



SALZBURG GLOBAL SEMINAR

OPTIMIZING INSTITUTIONAL PHILANTHROPY FOR THE 21ST CENTURY

Optimizing Institutional Philanthropy in Africa by 2020

A Discussion Paper for the Salzburg Global Seminar

Optimizing Institutional Philanthropy for the 21st Century

Inaugural Meeting

December 11-15, 2008

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Writing a paper on institutional philanthropy today demands that one engages with current global crises, chief of which is financial; others being fuel, energy and food. There has been a lot written about the collapse of Lehman Brothers and others, and the current credit crunch. Philanthropic institutions have moved swiftly to arrest their diminishing assets. The impact of the current global crises on philanthropy, in particular institutional philanthropy, is huge and requires deeper analysis. I suspect that most papers in this seminar and elsewhere will engage with that development. I want however to address an area that is more often neglected either unwillingly or willingly; an area that at times evokes controversy and emotions, but nevertheless worthy raising in a forum like this. My understanding is that this is a platform for frank and honest engagement with the theorization, conceptualization and practice of philanthropy. That area is the politics of philanthropy in the context of Africa's development. I would have loved to talk about political philanthropy; some aspects of this will be addressed in the paper. I will limit myself to notions of power and the control of resources in the philanthropic world. Unless resources are moved closer to those they are meant to support, philanthropy will not serve its purpose. But of course the issues are deeper and more complicated than moving resources to Africans. My vision of philanthropy in 2020 and beyond is that of architectures of philanthropy that share in universal values and principles; true to their contexts and mutually responsive; and most importantly equal.

In May this year, a facilitator at a philanthropy workshop I attended in Kenya requested all of us to furnish her with the number of years of experience we had accumulated in the field of philanthropy. Experiences ranged from as little as eighteen months to more than thirty years. 'Wow', to her excitement, the experiences in the room amounted to more than 214 years. This was a good start for a workshop, she remarked. I want to think that I was the youngest in the group and yet I gave the highest figure, calculated on the basis of my age. The point I want make is that philanthropy means different things to different people, societies and actors. In my case, it is part of me and very political. I was born into and through philanthropy, my daily experiences and encounters are philanthropic (either as a philanthropist myself or a recipient of philanthropic benevolence), and my death will be characterized by philanthropy (again as a philanthropist or a recipient). Thus I am born into philanthropy; I live philanthropy; and will die and be buried philanthropically. However for others, philanthropy is only defined in terms of a profession, a career, or an institution. Hence the majority of the participants at that Kenya workshop counted only the years of their professional relationship or association with a philanthropic institution.

I am recounting this event to outline part of the challenge in envisioning the future of philanthropy - the concepts and language(s) associated with philanthropy. It might be that the keys to unlock the potential of philanthropy may be found in fashioning appropriate conceptual and operational frameworks and tools that take into account sensitivities and local contexts around language, culture, perspectives and voices. A lot can be said about the language and the approach that institutional philanthropy has adopted over the years and it is my hope that this forms part of the discussions in this initiative.

For this short discussion note, I want to focus on three broad areas for purposes of this seminar. First, the scope of philanthropy in Africa, including the challenges and prospects it confronts. I limit the discussion to institutional forms of philanthropy; suffice to say that there is a whole gamut of indigenous forms of philanthropy which share in the very universal cosmos of development.¹ Second, the political economy of philanthropy within the African context

¹ I have written extensively on these forms of philanthropy in Moyo B (2004) Dimensions of philanthropy in Southern Africa: An overview. Paper prepared for the Ford Foundation Philanthropy Retreat. Jinja: Uganda. Other scholars who have written about these forms

through a scenario analysis framework. What would be the pressing needs for philanthropy in 2020? Finally, I define features of what I see to represent a 're-invented' philanthropy in 2020. In addition, I consider whether or not current structures and practices are fit to respond to and address the needs that philanthropy will be confronted with in 2020.

The scope of philanthropy in Africa

There has not been a scientific study to determine the size and scope of the philanthropic sector in Africa. There are studies at country levels that have been conducted, for example in Kenya, Egypt, and South Africa² around the broad areas of civil society and giving. These have not, however, begun to position the state of philanthropy in Africa within global frameworks and discourses. A new study that will be updated annually is the State of Philanthropy in Africa commissioned by TrustAfrica. This is a continental study that seeks to measure the scope and state of philanthropy in the continent, paying particular attention to African philanthropy, or philanthropy with African features, remittances, definitions and philosophical as well as cultural underpinnings of the theory and practice of philanthropy.

The fact that there has not been a baseline study to identify where we are puts us in a difficult position to imagine the future. The lack of scenario planning among philanthropic institutions has resulted in disappointing outcomes, for example, in Kenya.

Having said that, it is important to state that philanthropy might not have been understood by the very use of the term 'philanthropy' in different parts of the continent, but its practice is something as old as time immemorial in all societies. There are two broad categories of philanthropy in Africa: formal and informal, or what other researchers have called horizontal philanthropy or community philanthropy and its counterpart, vertical philanthropy or philanthropy for the community (see Box 1). More often these binaries take the form of African philanthropy and philanthropy in Africa, although there are moments of intersection between the two that are not a normal feature of the nature and character of philanthropy as is practiced in the continent. The tendency is always to prioritize institutional philanthropy over African philanthropy and where there is an encounter, institutional philanthropy always prevails.

This is a challenge that needs to be revisited if philanthropy is to be meaningful to Africans. There is need to identify the foundation for people's beliefs as well as practices. It is not without reason that most societies have developed not on the basis of other cultures but on their own. The challenge here is to reposition all philanthropies on an equal footing. Currently there seems to be a linearly constructed architecture of philanthropy globally. It is as if some philanthropies are more equal than others and others are perennially condemned to the periphery. It is as if to be acknowledged, other philanthropies must have some features of the 'super-power philanthropy'.

We can only reverse this by engaging in rigorous and ground-breaking studies, policy dialogues and frank discussions around the frameworks and prisms we employ to practice, teach and theorize philanthropy. This, however, will not yield any results until we confront the vagaries of power relations. As we envision a future for philanthropy, this is one of the areas in Africa and other parts of the world which needs to be deconstructed. Our current notions of philanthropy are constructed through the lens of power-money relations. And yet philanthropy ought to be about development and not de-or under-development.

include Susan Maposa et al (2006) *The Poor philanthropist: How and why the poor help each other*. UCT: Cape Town;

² These include Connie-Houghton study of Philanthropy in East Africa, Marwa El Daly's study of Philanthropy in Egypt and Susan Maposa's *Poor philanthropist*.

Box 1: Institutional forms of Philanthropy in Africa

This is an overview of the various forms of organized, or institutionalized, philanthropy that co-exist in Africa. With the first community chest in South Africa founded in 1928, some of these structures date back many decades. Recent years have seen more focused and concerted efforts to stimulate the growth of organized philanthropy, both as vehicles for giving as well as tools for development. This has been particularly exemplified by the introduction of community foundations in South Africa, Kenya, Ghana, Egypt, Tanzania, Zimbabwe and Mozambique, with their focus on resource mobilization among a range of local donors and their perceived “proximity” to the needs of the communities they serve.

Also important are international and African foundations; family or corporate, as well as individual donors/philanthropists. For example, there are increasing numbers of foundations that are set up by African leaders, celebrities and sports personalities. In addition, throughout the continent, families also engage in philanthropy in ways more diverse than the institutional format. Corporates are also playing critical roles through corporate social investments. With a strong presence in many countries, for example, South Africa, Kenya, Nigeria and Ghana, private companies are increasingly realizing that they can still be “good” even though they may not be doing well in financial terms.

Individual giving has also been a big part of the philanthropic landscape in Africa. Much of this is not given through institutions. A lot needs to be done to change mindsets. Each of these areas is a minefield of conceptual and operations challenges.

A very important question to put on the table for discussion in this meeting and other subsequent initiatives is: institutional philanthropy for what? Just like the knowledge harvest in the realm of knowledge economy, we should begin posing the question: what is the philanthropic harvest within the institutional philanthropy framework? My view is that the harvest should be calibrated around the very notion of development. All philanthropic efforts therefore should be geared towards transformative development. As of today, institutional philanthropy has not been transformative. This ought to change if the future is to be sustained and our societies are to be developed and democratized.

Challenges facing philanthropy in Africa today

The fact that philanthropy in Africa takes many forms is itself a reality that poses many challenges for the field. There is obviously a question of how the balance can be drawn between indigenous community philanthropy and fully fledged organisations that are involved in philanthropic acts. More often international philanthropy and so called modern forms of philanthropy do not build on indigenous forms of community philanthropy.

Another area that is problematic is the fact that in most cases institutional philanthropy in Africa provides short term responses to Africa’s problems. Can foundations and other forms of philanthropy change this and begin supporting long term projects that would include infrastructure development? It is a fact that development can not happen without an industrial strategy.

Indeed, the political economy of Africa is a challenge for philanthropy. Today many countries are exploding. These are symptomatic signs of failed transitions in the continent. HIV-AIDS and other opportunistic diseases are sores on the face of the continent. Increasingly, security concerns, emerging especially from climate change and global warming, are challenging philanthropy to respond in unconventional ways.

How does philanthropy invest in a new generation of leaders? This will obviously require long term investments in areas such as education, health and infrastructure. What we have witnessed over the years is that Africa’s challenges can not be resolved through short term projects.

The other area that I think has confronted philanthropy is whether or not philanthropy should lead from the front, as most of its constituency has done over the years. More often philanthropy has not looked for solutions from locals. This is often because there has been an assumption that good leadership and solutions will come from models designed in developed countries. And yet the experience so far illustrates that these models usually do not work outside their contexts. New studies in leadership and management also see this as a flawed approach. In looking for solutions, therefore, it might be useful to look for leaders who would offer these solutions in emerging markets. As trends show, it is increasingly accepted that some of the best leaders will come from those regions, or at least from a hybrid.

A number of global leaders and solutions have remained invisible to philanthropy just as traditional forms of philanthropy have remained invisible not just to conventional philanthropy but to other sectors. The invisibles are 'demographics' that because of their gender, race, class, religion, etc, have remained under the radar of institutional philanthropy. The challenge for philanthropy is to invest in them and help turn them into global leaders. The other invisibles are those that normally do not fit the conventional image of a leader or solution. Traditional forms of community philanthropy fall into this category.

More and more, philanthropy will be challenged to "lead from behind": allowing others to be involved and encouraging stars and leaders to emerge in unexpected areas. This means supporting African voices that have a stake in the development of their continent. This means that philanthropy ought to adopt a more inclusive and collaborative style. Today's complex environment demands a team approach to problem solving. That means philanthropy should be comfortable with sharing power and be generous or rather charitable in doing so. This will enable philanthropy to see extraordinary potential in ordinary places. Can philanthropy as we have it today lead from behind? In other words philanthropy should see its role as that of collective leadership on issues facing the continent. As the Harvard Business Review states; 'we already have a lot of people or organisations who are able to lead from the front. We need to develop people who can lead in a different way'.³

Another form of institutional philanthropy which has developed its own identity and carved a different niche is the community foundation. These have grown dramatically over the last ten years. In 1998, there were only two such institutions in Africa; today, there are more than fifteen across Africa. These have their own challenges as well, which, though related to philanthropy in general, take on unique dimensions. Some of these are described below.

One challenge has been conceptual - around the meaning of the term 'community'. In most contexts, community foundations have been defined by their focus on serving the population in a specific geographic area. Where these communities are specific to a particular ethnic or religious community, this might be counter-productive. This conceptualization of a community also excludes those that might be interested in a particular geographical community but are not residents of that community, for example, the increasing Diaspora phenomena. Community foundations are therefore challenged now to go beyond geographic conceptions of a community to a broader and more universal notion of community which is inclusive. This would allow community foundations to build alliances and partners across communities, regions and continents to address issues of common interest.

Another challenge, or lesson, thus far in the introduction of community foundations is that they have tended to leave behind the communities that they purport to support. The dependence on international financing and corporate support has meant that more often community foundations account to donors than to the community. International financing is positive in introducing the idea of community foundations, but it becomes harmful in the long term if it undermines the sustainability of the very projects that it establishes. Contributions to community foundations ought to come from donors very close to the community foundation - geographically and spiritually.

³ This section is drawn from a Harvard Business Review interview article with Linda A. Hill, called "*Where Will We Find Tomorrow's Leaders?*" January 2008.

A related challenge facing community foundations is endowment-building for sustainability purposes. This has been presented traditionally as a mechanism through which community foundations and their donors make a commitment to their communities. A number of these community foundations in Africa have struggled with creating endowment funds. And those that have managed to do so are faced with the emergence of the fragility of markets and the fluidity of contexts. In Zimbabwe, for example, even if the Community Foundation of the Western Region of Zimbabwe had a huge endowment fund, it would by now have lost its value due to inflation. Community Foundations are therefore faced with the challenge of finding new ways of creating permanence in contexts where banking and financial markets are fragile. These new mechanisms could include investing in properties, regular giving by individuals and other innovative ideas.

Increasingly, community foundations are called upon to respond to regional and continental as well as transatlantic issues. How have community foundations in Africa positioned themselves to contribute to the on-going challenges facing the continent as well as take part in the Peace and Security Architecture of the African Union, for example, and the regional integration agenda of RECs (Regional Economic Communities) in particular? Community foundations can not avoid globalization and its effects. Increasingly they will have to contend with the ever-changing world in which they operate. This can have destabilizing effects on unprepared community foundations. It calls for community foundations to think globally even though they act in local contexts most of the time.

The tax environment in most of the countries where community foundations and other forms of institutional philanthropy are established is still un-enabling. There are few, if any, incentives for individual and corporate giving. Under such contexts philanthropy can not flourish.

And the introduction of community foundations can also have negative outcomes and implications particularly in contexts and communities that are well organized and have certain mechanisms of mutual support. This can happen if the introduction of a community foundation displaces such existing mechanisms and introduces practices that are less efficient and accountable. This is a challenge that faces conventional philanthropy.

The Political Economy of Philanthropy in Africa in 2020

The above challenges facing philanthropy will still be present in Africa in 2020. However, in 11 years time, Africa in my view will be characterized by enormous 'traps' both of a political and economic nature. The character and nature of the post-colonial state in Africa is discouraging, though there are achievements of course. More often it depends really on the approach that one takes in analyzing the future of Africa. If you take the 'half empty glass' as I have done, the situation looks bleak. But the response is one of realism and acknowledgement of the enormity of the challenges. If you take the route of the half-full glass, the picture is not so bleak; at least that is what we want to believe. The resulting response, however, can be slow and non-aggressive.

In his new and somewhat controversial book, [The Bottom Billion: Why the Poorest Countries are failing and what can be done about it \(2007\)](#)⁴, Paul Collier argues that 70% of the people who constitute the bottom billion in the world live in Africa. These people are trapped in a 'black hole', a limbo that includes conflicts, issues related to natural resources, geography (especially landlocked areas), and bad governance. In Jeffery Sachs' view, especially as articulated in his book [The End of Poverty: How can we make it happen in our lifetime \(2005\)](#)⁵, these traps are poverty-related, financial, demographic, health-related and governance.

⁴ Collier, P (2007) *The Bottom Billion: Why the poorest countries are failing and what can be done about it*. Oxford: Oxford University Press.

⁵ Sachs, J (2005) *The End of Poverty: How can we make it happen in our lifetime*. London: Penguin Books.

Lifting people from these traps will be the great challenge of institutional philanthropy if it indeed wants to harvest benefits. Although cynical, Collier wants development actors to visualize African countries that are trapped in the form of 'people stuck in a train that is slowly rolling backward downhill'.

There is no doubt that most countries in Africa have been through, and are going through, civil strife. The case of Darfur and DRC are fast becoming a nightmare for Africa and the international community. The recent elections in Zimbabwe and Kenya have questioned the relevance of elections in Africa. Election-related conflicts are a common phenomenon now in Africa and the trend is likely to escalate in the years to come. The tendency to settle for governments of national unity will increase as more and more countries go through disputed elections.

In the area of governance, most countries are faring badly and will continue to do so. There is an increasing intersection between natural resource rich African countries and the erosion of political and socio-economic rights. As many writers have demonstrated, where there is a concentration of oil, for example, leaders tend to be autocratic. Collier demonstrates through his statistical models how 'oil rents substantially reduce the likelihood that a society can be democratic' (2007:44). For example, in such cases political parties often use proceeds from natural resource sales to bribe voters, instead of following democratic rules on election.

How natural resources can be used effectively for the development of the continent is an area that we have to grapple with because it touches on the core of Africa's problems: leadership.

There are a host of other governance challenges that we ought to deal with within the context of the democracy and peace and security agendas of the African Union. The rise of China and India, and to some extent the growing influence of Russia, are developments that we need to consider. Their growing influence in Africa has implications for the direction and practice of governance, democracy and the promotion as well as protection of human rights.

Although regional integration has been an area of research and academic interest, philanthropy has not effectively been involved. There is still a lot that we need learn about these processes. Again, philanthropy is challenged here not just to be familiar with the political aspects of integration, but to be aware of the more technical and sophisticated dimensions of integration and how they impact on citizens. These issues demand that philanthropy be specialized and become increasingly sophisticated in its methodologies to meet the demands of the current global context.

These are broadly some of the areas that institutional philanthropy will have to address at least in the African context. If the question were asked in 2020, which side of the democratisation and development agenda you took in the period of eroding public influence, very few groups would say they challenged the status quo. This is because the current architecture of philanthropy is not fit for the purpose: it does not allow for transformative grant-making or programme implementation. There are all kinds of barriers, including the political climate, the global financial crisis, and the nature of methodologies, as well as the embedded supremacy and arrogance, of current institutional philanthropy.

More interesting is the new revolution of philanthropy from traditional classical approaches to what Michael Edwards described eloquently in his new book as 'philanthrocapitalism'. The use of business techniques to address social needs is fast catching on in many societies. The most recent, at least in Africa, is for non-profits to establish investment arms. More often there is a clash between the mission and vision of the main organisation and the actions of the investment arm.

To respond to these needs, institutional philanthropy in 2020 will need to have the following features, at least in the African context.

Features of Philanthropy in Africa by 2020

In 2020, the picture of philanthropy in Africa should be somewhat tilted towards more African institutions. There should be more African foundations and community foundation-like organisations in Africa than there are currently. Trends so far are indicative of this projection. There are an increasing number of African-established institutions. As that happens, the philanthropic landscape will change. What will be crucial then is whether these African institutions amass the clout necessary to engage with other international partners and institutions on an equal basis. We would love to see a situation where the African institutions can still raise resources mainly from within the continent. If it happens that they are supported from outside, they should be able to use the resources on their own terms for Africa's development needs. Put differently, philanthropy in 2020 should allow African institutions to engage with their 'northern' partners on equal terms.

Secondly, in 2020, there should not be over-dependency of the non profit sector on international resources. African institutions should work to break the dependency cycle. More resources should be mobilized from within. The increasing number of African foundations and other institutions established by both rich and poor Africans should bolster this shift in mindsets and attitudes. Africa does not lack resources: the problem is how they are managed. As is often said, Africa is not poor but it is poorly managed.

Thirdly, philanthropy in 2020 ideally should have reversed power imbalances between northern donors and southern recipients; especially if the drivers of philanthropy will be African institutions. Needless to say, there is a danger that the very African institutions that have emerged to address this issue, and many others, might actually recreate the same imbalances. We have seen this happen with liberation movements in the continent that sought to replace colonialism with democracy but resulted in elites capturing the levers of power only to recreate the same injustices of the colonial powers.

Fourthly, the philanthropic landscape in 2020 should reflect changing attitudes towards Africa. Philanthropy should be able to have changed perceptions about Africa and have begun to imagine an Africa capable of deciding her own destiny. Whereas today (as yesterday) it is the powerful northern foundations that drive the development agenda, the tide should have turned by 2020. African philanthropic institutions should be at the fore-front of development initiatives and setting their own priorities. Efforts should be harmonized between the emerging institutions and their partners from the north. The platform for a collective African voice on many pressing development issues should be stronger in 2020. And perceptions should have moved from negative to positive. This is my vision for 2020.

Fifthly, as stated previously, there should be a solid knowledge base on philanthropy in Africa based on rigorous and thought-provoking research; research that will introduce new prisms and frameworks for studying philanthropy in Africa. In addition, there should be a comprehensive infrastructure of African philanthropy: one that would support research, advocacy and practice of the field in detail. Currently, piece-meal initiatives exist, but these do not go to the core of the problems facing philanthropy or created by philanthropy. For example, there is still a tendency to treat African foundations as re-granting institutions or intermediaries. Such an identity limits their full function and ability to establish a development agenda.