

Philanthropy and Equity: The Case of South Africa¹

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The Global Equity Initiative seeks to advance the understanding and address the challenges of equitable global development. Global inequity - both among people and nations – is among the greatest challenges of our times. Severe disparities exist not only in wealth, but also in health, education, economic opportunity, and access to new technologies. Less apparent but also troubling are inequities in human security, access to power, and democratic freedoms. Despite the urgency and importance, our understanding of the forces and consequences of severe inequity is critically limited.

Philanthropy, at least in theory, has a pivotal role to play in advancing global equity, acting beyond the broader concerns of government and the narrower interests of business. Social investing can contribute not only monetary resources, but also new skills, fresh thinking, and innovative approaches to global problems. The unprecedented growth of global wealth, the globalization of the economy, the increased mobilization of individuals and the development of a global nonprofit sector are creating an encouraging environment. Most importantly, there is a growing recognition that political boundaries do not define our moral compass, our social responsibility or even our enlightened self-interest any more than geographical borders contain economic markets or cultural influence.

Through its Global Philanthropy Program, GEI seeks to advance the understanding of global philanthropy and to strengthen the role of private philanthropic investments in advancing global equity. Specifically, the program aims to: map and assess the nature and impact of philanthropic traditions and practices in various countries and on specific issues; enhance the effectiveness of philanthropic strategies for advancing global equity; and encourage an international “learning network” of scholars and practitioners engaged in the study and strengthening of philanthropy.

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Executive Summary

In South Africa, more than ten years after the onset of a democratic political system, the challenge to promote greater economic and social equity continues. Income and wealth inequality, unemployment and HIV/AIDS are rife. While the state continues to be the primary mechanism through which structural change can be affected, civil society and philanthropy have a role to play in addressing poverty eradication and development. In South Africa, philanthropy is not limited to acts of kindness from the wealthy to the poor and is not, primarily, from international sources.

The paper explores the potential role for philanthropy to promote greater equity in South Africa. The South African Constitution provides a clear context in which philanthropy could promote greater equity across gender, race and socioeconomic status. Examples of such equity-promoting philanthropy include support for 1) those most marginalized in society, 2) policy implementation needed to create greater equity, 3) the promotion of civil society to create a voice for those outside decision-making structures, and 4) structural changes that directly address inequities in society.

For the most part, philanthropy is not reaching its potential to promote greater equity in South Africa. Philanthropic resources flow predominantly to activities and services that could more accurately be described as charitable. The paper reviews the funding patterns of:

- local communal giving mechanisms,
- other forms of individual giving,
- corporate social investment,
- community foundations,
- other local grantmaking organizations, and
- international private foundations.

Despite the rhetoric, most philanthropic funding fails to promote the social change that is needed to create a more equitable society. This paper aims to stimulate further discussion and debate about how philanthropic resources can best contribute to a more just and equitable South Africa, and encourage others engaged in philanthropy elsewhere in the world to reflect on South Africa's experience

We must appreciate that all over the world, right down the centuries, there have been great religions that have encouraged the idea of giving – of fighting poverty and of promoting the equality of human beings – whatever their background, whatever their political beliefs. That spirit has lived not only in the world but in South Africa as well. – Nelson Mandela⁵

I. Introduction

More than ten years after South Africa's first democratic elections on April 27, 1994, the country is in a reflective mood – looking back at the litany of accomplishments as well as the many objectives not yet met. The last decade saw democratic elections at the national and local level, the development of a new and internationally respected constitution, and the development of institutions and policies to implement the new democracy. Despite these significant political changes, apartheid's social and economic legacy remains entrenched and the majority of South Africa's nearly 45 million people continues to live in conditions not dissimilar from those of a decade ago.⁶ Access to good quality education, housing, health care and other basic services as well as jobs remain unattainable for the majority of the black population, close to 60% of whom live in poverty. While there is a growing black middle class, the bulk of the country's wealth remains in the hands of a small percentage of the population.

Given South Africa's great wealth and enormous inequality how is it possible to eradicate poverty and achieve greater equity? Many researchers have explored what major players - the state, multilateral institutions, the private sector and civil society - need to do. The central question to be explored in this paper is:

What is the role of philanthropy in contributing towards greater equity in South Africa?

This introductory section includes a discussion of definitions of the terms “philanthropy” and “equity.” It then reviews assumptions about philanthropy, particularly in South Africa, including assumptions about the sources and models of philanthropy.

The second section explores the context in South Africa, its apartheid history and current scale of poverty. Only with an understanding of the context can philanthropic resources be targeted effectively,

The third section briefly considers the relationships between equity, the state, the market, civil society and philanthropy. Reviewing these relationships is crucial, as they provide the basis for addressing the complex socioeconomic challenges that were outlined in the previous section.

The fourth section of the paper reviews certain philanthropic practices and models, in terms of how they engage with the issues and challenges of greater equity. This paper does not provide a comprehensive review of the different types of philanthropy as they exist today in South Africa. That is the task of a research initiative by the Centre for Civil Society at the University of KwaZulu Natal.⁷ “The State of Social Giving” will investigate all forms of giving in South Africa, including corporate social investment, individual giving including faith based giving, international private foundations, and giving and mutual support within poor communities.

The fifth and concluding section discusses the limitations of philanthropy and suggests how philanthropy can most effectively address equity issues.

Rather than attempt to provide final answers on the role of philanthropy in South Africa or elsewhere in the world, the paper aims to: 1) stimulate further discussion and debate about how philanthropic resources can best contribute to a more just and equitable South Africa, and 2) encourage others engaged in philanthropy elsewhere in the world to reflect on South Africa’s experience.

Definitions

Philanthropy⁸

Definitions and perceptions of the term “philanthropy” differ internationally. The Collins English Dictionary defines philanthropy as “the love of mankind” and “the practice of performing charitable or benevolent actions.” The modern use of the term emanates from the United States, but is seen to have elitist and patronizing connotations elsewhere around the world. Ironically, the terms “charitable giving” and “charity” are more commonly used and more palatable in the U.K., but they also carry negative connotations elsewhere. In some cases, “philanthropy” and “charity” are seen as broadly equivalent terms. In others, “charity” is viewed as handouts to the poor, while “philanthropy” is thought to be more “strategic. As Joseph Rowntree wisely wrote in 1865, “Charity as ordinarily practiced, the charity of endowment, the charity of emotion, the charity which takes the place of justice, creates much of the misery which it relieves, but does not relieve all the misery it creates.”⁹

Martin Luther King Junior said: “Philanthropy is commendable, but it must not cause the philanthropist to overlook the circumstances of economic injustice that make philanthropy necessary.”¹⁰ More recently in 1999, Steven Burkeman wrote that “unless philanthropy helps to change the situations that give rise to the need for it in the first place, then it simply reinforces existing power imbalances in society and enables the rich and powerful to feel good about themselves despite the fact that they are doing nothing to effect real change for the poor and powerless.”¹¹

In South Africa, both terms, “philanthropy” and “charity,” hold negative connotations. For example, consider these quotes:

Philanthropy doesn't engage communities and is considered patronizing – CSI Handbook, South Africa.

Our organization regards 'philanthropy' as being paternalistic and lacking in a developmental approach to community service. Our challenge in a developing country is to engage in partnerships as opposed to philanthropy. – Volunteer Centre, Cape Town.

In contrast to many other grantmaking associations and organizations, the Southern African Grantmakers Association (SAGA) does not even mention “philanthropy” on its website or in its 2004 annual report. SAGA’s mission is to “enable members to improve sustainable development in Southern Africa by enhancing the relevance and social impact of their funding programmes.”

The term “philanthropy” does not have a direct translation in South Africa’s eleven official languages. The Building Community Philanthropy (BCP) Project at the University of Cape Town speaks of how poor communities mobilize resources by giving and receiving “help.” BCP uses the term “help” because it is more easily translated than “giving” or “philanthropy.”

Another working definition for philanthropy is “private resources put towards the public good.”¹² Note that “public good” is not defined. Also, this definition may imply that all philanthropy is voluntary, whereas in certain cultural circumstances giving is seen as obligatory. However, this simple definition does provide a useful distinction between private philanthropy and public aid.

Equity

The dictionary defines “equity” as “the state, quality, or ideal of being just, impartial, and fair.”¹³ What differentiates ‘equity’ from ‘equality? One answer is that equality implies that everyone is equal whereas equity implies that everyone has equal access. As South Africans like to put it, promoting greater equity would be “leveling the playing field.”

In South Africa the term is often used in terms of political, economic, gender, or racial equity. This is consistent with the manner in which Amartya Sen, Nobel Prize winning economist and Senior Fellow with Global Equity Initiative, conceptualizes equitable human development. He concentrates on the ability of people to improve their lives and to remove obstacles such as illiteracy, ill health, inadequate resources, or lack of civil and political freedoms.¹⁴

In South Africa, issues of racial equity and gender equity are of central importance, as the black population, and black women in particular, have been historically disadvantaged in their access to the country’s resources. Today, economic equity, or its lack thereof, cuts across racial and gender equity as a major challenge to the country’s future. HIV/AIDS adds another layer of inequity in South Africa.

Assumptions

Giving in South Africa does not only flow vertically from the wealthy to the poor, but also horizontally. A survey published in 2004, “A Nation of Givers? Social Giving among South Africans,” found that “poor and non-poor respondents were equally likely to have given in the month prior to being interviewed. Giving is not the domain of the wealthy: it is part of everyday life for all South Africans, rich and poor alike.”¹⁵ The report also concludes that volunteering is not the preserve of the middle class, as 23% of the poor respondents said that they had volunteered in the month prior to being interviewed as opposed to 17% of those who were not poor.

Just as philanthropy is often assumed to be acts of kindness by the wealthy for the poor, so too is it assumed that philanthropy and giving is voluntary. Much of what is termed philanthropy in a Western context is seen as an obligation and duty in many developing countries, including South Africa.¹⁶

In South Africa, there is growing awareness that indigenous philanthropy exists and can be expanded. International donors, private foundations and others interested in philanthropy in South Africa need to support local institutions and local initiatives that promote local solutions.

In the United States and other Northern countries community foundations have been heralded as a model that can easily be adapted and used around the world to promote local philanthropy. Unfortunately, this model has become “idealized.” While two or three community foundations in South Africa are up and running, many other attempts to implement the concept failed. In South Africa and elsewhere, community foundations are only one of many possible vehicles for communities to promote local philanthropy.

In the past two or three years, scholarly interest in “social justice philanthropy” has increased.¹⁷ Findings suggest that advocacy and policy development may get to the root of social ills more effectively than basic service delivery. However, in South Africa, where much effort during the past decade has been on policy development, donor funds have tended to flow to the larger, more professional and urban based nonprofit organizations. As a result, the smaller, often rural and peri-urban, community-based organizations have lost out. So while advocacy efforts will continue to be central to promoting equity and social justice, an even greater effort will be needed to make sure that the voices of the marginalized are included and promoted in the process.

Throughout South Africa’s first decade of democracy, philanthropy has been particularly interested in issues of democracy, governance and political equity. These issues have been paramount given the fact that the majority of the country’s population was disenfranchised and outside the political process. International donors and local resources were devoted to sharing information about the new constitution, the workings of national, provincial and local government and the political process. These efforts have been crucial for broadening political equity so that women, the homeless, the unemployed, and those living with HIV/AIDS could theoretically stake their claim.

However, philanthropy has been more hesitant to squarely address issues of *economic equity*, which is where - given the high levels of poverty and unemployment - the challenge now lies. Yet, economic equity is not the realm in which philanthropic institutions generally feel most comfortable. Philanthropic resources (from the private sector and wealthy individuals) were generated by an economic system that has neither been able to eradicate poverty nor produce the jobs necessary to significantly reduce unemployment. This makes it difficult for these institutions to fund critiques of that system, or to promote creative thinking outside that system.

As Rick Cohen (President and CEO of the National Council for Responsive Philanthropy in the USA) says, “As the products of wealth, foundations and their governing bodies may find it difficult to support a type of grantmaking that challenges the basis of how that wealth was generated.”¹⁸ Emmett Carson, the President of the Minneapolis Community Foundation points out: “foundations owe allegiance to the social systems that created them.” As Vadim Samorodov of the Charities Aid Foundation in Russia points out, for many years in Russia, “philanthropy was viewed as a cynical act of capitalism.”¹⁹ For that cynicism to lift in South Africa, it will be necessary for philanthropy to more squarely address the root causes of South Africa’s poverty and economic inequality.

II. South Africa’s Socio-Economic Context: Key Challenges to Equity

Equity issues are in such sharp relief in South Africa because of the degree of inequality. While the democratic elections of 1994 gave all South African citizens the right to vote, they did not wipe away apartheid’s legacy of widespread poverty and inequality. Inequality, by definition, was promoted by state policies in such areas as education, spatial planning, land use, and labor law. Racism and colonialism took hold in South Africa and shaped social and economic development over hundreds of years and apartheid locked it in place over half a century. Political apartheid ended with the 1994 elections; economic apartheid continues.

According to the United Nations Development Program’s Human Development Report for 2003, 48.5% of South Africa’s 45 million people live below the poverty line.²⁰ The report confirms that poverty in South Africa continues to be shaped by race and gender. Over 91% of those 21.9 million people living in poverty are African. The poverty rate in the African population is eight times higher (56%) than that in the white population (6.9%). Over 35% of female-headed households are poor, compared to 24.9% of male headed households.²¹

Income inequality in South Africa is second highest in the world, just behind Brazil. The African population had 20% of the national income in 1975, and only 36% in 1996, when Africans were 75% of the total population. The 2003 UNDP report notes that income inequality appears to have increased in the 1990s; the Gini coefficient rose from 0.596 in 1995 to 0.635 in 2001

In assessing inequality, it is important to look not only at current income, but also at acquired assets such as land, livestock, housing, cars, and bonds and stocks. Such assets

can be a significant source of income and provide security in times of unemployment, illness or crisis. In South Africa, the disparity between Africans and whites in terms of wealth (assets) is thought to be much greater than it is in terms of income. Colonial and apartheid policies concentrated wealth within the relatively small white population. Enormous inequality in land ownership and housing stock exists. As recently as September 1995, there were only eleven black-owned companies on the Johannesburg Stock Exchange.²²

According to the South African government's "Ten Year Review," state housing and land programmes have transferred some R50 billion in assets to poor households since 1994. This figure includes over R24 billion in housing subsidies, 49% of which were granted to women. The report also states that since 1994, 1.8 million hectares of land have been transferred.²³ However, many South Africans, and the UNDP, argue that a stronger program of redistributive land reform is needed to reduce poverty.

Unemployment has been growing in South Africa since the early 1980s, with job losses in the minerals and energy sectors. Recently, jobs in the clothing, manufacturing, construction and the public sectors have all fallen, with almost a million jobs lost between 1994 and 1997. By 2002, the strict definition of unemployment had risen to 30.5% and the broad definition, that includes discouraged workers, had risen to 41.8%.²⁴ Moreover, formal employment has fallen from 69% 1994 to 49% in 2001. In the 1990s, there was some growth in the informal sector, including street trading and domestic work, but this sector provides low-income jobs with little security, and even growth in this sector stalled around 2000.²⁵

Unemployment is clearly skewed by race, with (as of 2001) 35% of African²⁶ workers unemployed, 21.8% of coloured workers unemployed, and 18.2% of Asian workers unemployed. Since the mid-1990s, rates of unemployment have grown substantially for each of these groups, but not significantly for whites.

Unemployment is also skewed greatly by gender and location, with 58% of rural African women facing unemployment. This statistic is one reason for greater rates of poverty among female-headed households and points to the need for support for these families.

Those same households are most affected by another threat that emerged just as apartheid was coming to an end. Archbishop Tutu calls HIV/AIDS "the new apartheid. It's our new enemy. It is the latest threat to our society and to our humanity. To defeat HIV/AIDS requires the same spirit, the same commitment, the same passion – the same compassion – we summoned in the fight to end apartheid."²⁷

According to the government's "Ten Year Review," the prevalence of HIV/AIDS is estimated to have increased from .7% in 1990 to 26.5% in 2002.²⁸ This means that one in every five people – about nine million people – is currently living with HIV or AIDS. In 2004, the National Youth Survey found that 77% of young South Africans infected with HIV were women. Nearly one in four women between 20-24 tested HIV-positive compared to 1 in 14 men of the same age. Infection rates are highest around informal

settlements (17.4%).²⁹ According to the Treatment Action Campaign, there are about 600 deaths per day in South Africa. Over a million people have already died from the disease, leaving more than 600,000 AIDS orphans.

III. Equity and the Role of the State, the Market, Civil Society and Philanthropy

The Role of the State and Equity

The new government that took control in 1994 was expected to be the driving force in delivering socio-economic equality to the poor. The African National Congress' campaign motto calls for "a better life for all." The demands on the new South African government have been enormous. In its efforts to extend its reach to the entire South African population, it has confronted some equity issues more successfully than others.

The government's Ten Year Review, published in October 2003, noted significant increases in access to electricity, clean water, and sanitation.³⁰ The report also acknowledged that enormous challenges remain. These include high unemployment, inadequate housing, the need for greater access to quality education and health care, in general, and specifically in relation to HIV/AIDS.

After a five-year period of policy development (1994-1999), the government began to place greater emphasis on "delivery." Despite this emphasis, many questions remain regarding the government's policy choices.³¹ Van Donk and Pieterse suggest that "the absence of a robust redistribution framework that can produce much greater income equality will prove to be the Achilles' heel of the transition project."³²

Typically, redistribution, through taxation policies, the development of a social safety net and other means, is considered a state function. If the government does not address these needs sufficiently, it becomes the responsibility of other players to monitor and act as a watchdog to make sure the state is accountable and responsive to the needs of the poor.

The Role of the Market and Equity

It is impossible to address economic inequity without examining the role of the market in economic development. In South Africa, a debate rages on about the government's macro-economic policy and its impact on the government's efforts at poverty eradication. The African National Congress came into power in 1994 promoting the Reconstruction and Development Programme (RDP), which called for extensive spending on health, education, housing and basic services with a central role for the non-governmental sector. In March 1996, the RDP office was closed and the Growth, Employment and Redistribution (GEAR) strategy was introduced. GEAR put a much greater emphasis on the broad macroeconomic framework, fiscal discipline, reduced debt and social spending. South Africa's democratic government came into power at a time when there was a global trend toward reducing the role of the state. GEAR's reliance on direct foreign investment and the private sector has not resulted in the rapid growth hoped for by government. Much of the debate about whether the government has a unified anti-poverty program centers on the distinctions between the RDP and GEAR.

Also debated are specific approaches to poverty eradication. These include privatization, cost recovery for services, labour liberalisation, trade policies, social service programs including pensions, child support grants and the proposed basic income grant. The government has been strongly criticized by trade unions and civil society for its policy, for example, on cost recovery. Increased charges for basic services such as water and electricity have affected the poor's access to and quality of services.³³

There is a growing consensus that unbridled free-market capitalism is not able to promote an equitable society. In an interview in South Africa in December 2003, George Soros stated "markets are basically designed to allocate resources on competing private needs but there are some public goods that the markets are not designed to provide and you need to take care of those public goods."³⁴

Not only the state, but also global capital must be monitored and regulated. Consensual partnerships among government, the private sector and civil society, often with philanthropic support, can play an important role in finding solutions, and identifying alternatives. However, there are also times when we need to draw attention to unequal power relations and the plight of the poor, and to contest current thinking and find more imaginative approaches to development.

The Role of Civil Society and Equity

The history of the liberation movement in South Africa points to the critical role played by formations outside the state and the market. For example, many churches, women's organizations, youth groups, sporting clubs and civic associations pooled together in the early 1980s to form the United Democratic Front. A large portion of civil society at the time was motivated to bring services to the black population and to bring an end to apartheid itself.

Since 1994, civil society organizations have had to redefine their role in relation to the state. The civil society sector is not homogeneous. One of the most striking findings from *The Size and Scope of the Non-profit Sector in South Africa* (referred to as *The Nonprofit Study*),³⁵ by Mark Swilling and Bev Russell is that 53% of South Africa's nonprofit sector can be characterized as less formalized, community based organizations. These community-based groups differ from the larger, more urban based NPOs.

Other studies identify three distinct groupings in civil society in South Africa, each of which has a distinct relationship to the state.³⁶ These are: 1) small community-based organizations that have limited funding and a limited relationship with the state; 2) larger urban-based NGOs that receive private funding and often partner with government for service delivery; and 3) a growing number of social movements that play a more adversarial role.

Social movements are also diverse. They include the Soweto Electricity Crisis Committee and the Concerned Citizens Group in Chatsworth outside Durban that both organize against electricity cut-offs. The Treatment Action Campaign challenges the

state's policies on HIV/AIDS and promotes access to anti-retroviral drugs for AIDS sufferers.

Civil society organizations can give voice to the marginalized and they can promote greater participation. However, it is often mistakenly assumed that a strong civil society will necessarily result in a stronger voice for the poor. Social and economic inequalities have an impact on the ability of the poor to participate in a political democracy. Philanthropic resources devoted to strengthening civil society need to expressly target poor, rural populations and the organizations that represent them.

The Role of Philanthropy and the State

According to *The Nonprofit Study*, the nonprofit sector in South Africa receives the bulk of its funding from government (42% or R5.2 billion) and a significant portion from self-generated income (34% or R4.6 billion). The remaining 25% comes from what the authors term "philanthropy," which includes South Africa's private sector (between R2-3 billion) and the international private sector, including private foundations (R500 million). Volunteer labor has a very significant impact in South Africa. When volunteer labor is added to cash income, the share of support to the sector from "philanthropic" sources rises to 46% (shifting government support to 20 % and self-generated income to 24 %).

In "Foundations and the State" (2002)³⁷ Steven Burkeman explored the possibilities for a contract between endowed foundations and the state. He suggested that foundations take on long-term tasks because election conscious governments tend to focus on short term political imperatives. He also suggested that foundations fund more risky programmes because governments tend to be risk averse. Burkeman made a third point: endowed foundations, being somewhat immune from populism, can fund the protection of minorities.

There are relatively few endowed foundations and trusts in South Africa. Philanthropy arises from other sources (corporations, individuals, communal mechanisms, etc); the concept of endowments is still in its infancy. However, Burkeman's points are relevant when reviewing the role of philanthropy in general in South Africa. There is no reason for philanthropic resources to be spent on things that the government can do better. These resources should address longer term, more intractable, riskier issues.

As Burkeman points out, foundations in the UK are well placed to look out for the protection of minorities. In some cases, the voiceless in South Africa, such as those living with HIV/AIDS, and the gay and lesbian community, are a numerical minority. However, others who are voiceless, such as the black population, those with low incomes, and women, are in the majority; in many cases it is the voiceless majority that needs the support of foundations. Another factor is that South Africa's system of proportional representation provides seats for smaller parties in Parliament, but the ruling African National Congress has a two-thirds majority. Groups and issues that don't make it onto the priority list of the ruling party are not likely to receive sufficient attention from government.³⁸

Philanthropy could be used to further explore the role of the state in achieving greater equality. The misnamed “developmental state” has been discredited as authoritarian (Germany, Japan, South Korea, Taiwan and Singapore). However, as this year’s British Commission on Africa report and others have stressed, a weak state and poor governance are not likely to promote development. Private resources can bring creative thinking to the debate on the role of the state in promoting equitable development. As Howell and Pearce argue in “Civil Society and Development,” civil society’s role is not only to “defend citizens from the state, but also [to] participate in thinking and debating the common good for a given society and how a democratic state could play a role in promoting it.” If philanthropic resources in South Africa were to promote such a debate, the outcomes would benefit not only South Africa, but also other countries grappling with the same issue.

The state can promote foundations and philanthropy by offering tax privileges. Campaigns throughout the 1990s sought to broaden tax exemption for nonprofits and expand tax incentives for giving. Changes proposed by the Minister of Finance in 2000 resulted in an intense period of consultation with the nonprofit sector and negotiations with the South African Revenue Services (SARS). The new law came into effect in July 2001.³⁹ The old law provided tax exemption to a very narrow set of organizations defined as religious, charitable and educational. Most developmental organizations, including those involved, for example, in poverty eradication and gender equity, were excluded from the benefits. “Charitable” was defined as soup kitchens and welfare work, and did not include job creation projects or other developmental programs.

The new law creates a new category of “public benefit organizations”. These organizations qualify for income tax exemption if they carry on public benefit activities, as defined by the Minister of Finance. There is an ongoing campaign to broaden the definition of public benefit organizations to include those working on equity issues.

The old law allowed donors to deduct from their taxable income only contributions to universities, colleges and educational funds. The new law has expanded the activities for which donations are deductible. Again, these categories are set at the discretion of the Minister of Finance and a campaign continues to broaden the list.

Enormous wealth in South Africa is in private hands. As this wealth transfers to the next generation, the South African government would do well to review the estate tax. Instead of letting the money pass onto the next generation of predominantly white South Africans who will inherit their parents wealth, or taxing them so heavily that they try to hide their assets, it would be beneficial to structure estate taxes in a way that would encourage the wealthy to put some of their assets to work as philanthropic, development capital.

IV. Philanthropy and Equity in South Africa

Philanthropy in South Africa has been shaped, over time, by political pressures and the shifting social context. The roots of philanthropy are multi-layered and vary according to different cultural traditions. This section reviews six types of philanthropy in South

Africa: 1) local communal giving mechanisms, 2) other forms of individual giving, 3) corporate social investment, 4) community foundations, 5) other local grantmaking organizations, and 6) international private foundations.

Local Communal Giving Mechanisms

South Africa, as much of Africa, has a rich history of mutual support and assistance. The extended family has provided support and a safety net for many. The principle of “one hand washes the other” is embodied in burial societies and savings clubs where common savings are accrued for the inevitable costs that a family must bear.

In a practice called *ukusisa* a relatively wealthy family in the community loans their cows to a poorer family for food and milk production. In the practice of *ilimo*, members of a community work together to assist a family with their harvest or to construct a hut.⁴⁰

Another important concept in African culture is that an individual does not exist in isolation, but is human because of the individual’s relationship with others. Mbigi summarizes the concept well when he writes:

*Africans have a thing called ubuntu: it is about the essence of being human, it is part of the gift that Africa is going to give the world. . . We believe that a person is a person through other persons; that my humanity is caught up, bound up inextricably in yours. . . The solitary human being is a contradiction in terms, and therefore you seek work for the common good because your humanity comes into its own in community, in belonging.*⁴¹

Other examples of communal savings mechanisms include *stockvels*, savings clubs and burial societies. They provide a way for community members to contribute to a common pot of money with the knowledge that on a regular basis (once a month or once a year), they will be able to draw from the pot. What you give will come back to you when you need it – for purchasing an appliance, paying for school fees, or even having a party when money is tight.

Stockvels. The term *stockvel* is thought to have its roots in the cattle auctions or “stock fairs” of the English settlers in the Eastern Cape of South Africa in the early 19th century where black farmers and labourers began to exchange ideas and pool their money to buy cattle. The concept of a stockvel was transported to the cities when gold was discovered in the mid-1800s and large numbers of African men went to work in the mines.⁴²

Other historians suggest that stockvels were formed by black women who moved to the cities in the 1920s and 30s as a means of supplementing their meager incomes. Some women started to brew beer illegally, and when they were harassed by the police, other stockvel members would come to their aid. “In this context, stockvels transcended their primary role of circulating money and become comprehensive support systems for members in time of hardship.”⁴³

Speaking at the launch of the National Stockvels Association of South Africa (NASASA) in 1988, Andrew Lukhele estimated that there were then 4,000 stockvels on the outskirts

of Johannesburg. He said that clubs averaged ten members, with individuals contributing between R50 and R100 every two weeks. He estimated their combined annual savings potential that year to be between R46 million and R96 million. Today, the number is estimated to be much larger.⁴⁴

Burial Societies. The high costs of a funeral can put enormous strain on a family's finances. Burial societies, another form of joint savings, were developed so that a family could ensure their loved ones a proper funeral. People make monthly contributions to a burial society and then draw on the funds to cover such costs as transporting the body from the city to the ancestral, rural home and providing food at the funeral for the community.

Over the past decade, the growing HIV/AIDS epidemic has put increased strain on burial societies. In 2002, the Kaiser Family Foundation published a report on the impact of HIV/AIDS, drawing on a national sample of 771 households. The study found an increase in child malnutrition, a growing number of orphans, and family breakups. In addition, the study found that 55% of the sampled households had paid for a funeral in the preceding year, at an average cost of R5,153 or four times the total household monthly income. Many of the households had experienced more than one serious illness or death in the family.⁴⁵ The system, designed to support families in time of need, is now stretched beyond the breaking point.

Ukiswa, Ilimo, stockvels and burial societies are often referred to when discussing the concept of indigenous philanthropy. Authors, including Zabala and Moyo, have asked, "Are these indigenous philanthropic social support systems or are these coping mechanisms associated with attempts at poverty alleviation?"⁴⁶ If someone sets up a scholarship fund for children one doesn't know, it is considered philanthropy. However, if the same person pays the school fees for children within one's extended family, it is considered an obligation.

Clearly, these types of giving and mutual aid groups serve the needs of the broader community, not only the individual; the two are not mutually exclusive. When exploring how to promote philanthropy, it would be wise to build on these already existing mechanisms. Contacts between these forms of local community giving and larger, more Western forms of philanthropy are limited. More could be done by local grantmaking organizations, community foundations, and others to build on what exists on the ground. It is surprising how little research exists to document the function and impact of various types of mutual support organization, such as burial societies and stockvels. Research in this arena would greatly inform the rest of the field of philanthropy.⁴⁷

Impact on Equity?

Whether mutual support associations have had an impact on equity can be answered in several ways. Firstly, these mechanisms are ways in which people are actively engaged in solving problems facing their communities. Secondly, they are "coping" mechanisms that allow people with few resources to hang on; and it is important not to place more

pressure on them than they can bear. We will review, as one example, how savings clubs have worked together nationally to build housing for the homeless.

Development practitioners see community participation as the first step in putting together effective projects and advocacy campaigns.⁴⁸ Yet many NGOs and development agencies often overlook mutual assistance organizations as potential actors in the development process.⁴⁹

Susan Wilkinson-Maposa at BCP writes: “The research has uncovered evidence of sophisticated and well-established systems of giving and receiving help in communities battling chronic poverty. The data portrays the poor as resilient and reliable givers who mobilize and redistribute limited resources within their communities through families, neighbours and local associations. Understanding and respecting these systems and their rules and channels and how they vary, could point towards strategies that work more effectively in poor communities to alleviate poverty.”⁵⁰

Just as it is important to recognize their existence and their potential, it is also important to recognize and not to glorify, the strain being placed on burial societies and other mutual support associations. Given prevailing poverty, unemployment and HIV/AIDS, these mechanisms are stretched beyond their means and could be at their breaking point.⁵¹

The Homeless People’s Federation – Promoting equity with mutual savings and support. One example of how savings clubs amassed their collective power and squarely addressed equity needs, without distorting their initial purpose, is illustrated by the work of the Homeless People’s Federation (HPF). The HPF is a national network of more than 2,500 community based savings clubs representing about 100,000 families, pooling resources to address common needs, with an emphasis on housing. Most members are women whose average household income is between R600 and R700 per month, and who contribute as little as 50 cents a day. HPF’s combined savings as of March 2000 was in excess of R5 million. This money has been used to leverage government subsidies, and savings club members have been able to build houses for as little as R11,000. Since its founding in 1992, the HPF has assisted its members to build more than 10,000 housing units. In addition, HPF has attracted R60 million from the national Department of Housing for land acquisition and housing development. The HPF has also leveraged support from other sources including international private foundations such as the Mott and Ford Foundations to document their experience and to network internationally.⁵²

Other forms of individual giving

Social Giving Survey. The Centre for Civil Society, the Southern African Grantmakers Association (SAGA) and the National Development Agency commissioned a national survey to measure attitudes towards individual giving and individual giving behavior.⁵³ The survey of 3000 respondents was completed in late 2003 and the final report was published in early 2004. The findings were that an astonishing 93% of the respondents

gave (time, money or goods to a cause or individual) in the month before being interviewed. Other survey findings included:

- Respondents are more likely to give to formal structures than to the poor directly (however, giving directly to individuals occurs frequently as well);
- Religion is clearly an important motivating factor for giving. 89% of respondents said that their religion required them to make regular contributions (such as zakat among Muslims and tithes among Christians);
- In turn, religious bodies were the most likely recipients of both money and goods (60%) followed by levels of giving to “the poor” (23%) and to HIV/AIDS related causes (23%).
- However, 68% of respondents said that they gave because “the poor” have nothing, are suffering and are in need.
- 93% agreed with the statement that giving to the poor is part of building the new South Africa. Another 57% agreed that “if we do not help the poor now we might lose everything later” suggesting altruism linked with self preservation;
- 17% of all respondents volunteer, with a slight majority being women and 23% of those volunteers coming from rural communities. The highest level of volunteering in any province (33%) occurred in Eastern Cape.
- When asked what causes were most deserving, respondents answered children and youth, HIV/AIDS, and the poor suggesting that respondents had a pro-poor understanding of societal priorities.

The survey confirmed that the bulk of giving goes to religious institutions. While further research is needed to track how these institutions use the funds and what groups and causes they ultimately support, it seems unlikely that churches, mosques and temples are addressing structural equity issues. Historically, religious institutions have tended to support the charitable needs of the poor, the sick, children and the elderly.⁵⁴

The social giving survey found that 50 percent of the people surveyed thought that “buying a Lotto ticket [South Africa’s national lottery] is a way of helping the poor.” The 2003 CSI Handbook says “Gambling funds can be used to redistribute wealth to the neediest.”⁵⁵ Without statistics on who buys lottery tickets, and exactly what programmes are funded with a portion of the proceeds, this statement cannot be confirmed. More likely, the lottery is redistributing money from the poor and low income populations to programmes that may or may not benefit the poor.

Alumni Giving. Universities in South Africa do not appear to benefit as much from alumni giving as they do in the United States. A survey conducted by the University of Cape Town indicated that their alumni have a preference for charitable and religious causes, rather than to support large institutions such as universities, museums, and libraries. They perceive support of such institutions is the responsibility of government rather than individuals.⁵⁶ Surveys from other institutions would be instructive in gathering a broader sense of patterns and perceptions of alumni giving. Inyathelo, the Institute for Advancement, has embarked on research on patterns of individual giving by university alumni.

Family Foundations. Hylton Applebaum, the Executive Trustee for his father-in-law's foundation, the Donald Gordon Foundation, suggested that individual philanthropy in South Africa is "an endangered species." He cites two major reasons for this. First, there are no tax incentives to promote giving as there are in the United States and, second, South African society is "racially, linguistically, culturally, and politically divided."

Applebaum's comments are focused predominantly on philanthropy from within a group of wealthy, white South Africans. He implies that such individuals may have thrived in the past, but the numbers are shrinking. Unfortunately, the numbers were never that high and few of them have taken the opportunity (as Donald Gordon did) to establish a family trust or private foundation.⁵⁷

Ann Micou's *The Donor Community in South Africa: a Directory* (July 1993) was the first comprehensive donor directory in South Africa. While she sent surveys to over 700 individuals, trusts, foundations and companies, 258 (37%) responded, and 24 of these (9%) were individual and family trusts. While corporate donors have figured prominently in the National Business Initiative, SAGA and the CSI Handbook, individual and family trusts have not. *The SAGA Donor Directory 2003/04*, for example, has a section on trusts and foundations, but it lumps international private foundations and local corporate trusts together with family trusts and foundations.

Additional research is needed to gauge whether family trusts and foundations resources are addressing equity issues in South Africa. While their number is said to be growing, they generally do not disclose the grants they make. The Ackermans, founders of the Pick 'n Pay retail stores, is another family that has established a family trust. Wendy Ackerman comments, "We as a family and a company have tended to work in isolation." While the Applebaums and the Ackermans are relatively open about their grantmaking, her comment appears to confirm that most family trusts in South Africa prefer to work quietly on their own.

With funding from the Ford and Mott Foundations, SAGA has commissioned a study of family foundations, and findings should be available in late 2005. Among other things, the research will try to determine how many family foundations exist, what level of resources they disburse, and where their funds are flowing

Prominent Black Businessmen. In addition to the Ackermans and the Applebaums, several black South African businessmen, including Patrice Motsepe and Tokyo Sexwale, have joined the Global Philanthropist Circle, an initiative of the New York-based Synergos Institute. Tokyo Sexwale is one of the most prominent businessmen to emerge in the last decade. His company, Mvelaphanda Holdings, set up the Mvela Trust. Sexwale was quoted in the *Sunday Times* in March 2005 as saying "Black economic empowerment is about philanthropy. As my mother says 'you have one pair of legs, my son, you can't take this money with you.' In the end you are going to leave it behind. So philanthropy is what we do, almost every day. We do so without claiming victories. We

give money to schools, we fight HIV/AIDS, we provide university fees, we build clinics, and we build hospitals – both in South Africa and in neighboring countries.”

Another prominent wealthy individual, Cyril Ramaphosa, stated that his corporate group “recently launched the Shanduka Foundation, through which we have committed ourselves to investing R100 million over the next ten years – in projects relating to education, training and small business development.”⁵⁸ Despite these statements, there is little information about what levels of giving are underway. It is not clear to what extent Ramaphosa or Sexwale might put some of their personal wealth towards strategic giving programmes as well. Research on corporate and individual giving within Black Economic Empowerment companies and leadership would be valuable.

Black Economic Empowerment (BEE) refers to measures being taken in South Africa to enable the participation of black people in the economic mainstream. To date, BEE has benefited the relatively small group of individuals who have been given shares in some of South Africa’s largest companies. Reaching a broader segment of the population requires a focus on land reform, support for entrepreneurship and small and medium enterprises, and access by the informal sector to finance and training.⁵⁹

The high net worth individuals whom BEE has helped could in turn take a more proactive approach to individual giving, one that would go beyond charity and hand outs. They could act as role models to establish family foundations with strategic programmes to address clear needs for greater equity. They could explore additional ways to bring the majority of the population into the economic mainstream.

Impact on equity?

What is known about individual giving suggests that the numerous efforts underway are generally neither coordinated nor focused on the root causes of inequity. With few exceptions, family foundations, on-line giving and other forms of individual giving go to charitable and religious causes. The challenge is how such giving can be targeted to support those who are most marginalized and give them a voice in policy development and reform. If all this power and individual influence were united around the needs of the poor and the unemployed it could have a significant impact.⁶⁰

On-line Giving – Not yet beyond charitable. The Social Giving survey (described above) found that only 1% of the respondents had ever used the Internet to give to an organization or a cause. A more in depth review of online giving, *The Pulse of Online Fundraising in South Africa*, written in July 2003, also concluded that online fundraising in South Africa is its infancy. The organizations that have been most successful are those that focus on social services related to children, the aged, and the physically challenged. For example, the Nkosi Johnson Aids Foundation raises about R1,000 per month online, but often from sources outside South Africa. The paper concludes that “the picture that is emerging of the cyber fundraising community is one of a “global soup kitchen.” The international trend also is that most money raised online is for disasters and that advocacy campaigns are less successful.

There is certainly potential for online giving to grow in the future. In South Africa, there are about 3 million online users (1 in 14). However, “developmental organizations, particularly those that sprung up directly in response to the apartheid struggle and those working at the policy advocacy level, do not appear to be soliciting funds [successfully] online.”⁶¹

The Ploughback Initiative – Potential to Address Inequity. In 2001, a group of black professionals originally from the Eastern Cape began an initiative to “ploughback” to their home villages in rural areas financial, networking and program support. The Kellogg Foundation made funds available to establish a national coordinating office in Pretoria to expand the concept nationwide, initially to KwaZulu Natal and Limpopo Provinces. Unfortunately, the national effort has not gotten off the ground. One complication is that the effort became politicized because several national cabinet ministers in their private capacity were involved in the early conception of Ploughback. Also, from a Pretoria base, the programme shifted away from its original concept. Instead of black urban professionals giving back to the geographic area in which they grew up, the initiative supported volunteers from urban areas to work in rural communities. The volunteers did not have a personal linkage with the areas in which they worked. While the national effort has faltered, one effort linked to one community in the Eastern Cape appears to have met with some success. Documenting and disseminating this example and its impact could inform other similar efforts.

Corporate Social Investment

Corporate giving is one of the largest sources of funding for civil society in South Africa. According to *The Size and Scope of the Non-profit Sector in South Africa*, private sector funding accounts for 25% of all non-profit income in South Africa compared to an average of 11% in 28 other countries in the study. Despite the fact that they provide significant support, companies remain reluctant to work with the most marginalized, promote their voice and support advocacy campaigns.

As of 2003/04, CSI funds have gone predominantly to education and training (46%) and health and social development (24%), with the remainder going to a combination of job creation, sports, environment, arts and culture, safety and security, and housing (in descending order of size of contribution).

The total funding from corporate grantmakers in 2003 was R2.35 billion, a 6.8% increase over 2002 and up from R980 million in 1987 when the first tracking of CSI expenditure began. As the *CSI Handbook* states, “This appears to be a massive increase, but if one adjusts for inflation, it should be noted that real CSI expenditure over the last decade or so has remained fairly constant and only an 8% increase in real terms since 1987.”⁶²

Ironically, it was apartheid, and the consequent social unrest and threat to the economy that provided the first real stimulus for corporate social investment (CSI). After the 1976 student uprisings in Soweto, several companies banded together to establish the Urban Foundation, which focused on urban development, housing and education in black

townships. At about the same time, the Sullivan Principles were introduced, requiring American companies to justify their presence in the country by contributing to local communities. This encouraged more formalized giving by the private sector in general. In 1984-85, the groundswell of opposition to apartheid and the international attention it brought provided a further stimulus to corporate giving. Also in the 1980s, in response to the country's economic and cultural isolation, the South African apartheid government offered generous tax incentives to business to sponsor South African sports. South African companies responded by spending about R500 million annually on such sponsorships in the late 1980s and early 1990s.⁶³

The Urban Foundation's support of community centres, and education and training in black townships was modest in amount and did little to dismantle the system that kept black people in those townships in the first place.⁶⁴ Other efforts to pool company funds - the Joint Education Trust (JET), formed in 1992, and the Business Trust, formed in 1999 -- similarly focused more on service delivery than on attacking root causes. To date, there has been no comprehensive impact evaluation of the Business Trust. Such a review would be useful in exploring the benefits of this pattern of pooling funds and to determine whether there has been any impact on issues of equity.

Over the past four years, with companies recognizing the impact of HIV/AIDS, funding for health and social development has increased significantly. To cite one example, Anglo American's HIV/AIDS programme is principally directed towards its 13,900 employees. Initially focused on education and prevention, this effort now includes voluntary testing and counseling as well as anti-retroviral (ARV) therapy. Providing therapy has been controversial in South Africa, given the government's initial reluctance to recognize the need for ARVs. Another example is Absa Bank, which has over 5000 employees participating in its 'give as you earn' campaign that started with a focus on HIV/AIDS treatment and care (see the box below).

These HIV/AIDS programmes represent some of the most creative and forward-thinking elements of CSI, but the emphasis is on service delivery. Relatively few CSI initiatives advocate major policy reform or fund organizations, such as the Treatment Action Campaign, that provide a voice for those outside the arena of policy formation. Nor has CSI paid much attention to rural areas or the needs of women.

Impact on Equity?

There are five major reasons why CSI does not focus on those who are most marginalized:

First, most companies are urban-based and their development efforts reflect this. In 2003, two-thirds of CSI spending was targeted towards urban and peri-urban areas, leaving only a third targeted towards rural communities. Given the high levels of poverty in rural areas, these percentages seem to be in inverse proportion to need.

CSI funding is also skewed provincially. In 2003, over two-thirds was allocated to three of South Africa's nine provinces: Gauteng with 39%, the Western Cape (14%) and

KwaZulu Natal (14%). Gauteng, home to Johannesburg and Pretoria, is the most populous province (9.4 million) and the economic engine of the country, where many corporations have their headquarters. With Cape Town in the Western Cape and Durban in KwaZulu Natal, the other six more rural provinces lose out.

Second, 15% of the funds from CSI programmes go to company employees and their families and another 49% on the communities in which the companies operate. The result is that people and communities, who have little or no connection to corporate South Africa, as employees or customers, are badly underserved. With the broadly defined unemployment rate at over 40%, CSI is not reaching those who are most marginalized and have least access to resources and information.⁶⁵

According to the Social Giving survey, only 10% of the survey respondents were aware of any local development project initiated by a business organization of any kind. Those who were aware of business initiated projects knew more of local businesses initiating projects (52%) than large corporations (10%). Further research is needed on giving by smaller, local businesses. Two-thirds of the survey respondents agreed that “big companies only give as a way of advertising themselves.”⁶⁶

Third, the new government has promoted the concept of public-private partnerships to address social needs and implement government programmes. Companies are encouraged to partner in order to achieve greater exposure and win government favour. It is unlikely, therefore, that companies will publicly criticize government policy or support local communities and organizations that do so.

Fourth, in contrast to practice in the UK and the US, most CSI budgets in South Africa (61%) are not determined by a formula. As a result, budgets are more vulnerable to the arbitrary decisions of management and less likely to be strategically focused.⁶⁷

Finally, when it comes to evaluation, companies tend to focus on inputs and anecdotal evidence, with little effort to assess developmental impact, lessons learned and implications for policy reform. The 2004 *CSI Handbook* covers issues such as knowledge management, employee involvement, evaluation, communications and sustainability, not policy reform or advocacy.

Without giving attention to the weakness outlined above, CSI is unlikely to make any significant contribution to greater equity in South Africa.

Broader corporate accountability needed. Corporate social investment needs to be complemented by broader corporate accountability in terms of workplace conditions, the approach to the environment and sustainable development. This issue received extensive attention and media coverage during the World Summit in Johannesburg in August/September 2002.

The initiatives described below aim to encourage greater reflection and improved reporting by corporations. Building on the United Nations Global Compact and the

Global Reporting Initiative (GRI), they encourage a ‘triple bottom line’ that tracks not only the company’s financial impact, but also its social and environmental. Greater attention to the role of companies in society could lead to greater attention to equity issues.

- **The King Report on Corporate Governance (King II)**, launched in 2002, includes a South African voluntary code of conduct, which embraces the ‘triple bottom line’ concept.
- **The Socially Responsible Investment (SRI) Index**, launched in 2004 on the Johannesburg Stock Exchange, assesses companies on a range of social, environmental and economic issues.
- **Black Economic Empowerment (BEE)** focuses on extending black equity participation, predominantly to a small black elite. Government now encourages Broad-based BEE that includes the development of small businesses, guides government’s procurement decisions to benefit black-owned companies, furthers skills development, etc. However, to date, BEE has focused on redistribution at the apex rather than at the base and has promoted greater inequality rather than increased equity.⁶⁸
- **Industry charters**, developed by several industries (banking, mining and finance), with government encouragement, provide a scorecard for transformation, featuring issues such as black ownership and control, skills development, financing and procurement, and CSI.

Kagiso Trust (KT) – Nonprofits Building Assets. Established in 1986, KT was the main channel for European Union funding of anti-apartheid organizations. KT received R164 million from the EU at its peak in 1993. Foreseeing the withdrawal of foreign funding, KT diversified its income sources and streamlined its operations. In reverse of the usual scenario where the company sets up a separate trust to fund development, Kagiso Trust formed an investment company (Kagiso Trust Investments - KTI) in 1993 to generate funds for Kagiso Trust and its beneficiaries. KTI has done extremely well with investments in media and financial services and has assets worth over R1 billion. Ironically, Kagiso Trust has shrunk and has received nominal dividends from KTI in recent years because of a decision to reinvest in KTI’s growth. KT could re-emerge as an important development funding source, and one of the largest grantmakers in the country, as a result of a lucrative deal with one of the largest banking companies in the country. If the KT trustees were to return to KT’s 1980s roots, it could become an important force for equity focused philanthropy in South Africa.

Another, much younger, example of nonprofits exploring the asset-building model is the Ditikeni Investment Company. The company was established in 2000 by 23 non-governmental organizations, including the Social Change Assistance Trust (SCAT). (See below). All of the founding NGOs are involved in local community development and empowerment. Ditikeni’s largest holding is a 1% beneficial share in Caltex South Africa. Ditikeni wants to set a new standard for broad-based black economic empowerment. If successful, it could become an example of social investing that benefits organizations focused on human rights and equity.

Workplace Giving – Give as You Earn Can Raise Awareness. A growing number of companies in South Africa have instituted workplace giving programmes for their employees. The recipient organizations tend to be focused on welfare and service delivery. One employer that initially took a more creative approach is Absa Bank. In 2002, its employees made monthly contributions from their paychecks to HIV/AIDS organizations focused on treatment and care. In the first year of the program, over 5,700 employees (16% of the workforce) contributed more than R1 million, which Absa matched rand for rand. As the General Manager for CSI at Absa at the time said “Large corporations such as Absa have an educational role to play. We can create awareness and influence public perceptions regarding HIV/Aids.” In 2003, Absa shifted the focus of the programme to target a more conventional set of organizations working with children, the elderly and disability – and is now more in line with the majority of workplace giving programmes in the country.⁶⁹

Community foundations

In the early 1990s, the Ford, Mott and Kellogg Foundations began to explore the potential for community foundations in South Africa. In 1994, Kellogg funded a small group of South Africans interested in learning more about community foundations to visit the U.S. Later that year, Mott and Ford commissioned a study by the Cape Town-based Foundation for Contemporary Research (FCR) on the applicability of the community foundation model to South Africa. FCR’s final report, completed in mid-1995, did not discuss in detail how community foundations could take root in South Africa, but it did suggest that the concept could be viable and was worthy of further investigation.⁷⁰

In 1996, the newly formed Southern African Grantmakers Association (SAGA) held a workshop on community foundations and in late 1997 launched a five-year pilot program to test the feasibility of the community foundation concept in South Africa. From 1998-2002, SAGA worked closely with ten communities. The initial model presented to South Africa was predominantly based on the U.S. experience.

Over time, several of the fledgling community foundations in small towns and rural areas failed. Those started in the large metropolitan areas of Pretoria and Durban, after seemingly promising starts, faltered as well. The Durban Community Foundation continues to exist, but the Pretoria effort collapsed.

By 2004, only two community foundations continued to fully function: the Uthungulu Community Foundation (UCF) in Richards Bay, KwaZulu Natal and the Greater Rustenburg Community Foundation (GRCF) in Rustenburg, North West Province. Why so many of the pilot sites failed needs to be addressed, but is beyond the scope of this paper.

The five-year community foundation pilot program was brought to a close in 2003. Rather than focus on community foundations exclusively, SAGA decided to develop a programme working more broadly with other non-corporate members including family

foundations, local South African grantmaking organizations, and other community - based giving programmes.

Uthungulu Community Foundation (UCF). The UCF in Richards Bay serves a population base of two million people. This large region of the KwaZulu Natal province, which stretches from Richards Bay, a mining town established in the 1970s, to the Mozambique border far to the North, is predominantly rural. It has some of the highest HIV/AIDS infection rates in the country, as well as high rates of poverty and unemployment.

The UCF was launched in 1999 and now has an endowment of R10 million funded by the Ford Foundation and Billiton, a mining corporation active in Richards Bay. Much of its operating costs have been funded by the C. S. Mott Foundation. King Goodwill Zwelithini, the King of the Zulus, is its patron, but has not yet contributed any funds of his own to the community foundation. While UCF has been relatively successful in attracting support from corporations in the area, it has not received significant support from individuals and local communities.

UCF has granted R1.3 million since 2001.⁷¹ The bulk of the foundation's funds have gone towards poultry projects, sewing and knitting clubs, and gardening projects. To date, UCF has not supported efforts for these groups to address policies affecting the poor in this region.

Greater Rustenburg Community Foundation (GRCF). The GRCF serves a population of about 1.2 million people, 70% of which is rural. Eighty-six local chiefs and their headmen attended GRCF's public launch in 2000 but their interest has not yet been translated into ongoing support. GRCF holds an annual conference, inviting organizations from throughout the region, with 79 attending in the first year, 90 in the second and 170 organizations attending in 2003. As a result, they have begun to receive applications from some of the most remote areas of the geographic area they serve.

GRCF's endowment of over R5 million was also funded by the Ford Foundation and a local mining company, Impala Platinum. Again, the C. S. Mott Foundation has been the main source of support for operating costs. In addition, GRCF has received funding and capacity building support from the Carl and Emily Fuchs Foundation, a family foundation that has also provided support for SAGA's community foundation programme.

GRCF made about R1 million in grants over the first three years (2001-2003) and has a full time staff of four. The foundation has sought to resolve disputes in a local HIV/AIDS coalition and in addressing the growing number of HIV/AIDS orphans. Also, GRCF has provided the encouragement and physical space for a local nonprofit forum.

GRCF has used its convening role to provide a greater voice for civil society and to address HIV/AIDS policy development in the province. In addition to support of welfare organizations in the region, GRCF has also worked to engage in policy issues related to

the nonprofit sector and development. Research on the impact of GRCF's grantmaking could offer greater insight into what role, if any, this grantmaking has played to address equity in Greater Rustenburg.

Impact on Equity?

The role of community foundations in addressing the need for greater equity is a concern in the United States as well as in South Africa. Emmett Carson, the President and CEO of the Minneapolis Community Foundation, in his May 2002 keynote address to the Community Foundations of Canada national conference stated: "Community foundations have not always modeled the best practices of diversity and have not always been at the forefront of championing dialogue and action on the most difficult social issues facing the community."⁷²

Carson observed that "the growing obsession of US community foundations on asset accumulation is shifting the focus of community foundations around the world away from discussions about civil society, inclusive diversity practices, community building and social justice." No matter how much an individual community foundation in Mexico or Brazil, Thailand or South Africa might want to develop an emphasis on equity and social justice, if they don't build any endowment assets, they will get low marks from the international community foundation community, led by the big private foundations in the US and the big associations of foundations in US, Europe and globally.

While South Africans interested in the community foundation model may have been initially interested in how best to address development needs and inequity in South Africa, they ended up focusing predominantly on building an endowment and raising assets.

The community foundation model is appealing and can inspire passion to develop locally controlled institutions that mobilize local resources to address local needs. However, some of the appeal of the model internationally is that US donors are there to promote it. It is important to remember that community foundations are one possible vehicle to promote institutional philanthropy, not *the* universal model of institutional/organized philanthropy.⁷³ A rich discussion on this issue began in Athens at the annual meeting of the European Foundation Centre (EFC) and was captured in a December 2003 article of Alliance Magazine. Commenting on the discussion at the EFC, Christopher Harris of the Ford Foundation "stressed the need to move beyond the current emphasis . . . on form and structure" and to look more rigorously at community foundations and their impact. "What we do and how we do it." South African community foundations and the donors that support them would do well to heed these wise words as they shape their priorities for the future.

The Independent Development Corporation (IDC) Foundation Fund. One community foundation initiative in South Africa that began with the assumption that there was a need for institutions to address inequity is based at the IDC. The IDC is a state-supported development finance institution that focuses on industrial development. Given the belief that Black Economic Empowerment (BEE) is not reaching those on the

ground, the IDC established a Foundation Fund and a Workers Trust Development Fund in 2003. The vision of the IDC Foundation Fund is “to facilitate the existence of Foundations as a vehicle for accelerated socio-economic delivery and broad based black economic empowerment.”⁷⁴ Thus far, IDC has provided R50 million in shares to six new community foundations, two in KwaZulu Natal, three in the Western Cape and one in Mpumalanga province. The largest of these is the Black Association of Wine and Spirits Industry (BAWSI) Trust in the Boland region of the Western Cape, with R15 million worth of equity in the KWV Black Economic Empowerment deal. This IDC initiative has the potential to shift significant resources to local community control. However, many challenges lie ahead in terms of governance, structure, and programme development. It will be important for the IDC to learn from SAGA’s experience in addressing issues of governance and local community control. Once IDC puts resources on the table, one can assume that there will be challenges in terms of getting them to the most marginalized. Once up and running, it will be crucial for these IDC-linked community foundations to continue to address the root causes of community problems rather than support their amelioration.

Other local grantmaking organizations

European governments and other international donors in the 1980s looked for credible local agencies through which to channel their funds. The three largest were Kagiso Trust, the South African Council of Churches (SACC) and the South African Catholic Bishops Conference (SACBC), which channeled a total of R436 million from foreign sources in 1991.⁷⁵

Unlike many other countries, South Africa has a history of development funding that flowed to a set of indigenous organizations, as opposed to international NGOs. This history helped to build a set of local South African development funding organizations that continue to operate today such as Kagiso Trust and the Social Change Assistance Trust.

Another aberration of South African history that resulted in the development of local grantmaking organizations was the divestment campaign of the 1980s. As a result of the campaign, several American companies decided to divest and leave behind major endowed funds. Others decided to stay in South Africa but create endowed funds as well. Organizations with endowed funds that were created at that time include:

- Equal Opportunity Foundation (created by Coca Cola) in Cape Town;
- Pretoria Development Trust, the Trust for Educational Advancement (established by the Ford Motor Company);
- Algoa Bay Charitable Trust (also established by the Ford Motor Company); and
- The Zenex Foundation (formerly the Human Resources Trust, then the Youth Development Trust) was established by the Xerox Corporation.

These organizations still exist (with Zenex as the most prominent and active of the four) but have remained limited in their objectives, scope and public profile. This raises the

important question: Is establishing an endowment useful when the future governance, leadership and mission of the organization are not assured? Despite good intentions, none of these organizations have gone on to make a major contribution toward equity issues in South Africa. Yet they still continue to exist because endowments give them eternal life. Endowing a grantmaker does not assure that it will remain socially relevant. This should be a lesson to community foundations and other nonprofits that build endowments. They must not only focus on endowment building, but must also work to keep their organizations focused on South Africa's most fundamental challenges.

Current Trends.

There are a growing number of domestic trusts and foundations that derive their income from a variety of sources and are diverse in terms of their operations and funding. No information on these trusts and foundations as a collective group has been found in the course of researching this paper. It is therefore difficult to determine whether funds from these sources has increased or decreased over the past decade or whether these funds tend to flow towards the need for greater equity.

By reviewing the list of SAGA members and the *SAGA Donor Directory 2003/04*, it is possible to conclude that there are about 25 local grantmakers.⁷⁶ These include local grantmaking organizations that were established 1) to fund community based organizations in a particular geographic area such as the Ikhala Trust in the Eastern Cape and the Dockda Rural Development Trust in the Northern Cape, and 2) to fund a particular sector such as the WHEAT Trust funding women's rights and women's development, the Aids Foundation to fund HIV/Aids and the Nelson Mandela Children's Fund (NMCF) to fund children and youth. NMCF is particularly significant in that Nelson Mandela set an example by pledging a portion of his own income to establish the organization.

There is another set of local grantmakers called community chests including the Community Chest of the Western Cape and the UBUNTU Community Chest that have their history rooted in the 1920s and take an approach similar to the United States-based United Way.

Yet another set of local grantmakers were initiated by international bilateral funding agencies. The European Union has initiated and funded the Human Rights Foundation that focuses on human rights and access to legal justice and Themba Lesizwe that focuses on trauma. The British Department for International Development (DFID) has recently established the Southern African Civil Society Trust with the mission to reduce poverty and inequality in Southern Africa by strengthening the voice of poor people in the public policy process.⁷⁷ These local grantmakers offer great potential in the sense that in name and mission, they focus on equity and rights. However, there will be a need for impact assessments that can assess whether these local grantmakers in fact have had an impact on equity issues.

Impact on Equity?

There has been limited research on this important set of development funders in South Africa. It would be useful to look more closely at them to assess whether, as a group, they have focused on equity issues. It would be useful to explore what factors affect whether such local grantmakers focus on structural change to promote equity or not. Does it make any difference as to whether the local grantmaker has received support predominantly from private foundations, corporate funders, bilateral funding or a combination of sources? Do issues of donor flexibility, leadership and governance make a difference? Some large NGOs have been pushed into a position of intermediary, and donors then delegate the task of administering funding for smaller nonprofits. It was predominantly bilateral government donors that followed this pattern, but international private foundations were also looking for the best way to cut down on their administrative load. There were cases in which “funding channels quickly turned into funding chains.”⁷⁸

Despite the paucity of current research, it appears that these grantmakers have greater potential to address equity issues than corporate or individual giving. For example, these organizations, theoretically, are considered to be more in touch with grassroots needs. Also, by virtue of the fact that many of them fund community based organizations, they have a more direct relationship to marginalized communities and therefore a greater ability to encourage community mobilization and advocacy initiatives.

The WHEAT (Women’s Hope Education and Training) Trust was founded in 1998 as a women’s fund in Cape Town. WHEAT is one of the local grantmakers in South Africa that has an explicit mission to address equity and has focused on issues of violence against women, women’s rights as human rights, women’s leadership, HIV/AIDS and support to local women’s community organizations. WHEAT received start-up funds from the Mott Foundation, but has tapped local corporate funding from the retail and IT industries, and support from the Global Fund for Women and Mama Cash. While WHEAT originally targeted the Western Cape Province, it now is reaching out to make grants nationally. WHEAT has built a R1 million endowment with contributions predominantly from South Africans corporations and individuals.

The Social Change Assistance Trust (SCAT) – An Explicit Equity Agenda. SCAT is an independent funding and development agency with the mission to empower the rural poor, strengthen civil society and promote social change. SCAT does this by working with local community organizations that promote development and human rights in rural communities in five of South Africa’s nine provinces. After its founding in 1984, SCAT funded advice offices that assisted community members with farm eviction claims against the Minister of Law and Order and supported grantees to investigate and publicize the conditions of communities that were forcibly removed from their land. In 1994, SCAT initiated its Fund Raising Incentive Scheme (FRIS) that offers matching funds (five to one) to SCAT partners that raise money in their own communities, a shift to foster community control and ownership. Over the years, SCAT has promoted a strong gender policy with their grantees, encouraged women’s leadership, supported voter education and supported work on HIV/AIDS. Initially supported by funds from

Norway and other international donors, SCAT received its first South African funding from the Anglo De Beers Chairman's Fund in 1998.

International private foundations

U.S. private foundations have had a long history of working in South Africa. An early example is the Carnegie Corporation of New York supporting the Carnegie Commission on the Poor White Problem in the 1930s. Support grew throughout the late 1980s and early 1990s. In 1996, the Southern African grantmakers affinity group in the US sponsored research on levels of US private foundation giving in the region.⁷⁹ The findings indicated that 43 US foundations were active in the region with expenditures of \$55.4 million, a 27% increase over the \$43.5 million spent in 1994. All but six of the 43 foundations with southern African programs were engaged in grantmaking in or related to South Africa and three-fourths of the total \$55.4 million was earmarked for South Africa.⁸⁰

The research found that while several foundations focused on community level programmes, many "put considerable emphasis on policy analysis and the generation of new policy options in education, health, environmental protection, and other major development sectors." The researchers classified the five top-priority fields as education, health, human rights and governance, women's issues (including women's rights) and agriculture and rural development.

In 2000, the affinity group broadened its geographic focus and became the Africa Grantmakers Affinity Group (AGAG), which has commissioned research to update the 1996 data. In early 2006, they will publish "Mapping the Landscape of US Foundation Funding for South Africa: 2000-2004."⁸¹ There is also a need for research on giving from European and Japanese private sources. Comprehensive data on sources of international private giving to South Africa is not readily available.

Impact on Equity?

The authors of the Nonprofit Study linked to Johns Hopkins "assumed on the basis of anecdotal evidence and received wisdom in the sector, that the US based foundations are the largest funders of South African NPOs."⁸² This may have been influenced by the fact that many bilateral donors shifted their funds from NGOs to government after 1994 and private foundations continued to fund civil society. However, this does not necessarily translate to the conclusion that these programmes have promoted equity. In fact, there are indications that it has been the smaller, community based organizations that have lost funding as a result of shifts in donor funding trends. The NPOs in poorer communities often lack the capacity and knowledge to access funding.

Caroline Kihato's research findings from the Centre for Policy Studies suggest a similar conclusion. Her 2001 paper argues that the shifts in donor funding in South Africa since 1994 has resulted in a narrower range of NPOs receiving funding support. The research shows that "visible, urban-based formal NGOs with reasonable administrative, research and delivery capacity are more likely to receive donor aid. By contrast, informal, less

visible, grass-roots organizations located primarily in rural and peri-urban areas are less likely to do so.”⁸³ Gerald Kraak points to a similar trend that donors have shown a preference to fund larger organizations or networks that can serve as conduits for funding to smaller organizations in an effort to reduce administrative expenses. He concludes that this trend has “favoured larger, urban, more sophisticated NGOs to the detriment of smaller (quite often, innovative) projects.”⁸⁴

Despite this trend, there are several examples that show that international private foundations have developed programmes that focus on advocacy for marginalized communities. Atlantic Philanthropies has programmes focused on refugees, and has provided significant support to the Treatment Action Campaign⁸⁵, the Ford Foundation has programming focused on human rights, social and economic rights, and has supported public interest litigation, the Kaiser Family Foundation has focused on health and HIV/AIDS in South Africa and the Kellogg Foundation has programmes focused on rural development. While these foundations have spent great deals of money on evaluations and assessments, there is no single repository that gathers and analyses the work of private foundations and their impact on equity in South Africa.

While a group of international private foundations and local South African grantmakers formed the Donor Network on Women (DNW), the group has never promoted coordinated grantmaking as a result. The DNW acts as a forum to share information, but there is untapped potential for its members to work together to encourage greater attention to gender equity and women’s rights.

A Partnership to further ‘Access to Justice.’ In 2002, the Advice Office Partnership Programme began with funding from the Charles Stewart Mott Foundation. This pilot project involves the Legal Aid Board, the Social Change Assistance Trust and the Community Law and Rural Development Centre. The objective was to link under-resourced rural legal advice offices with government-funded justice centres where candidate attorneys assist paralegals with cases requiring attention. The Legal Aid Board saw the advantage because of its increased capacity for outreach to far-flung areas, and the rural advice offices saw the benefit in being better compensated for their work. As a result, local people have increased support to access their rights under the Constitution including issues related to employment, violence against women, pensions, and local government.

V. Conclusion

Philanthropy is an important aspect of, but is not sufficient to ensure, a democratic and equitable society. Such societies do not rely merely on generous individuals and companies that give back a percentage of their profits to community needs. Democratic societies need democratic governance and just and accessible institutions --both public and private-- that build a more equitable society.

In South Africa, poverty and unemployment, as well as other forms of inequity, could continue as a reality for generations to come, especially given the pace at which these

issues are being addressed. Those who benefit from South Africa's strong economy need to move more quickly to implement strategies that address South Africa's poverty. It is the role of the government to align incentives and guide big business in that direction. Government must promote redistributive justice that includes attention to assets such as land reform as well as income transfer such as pensions, child support grants, and a basic income grant.

Traditional philanthropy has developed as the way that wealth accumulation by a small proportion of the population is used to address unmet basic needs for those who are lucky enough to be the beneficiaries. This model is not sustainable nor worth replicating. In South Africa, there is a need to explore an alternative vision of philanthropy.⁸⁶

Philanthropic resources can be targeted to address the rights offered to South Africans under the new Constitution and provide for greater equity across gender, race and socio-economic status. In order to achieve this vision, philanthropy will have to better address the structural issues of inequity. This can be done in a number of ways.

One way in which the role of philanthropic giving can be enhanced to greater address inequity is by supporting nongovernmental groups that represent those most affected by inequity so that they can voice their views and advocate for themselves. This approach involves support for civil society organizations that foster greater voice and participation for those who are marginalized; it also supports these groups to demand accountability from state actors, influence public policy, and in other cases demand accountability from the private sector.

There is also a great need to advocate for public accountability in order for existing policies to be implemented and for rights under the law to be made more accessible. For example, access to justice in general and women's rights in particular are in need of greater support from the philanthropic sector. Local paralegal advice offices that operate in poor communities do not receive adequate support, often because their work does not provide grantmakers with short-term outcomes. Without a longer-term approach it is clear that funding efforts will continue to focus on service delivery for a few, without providing structural change.

Another way to promote equity is to support existing forms of philanthropy and giving that have an explicit focus on equity, provide the opportunity for marginalized groups to control and allocate resources, and have a greater inclination to support groups calling for change. Philanthropy should build upon existing *local* South African institutions that already address inequities. The Homeless People's Federation, discussed above, shows that it is possible to build on existing processes of giving such as stockvels and savings clubs. The WHEAT Trust, the Social Change Assistance Trust and the Human Rights Foundation are examples of local grantmakers that make greater equity their focus. It is still to be determined if other local grantmakers such as community foundations will address inequity in any significant way. While some international private foundations have made a contribution towards equity issues and grantmaking for social change, they cannot be relied on to play that role in the long term. It is critical that local, South

African institutions take on this approach. They will be better positioned to support such efforts in the long term, and to work at a more local and provincial level.

A commensurate need is for philanthropy to build the capacity of local organizations focused on transformation and social justice. It's not only how much money can be summoned to a particular issue, but also the strategies used and the resources devoted to ensure institutional capacity and effective delivery. For example, the Taylor Committee that reviewed the government's social security system concluded that no amount of money flowing through institutions with little capacity would be able to produce strong results. This conclusion has significant implications for any philanthropic effort in South Africa. Organizations such as the Social Change Assistance Trust (SCAT) can serve as a model for other grantmakers that want to provide financial resources and build capacity at the same time.

In addition to providing advocacy and capacity building support to groups that are addressing inequity, another area in which philanthropy can make a greater impact is in supporting a space for public dialogue on important social issues. Just a few examples of such issues in South Africa are the stigma surrounding HIV/AIDS, violence against women, access to justice, and how to support a safety net for those living in poverty. In these cases, convening people to talk about an issue publicly could initiate needed public debate and could possibly influence public opinion. Creating public dialogue around social and economic inequalities can make a major contribution and give these issues greater legitimacy.⁸⁷ Given the concern in South Africa for growing inequality, any philanthropic organization that adopted such an approach would likely receive significant kudos and public support.

As South Africa looks ahead to the twentieth anniversary of democracy in 2014, philanthropic resources can make a difference in whether there will be greater social and economic equity to celebrate or not. A recent scenario planning exercise in Cape Town put forward one scenario for 2020 in which

“South Africa is considered a social and economic miracle. Not only did it reach all the millennium development goals, it has eliminated backlogs in social infrastructure, services and its education and skills deficit. The president, in her state of the nation address to parliament, proudly announces that for the first time not a single South African lives in destitution. A major black economic empowerment player has partnered with *stockvels* in Soweto to form a community bank providing finance at competitive rates to local business and for community development. Others have followed suit, giving many access to capital.”⁸⁸

It is possible for South Africa's philanthropic actors to play an important role in bringing this vision to fruition. However, they need to be bold, take on root causes of inequity, and promote a greater voice for equity.

¹ I would like to thank Adele Simmons, Paula Johnson and Lincoln Chen for offering me the opportunity to write this paper. I owe a great debt of thanks to Barbara Merz for having the patience and persistence needed to convince me to finish it. Thank you to Peter Geithner for his critical editing assistance at the end. Outside the GEI fold, I'm indebted to Caroline Hartnell and Gerry Salole for taking time to read through an early draft and offer wise and useful advice, even though I didn't always take it. I'd also like to thank all of my colleagues at the C. S. Mott Foundation, especially Bill White, for offering me the opportunity to open the Mott Foundation's South Africa office and run it for over a decade. I couldn't have asked for a more amazing life opportunity than that, and without that experience I wouldn't have had much to say in this paper.

² The author was the Director of the C. S. Mott Foundation's South Africa office from 1992-2003, during which time she worked to promote civil society and philanthropy for greater equity in South Africa. She is currently a Visiting Research Fellow at the Centre for Policy Studies in Johannesburg, where she writes about and works with civil society organizations and development funding issues. Her recent projects include work with the WHEAT Trust - a women's fund in Cape Town, an impact assessment of South Africa's nonprofit law, and research on the role of local grantmaking organizations in South Africa. She would welcome feedback and comments on this paper and can be reached at christa@cps.org.za

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⁵ Interview with Nelson Mandela by Christa Kuljian, printed in "South Africa: Tapping Local Resources to Address Local Needs," *In Focus*, Charles Stewart Mott Foundation, October 2001.

⁶ For 2001 census figures, see <http://www.statssa.gov.za/census01/html/C2001SumReport.asp>

⁷ For more information on this research, see <http://www.ukzn.ac.za/ccs/> and click on "Social Giving" under CCS Research.

⁸ I want to state my own uneasiness with the term "philanthropy." I feel that the term connotes a sense of misplaced nobility. In South Africa, or in any developing country context, I rarely use the term. I feel more comfortable discussing "development funding" and how to "encourage local giving," which implies the need to work with local organizations on local priorities to promote development that makes sense in the context of changing circumstances.

⁹ Burkeman, *An Unsatisfactory Company . . . ?*, Transcript of Allen Lane Lecture, 8 February 1999, p.12. See www.allenlane.org.uk/newpage2.htm

¹⁰ Collins et al. (2001), *Robin Hood was Right; A Guide to Giving Your Money for Social Change*, p.31 as quoted in Setkova 2004, p. 10.

¹¹ Burkeman, 1999.

¹² Offered by Bruce Shearer of Synergos at a GEI seminar in September 2002.

¹³ The American Heritage Dictionary of the English Language, Fourth Edition, 2000.

¹⁴ Ibid.

¹⁵ Everatt, David and Geetesh Solanki, *A Nation of Givers? Social Giving Among South Africans*, Strategy and Tactics, Written for the Centre for Civil Society, SAGA and the National Development Agency, 2004, p. i.

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- ¹⁶ To read more on this assumption and its treatment in the literature see Everatt, David et al., "Giving, Development and Poverty Alleviation in South Africa," Draft paper from Centre for Civil Society, University of KwaZulu Natal 2005 and Everatt and Solanki 2004.
- ¹⁷ See Christopher Harris 2003, Emmett Carson 2003, John Heller 2003, Lenka Setkova 2004, and *Alliance*, Volume 10, Number 2, June 2005 focus on funding social justice.
- ¹⁸ Milner, Andrew in "Change or Charity," *Alliance Magazine*, Volume 8, Number 3, September 2003, p. 23.
- ¹⁹ Quoted from briefing session at the Synergos Global Senior Fellows Meeting, July 2004, Philippines.
- ²⁰ UNDP, *South African Human Development Report 2003: the Challenge of Sustainable Development in South Africa: Unlocking People's Creativity*, Oxford University Press South Africa, Cape Town 2003.
- ²¹ UNDP 2003, p.42.
- ²² As defined by BusinessMap. BusinessMap annual report 1997.
- ²³ Government Communication and Information Services (GCIS) on behalf of the Presidency, *Toward a Ten Year Review*, October 2003, p. 24-26.
- ²⁴ Altman, Miriam, "The State of Employment," *The State of the Nation: 2004-2005*, Human Sciences research Council, HSRC Press, Cape Town, 2004, p. 425.
- ²⁵ Altman, Miriam, "The State of Employment and Unemployment in South Africa," *The State of the Nation: 2003-2004*, p. 162-176.
- ²⁶ The description of population groups in South Africa is not always consistent. The UNDP, from which this data is quoted, uses the terms African, coloured, Indian or Asian and white. This passage maintains those terms for the sake of clarity. Statistics South Africa, however, uses Black African, coloured, Indian or Asian and white. In the South African context, the term "black" is often used to refer to those who are "coloured," Indian and African. The term "African" is often claimed by those who were born in South Africa regardless of colour or population group.
- ²⁷ Quoted in *AIDS and South Africa: The Social Expression of a Pandemic*, Edited by Kauffman and Linddauer, 2004, p. xi.
- ²⁸ Ibid, p. 22.
- ²⁹ Orford, Margie, *Rural Voice: the Social Change Assistance Trust 1984-2004*, p. 120.
- ³⁰ Government Communication and Information Service (GCIS) on behalf of the Presidency, *Toward a Ten Year Review*, October 2003, p. 24-25
- ³¹ See Marais 1998, Terreblanch 2002, Kotze 2003, Pieterse and van Donk 2004, Gumede 2005.
- ³² Van Donk, Mirjam and Edgar Pieterse, "Contextual Snapshots: Development Challenges and Responses during the Transition," *Voices of the Transition: the Politics, Poetics and Practices of Social Change in South Africa*, Edited by Pieterse and Meintjies, Heinemann publishers, 2004, p. 50.
- ³³ See Desai (2002), Kotze (2003).
- ³⁴ Interview with Tim Modise on Carte Blanch, December 7, 2003.
- ³⁵ The Nonprofit Study estimates that, as of 1998, there were approximately 98,000 nonprofit organizations in South Africa with total operating expenditures of R9.3 billion, representing 1.2% of that year's GDP. The research found that the nonprofit sector employed the equivalent of 645,316 full time workers (including full-time, part-time and volunteer workers), a workforce that is larger than that of other important sectors in South Africa including the mining industry and the public service in national government departments.
- ³⁶ See Habib, "State-Civil Society relations in post-apartheid South Africa," *State of the Nation: South Africa 2003-2004*, 2003
- ³⁷ Burkeman, Steven, "Foundations and the State," Keynote address at the annual conference of Philanthropy New Zealand, October 2002.
- ³⁸ While the term "minority" has certain connotations in the UK, it has others in South Africa. The use of the term in each country cannot be easily equated and therefore a comparison of the role of foundations in relation to "minorities" is complex.
- ³⁹ For more information on the tax campaign see "An Overview of the Tax Campaign: 2000-2002" by Karen Nelson of the Non Profit Partnership, January 2002.
- ⁴⁰ Moyo, Bhekinkosi, "Philanthropy in the 21st Century: Challenges and Opportunities, a study of South Africa, prepared for the Ford Foundation, 2004.
- ⁴¹ Mbigi as quoted in Kellogg Foundation background paper on African philanthropy, 2002.
- ⁴² See Lukhele (1990) as quoted in Moyo (2004).

⁴³ Ibid.

⁴⁴ Moloi, Dudley, "Pooling Pennies to Provide Housing for the Poor," *In Focus, South Africa: Tapping Local Resources to Address Local Needs*, C. S. Mott Foundation, October 2001, p. 24-30.

⁴⁵ Henry J. Kaiser Family Foundation Report, 2002 as quoted in Kotze 2003.

⁴⁶ See Zabala, Griffiths, "Reviving Indigenous Philanthropic Institutions and Social Support Systems," *Second International Conference, Southern African Grantmakers Association*, 1999 and Moyo, Bhekinkosi, "Community Foundations, Social Capital and Development in South Africa, 2000.

⁴⁷ In April and August 2001, the Kellogg Foundation held two workshops to discuss how best to encourage giving in South Africa building on existing African traditions.

⁴⁸ This assumption is thoroughly investigated and deconstructed in "Development and community participation: decoding the conceptual 'stock and trade' of the voluntary sector" by Edgar Pieterse in *Development Update* 1998. Pieterse asserts that "the supposedly 'representative' community organizations and structures with which development NGOs choose to work are often not representative at all. They may be controlled by elites, rife with conflict and they may ignore the interests of women and other marginal social groups."

⁴⁹ I am grateful to Gerry Salole for raising this point in his paper on mutual support associations in Ethiopia, which has relevance for southern Africa as well. "Not Seeing the Wood for the Trees: Searching for Indigenous Non Government Organisations in the Forest of Voluntary Self Help Associations," *Journal of Social Development in Africa*, 1991.

⁵⁰ Wilkinson-Maposa, "The rich not the only ones who can help the poor," *Sunday Times*; Business Times section, February 13, 2005, p. 6.

⁵¹ Kotze 2003, p. 22.

⁵² For more information on the HPF, see "The Homeless People's Alliance: Purposive Creation and Ambiguated Realities" by Firoz Khan and Edgar Pieterse, 2004 on the Centre for Civil Society website, www.nu.ac.za/ccs/ under research on social movements, and the website for the Homeless People's Federation at www.dialogue.org.za.

⁵³ The research was funded by the Ford and Mott Foundations and Atlantic Philanthropies.

⁵⁴ It is important to note that in South Africa, in the late 1960s and early 1970s, some of the first non-governmental organizations focused on poverty and economic development came out of the churches, including the Edendale Lay Ecumenical Centre, the Christian Institute and the South African Council of Churches. Thank you to Malusi Mpumlwana for helping me to clarify this point.

⁵⁵ CSI Handbook 2003, p. 91.

⁵⁶ Author's conversation with Shelagh Gastrow of Inyathelo, Institute for Advancement, Cape Town.

⁵⁷ For more information on the Donald Gordon Foundation and the entire interview with Hylton Applebaum, see *Global Giving Matters*, Issue 8, October-November 2002, Edited by Synergos/World Economic Forum.

⁵⁸ CSI Handbook, 7th Edition, 2004, p. xiv.

⁵⁹ For a longer analysis of BEE, see *Black Economic Empowerment: Elite enrichment or real transformation?* By Frank Meintjies in the Isandla Development Communiqué at www.isandla.org.za

⁶⁰ UNDP 2003, p. 73.

⁶¹ Farouk, Fazila and Michael Prytz, "The Pulse of Online Fundraising in South Africa: Lessons and Challenges," Charities Aid Foundation – Southern Africa, SANGONeT and Thusanang, July 2003.

⁶² Rockey, Vanessa, *CSI Handbook 2001*, p. 86

⁶³ Bonbright, David, "An Overview of the Sources of Giving in South Africa," Development Resources Centre, September 1992, p. 3.

⁶⁴ By the time the Urban Foundation closed in 1995, it had mobilized R1.8 million for housing, trained 20,000 teachers and built 2,000 classrooms (*CSI Handbook*, 2004, p.2).

⁶⁵ *CSI Handbook* 2003.

⁶⁶ Everatt and Solanki, "A Nation of givers? Social giving among South Africans," *Strategy and Tactics*, 2004, p. 30.

⁶⁷ Soon to be published research by Steven Friedman for the Social Giving project at the Centre for Civil Society explores decision making by the company CEO and its impact on CSI expenditures.

⁶⁸ For those interested in a longer analysis of BEE, see *Black Economic Empowerment: Elite Enrichment or Real Transformation?* By Frank Meintjies in the Isandla Development Communiqué at www.isandla.org.za

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- ⁶⁹ Groenewald, Yolandi, "A Little Goes a Long Way," *Weekly Mail and Guardian, Investing in Life Insert*, August 6-12, 2004, and "Helping Business Give Effectively," *Sunday Times Business Times*, May 26, 2002, and correspondence with Laura Maxwell Stewart of the Charities Aid Foundation – Southern Africa.
- ⁷⁰ *Study on South African Trusts and Foundations*, Foundation for Contemporary Research, April 1995.
- ⁷¹ Correspondence between the author and Chris Mkize, CEO, Uthungulu Community Foundation, 11 May 2005.
- ⁷² Carson, Emmett, "Community Foundations at the Crossroads: Social Change Agents or Charitable Bankers?" Keynote address at Community Foundations of Canada National Conference, 3 May 2002.
- ⁷³ To read more on this issue, see Christa Kuljian's "Global Models, Local Realities: The Community Foundation Model in South Africa," as presented at the Kellogg Conference on Community Mobilization, May 2003.
- ⁷⁴ Kuhlase, Fikile, "Industrial Development Corporation: Foundation Fund," February 2004, Revised December 2004.
- ⁷⁵ Bonbright, David, "An Overview of the Sources of Giving in South Africa," "Development Resources Centre, September 1992, p. 3.
- ⁷⁶ Synergos and Inyathelo are planning to form a Southern African community grantmaker leadership cooperative that will bring thirty leaders of local grantmakers together over a three-year period. The cooperative will include peer learning, annual leadership retreats, and one-on-one support to produce stronger grantmaking organizations in terms of resource mobilization and programme implementation.
- ⁷⁷ To read more on the DFID sponsored Southern African Trust, see "New Southern Africa Trust Launched," by Barry Smith in *Alliance*, Volume 9, Number 2, June 2004.
- ⁷⁸ Galvin, Mary, "Nothing to Lose But our Chains," *OD Debate*, Volume 7, No. 5, December 2000.
- ⁷⁹ Carmichael, William D., *Transforming Southern Africa: an Overview of American Support for Southern Africa's Development*, A Report to the Southern Africa Grantmakers Affinity Group, 1996.
- ⁸⁰ These ten foundations, in descending order of magnitude in 1995, were W. K. Kellogg, Ford, Rockefeller, Open Society, Henry J. Kaiser Family Foundation, Andrew M. Mellon, C. S. Mott, Genesis, Carnegie Corporation and the MacArthur Foundation. Kaiser, Mellon and Mott confined their grantmaking in the region to South Africa. Carmichael, *Transforming Southern Africa*, 1996.
- ⁸¹ For more information, contact Niamani Mutima at the African Grantmakers Affinity Group in New York City, USA. www.africagrntmakers.org
- ⁸² Swilling and Russell, p. 58
- ⁸³ Kihato, Caroline, *Shifting Sands: the Relationship between Foreign Donors and South African Civil Society During and After Apartheid*, Centre for Policy Studies, August 2001.
- ⁸⁴ Kraak, "Tracking Trends in Donor Funding," *OD Debate*, Volume 7, No 5, December 2000.
- ⁸⁵ A national network that focuses on access to HIV/AIDS treatment. For more information, see www.tac.org.za
- ⁸⁶ See interview with Kavita Ramdas, CEO of the Global Fund for Women for further comment on the need for a new model for philanthropy, *Alliance*, Volume 9, No. 3, September 2004, p. 26.
- ⁸⁷ Thanks to Emmett Carson's paper *Reflections on Foundations and Social Justice*, May 2003 for concretizing this point.
- ⁸⁸ Hooper-Box, Caroline, "Throwing the bones at Mont Fleur," *The Sunday Independent*, May 15, 2005.

Appendix: Selected Organisations in South Africa that Monitor and/or Promote Philanthropy

Note: This list is not exhaustive, and is not meant to provide full descriptions of each organisation's activities. The list is meant to give a sense of the diversity of organisations that work with philanthropy in South Africa and to give contact details for further research.

African Institute of Corporate Citizenship. www.aiccafrica.com Monitors and encourages corporate social investment.

BusinessMap Foundation. www.businessmap.org.za Along with *Mail and Guardian* newspaper, sponsors annual corporate social investment awards.

Centre for Civil Society. www.ukzn.ac.za/ccs/ Look under Research, Social Giving Project for information on social giving patterns in South Africa.

Charities Aid Foundation-Southern Africa (CAFSA).
www.cafonline.org/cafsouthernafrica/default.cfm Encourages workplace giving, employer matched giving, volunteering, etc.

Community Chest of the Western Cape. www.comchest.org.za This is the largest community chest (based on the structure of the United Way) in South Africa and is in Cape Town. There are community chests in other South African cities as well, such as Durban, East London, Johannesburg, etc.

Ford Foundation. www.fordfound.org Office in Johannesburg serves southern Africa.

Gift of the Givers Foundation. www.giftofthegivers.co.za Runs large scale relief efforts with contributions from individuals and business.

Giving and Sharing. www.givingandsharing.org.za Highlights examples of philanthropy in South Africa.

Greater Good South Africa. www.greatergoodsa.co.za Runs the Giving Exchange with the Shuttleworth Foundation.

Inyathelo: South African Institute for Advancement. www.inyathelo.co.za Encourages large institutions to raise funds from multiple sources. Sponsors a local grantmaker support programme.

Kellogg, W. K., Foundation. www.wkkf africa.org Office in Pretoria serves southern Africa.

Legal Resources Centre (LRC). www.lrc.org.za Look under “projects” for NPO Support Project for information on tax regulations.

Mott, Charles Stewart, Foundation. www.mott.org Office in Johannesburg serves South Africa.

Nelson Mandela Children’s Fund. www.nelsonmandelachildrens fund.com
Established as a result of Nelson Mandela’s personal philanthropy.

Nelson Mandela Foundation. www.nelsonmandela.org Encouraged giving to HIV/AIDS through the 46664 campaign.

Non-Profit Consortium (NPC) – formerly the Non-Profit Partnership, NPP. www.npp.org.za Leader in the campaign for improved tax legislation for nonprofits and donors.

Social Change Assistance Trust. www.sc at.org.za Look under “Documents” for an evaluation of the Fundraising Incentive Scheme.

Shuttleworth Foundation. www.shuttleworth foundation.org Look at “The Giving Exchange” to see what they are doing to encourage private giving.

Southern African Grantmakers Association (SAGA). www.donors.org.za
Information and learning network for corporate, private, and international trusts and foundations working in Southern Africa.

Synergos Institute. www.synergos.org/africa/south africa.htm Runs the Global Philanthropist Circle and other programmes for grantmaker support.

The Funding Site. www.thefundingsite.co.za A site targeting the needs of nonprofits, including a donor data base.

Thusanang. www.thusanang.org.za An information portal including a donor data base. A project of SANGONeT (the South African NGO Network).

Dialogue. www.dialogue.co.za Publishes *The CSI Handbook* and *The Good Corporate Citizen*.

WHEAT (Women’s Hope Education and Training) Trust. A women’s fund that encourages giving. The website is under construction. Contact them at info@wheat trust.co.za

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