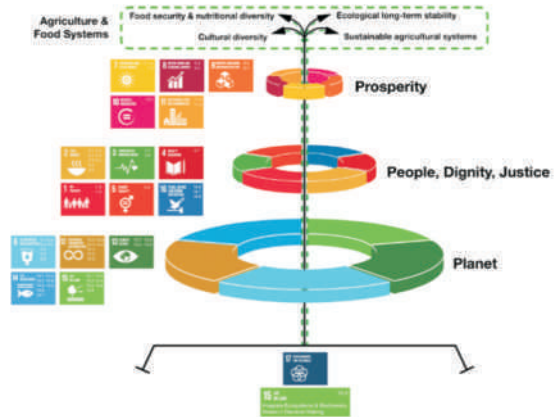
1. List the core values of the vision/mission statement of your institution
2. Discuss the meaning of each of the values
3. Distribute the above circular diagram and select one of your values and describe the meaning of the relation of your value with the other values.

Option 1a instead of 1: if you do not have explicit values in your institutional vision/mission, find out with the Board/staff which values are implicit in your vision/mission statement. Then continue with step 2 and 3.

Option 1b instead of 1: Each member of the group notes three core values which they see as core for the philanthropic institution. Then, list all values in order to see which values are common and which are different. Then continue with step 2 and 3.

Sustainable Development Goals as Philanthropy Frame

Values are also at the core of the Sustainable Development Goals (SDG): equality, inclusivity, common good (community), freedom (e.g. in entrepreneurship), peace and others of the above listed values. The SDG's were formally adopted by the General Assembly of the United Nations in September 2015 with a target to reach all of them by 2030. It is a great success, that the majority of the world's governments agreed on a set of 17 goals, 169 targets and 270 indicators to measure them. These goals, (significant progress compared to the Millennium Development Goals (MDGs) have been developed in a large participatory process and are seen as interdependent. Therefore, we can utilize the same concept and methodology as for values and virtues to show the inter-connectivity by showing the SDGs in a circular diagram on the next page:



The right diagram¹⁵ is another way to show how each of the 17 SDGs are connected to the others. Agriculture and food systems are taken as example in this graph.

For philanthropy, the SDG's are a global, politically agreed framework for orientation and action of all sectors of society, be it the public, the private, the educational, the philanthropic, the religious or the NGO sector. A philanthropic foundation or programme of a foundation will become more holistic by showing this interdependency and will become more communicable by linking it with the SDGs.

At the same time, philanthropic programmes needs a clear focus as a company or a brand needs clear product lines. This is not a contradiction: focussing and connecting are the two poles of the elipse.

B) Suggestion for a practical tool for a Board or staff meeting of a philanthropic foundation:

The same tool as suggestion A) can also be used for a discussion on the UN Sustainable Development Goals SDGs by taking the above circle of SDGs instead of the circle of values.

¹⁵ Source: <http://www.teebweb.org/sdg-agrifood/annex-3>

Innovation Ethics for Innovative Philanthropy

Innovation is a magic word not only in technology and business, but also in philanthropy. Innovation means to combine creative ideas with the capacity to put them into practice and have an impact. This is a key characteristic of entrepreneurial attitude. It is also this entrepreneurial, dynamic spirit that is needed in philanthropy. However, innovation is not always characterized as good. with the recent development of automated arms in the form of tiny drones with the use of Artificial Intelligence shows the negative power of innovation. These harmful but innovative weapons can easily cause mass destruction and are highly unethical, as the International Committee of the Red Cross ICRC warns. So what is good innovation? Ethical innovation is innovation that helps to implement values as described above. An ethical innovator – in business as in philanthropy – can be described with twelve “I” characteristics:

A philanthropist as an “ethical innovator is ¹⁸

Ingenious	thinking outside of the box
Intuitive	Rationally, emotionally and socially holistic
Inspirational	Inspired by spirit and visions
Integrity	Honest, transparent, not plagiarising
Independent	From authorities and mainstream trends
Inclusive	For the benefit of the deprived and in need
Improving	Improving living conditions
International	Not only for protected beneficiaries
Indigenous	Respecting and integrating indigenous culture
Influential	Ambitious in becoming mainstream
Income generating	Not jobless growth, but job creating
Indefatigable hope	Energy to overcome obstacles

Blended Financing by Donations and Investments

“Innovation in philanthropy” includes concepts of entrepreneurial philanthropy, social responsibility, social impact, social innovation, social enterprises, etc. applied into the philanthropy sector. *Venture philanthropy, impact investing and social entrepreneurship* are often used and fashionable (yet not very precise) terms and instruments which use financial investment strategies in line with the foundation's social mission.¹⁹ Although the social impact of these investment strategies is difficult to accurately measure at this point, it gives philanthropy a considerable pool of assets that can be mobilised to intensify the work of foundations to further the social good; at the same time, to decrease their dependence on traditional donations and to achieve financial sustainability.

¹⁶ International Committee of the Red Cross ICRC, *Ethics and Autonomous Weapon Systems: An Ethical Basis for Human Control?*, in Christoph Stückelberger/ Pavan Duggal (Eds.), *Cyber Ethics 4.0.. Serving Humanity with Values*, Globethics.net Publications, Geneva 2018, 323-366. Free download www.globethics.net/publications, Global Series No 17.

¹⁷ Christoph Stückelberger, *Innovation Ethics for Value-based Innovation*, in Jean-Claude Bastos de Morais/Christoph Stückelberger, *Innovation Ethics. African and Global Perspectives*, Globethics.net Publications, Geneva 2014, 63-80. Free download www.globethics.net/publications, Global Series No 7.

¹⁸ Christoph Stückelberger, *Innovation Strategies and Partnerships*, in Christoph Stückelberger/ William Otiende Ogara, Bright Mawudor (eds.), *African Church Assets Handbook*, Globethics.net Publications, Geneva 2018, 111-118 (114f). Free download www.globethics.net/publications, Ethics Praxis Series No 10.

¹⁹ See also Li Jing, Christoph Stückelberger (Eds.), *Philanthropy and Foundation Management. A Guide to Philanthropy in Europe and China*, Globethics.net Publications, Geneva 2017, 141-144. Free download www.globethics.net/publications, China Christian Series No 4.

In the respect to supporting social entrepreneurship, traditional corporates charity is shifting to alternative donation forms such as donating intelligence, platforms, technologies and venture investment. However, the challenge is how to convert more entrepreneurs into social entrepreneurs so that not-for-profit organizations and entrepreneurship can benefit from each other. Another challenge is how to increase the exchange of human resources between private and philanthropic sector in order to increase entrepreneurial skills in philanthropy and social responsibility in enterprises.

Philanthropy worldwide, especially African philanthropy with its proximity to the development needs in African countries and excellent innovative human resources, can substantially contribute to *blended financing*. Human and environmentally sound development and transformation needs large amounts of investments, as the figures to reach the UN SDG's show: 70% of funds to reach the SDGs is expected to come from private investments, only 20%-30% from public sector and NGOs. However, investments often need donations to prepare investments. I have seen in my former role as international President of a global microfinance institution: in order to empower people to become "bankable" and to set up entrepreneurial structures of start-ups or small business, efforts of education, training, developing management skills or marketing tools are needed.²⁰ They need capital which cannot or can only partly be covered by the investor. They often need donations by public development aid or private philanthropy. This blended finance is especially important for risk sharing as it will become more important in future. Governments often offer export risk guarantee for private investments. This is a form of insurance to reduce risk and increase investments in countries with high risk rates. For smaller programmes and projects, the cooperation between investors and philanthropy can play a similar role.

Networks: FaithInvest, Geneva Agape Foundation, Africa-China

Religious organisations have large assets: They own immense territories of land and forests, especially in Africa. They run worldwide, playing a significant role in schools and universities. They own buildings and the amount of capital invested and to invest

is huge. Christian churches and pension funds collect hundreds of billions of dollars, Islamic Finance represents an estimated 1,3 trillion USD. But they also face challenges, like many asset owners, of mismanagement, corruption, and lack of innovation to name a few.²¹ There are hundreds of Christian, ecumenical development organisations united in the ACT Alliance (with its Head office in Switzerland), together representing an annual total project portfolio of USD 3-4 billion of donations (including grants from governments and multilateral organisations e.g. for disaster relief).²² This shows that cooperation between philanthropy and religious organisations is worth strengthening. Many of the HNIs are themselves member of a church or a Muslim community and act as philanthropists with religious motivations.

FaithInvestis a global network for faith-consistent investing. This initiative was launched in 2017 and is, as of March 2019, a legal entity as a trust and secretariat in London. It unites institutional members from various world religions such as church pension funds, Islamic investors, and Buddhist temples. It will become a matching (market) platform, research network and educational tool for faith-consistent investing while linked with philanthropy

²⁰ Eclof International. www.eclof.org.

²¹ William Otiende Ogara, Challenges and Opportunities in Managing Church Assets in Africa, in Christoph Stückelberger/ William Otiende Ogara, Bright Mawudor (eds.), African Church Assets Handbook, Globethics.net Publications, Geneva 2018, 19-36. Free download www.globethics.net/publications, Ethics Praxis Series No 10

²² www.actalliance.org

In addition, the Geneva Agape Foundation (GAF), with its Head Office in the Ecumenical Center in Geneva as ACT Alliance, is a strategic partner of FaithInvest in order to build bridges between values-driven philanthropists and values-driven investors.²³ GAF implements three programmes:

1. Values-driven Entrepreneurship
2. Innovative Philanthropy
3. Values-driven Investments.

I see a huge potential of cooperation with the innovative African philanthropists in order to increase impact for the benefit of those in need.²⁴

I also suggest exploring more cooperation between *African and Chinese* (Christian and non-faith-based) philanthropists. Chinese Philanthropy in China is fast growing while Chinese philanthropy outside China has begun. As the business cooperation between Africans and Chinese are omnipresent on all levels, the cooperation in philanthropy has great potential. For the past 5 years, the Geneva Agape Foundation has worked with Christian Entrepreneurs (mainly SMEs). This work includes organizing platforms for philanthropic engaged between Chinese and African entrepreneurs.

Funding and Fundraising in Philanthropy

The final sector of this chapter analyses the *practical typology of funding and fundraising* and its tools. Philanthropy is deeply embedded in culture with its motivation, approaches, messages and tools.²⁵ Funding models and tools are influenced by local and international trends. Colonial structures and ways of thinking are still present in fundraising. The American, British, French, German, Swiss and Chinese way of philanthropy is visible across Africa, for good and sometimes less appropriate if it is not adapted to African needs and culture.

7.1 Fundraising Culture and Strategy

Income sources and the fundraising methods depend on many factors such as the philanthropy culture in a geographic area, the social structure of society, fundraising traditions, religious background of donors, legal framework and legislation for philanthropy activities, tax deductibility, technological facilities such as payment systems, social media, costs of adverts and many more.

Example: SWOT Analysis for a Foundation's Fundraising Strategy:

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Resources and skills • Relations, partnerships, networks • Advantages compared to competitors • Vision, values, reputation • Geographic location • Access to media, technologies etc. 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Lack of history or success stories • Little transparency and accountability • Geographic limitations • Lack of significant networks
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Innovative projects and approaches • Synergies with partner institutions Comparative advantage with new target groups • Expansion of geographic areas 	<p style="text-align: center;">Threats/Obstacles</p> <ul style="list-style-type: none"> • Changing legalities in the donor countries • Political and economic unrest in the project countries • Scandals in the organization or the non-profit-sector of the country.

Philanthropic fundraising can learn from marketing strategies for consumer products. A philanthropic institution 'markets' the projects similar to a product. Therefore, a foundation needs to make a market analysis of the fundraising market in order to find the most promising methods for fundraising, as seen in the SWOT analysis above.

7.2 Types of Foundations

In relation to foundation funding, there are three main types of charity organisations in general, and foundations specifically:

1. ***Giving Foundations*** have a large foundation capital either in the form of
 - a legacy given as an endowment fund to the foundation,
 - as a mixture of such a foundation capital and additional yearly income from foundation activities such as business.

Giving foundations use the annual net benefit of the capital and additional revenue for project support of the own organisation or donated to other organisations. Their income heavily depends on the financial market and on business achievements. Since the 2008 financial crises, many foundations continue to suffer from decreasing net income and have had to cut their donations and own infrastructure. These foundations are either relatively unknown to the public since they do not need to publicly fundraise nor market, or—like many foundations in the last ten years—become known through their public invitation to submit funding support requests.

2. ***Receiving Foundations*** usually have limited foundation capital, usually the minimum amount that is required by law of the state where the foundation has its legal registration(e.g. in Switzerland CHF 50,000). A key part of their activities is fundraising: collecting funds from various sources (discussed below) for annual expenses, projects and administration, and to build reserves

for sustainable development. Their income heavily depends on their fundraising skills, motivations and the economic situation in the donor areas and sectors. Typically, they are well known in the public because they have to publicly fundraise.

3. ***Receiving and Giving Foundations*** have multiple sources of resources through maintaining their own resources, receiving donations from third parties and giving donations to third parties. Many foundations combine these activities. It means that they do not implement all projects themselves but are direct implementers of some and donors and facilitators of other projects.

7.3 Types of Income Sources

Fundraising as generating income is a key and complex activity of foundations. The principle is the same in not-for-profit activities as in the profit sector: The objectives are to generate income, maintain and create jobs and create value for the society. The 'only' difference is that in non-profit organisations, the net benefit (donations and other income) has to be distributed to and invested in beneficiaries and cannot be given back to the donors or owners as it is non-philanthropic sectors through aspects like dividends for shareholders.

The income sources by category of donors and donations differ substantially between the donors. The following main income sources can be distinguished (the list is not exhaustive):

1. ***Donations from Individuals***
 - 1.1 Small private donations from many individuals
 - 1.2 Large private donations from few individuals (High Net Worth Individuals)
 - 1.3 Legacies from individuals

2. *Donations from Institutions*
 - 2.1 From state: communes, cities, governments, intergovernmental institutions
 - 2.2 From private sector companies and their foundations
 - 2.3 From private foundations and organisations
 - 2.4 Legacies from institutions
3. *Income from Sales*
 - 3.1 From sales of products, services, licences, patents
4. *Income from Reserves/Investments*
 - 4.1 From investments of own capital
 - 4.2 From benefit sharing of capital of third parties
5. *Income from In-kind Contributions*
 - 5.1 Volunteering: donating time
 - 5.2 Expertise: sharing of knowledge
 - 5.3 Goods and services: donating material, infrastructure, facilities

7.4 Types of Donations

1. General: General donations are given to institutions which are then allocates a programme or project according to the needs and budget lines.
2. Project-related (earmarked): Such donations are given for a specific programme, project, campaign or even for an individual (scholarship, individual child).

Earmarked donations are a strong trend since donors want to have a better control, a relation to the project/country/person. Institutional donors need to justify the donation as coherent to their strategy and priorities. On the other hand, receiving institutions need enough general donations in order to balance over-funding or under-funding of projects in order to reach the overall goals of the philanthropic

activity. General donations also depend on the trust of donors and their long term relationship with an institution: the relationship, trust in the leadership, transparent, and credible information policy are key for general contributions.

7.5 Types of Fundraising Methods

The fundraising channels and methods are very broad, however, these are some of the main types:

1. *Public Campaigns:* Larger organisations embark on a large national or regional fundraising campaign annually. For instance, large organizations will have a fundraising week with public adverts, media events, mailings of donation information to households, phone campaigns with direct calls etc. In many countries, public radio and television channels offer public campaigns especially around national emergencies such as national disasters and disease outbreaks. These public campaigns generate donations through their partner institutions.
2. *Websites:* The donation button on the website of the foundation is a necessity, but it normally does not create substantial donations as donors often want more specific information before donating. Websites with fundraising platforms for various organisations are more prevalent in some contexts than others such as the Anglo-Saxon world rather than in mainland Europe.
3. *Direct Mailings:* Emails and postal mailings addressed to the members of an organisation or to selected addresses are a good, targeted way of fundraising. Categories of addresses are distinguished: regular donors are 'hot' addresses, random, rare donors are 'warm' addresses and addresses of persons whom are not yet to donate are called 'cold' addresses. The 'warmer', the better the return of donations.

4. *Crowd Funding:* Crowd funding platforms allow individuals or institutions to fundraise for a specific project, for a defined target amount and during a limited time period. In emotionally touching projects like a sick child it can be very successful, in other cases it is a failure. Transparency of reporting the use of funds in private crowd funding is often a challenge and does not always meet the standards of institutional fundraising. However, crowd funding is also used by public media channels or social media with a list of projects.
5. *Direct Contacts:* Personal contacts within families and, neighbourhoods or even door-to-door collections are still an effective way of fundraising, but needs volunteers and some courage.
6. *Collection in Events:* Worldwide, religious events such as the collection in Christian Sunday worship, Muslim Friday prayer, and in Hindu or Buddhist temple offerings utilize this way of donations . Other fundraising events are benefit concerts, sport events, running (children get an amount per donor per km they run) etc.
7. *Regular Transfer (debit procedures):* Donors who are committed to an organisation spend regularly, e.g. once per month, an amount per automatic debit procedure from their bank account.
8. *Applications to Institutions:* This method requires individual applications to institutions such as foundations, governmental agencies/state departments, companies and their foundations, and multilateral institutions in order to receive donations. The applications are either proactive or as an answer to a call for application by the respective institution.
9. *Intermediaries, especially financial institutions:* Banks and wealth managers influence the investment and also donation policies and decisions of their clients. A personal contact or a flyer in the hand of a wealth manager can

motivate her/him to recommend a project or a foundation for a donation. Aged persons sometimes ask lawyers, pastors and notaries to make suggestions for legacies to philanthropic institutions.

10. *Directories:* Being listed in directories of foundations, placing adverts in such directories are mainly 'branding marketing' in order to make an organisation known.
11. *Media presence:* presence of an organisation in the media by interviews, reports about projects, advocacy, petitions, public controversies, social media messages such as tweets and Facebook groups are important instruments to make an organisation known and create the foundation for donations.
12. *Personalities:* Having a well-known personality as president, Board member or director of an organisation or a movie or sport star as special 'ambassador', increases visibility and credibility of an organisation as basis for donations.²⁶

Chapter 4

AFRICA'S NEXT GENERATION OF GIVERS – GUIDANCE FOR CREATING AND MANAGING A PHILANTHROPIC LEGACY

By Yvonne Moore and Hafeeza Rashed

Philanthropy has the power to unite generations through a shared vision for an entire family. Engaging family members in philanthropy from a young age can enrich the family, instil and demonstrate family values, and secure a rich and dynamic legacy. The rise in high net-worth families in Africa is increasing interest in formal philanthropy. The first generation of Africans who accrued wealth are shaping a philanthropic vision for the family; but it is the next generation who will sustain it. The new generation has unprecedented financial resources, bringing new ideas to the traditional world of charitable giving. This chapter aims to help the next generation of African philanthropists better understand the importance of continued philanthropy, how to set up their own charitable giving and avoid the pitfalls of the past by exploring:

- I. The need to engage and educate the next generation on philanthropy
- II. Guidance on how to create a family legacy that engages the next generation of givers

I. The Need to Engage and Education the Next Generation on Philanthropy

The next generation of African philanthropists have a ripe opportunity to define philanthropy stripped of the cultural and economic baggage of the West. But they also have a responsibility to interrogate the social and economic constructs in African cultures that impede giving and that is reflective of the love of humankind. The next generation of philanthropists in Africa should avoid giving that has little respect for

community or culture and instead engage in philanthropy that embraces as many people as possible to decrease social and economic inequality. Ways which to do this should be discussed in conversations that start within the family as, most times, philanthropic giving as a family value is one of the strongest and most sustainable forms of giving.

There are notable differences in the giving motivations and priorities between Western high net-worth individuals and their African contemporaries. Firstly, the UBS-Trust Africa report surveying African wealthy givers stated that most African philanthropists “top three motives for giving were the expression of personal values, family's legacy and tradition, and wanting to give back”²⁷. By placing value, tradition and legacy at the centre of charitable giving, African philanthropy can avoid the pitfalls West-based foundations have failed to address. For most African donors, tax benefits were a negligible motivating factor. Less than a quarter of wealthy South African donors reported in a NedBank survey that increased tax benefits would encourage them to give more.

Secondly, the perception of philanthropy among high net-worth individual in Africa and the West vastly differ. Humanitarian Graça Machel defined African philanthropy as driven by solidarity rather than mere charity. In the U.S., about a third of all charitable giving goes to religion; in South Africa, giving to social and community development is the major recipient of charitable aid. Generally, as noted by the UBS-Trust Africa report, African wealthy donors are motivated “by their proximity to the needs and challenges faced by their communities”²⁸. This proximity informs the types of organization that receive their gifts.

²⁷ UBS Trust. 2015. *Africa's Wealthy Give Back*. Accessed 10 June 2019.

http://www.ubs.com/global/en/wealth_management/uhnw/philanthropy-sustainable-investing/philanthropy-advisory/research-and-videos.html

²⁸ Ibid

Thirdly, within African philanthropy, a common misconception is that Africans are hesitant to give to institutions, recognizing that the needs of their own family and community are so great. This assessment is misguided as many wealthy African donors give to non-profits, unrelated individuals and religious institutions, which made up 72% of the total giving in 2015. In South Africa, giving to unrelated individuals (20%) outstripped giving to extended family (7%).

Lastly, African donors are rightfully hesitant to accept philanthropy as practiced in the West. Therefore, the next generation have the opportunity to learn from past mistakes, re-center the love of humankind at the core of giving, and continue the diverse African norms that fuel giving.

The next section will provide prescriptive advice for the first generation of wealth accumulators in Africa on how to create and sustain their own philanthropic legacy.

II. Guidance for the first-generation wealth accumulators

Firstly, it should be noted that historically, individuals and families at a high net-worth level have created long-lived family foundations, but the current generation of millionaires and billionaires is focusing on a shorter time horizon and the sustainable impact of their giving. They want to eradicate the world's problems one by one and do it fast. However, there are questions that one must ask themselves before-hand: Why are you giving? What do you want to achieve? How do you think change will happen? How will you assess progress? Who will join you?

The majority of givers have stated that the motivation to give spurs from their personal values and the desire translate their vision to better communities into reality. Another aspect of giving and philanthropy is to leave a positive and impactful legacy for oneself and their family for generations to come. Legacy refers to the reputation and contributions for which we are most remembered. Building a family's legacy can be

very exciting; however, depending on the family's internal dynamics, it can be fraught with complexity. Family, particularly within Africa, holds several definitions ranging from a nuclear family to the entire community. As a first-generation wealth accumulator who wants to strategically give; regardless of how you define family, whether by law, bond or blood, it is fundamental to trust individuals who can help you execute your philanthropic goals.

Families highly committed to a legacy of philanthropy often focus heavily on the style, amount and method of their giving. This focus overlooks the need to identify an individual who will manage the family's legacy. For families who are hesitant to plan what happens after a matriarch or patriarch dies, it can be difficult to ensure a philanthropic legacy is stewarded well. Therefore, it is necessary that the first generation of givers who accumulated the wealth identify the individual(s) best able to execute their philanthropic goals. The first generation often fail to identify and adequately prepare the second (or next) generation who may become responsible for leading the family's philanthropic legacy after their death. A philanthropic legacy requires succession planning.

To the first generation of givers who create the family's philanthropic legacy:

- **Be open and honest about your philanthropic goals with one or more family members.** It is common for many family members of high net-worth individuals to learn about the family's wealth from someone outside of the family (such as the estate attorney or wealthy advisor). Engage your family and/or your children about your philanthropic vision and goals, either one-on-one or in a larger group. Ideally, all family members should have some understanding of your philanthropic vision. At minimum, be sure your family is aware of the issues you believe to be the most critical in making the world a better place.

- **Identify the individual(s) who have the personality or patience to unite family members.** When identifying a potential steward or successor of your philanthropic legacy, consider who in the family has the personality or patience to bring others together instead of a person who might create a chasm or dissension among the family. To help clarify who is a suitable steward, answer the following:
 - Which individual(s) does everyone in the family enjoy receiving a letter or a phone call?
 - Which individual(s) in your family may be seen as fair-minded or open to listening to various opinions or views, even if they may not always agree with you?

It is important to consider these questions often and early to identify and engage a potential steward. Engage a potential steward early to give yourself and the family the opportunity to better understand the rationale driving your support of a particular issue. If you, the next generation and the potential steward of the family's philanthropy embrace the opportunity to learn and explore together, it could excite and expand the next generation's interest in your issues as well.

In essence, the mission and its longevity are at the core of every family's philanthropy, but the choices hardly end there, as there are many important administrative and operational issues to consider. These include choosing among different philanthropic vehicles and creating not-for-profit and profit hybrid structures that allow better tracking of funds and that highlight impact in a clearer and more tangible way.

To Build or Not to Build

While donors give via their personal foundations and their personal bank accounts this alone does not constitute as philanthropy. Philanthropy centers on giving for the love of humankind. Philanthropy, whether it's generational, strategic or high impact, does not respect structure. Great grant-making and/or social investments does not require

a family office, a trust, or a foundation. Philanthropy through grant-making requires focus, knowledge and learning, active listening, commitment and partnership, and trust.

Focus: If you and your family seek to make long-term or sustainable impact, select a few key areas on which to focus. No one can do everything well.

Knowledge and Learning: After you have identified key focus areas, learn and understand the depth of the issue(s). You cannot fund or invest in what you do not understand. Begin by speaking with those individuals and organizations who deal with the issue on a daily basis. Importantly, read books and articles about the issue; but to begin contributing a solution to a problem, speak with and listen to those directly affected by the problem.

Active Listening: After you have identified the experts who regularly deal with the issues, initiate a conversation. It is important that you are doing very little talking and simply listening. Ask questions. Do you have some level of knowledge and expertise that you can bring to the solution table? Absolutely. But listening enables you to understand the issues, and the value of your own experience or wealth might bring to the solution table.

Commitment and Partnership: High impact or monumental change takes resources and time. Time is often the aspect where many donors get stuck. Many wealthy donors often want to make a “big change” but become discouraged by the amount of time it might take to complete. Some of our most challenging problems cannot be solved with wealth alone. Many issues are significantly impacted by political and public will, or human beings making a change in long held habits. That is why learning and listening are critical. Learning and listening enables donors to build partnerships. Partnership is a key ingredient to great outcomes and solutions. Donors operating in isolation rarely bring about great change. Partnerships, both big and small, are a key to solving our greatest global challenges.

Trust: Trust means admitting that you do not have the answer, or that the solution is unknown. After you have learned all you possibly can, spoken with several experts and advisors, you must act. No matter how much information is gathered, no one can anticipate every potential issue that may arise. So long as you follow the steps above, you are not being reckless or unwise. Instead, you are taking a calculated risk.

Formal Structures

While formal structures can carry out your philanthropic vision and goals, a structure, entity or institution alone will in no way guarantee it. A structure or entity cannot operate itself. The more structure you create, the more systems and leadership you will require. Take heed: depending on your country's laws, it can be more challenging to dissolve an entity than it is in creating it.

There are situations in which an entity, whether a foundation, a trust, or a fund by a grant-making organization, can be ideal. Before you and your family create an entity, there are a few critical issues to consider:

- Is a foundation the right fit for you and family and your philanthropic goals?
- If you are considering establishing a foundation, determine the size of the permanent endowment. Depending on your country's tax laws, how much money are you willing to invest in perpetuity?

It is important to work with an experienced investment or wealth advisor to help you oversee or manage an endowment. You must make sure that your endowment is growing in a way that does not undermine your philanthropic goals. Depending on the laws of your country, investigate whether there is an amount of money you are required to give away each year from an established endowment.

- Do you have a solid and committed decision-making body, such as a formal trustee board or, informally, at least three (3) trusted family members to help you with your decision making?
- What it will cost to manage the entity's annual accounting, administrative and/or legal filings required in your country?
- Depending on the size of the endowment and your annual giving or investment goals, will you need a philanthropic advisor or a staff person(s) to help you thoughtfully and strategically make your grants each year?
- Would establishing a fund or a giving account at a larger community foundation such as Trust Africa or the Southern Africa Trust carry-out your same goals?

There are alternatives to setting up one's own foundation. Partnering with an existing grant-maker may accomplish your philanthropic goals. A grant-maker has the systems and knowledgeable staff already in place to help realize your philanthropic dreams almost immediately. There are many African-led and African-based grant-makers involved in a diversity of issues working on the continent, including but not exclusive to:

African Women's Development Fund (supports African women-led community-based organizations working on the continent)

Ebi Fund (a women's impact fund based in Nigeria that is dedicated to small and medium-sized businesses access local and international markets)

Kenya Community Foundation (supports Kenyan civil society organizations)

Social Justice Initiative (supports social justice causes in South Africa)

It is important to consider all of the options; setting up your own entity or partnering with an existing grant-maker to best realize your philanthropic vision. Building a philanthropic legacy does not require brick or bullion. It is about you and your family's love for humankind.

How the first generation of donors engages the next

It is an illuminating exercise to engage minor-aged or adult children in family philanthropic goals. Educate, expose, and focus on nurturing their motivation and intent. One should not worry too much about selecting a particular issue. It is more important that your children understand their responsibility in a global community. With your minor or adult child, begin sharing your areas of interest by conversing about the issues that affect their life. Your role is to help connect that issue to what matters most to them. Help your child understand why an issue you care about might actually negatively impact something about which he or she cares.

Engaging the next generation with opportunities to make decisions, contribute their ideas or advise on your decision-making is important. If you have already established a foundation or set up a modest fund, encourage communication among family members by creating an informal advisory board. This advisory board might not have any legal obligations or rights; however, it will give you and your family an opportunity to practice necessary skills in listening and group decision-making.

Encourage the next generation of donors to contribute to positive change in their communities by sharing your own family's history of giving time, talent and treasure. Philanthropy, whether you give from a personal bank account or via your family's foundation, can be a continuation of a family's history.

It should be noted that in future years, social media will also increase in importance, helping those philanthropists who use it wisely to generate buzz about their causes and raise money, the youth of today are primed and ready to harness this and including them from an early age in engaging in philanthropy will aid this evolving connection between philanthropy and social media.

As philanthropists take the lead in aiding important causes around the world, they will require more information about the cultural issues they may encounter, as well as

knowledge of what's already out there to avoid duplication. Last but not least, choosing the right partners for collaboration may serve to enhance the philanthropic mission exponentially.

Conclusion

Philanthropy in Africa can be understood as grounded in the diverse cultural and economic realities of the continent. The thoughtful deployment of impactful giving should be done after consultation with the communities that benefit from the donation of time, talent or treasure. Giving in ways that incorporate one's history and culture can help African donors sidestep the pitfalls of haphazard philanthropy that is common in the United States.

The first generation of African high net-worth individuals have the ability to establish philanthropic groundwork for generations to come. Many argue that they owe the next generation the time and space to share their vision of the family's philanthropic legacy. Nonetheless, high net-worth individuals, like most people, want to leave an impactful and sustainable legacy that continues to foster good and enriching elements after they have gone. As such, family trust and legacies remain the dominating force among first generation wealth accumulators. Not only does it bring family members together as they work towards a shared goal to address a challenging societal issue, it fosters continued philanthropic work among the next generation. By asking insightful questions, listening to stakeholders (the family members and intended gift recipients), and sharing one's vision, an inclusive philanthropy that respects the diverse norms throughout Africa is born.

This is an exciting time for African philanthropy as it shapes a more thoughtful, culturally-relevant giving in the future. As Africa experiences an increase in wealth inequality, African-led grant-making institutions and philanthropists are centering Africans' allegiance to community and respect for tradition to re-shape philanthropy on the continent.

Chapter 5

STRATEGIC GIVING WITHOUT A FOUNDATION – A PRACTICAL GUIDE

By Ndidi Okonkwo Nwuneli

To give away money is an easy matter and in any man's power. But to decide to whom to give it and how large and when, and for what purpose and how, is neither in every man's power nor an easy matter.²⁹

— Aristotle, Greek philosopher.

Across the globe, they are examples of individuals who have chosen to give strategically without instituting formal foundations. There are also similar examples in the African context. This chapter explores this theme and aims to serve as a practical guide to strategic giving without a foundation.

Mechanisms for Giving Strategically

There are three common mechanisms for giving which philanthropists often utilize. They: (1) establish foundations solely focused on giving; (2) create teams within their existing companies or non-profit organizations that provides grants and/or execute initiatives directly; and (3) provide funds directly to causes without any formal structure. Each of these methods has its advantages and disadvantages.

Giving Mechanism	Advantaged	Disadvantages
<p>Establishing a foundation</p>	<ul style="list-style-type: none"> • Allows for more organized, systematic, and targeted giving • Founder typically has significant control over sector focus and grantee selection • Allows for continuity beyond the life of the founder, especially if the Foundation creates and actively manages an endowment • Potential for greater recognition for founder and his/her family (in the case of family foundations) or the company (in the case of corporate foundations) 	<ul style="list-style-type: none"> • The initial time commitment and costs of starting a foundation are relatively high • The founder has to provide on-going oversight and governance to ensure that the Foundation fulfils its mandate • Private foundations require intensive recordkeeping and annual reporting and filing.³⁰
<p>Creating teams within existing companies or non-profit organizations that provides grants and/ or execute initiatives directly</p>	<ul style="list-style-type: none"> • Enhances the company's reputation in the public domain, especially with its customers, suppliers and shareholders, and strengthens its ties with the community • Employees whose companies give strategically 	<ul style="list-style-type: none"> • Smaller businesses may struggle to sustain giving because of the time commitment required for selecting causes and monitoring impact • Strategic giving often conflicts with the profit motive of for-profit

Giving Mechanism	Advantaged	Disadvantages
<p>Providing funds directly to causes without any formal structure</p>	<p>are often more motivated and loyal to the business</p>	<p>businesses and may create shareholder resistance</p> <ul style="list-style-type: none"> • Companies often struggle to straddle the thin line between PR/Marketing and strategic giving
	<ul style="list-style-type: none"> • Allows for significant control over which causes to support and how much to give • Ability to determine how involved the philanthropist will be in the program being funded • In some countries, this form of giving provides tax incentives to the philanthropist 	<ul style="list-style-type: none"> • The processes of screening organizations, and conducting due diligence is very time consuming and the philanthropist may require additional support • Tracking impact is often more difficult, given absence of formal systems and structures associated with this model

²⁹ Cyr, S. 2013. Five tips for running an effective charitable foundation. *Philanthropy Journal News*. Accessed: <https://pj.news.chass.ncsu.edu/2013/07/15/five-tips-running-effective-charitable-foundation/> [6 May 2019].

³⁰ *Hurwit & Associates*. 2019. Family Foundation Pros and Cons: Legal Counsel for Philanthropy and the Nonprofit Sector. Hurwit & Associates. Accessed: <https://www.hurwitassociates.com/private-foundations/family-foundation-pros-cons> [1 August 2019].

While the first two mechanisms described above are more visible, by nature of their design, the third option has been gaining prominence in recent years.

POWER OF POOLING

Warren Buffet, one of the most charitable billionaires in the 21st century has engaged in philanthropy through the pooling method. He has given away more than \$46 billion since 2000, 71% of his \$65.5 billion fortune.³¹ Buffett's approach to philanthropy has largely mirrored his approach to business - investment and delegation. In 2006, Buffett pledged 85% of his net worth through annual gifts from Berkshire stock to five charities, valued at \$37 billion per charity at the time. Since then, Buffett has largely stood back and let the five foundations manage the money he has donated, merely offering thoughts about how to effectively focus the funds. In both business and philanthropy, he leaves much to manager discretion.

Like Buffet, some African philanthropists may not have the time or capacity to create and sustain their own foundations or Corporate Social Responsibility (CSR) initiatives. For them, partnering and collaborating with credible local organizations who have a shared vision and strategy, is often considered the most effective way of giving.

"Strategic philanthropy is essentially a bet on the value of rational decision making".³²

STRATEGIC GIVING

Choosing to give strategically, without a formal foundation or team, requires that the philanthropist establish a clear area of focus – in terms of sector of interest (e.g. health, education, the arts, science & technology etc.), intervention area (e.g. by geographic area (e.g. your hometown, the city where you live, your country etc.) or demographic focus (e.g. children, youth, women, the elderly etc.). Focus areas can evolve and change, based on the philanthropists' experiences and passions. However, through the giving journey, the philanthropist must commit to constant learning, monitoring, evaluating and, when necessary, adjusting and reconfiguring his/her intervention.

Once a focus area has been determined, the philanthropist must sift through the numerous requests the he or she receives and actively:

Engage in the focus area: identifying credible causes that would benefit immensely from support. He/she must resist the pressure to react to unsolicited requests and instead, actively engage a few credible individuals in the focus ecosystem to request for referrals to potentially high-impact intervention opportunities.

Select doggedly: choose intentionally among the many options and exclude non-qualifying organizations.

Be criteria-driven: selections should be made based on acknowledged, pre-determined criteria that are rational, and pragmatic. This form of giving is not impulsive nor emotional.

Focus narrowly: it is important to centre your giving on a limited and specific number of causes that have common characteristics and excludes other types. The focusing principle can include aspects such as geography, need, charitable sector, or organizational style. Focusing your efforts and financial contribution on a limited number of causes makes the goal easier to achieve by providing larger donations to fewer organizations.

Pursue impact: strategic giving, both with and without a foundation, seeks impact within the area of focus. From the outset and throughout the program, there should be a clear focus on meaningful outcomes and metrics. After all, the purpose of strategic giving is to create sustainable, positive impact.³³

³¹ Inside Philanthropy. 2019. *Warren Buffet*. Accessed: <https://www.insidephilanthropy.com/wall-street-donors/warren-buffett.html> [26 June 2019].

³² Brest, P & Harvey, S. 2018. *Is Strategic Philanthropy Heartless?* *Inside Philanthropy*. Accessed: <https://www.insidephilanthropy.com/home/2018/8/7/is-strategic-philanthropy-heartless> [30 April 2019].

³³ Calvin Edwards & Company. 2008. *What is Strategic Giving*. Accessed: <http://calvinedwardscompany.com/What%20is%20Strategic%20Giving.pdf> [30 April 2019].

Caselet: Mr. Chidi Okoro, a Strategic Giver

Chidi Okoro, a seasoned leader in the Nigerian FMCG and pharmaceutical industry, is currently the Founder/Executive Consultant of Drugs and Medicaments Nigeria Limited, a retail chain/ brands dealer in the Pharmaceutical sector.

Q: Why have you decided to give without the formal incorporation of a foundation?

I do not believe I have the capacity to set up and manage a foundation in terms of the steps to set up and manage it. I believe that everyone should be giving something back irrespective of whether he or she has a foundation or not, especially in our environment where many are lacking access to basic necessities.

Q: What criteria do you use when selecting causes/issues you give to?

My choice to give to education arose from a family experience: one of the son's of my father's worker's came to live with my mother after the death of my father because his father had lost his job. My mother put him through school and he eventually became a Senior Manager in a company. That singular experience motivated me to believe that the easiest way out of poverty is education. I have focused on that ever since.

Q: How do you measure impact?

I can't say I have a precise structure. I started off wanting to solve all the problems of my small community, Ndi Amazu Ikpakwu, Arondizuogu in Imo state, Nigeria. So, in the beginning I started buying books for students and teachers. I then incorporated buying food for students and teachers once a week. Upon review, I discovered that it had fleeting impact; school attendance remained at 60% from when I started, and teacher-retention was below 40%. After personal review and research, I decided to focus on matters that would impact the maximum number of people in the community in the education sector. Thus, I moved on to paying the teachers and bringing food once a month, I also bought basic classroom equipment such as chairs for the teachers and students. Within my giving, I track school attendance numbers which hit 90% from the initial 60% as well as teacher retention which has now risen to 75% from 40%. Overall, I learnt by doing; through trial and error I must say.

Q: What is your definition of strategic giving? Why do you do it and what are the benefits?

I see strategic giving as prioritizing 'giving' effort to matters that will deliver the strongest impact to the greatest number of people, for example, undertaking training and payment of salaries of teachers in a locality. With teacher to student ratio being 1/60, chances are we can impact 300 students by focusing giving to just 5 teachers. Why do I do it? it is more cost effective and impact is

easier to see and measure. For instance, there is a direct correlation between teacher commitment raising student commitment. You can see immediate impact through school enrolment and less student drop-outs. I believe that better quality basic education is one way to escape poverty for both urban and rural dwellers and that is why I choose to give to this cause.

Q: Considering that this form of strategic giving often garners less public credit than other forms (i.e. owning a foundation) – Is this of any significance to you? Who gets the credit? Does that affect your willingness to give?

My focus is to positively impact my community and the larger Nigeria. I have been burnt several times with the money going missing along the pipeline of delivery, but I still strive to do what I can, when I can. I believe I must give back as a matter of obligation.

Key Tactics to Strategic Giving

Strategic giving (also called proactive grant-making) is the act of financial giving with clear and focused goals that are defined by a set of strategies for how the organization is to accomplish those goals. The funder thus drives the agenda rather than the grantees, although it is best practice to include grantees in the creation of the goals and strategies. As a philanthropist, you are likely to know what your preferred causes are and your intentions to make a difference in a specific area, it is the mechanism through which you perform this giving that requires scrutinization and strategic thought. As such, philanthropists can organize and strategically give through four stages: investigating and identifying an organization; structuring the giving; monitoring the process; and evaluating the program.³⁴

1. Investigating and Identifying an Organization

Most philanthropists are already aware of a certain number of organizations working in the areas that interest them or that they are already supporting. In order to achieve the greatest impact possible, one must find the organizations best suited to helping givers achieve their philanthropic goals. Typically, there are four common ways to find such organizations:

- Establishing relationships to uncover organizations
- Conducting research or evaluate existing research on causes and organizations involved in those specific causes.
- Seeking out respected opinions by experts on the causes
- Soliciting requests for proposals (RFPs) from interested organizations.

The process of researching organizations, often referred to as due diligence, serves as an opportunity to gain substantial knowledge about the organization, its leadership, financials and strategy. This is done in an effort to ensure that the philanthropist has enough information to make the right investment decision. When considering identified organizations, there are aspects of the organization that should be considered.

Aspects	Questions Asked
Vision & Mission	What is the overall vision and mission of the organization? What positive impact do they aim to make in the world? Do these align with your personal values?
Strategy	How does the organization plan an executing their vision and mission? Is it feasible?
Leadership	Who is spearheading the organization? Are they qualified to do so with the relevant experience and expertise to achieve impact?
Board of Directors	Is there a formal and active Board of Directors that provides governance and oversight? Are the Board members committed and invested in the success of the organization and its mission? Is the board diverse, of good standing and representative of the task at hand?

Aspects	Questions Asked
Organisational Structure	Does the structure of the organization produce a suitable environment to achieve their mission? Are the staff qualified, motivated and fairly compensated to perform the work with enthusiasm?
Financial & Legal Information	Is the organization legally registered in their country of work? Do they pay taxes regularly? Are they in good standing financially and legally? Do their financial statements reflect transparency and accountability? Do they have annual audited financial statements? What is their financial sustainability strategy?
Results and Impact	How does the organization measure impact? What impact have they been able to achieve? Can this be verified? Do they have success stories? Have their projects produced empirical results and positive impact?
Other Funders	Who else is funding this organization and what are they funding? Does the organization have key funders that have been involved for long periods of time? Does their funding compromise the organization in any way?
Reputation	Does the organization have a very good reputation among funders, in the community and in the country?
Need for additional funds and planned use of funds	How will additional resources help the organization? How do they plan to utilize your potential investment in their organization? If they do not obtain these funds from you, what will they do?

It is important that the philanthropist tailor his/her due diligence to the specific causes and impact they wish to see. The aim is to ensure that through this due diligence, the philanthropist will be able to identify an organization that is well positioned to carry out the proposed goals with the investment that will be made.³⁶

2. Structuring the Giving

Once the selection process of a grantee organization is complete, the next step is to determine the structure of the grant. The duration, amount, and conditions of the grant should be declared at the beginning of the donor-donee relationship in order to ensure clarity. As the grantee, donors may decide to fund a particular project or the organization as a whole, the amount they wish to offer, their level of involvement and, how they wish to see the money used and the frequency of engagement and reporting.

Typically, the grantee will provide a 'Statement of Need', detailing the purpose of the grant request and what kind of resources are needed to achieve this goal. This statement should declare how much is needed and if it is a one-off payment or disbursements are required over time. It is important to ensure that relevant and timely data and financial information is provided by the prospective grantee to support their needs/request and the philanthropist has to engage in his/her own research to verify them before proceeding any further.

Once the structure of the grant has been accepted by both parties, a formal contract is signed between the parties and the work begins.

3. Monitoring the Process

Monitoring entails paying close attention to what is being done to ensure that the project is on track according to the pre-agreed terms and impact targets. As such, it is

important that there is a clear set of explicit principles to guide monitoring, evaluation, and learning practices across the grantee organization or and/or across the program. These principles or evaluation frameworks should be based on the concept of testing the core strategy of the program and should be planned out very early in the strategy development of the program. Outcomes should be matched to targets. Indicators and monitoring efforts should be streamlined and kept simple so that they can be effectively communicated. Periodic updates should be provided by grantee organizations to donors. These updates, done either in person, through email or phone call, should cover the progress, issues, achievements against pre-set milestones, and plans to complete the project and achieve impact.

4. Evaluating the Program

Evaluation is looking back at what has been done and extracting valuable knowledge from the experience. Depending on the size and complexity of the intervention, it may be suitable to use third-party evaluators to ensure objectivity. It is important to recognise that failure to meet the intended goals does not mean the grant has been wasted. As the monitoring goes beyond a financial audit, there are opportunities to use the information gathered and share the lessons learnt for others to build upon.

When a grant has reached the close date, it is up to the donor to decide whether to renew the grant, or to exit. Each option has its specific process, and is linked to the purpose of the first grant in the first place. The renewal investigation should be similar to the original investigation but will focus more on the progress and updates since the prior grant and an evaluation of the case for another round of funding. Depending on the project, renewal investigations can sometimes be faster and simpler than the initial investigation.

The aim of monitoring and evaluation is to ensure that if your goals are not met, lessons are learnt as to why it did not happen. The knowledge and lessons gained should be used to institute new practices and procedures to ensure that data and evaluation findings are consistently used for adaptive management and further knowledge sharing.

Caselet: Mr. Ali A. Mufuruki, Investing in Individuals

Ali A. Mufuruki is the chairman and CEO of Infotech Investment Group Limited based in Dar es Salaam, Tanzania. He currently serves as chairman of the board of the Wananchi Group Holdings Kenya, chairman of the CEOs' Roundtable of Tanzania, trustee of the Mandela Institute of Development Studies (MINDS), chairman of the board of Chai Bora Ltd, Tanzania, chairman of Muhimbili University (MUHAS) Grants Committee, member of the Presidential Investors Roundtable of Uganda (PIRT), member of the Tanzania National Business Council (TNBC), and is a member of the Advisory Group on Sub-Saharan Africa (AGSA) for the International Monetary Fund (IMF). He is a Henry Crown Fellow of The Aspen Institute Class of 2001, and is founder and chairman of The Africa Leadership Initiative (ALI) East Africa.

Q: *What is your definition of strategic giving?*

As I have not gone through the process of establishing a foundation or institution to support my philanthropic adventures, I give based purely on need as it arises and on my capability as the pocket allows.

Q: *Why do you do it and what are the benefits?*

There are ideas that I believe in very strongly, such as the importance of enlightened and values-based leadership. I have invested significant resources in helping a few people I have been able to reach to improve their ability to lead in this way. My wife has been supporting the less fortunate members of our society by establishing a feeding program for gifted HIV positive children and AIDS orphans in schools in our district. She recruited me to her cause and I have supported with some resources, again based on need and ability whenever possible and/or necessary.

Q: *Why have you decided to give without the formal incorporation of a foundation?*

I prefer to give anonymously, as such, giving without a foundation is the best way to do so.

Q: *What criteria do you use when selecting causes/issues you give to?*

I support only those causes that I care about. There are many worthy causes in the world but only a few that I personally care about.

Q: *How do you measure impact?*

Empirically. By observing change in the individual I had helped. I have not been very successful in effecting the kind of change that I desire but I am not giving up yet.

Q: Considering that this form of strategic giving often garners less public credit than other forms (i.e. owning a foundation) – Is this of any significance to you? Not at all. I give anonymously because it is not about credit, it is about giving in order to effect positive change. Ultimately, intelligent people know who has contributed what to their success, if and when it happens, and they show gratitude in many ways including paying the favour forward. But there are also many who don't and it doesn't bother me too much. I take it as a lesson in matters of selecting causes and individuals to support.

MEASURING IMPACT & COMMUNICATING CHANGE

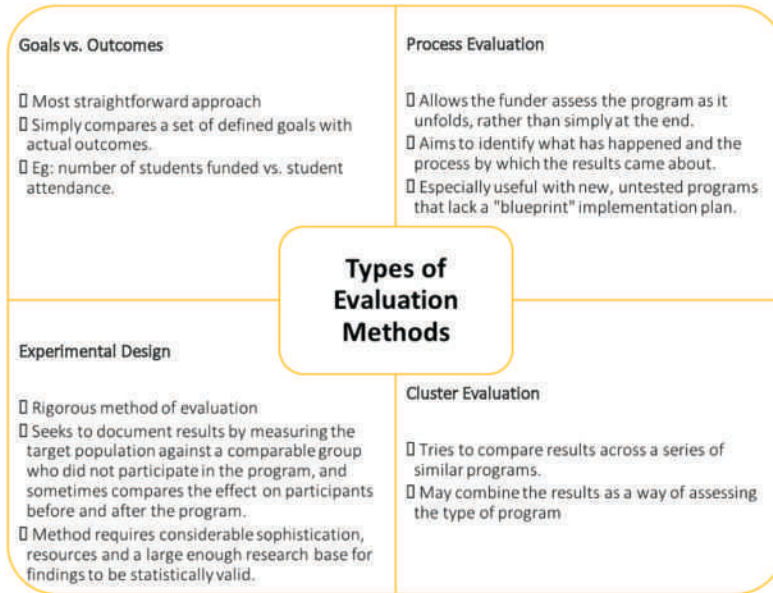
Measuring impact of any program or cause is extremely important. At the most fundamental level, philanthropists want their grantees to be accountable. Moreover, the process of measuring program impact, reveals insights and knowledge that can be leveraged for future investments and further development.

There are several methods to measuring impact within philanthropic landscape with the most common being evaluation assessments, Return on Investments (ROIs) and systems thinking.

Evaluation

Evaluation is the most established method of assessing results in the development sector as it helps the philanthropist, the organization and other stakeholders gather information on whether or not an intervention has worked and the reason behind the results. Types of evaluations include goals vs. outcomes, process evaluation, experimental design, and cluster evaluation.

³⁶The Bridgespan Group. 2018. *How Philanthropists Can Think About the Funding Process: The Six S's of Grantmaking*. Accessed: May 2019].



Return on Investment (ROI)

The ROI approach is very appealing to philanthropists who believe that measurement is a critical goal and of the upmost importance. ROI creates an environment for the production of blueprints that can be replicated by many donors and organizations in the development field. However, one disadvantage of this method is that it may not always use a long enough time period when assessing impact. Additionally, many complex issues philanthropy aims to solve simply does not have enough information available to be able to create the equations and formulas that provide reliable and actionable answers. Therefore, ROI calculations often rely on a series of assumptions.³⁷

Systems Thinking

Systems thinking begins at the broadest level of a multifaceted problem and attempts to identify all the major underlying factors. It then assesses which interventions offer the greatest potential for changing the whole system.³⁸

Whatever method is adopted when attempting to measure impact, it is vital that philanthropists hinge their expectations on their context in which the interventions are being implemented in order to gain realistic and factual results from the evaluation process. The difficulty of measuring effectiveness and impact can be one of the greatest frustrations that many philanthropists face. However, it is critical for sustained philanthropic engagement. "One of the hallmarks of thoughtful philanthropy is the co-development of a generous gift alongside a well-designed assessment plan".³⁹

Caselet: Mr. Gbenga Oyeboode

Gbenga Oyeboode, founded Aluko & Oyeboode, where he currently serves as Chairman. He has developed significant experience in the project finance, corporate law, energy and natural resources, telecommunications and aviation law. He served as Chairman, Access Bank Plc (2005-2015) and the Chairman of Okomu Oil Palm Company Plc (both listed on the Nigerian Stock Exchange). Oyeboode also serves on the Boards of MTN Nigeria Limited, Nestle Nigeria Plc and the Ford Foundation. He has been a Barrister & Solicitor of the Supreme Court of Nigeria since 1980 and an Attorney at Law of the Supreme Court of New York State since 1983.

Q: What is Strategic giving?

To me, strategic giving is based on a pre-determined greater purpose, which inspires and controls the giving. It can also be described as giving with a plan to achieve a goal at a higher level.

Q: Why do you do it and what are the benefits?

The major reasons for my strategic giving is to help raise funds for causes that I am passionate about. Some of the benefits of this include greater satisfaction in supporting a cause I believe in; and more impact per giving; which achieves results.

³⁷ Schlesinger, C.D. 2017. Maximize ROI of Charitable Giving. *Wealth Management.com*. Accessed: <https://www.wealthmanagement.com/philanthropy/maximize-roi-charitable-giving> [2 August 2019]

³⁸ Behrens, T. 2016. *Systems Thinking in Philanthropy*. Western Michigan University.

³⁹ Rockefeller Philanthropy Advisor. 2019. *Assessing Impact*. Accessed <https://www.rockpa.org/guide/assessing-impact/> [Accessed: 7 May 2019].

Q: Why have you decided to give without the formal incorporation of a foundation?

At this time, I prefer that my giving is focused on the areas that I am concerned about. I am not particular about the need for a formal institutional framework. I am, however, in the process of setting up a formal foundation structure which would be managed by an Executive Director.

Q: What criteria do you use when selecting causes/issues you give to?

There are a few aspects I look into before selecting an NGO through which I give. I begin by reviewing the NGO's mission and determine if it fits with my strategic objectives. I review their outcomes, such as, how many people has the organization helped, and has that increased or decreased over time. Given the size and budget, is that number reasonable? I also review into the NGOs financial information. Is it transparent and recent? Are the overheads in line with my expectations? I talk or meet with the organization's leadership to understand how the donation will be utilized. Identify the members of the board of directors, are they business or community leaders? Are they of good standing? Evaluate the main supporters, are there many funders or few? Have key funders been involved for some time? Determine that the organization has a very good reputation. All these aspects play into whether I will donate resources to an NGO and its causes.

Q: How do you measure impact?

I measure impact by linking my giving to the impact it has made. I tend to give more to fewer organisations rather than less to more organisations. Teach For Nigeria, one of the foundations I support, focuses on enlisting Nigeria's most promising future leaders (fellows) in the effort to expand educational and life opportunities for all children in Nigeria. In supporting Teach For Nigeria, over 172 fellows have been employed within a year thereby impacting 13,000 primary school children directly across Lagos, Ogun and Kaduna states.

Q: Considering that this form of strategic giving often garners less public credit than other forms (i.e. owning a foundation) – is this significant to you? Who gets the credit? Does that affect your willingness to give?

Yes, this makes the experience of giving more meaningful. Getting the credit does not matter to me as the desired end results are achieved; this does not affect my willingness to give but motivates me.

WHO GETS THE CREDIT?

Strategic giving without a foundation often garners less public credit than other forms such as creating a foundation or trust. This reality was further reinforced in most of the caselets in this chapter, as receiving credit and public recognition for philanthropic work was not the primary motivator for why these philanthropists give. In fact, some philanthropists, motivated by religious reasons, actually believe that not getting public recognition gives the process more meaning. Others are simply not motivated by the notion of who receives credit. The act of giving should be done without the need for public praise as a return investment.

“Real generosity is doing something nice for someone who will never find out.”
– Frank A. Clark⁴⁰

SUSTAINABILITY

Unlike the business world, when it comes to strategic giving - beneficiaries are not customers. As such, the management and funding of one's philanthropic work can prove difficult, especially as the giving levels increase. Research has shown that in most cases, the most sustainable way to engage in strategic giving over a long period of time is through institutional or structural mechanisms that still hold the same values that the donor does, while ensuring structure and continuation.⁴¹ These mechanisms include setting up *living trusts* that consists of a deed that sets out the conditions of your giving; a *will* or *legal testament* that instructs your executor to continue giving to specific causes after your death; or a family foundation to continue your giving. The table below provides some of the advantages and disadvantages of each mechanism. However, it is important to note that there is no right or wrong route to ensuring your giving is sustainable. Like most aspects of philanthropy, the decision is based on one's personal preferences and values.

⁴⁰ Random Acts of Kindness Foundation. 2019. Accessed: <https://www.randomactsofkindness.org/kindness-quotes/150-real-generosity-is-doing-something> [5 June 2019].

	Advantaged	Disadvantages
Living Trust	<ul style="list-style-type: none"> • More control over how the assets are distributed, to who and at what stage. • Trusts help you manage your assets while you're still living, thus helping you structure your giving while alive – creating a somewhat seamless transition when you die 	<ul style="list-style-type: none"> • In countries such as South Africa, trusts are taxed at a high rate (reference). • The cost of creating and maintaining a trust could prove difficult
Will / Legal Testament	<ul style="list-style-type: none"> • Control over who receives your assets and property after you die. • You can choose your executor who will be in charge of ensuring that all bequests are carried out. • Inexpensive way of ensuring control of your assets after your death 	<ul style="list-style-type: none"> • Wills are often challenged in court and are at times overturned. • The Will becomes public record if it is filed for probate.
Start a Family Foundation	<ul style="list-style-type: none"> • Organized, systematic and targeted giving • Expands giving opportunities • Consistency in giving as foundations can choose if 	<ul style="list-style-type: none"> • Initial time commitments and costs required to start a foundation is high • Private foundations require intensive recordkeeping and annual reporting and filing

	Advantaged	Disadvantages
Start a Family Foundation	<p>and when to distribute their accumulated funds.</p> <ul style="list-style-type: none"> ● If desired, foundation grantmaking can bring recognition to family members ● Allows for the creation of an endowment which can generate funds for the Foundation to utilize in perpetuity. 	

CONCLUSION

Strategic giving within philanthropy is a powerful and effective way of executing your personal philanthropic goals using evidence-based mechanisms and structures. This chapter delved into strategic giving without a foundation particularly strategic giving; what it entails, its benefits and strategies, how it can be done in a smart and efficient way, and how best to measure its impact. Philanthropy is not a linear journey and there are several ways to ensure that your giving is strategic, particularly when an institutional foundation is not incorporated. What is essential is that there is a clear plan from the outset with goals and measurement frameworks that will accurately analyse the impact the financial commitment is making. The results of monitoring & evaluation exercises are critical in order to learn from and utilize in order to make better-informed decisions about the resources available in the future.

⁴¹ Business for Social Responsibility. 2015. Sustainability and Corporate Philanthropy: Unblurring the lines. Accessed: <https://www.bsr.org/en/our-insights/blog-view/sustainability-and-corporate-philanthropy-un-blurring-the-lines> [9 August 2019]
 NonprofitKinect. 2013. Sustainable Philanthropy – A Unique Investment Formula. Accessed: <https://www.nonprofitkinect.org/article/4697-sustainable-philanthropy-a-unique-investment-formula> [10 August 2019]

www.africanpf.org

14 Chris Maduiké Street, Lekki Phase 1 | Lagos, Nigeria
Anslow Office Park, 8 Anslow Crescent, Bryanston, 2021
Johannesburg, South Africa
Cell: +234 (0) 8037291889
Email: apf@africanpf.org

 [@apforg](https://twitter.com/apforg)  [apforg](https://www.instagram.com/apforg)