



Global Philanthropy Tracker: South Africa

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Definitions

PHILANTHROPIC ORGANIZATIONS (POS): A form of non-market, non-state organizations outside of the family that provide services for the public good. It includes, but is not limited to, the following: foundations (grant-making, operating, corporate, community, or government sponsored/created), community-based organizations and village associations, professional associations, environmental groups, advocacy groups, co-operatives, charitable organizations, faith-based organizations, mutual entities, labor unions, societies, research institutes, diasporic organizations, online social-purpose portals, and transnational and cross-sectoral coalitions.

PHILANTHROPIC ACTIVITIES: Philanthropic activities are extremely diverse when considered at the global level. They include, but are not limited to, financial contributions, volunteering, collective action, advocacy, grassroots and direct giving and helping, and new methods such as crowdfunding and hybrid philanthropic activities (i.e., social impact bonds and social enterprises).

CROSS-BORDER PHILANTHROPY: Philanthropic activities in which the donor (individuals, foundations, corporations, or religious organizations) and the beneficiary (individuals, foreign POs, foreign intermediary organizations) are located in different countries. The term includes donations to domestic POs in a given country that focus on broad categories of international causes, such as foreign affairs, humanitarian assistance, international relations, promotion of international understanding, and international solidarity.

Overview of Philanthropy

South Africa scored 3.80 according to the Global Philanthropy Environment Index Overall Score, the highest in Sub-Saharan Africa.¹ Philanthropy in South Africa like in many other African countries is multifaceted, comprising of the highly informalized forms of peer-to-peer giving to the highly structured giving by foundations established by corporations or high net worth individuals (HNWIs).

Cross-border Philanthropy Environment

Most South African philanthropy is directed to recipients within the country, but various amounts reach international recipients. The Trialogue Business in Society Handbook 2018 found that among

¹ The Global Philanthropy Environment Index provides an overall assessment of countries' philanthropic enabling environments on a scale from 1.0 to 5.0. The *Global Philanthropy Environment Index* global average score in 2018 was 3.64. <https://globalindices.iupui.edu/environment/index.html>



74 large South African corporations, approximately 1 percent went to international recipients, giving an estimate of ZAR 97 million in cross-border giving (Dialogue, 2019).

Additionally, some high net worth individuals (HNWIs) make large gifts internationally, such as the Motsepe Foundation, which gave USD 10 million to the Global Fund in 2014—a gift Patrice Motsepe announced at the World Economic Forum gathering in Davos—to fight HIV/AIDS in Africa through treatment, testing, and prevention services, focused on ending mother-to-child transmission (Nsehe, 2014). Though most of the foundation’s programming is focused on South Africa, it has also supported work in seven other African countries as well. Two other 2014 gifts of USD \$1 million each went to funds set up to fight Ebola. Similarly, there was a USD 1 million gift to assist victims of Cyclone Idai in Zimbabwe. Recently, the Motsepe foundation pledged ZAR 1 billion towards the fight against COVID-19.

Environment for Philanthropy

Formalized philanthropy has a longer history in South Africa compared to other Sub-Saharan African countries. It emerged in the early mining era (late 1890s) as corporate philanthropy or corporate social investment (CSI). The advent of democracy led to the passing of various pieces of transformational legislation including the Broad Based Black Economic Empowerment (BBBEE) Act 53 of 2003, which requires listed companies to contribute at least one percent of net profits after tax to support socio-economic development.

Since the turn of the twenty-first century there has also been a growth of philanthropy done by HNWIs in South Africa. Their giving is mostly dedicated to supporting initiatives in health, education, housing, and humanitarian services. Most of the HNWIs have established foundations which either directly implement or use the grant method to achieve their aspirations.

Furthermore, the philanthropy under discussion takes on various forms; sometimes it is expressed in spontaneous and informal ways such as helping a neighbor during a time of need. In other cases, it is expressed in formal, organized ways such as participation in communal self-help organizations like stokvels and burial societies or the establishment of local charitable foundations and corporate social investment programs.

REGULATORY AND COLLABORATIVE ENVIRONMENT

The philanthropy space in South Africa is probably more formalized when compared to other countries in Sub-Saharan Africa. Many of the foundations mentioned above belong to affinity groups which provide them with scope for establishing communities of best practice where they learn and share experiences with each other. There are a number of professional associations which operate as infrastructure support for these foundations; they include the Independent Philanthropy Association South Africa (IPASA), the Africa Philanthropy Network (APN), and the Africa Philanthropy Forum (APF).



Corporate South Africa is the biggest funder of non-profits in South Africa. Approximately 22 percent of non-profit income comes from business and CSI spending. Individuals are next, contributing 15 percent of non-profit income. Non-profits also generate 15 percent of their own income by “selling” products and services. Foreign independent donors and the national government each provide 11 percent of income, with South African trusts giving an additional 8 percent and the lotteries 7 percent. Foreign state donors represent 5 percent and other non-profits contribute another 5 percent of overall income (Ritchie, 2016).

CULTURAL AND RELIGIOUS ENVIRONMENT

In a survey carried out recently amongst HNWI's, approximately 50 percent were motivated by their desire to give back to their community, while 33 percent were motivated by religious beliefs and 20 percent were motivated by a family tradition of giving. The majority (approximately 72%) of HNWI's engaged in giving indicated they do not have a defined strategy for giving (Nedbank Private Wealth, 2018). In many instances, these individuals give to social causes through religious organizations (churches and mosques), personal or family involvement, or a network of friends and peers. A minority (28%) of individual givers execute their giving through a trust or a foundation.

SOURCES

South Africa is home to a plethora of local (South African) philanthropy focused foundations. There are more than 100 foundations that engage in different kinds of philanthropic work ranging from traditional grant making to direct implementation (Murisa, 2018). These foundations are established either by corporations, HNWI's, or public personalities such as politicians and sporting professionals. Giving by foundations is estimated to be in the range of ZAR 7 billion annually (Nedbank Private Wealth, 2018).

Foundations in South Africa share three characteristics: the majority were established around 2003, they tend to be based in Johannesburg but spread their philanthropy across the country, and they combine grant making with direct implementation (Murisa, 2018).

South African foundations prefer to give towards social causes inclusive of improved access to education, health, and welfare support. The majority of these foundations have boards, strategic plans, and full-time staff. The corporate foundations receive annual allocations from their parent companies.

Nicky Oppenheimer's foundation is one of the most prominent givers among this group. Through the Oppenheimer Memorial Trust (OMT), he has made grants to benefit organizations and institutions in the education sector as well as bursaries and scholarships. In 2004, Nicky and family created the Brenthurst Foundation. The foundation operates as a think tank focused on generating ideas and policy proposals aimed at strengthening economic growth and democracy across Africa (The Brenthurst Foundation, 2020).

Patrice Motsepe is one of the few post-independence billionaires. The Motsepe family fortune is valued at approximately USD 2.65 billion. Patrice Motsepe's fortune, unlike Nicky Oppenheimer's, is first-generation wealth. Patrice Motsepe and his wife are the only South African high net worth



couple to have signed the giving pledge.² The Motsepe Foundation channels its giving towards issues affecting South Africa's poor, including education, health, unemployment, and advancing women (Forbes, 2013).³

In 2011, the Motsepe Foundation gave a total of ZAR 23 million to a number of different organizations, including the Congress of South African Trade Unions (COSATU), National Women's Upliftment, South African Democratic Teachers Union (SADTU), National Education, Health and Allied Workers' Union (NEHAWU), the Zion Christian Church, the Eastern Cape, KwaZulu-Natal, and Limpopo rural upliftment projects. The Motsepes also give beyond the borders of South Africa (Murisa, 2018 & forthcoming).

After foundations, the second largest source of giving is by HNWI's. The majority of South Africa's HNWI's are based in Johannesburg, which is in Gauteng province and is considered the country's economic powerhouse. The majority of the HNWI's prefer to keep their giving anonymous for a number of reasons, including the historical legacy of apartheid which fueled inequality on racial lines. On the other hand, the black HNWI's often prefer anonymity due to religious reasons.

South Africa remains the most unequal in the world (Statistics South Africa, 2020). Even the trends in giving demonstrate the inequality. According to the Giving Report published by Nedbank, the majority (80%) of HNWI's⁴ are white South Africans. It is estimated that the total population of HNWI's in South Africa is approximately 135,700.

Approximately 83 percent of HNWI's gave money, time, or goods and services in 2018. The Giving Report estimates that these HNWI's donated roughly ZAR 6.1 billion (USD 320 million) in cash, ZAR 3.1 billion (USD 163 million) in goods and services, and 4.3 million hours of their time (Nedbank Private Wealth, 2018). The biggest cohort (49%) of the HNWI's derive their wealth from earnings from professions or careers. Their motivations for giving vary; they include a desire to make a difference and a personal connection with a cause. Table 1 provides an overview of HNWI giving.

² The Giving Pledge is a Bill Gates and Warren Buffet-backed initiative focused on persuading the ultra-rich to pledge to give at least 50% of their net worth to charity during their lifetimes or at death.

³ <http://motsepefoundation.org>

⁴ Nedbank defines HNWI's as those who earn at least ZAR 1.5 million (USD 80,000) per annum or own investable assets of over ZAR5 million (USD 265,000) including primary residence.

TABLE 1: SNAPSHOT OF HNWI GIVING IN SOUTH AFRICA

Name of Individual	Thematic Focus	Source of Wealth	Net Worth (USD)
Allan & Gillian Gray	Education and development of individuals with entrepreneurial potential and employment	Allan Gray Investment Management	1.5 Billion
Imtiaz Sooliman	Health, education, agricultural sustainability, life skills, job creation & entrepreneurship, feeding schemes, sport & culture and winter warmth.	Medicine	
Francois Van Niekerk	Education, health and skills-building initiatives	Mertech Group	
Patrice & Precious Motsepe	Education, economic growth, poverty alleviation, gender equality	Mining	2.1 Billion
Ahmed Kathrada	Youth empowerment, non-racialism and civic engagement		
Oppenheimer Family	Peace, security, governance and economic growth, education	Mining and Lumber	7.4 Billion
Cyril Ramaphosa	Education, SMEs support, rural development and poverty reduction	Investments	450 Million
Graca Machel	Women's and children's rights		
Lusanda Magwape and Laurian Jamie Nortje	Youth empowerment		
Mark Shuttleworth	Social innovation	Entrepreneurship	500 Million
Dippenaar Family	Education	Banking, insurance, Self-Made	650 Million
Ivan and Lynette Saltzman	Impoverished families, child abuse, young girls sanitary, healthcare	Dischem Pharmacies	140 Million
The Millenium Trust	Promoting constitutional democracy, education in low income communities, economic growth		
Anna Brom	Education in rural areas		
Ackerman Family	Education	Pic n Pay Supermarkets	500 Million
Aaron Mokoena	Education, health, life opportunities	Association Football	13 Million
Murray Family	Education	Engineering and mining	



Sir Donald Gordon	Higher education institutions with a particular (but not exclusive) focus on business education, medical education and training, cultural affairs and the performing arts, human rights, the Rule of Law, the safeguarding of the South African Constitution Human welfare with a particular focus on the poor and needy in the South African Jewish community.	Property	800 Million
Otto Family	Primary education and quality of life for children	Banking	99 Million
Thabo Mbeki	Promoting the achievement of Africa's Renaissance		
Johann Rupert	Crafts and creativity, charity	Rand Merchant Bank, Luxury Goods	6 Billion
Dippenaar Lauritiz	Education	Banking and Insurance	750 Million
Wiese Christofel	Housing	Consumer retail	1 Billion
Stephan Saad	Pediatric healthcare	Pharmaceutical production	1.2 Billion
Basetsana Kumalo	Child development		
Wendy Appelbaum	Education, health and women	Agriculture	260 Million
Paul Harris	Education in rural area	Banking	250 Million
Ananda Kutir Asharma	Health, community development, improved quality of life		
Isaac Shongwe	Education, Arts & culture, Leadership, Vulnerable groups	Investments and Consulting	700,000

Community foundations have thrived in South Africa for close to a century. The Community Chest of the Western Cape has been in existence since 1928 (Netswera, 2004). Other well-known community foundations include Community Development Foundation of the Western Cape, eThekweni Community Foundation, West Coast Community Foundation, Tswera Community Foundation, Uthungulu Community Foundation, and Ikhala Trust.

However, these community foundations have gone through periods of vulnerability—they received significant resources from a consortium of donors starting in 2007, and when the funds dried up at the end of the program to support community foundations, it became a challenge for them to continue supporting some of their initiatives. Reasons for collapse vary; some did not establish credible governance structures, others could not raise resources beyond the initial pool of donors (Netswera, 2004). Successful ones include Uthungulu Community Foundation, established in 1999 with support from Ford Foundation, which donated 50 percent of the required endowment and BHP Billiton

(matched the grant). As of 31 December 2019, the foundation's endowment had grown to ZAR 20 million (USD 1.1 million) from an initial investment of ZAR 5.1 million (USD 267,415.70).

Beyond this layer of social mobilization, there are a number of community-based initiatives that do not necessarily take on the form of a structured foundation but still provide a number of solidarity mechanisms associated with community foundations. Stokvels have an estimated value of ZAR 49 billion and a membership of around 11.5 million, in a country with a population of 57 million and an informal economy with a total value of ZAR 160 billion (Bophela and Khumalo, 2019).

Matuku and Kaseke (2014) define stokvels as an informal self-help union of people with a common goal of pooling the funds together on a weekly or monthly basis to address a common need due to poverty, unemployment, and income security. Whilst stokvels are popular across South Africa, a study carried out by Africa Response Research in 2012 indicated that four provinces dominate: Gauteng (24%), Limpopo (20%), KwaZulu Natal (14%), and North West (11%). Together these provinces account for 70 percent of all stokvels.

Researchers such as Neves and duToit (2012) have identified the benefits of membership into stokvels including generating income, bolstering food security, facilitating social connectedness, and slowing the draw-down of a finite portfolio of assets. Vermak noted that stokvel organizations enable their “members to have insurance against adversity such as death, equipping them with the financial support to fund various other functions agreed upon by the stokvel group as a collective” (2000, p. 18). Whilst they seem to have an orientation towards creation of savings synergies and loaning each other money they also retain philanthropic characteristics. They contribute to the creation of social capital, moral support, mutual assistance, and networks of solidarity just like community foundations.

These community philanthropy practices contribute to social cohesion within communities, illustrate how working together on a collective basis can accomplish more than acting alone, and can build trust between divided communities. Some of these initiatives exist on a long-term basis but others are activated when there is a challenge within the community.

USES

According to Inyathelo's Funding Finder, education still tops the choice of sectors supported in South Africa by donors across the board (corporate social investment, private local, international, etc.) at 63 percent of grant makers on the database. The majority (82%) out of the 63 percent of the donors funding education, are local individuals, and they contribute 20 percent of the funds; the balance of funds (80%) emanates from organizational donors (Jones, 2019). According to the same report, Inyathelo Health is second on the list at 48 percent of funders on the database. Children are the third most supported sector at 32 percent.

TRENDS AND NEW FORMS OF PHILANTHROPY

Impact investing is at a fairly nascent stage in South Africa. An impact investing national task force with high-level representation from government, business, and civil society was established in 2018.⁵ The task force was established to identify key level activities that will accelerate growth of the market and learn from and share with the global impact investing community. It is focused on growing the field of impact investing in the areas of affordable housing, health care, education, financial inclusion, criminal justice, and many other systemic causes of inequality. Since then a number of mapping studies have been carried out. The Public Investment Corporation (PIC) expressed interest in deploying some of its assets towards impact investing (Boros, 2019).

However, besides the taskforce led initiative, there are many other players already resourcing the impact investing landscape, with organizations such as First Rand Foundation, Standard Bank's Tutuwa Community Trust, and Nedbank's Eyethu Community Trust. Some of the work supported by impact investing players include development of models to address transition from informality to formal businesses, low cost energy innovation, unemployment, food security, and other health-related problems such as stunting amongst children (Boros, 2019). However, there is still a need to realign legislation to allow for the growth of the impact investing space.

There are limited registration options for social entrepreneurs looking to employ commercial business models to solve entrenched social challenges. The conundrum for many would-be social entrepreneurs is that if they register as a nonprofit company, they may be able to access grant funding but will struggle to secure other types of investments, especially if they have secured Public Benefit Organisation (PBO) status from the South African Revenue Services (SARS). If on the other hand it chooses to go the for-profit route, it may attract debt or equity investments, but almost all foundations and trusts will be unwilling (or unable) to provide financial support (Littlewood and Holt, 2015).

COVID-19 RELATED PHILANTHROPY

Perhaps one of the positive outcomes from the COVID-19 pandemic has been the sense of collective responsibility towards each other. In an unprecedented move, President of South Africa Cyril Ramaphosa announced that he would donate a third of his salary for three months to a national fund aptly called the Solidarity Fund.⁶ Since then, a number of Chief Executive Officers (CEOs) of major corporations have similarly announced that they will be taking pay cuts.

As of the 19th of August 2020, the fund had received ZAR 3.06 billion out of a pledged total of ZAR 3.13 billion. A number of HNWI's and foundations have made contributions to the fund. The big gifts made to date include Mary Oppenheimer and daughters at ZAR 100 million, Naspers Limited at ZAR 200 million, Lottery South Africa at ZAR 50 million, and Telesure Investment Holdings at ZAR 50 million. The majority of the received funds have been disbursed towards prevention of the spread of

⁵ <http://impactinvestingsouthafrica.co.za/>

⁶ <https://solidarityfund.co.za/>

the coronavirus, detection of new cases, provision of care for the affected, and support for the vulnerable whose livelihoods have been disrupted by the lockdown (The Solidarity Fund, 2020).

Recommendations

The philanthropy space is fairly developed and diverse in South Africa. There is, however, an urgent need to align laws for the growth of the new generation of philanthropy that specialises in measurable impact. The foundations being established by HNWI are yet to meaningfully share their experiences and best practices. The existing infrastructure bodies can play a more meaningful role to ensure collaboration and learning. Furthermore, the new HNWI-led foundations are not yet actively involved in some of the systemic issues such as confronting the excesses of power, corruption, and broader governance challenges.

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