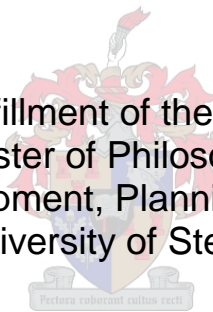


Individual Philanthropy in Post-Apartheid South Africa – A Study of Attitudes and Approaches

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DECLARATION

By submitting this thesis electronically, I declare that the entirety of the work contained therein is my own, original work, that I am the owner of the copyright thereof (unless to the extent explicitly otherwise stated) and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

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Abstract

The objective of this thesis was to investigate the state of individual philanthropy in South Africa in the post-apartheid, post-1994 transformative period of this country, and to explore and try to understand this practice within the wider context of trends in contemporary global philanthropy. The germ for this thesis came from a recognition that individual philanthropy on a global level is a burgeoning phenomenon with an increasingly important impact, and that this type of giving could also be a powerful resource for South Africa as this new democracy begins to tackle its social and economic problems.

This study was informed by primary and secondary data. I used a research strategy and methodology that entailed in-depth interviews with six prominent South African businesspeople who have each given generously from their own resources to address the country's major problems: poverty and inequality, capacity-building and jobs creation, education, the HIV-AIDs pandemic, and other poverty-related ills.

The results of my research furnished new insights into the practice of individual philanthropy and confirmed that this practice happens in a unique context: the cultural and historical environment within which people's lives unfold is the key influence and impetus that informs their giving. While learning about global strategies is important for understanding how the development discourse is developing, these external strategies do not provide the template for South African philanthropy. In South Africa, individuals from diverse backgrounds are independently practicing philanthropy by developing their own unique set of strategies based on their life experience, rather than pursuing strategies that were reached through collaborative dialogue and a mutually agreed-upon approach. Each context is unique and these individuals have developed their own strategies for giving that make sense and work for them.

This research is important as South Africa searches for solutions to its pressing problems because it adds to the body of knowledge that could be used to formulate policy and strategic choices for the future of this country. The development discourse increasingly includes individual philanthropy as an integral part of the "mix" of solutions being pursued to eradicate poverty and other social ills; the further development of individual philanthropy in South Africa to become more strategic and transformative is critical. This development is the next step in future research.

Opsomming

Die objektief van hierdie tesis was om die staat van individuele filantropie in Suid-Afrika in die tydperk na 1994 te ondersoek. Ek wou ook hierdie gebruik binne die wyer konteks van neigings in eietydse wêreldwye filantropie navors en verstaan. Die kiem vir hierdie tesis het gekom uit 'n herkenning dat individuele filantropie op 'n wêreldwye vlak 'n groeiende verskeinsel is met 'n al hoe meer belangrike impak. Hierdie tipe skenkings kan 'n kragtige hulpbron vir Suid Afrika wees wanneer hierdie nuwe demokrasie sy maatskaplike en ekonomiese probleme begin takel.

Hierdie studie was deur primêre en sekondêre data ingelig. Ek het 'n navorsingstrategie en metodologie gebruik wat diepgaande onderhoude met ses prominente Suid-Afrikaanse sakelui ingesluit het. Hierdie is mense wat almal ruimhartige skenkings uit eie sak gemaak het. Hulle het probeer om die land se hoof probleme soos armoede en ongelykheid, kapasiteit bou en werkskepping, opvoeding, Vigs en ander armoedeverwantesiektes te adresseer.

My navorsingresultate bring mens tot die besef dat daar ander redes bestaan vir die beoefening van individuele filantropie en bevestig dat die praktyk plaasvind binne 'n unieke konteks; die kulturele en die historiese agtergrond van elke mens beïnvloed direk hulle mensliewendheid en is die hoof beweegrede om te wil gee. Howel dit belangrik is om kennis te neem van wereldwye strategie rondom ontwikkeling is hierdie eksterne strategie nie die bepalende rede vir Suid-Afrikaanse filantropie nie. In Suid-Afrika beoefen individuele mense vanuit diverse gemeenskappe onafhanklik filantropie deur die ontwikkeling van 'n eie unieke stel strategie gegrond op hulle eie lewenservaring, eerder as om strategie toe te pas wat deur dialoog en saamewerking bewerkstellig is. Elke konteks is uniek en individue het hulle eie strategie ontwikkel rondom mens liewendheid en beoefen 'n benadering wat vir hulle betekenisvol is.

Hierdie resultate lewer 'n belangrike bydrae in 'n tyd waar Suid-Afrika oplossing soek vir sy probleme omdat dit byvoeg tot die inligtingsdatabank wat gebruik sal word om beleid te formuleer en om strategiese besluite te neem oor die toekoms van die land. Individuele filantropie word toenemend deel van ontwikkelingsgesprekke rondom oplossings vir die uitwissing van armoede en ander sosio-ekonomiese probleme. Die verdere ontwikkeling van individuele filantropie in Suid-Afrika om meer strategiese en transformerend te word is van kardinale belang. Hierdie ontwikkeling is die volgende stap in toekomstige navorsing.

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“You can only consume so much...You can eat so much in the morning and so much at lunch and so much in the evening for supper. Beyond that I actually begin to stuff myself to death. So what’s the point? I must have been here for some good reason. The good Lord put me here and gave me the skills to do something. It must go beyond over-indulgence in self and be outward-looking...socially oriented, and humanistic.”

Dr Reuel Khoza, Chair, Nedbank Group (Khoza, 2008).

“Charity begins at home and generally dies from lack of outdoor exercise. So let us celebrate exercise.”

Trevor Manuel, Finance Minister, Republic of South Africa (Manuel, 2007:1).

Chapter 1. Introduction

The purpose of this thesis is to provide insight into the state of individual philanthropy in South Africa in the post-apartheid, post-1994 transformative period of this country, and to explore and try to understand this within the wider context of trends in contemporary global philanthropy. My thesis seeks to answer the specific question of how individual South Africans who wish to undertake philanthropy have understood themselves and their roles, in their unique context, and how have they pursued their philanthropy in practice.

The germ for this thesis came from a recognition that individual philanthropy on a global level is a burgeoning phenomenon in the development discourse, with a potentially important impact, and my thesis is grounded on the theory that this type of giving can be a strategic resource in South Africa’s struggle against poverty and its related ills. I found that individual philanthropy is happening in South Africa within its own unique context, and that partnering with – and receiving the right support from – government, private sector and the Third Sector, this practice could become increasingly relevant and effective, and ultimately make an important contribution as one of the resources for tackling the country’s malignant social and economic ills.

This topic is of critical importance as the world searches for solutions to its pressing problems. In South Africa, as in the rest of the world, government and the Third Sector are increasingly strapped for money, and inequality between rich and poor is increasingly skewed with more and more wealth resting in private hands. Recognizing individual philanthropy as an effective component in the development discourse adds another resource in this fight against the world’s ills. Investigating individual philanthropy in South Africa is important, therefore, as it searches for the resources to address its social and economic problems; answering the questions posed

by this research will contribute to the body of knowledge that seeks to understand the overall state of individual philanthropy in this country.

My motivation for pursuing this topic is partly personal. As an American living in Africa for almost twenty years, and in South Africa for the last decade, I constantly compare and contrast – consciously and unconsciously – the social, political and cultural aspects of life on both continents. Before I undertook this thesis, I had been watching with interest the new phenomenon of individual philanthropy unfolding in the United States and had wondered about its wider applicability and the possibility of replicating this practice in South Africa. I was also motivated by a theoretical issue: Given the intractability of the world’s pressing problems, especially in light of the huge amounts of money, brain power, and compassion that have been directed towards eradicating these ills, if I drilled down and did further investigation, would I discover that individual philanthropy could be an additional and effective resource in the search for solutions to these problems?

I found a massive international literature that has grown in response to the phenomenon of private wealth which suggests a mushrooming and re-aligning of approaches in philanthropy. A key component of this giving is individual philanthropy, and the literature investigates all angles of this practice: the ramifications of massive wealth now residing in private hands, motivations behind giving, approaches and theories of the so-called “new philanthropy” that relies on business-oriented thinking, how to encourage and grow giving, and evolving development theories on how best to tackle and solve global ills. The South African literature addresses these issues as well, but does not sufficiently develop the nuances of individual philanthropy or speak specifically to what motivates such givers, what assets they use, what sort of innovative and strategic ideas they are generating, nor the critical issue of the importance of their unique context.

Through my research, I discovered that context is a critical aspect of a society’s giving culture, an idea that the literature did not adequately address. Context is important because it informs people’s motivations for giving, and it affects sources of funds and modes of implementation. To gain this more contextual “feel”, I chose to undertake a research strategy that is grounded on an investigation into the rich and complex lives of contemporary South African philanthropists. The methodology that I felt could best capture that essence was qualitative research based on these life histories, undertaken through interviews and the literature, which provided an ethnographic angle. I used the life stories of these individuals to reflect on the international and South African literature, and on the various strategic initiatives that emerged in the South African context to promote philanthropy. This research uncovered innovative

modes of giving and strategic interventions as well as a deeply-rooted giving ethos, both of which are informed by the specific local context of South Africa and its unique culture and history.

As my research progressed, I chose to refine my original research proposal which asked: “Is there a culture of individual philanthropy developing in post-apartheid South Africa, and if so, is there evidence of a developing ethos of responsibility for supporting and nurturing civil society?” The new issue of how individual philanthropy is unfolding in its particular *context* overrode my original research question because I had learned several things: first, to establish empirically whether a new trend – post-apartheid -- of individual philanthropy is developing, a wider, more empirical study was required; and secondly, before I could answer my original question, I first had to gauge the peculiar South African context by listening to the voices of these individuals and letting them tell me their life stories -- where they came from, what inspired them to give and what types of activities they pursued -- and then try to answer the question of how they understood themselves and their roles and how they pursued their philanthropy in practice.

In the course of this research, I met six extraordinary South Africans whose lives reflect the complex historical and social dynamics of this country. Once I managed to get past their myriad handlers and acolytes, I found individuals who, without exception, were receptive and eager to talk with me about their thoughts and passions, devoted to their country, and independent thinkers with colorful lives and personalities. Each of these philanthropists lived during the struggle years and came through the transition to prosper in the business world and give from their personal resources in a multiplicity of ways to tackle the country’s social ills: Moeletsi Mbeki, the former president’s brother and sometime vocal critic of government, a prominent businessperson, and active NGO board member; Sidney Frankel, head of the family brokerage business that served governments both pre- and post-apartheid, and founder of the Buffelshoek Trust and the Constitution Hill Trust; Reuel Khoza, a man of deep faith who has progressed through life from goat herder to corporate giant and university chancellor and professor, all the while giving generously to projects in his home area in Northern Province; Judy Henshall, an iconoclastic and passionate perfectionist, with a deep respect for South Africa’s indigenous culture, who used her own savings to start a program to train rural women in fashion design and entrepreneurship; Bongani Khumalo, head of the company that runs the South African lottery and recently dubbed South Africa’s “11th most powerful black director”, and a generous personal giver with plans for more formal giving; and Gil Mahlali, one of South Africa’s first black surgeons, the inspiration behind the concept of “ploughing back” by

professionals to their home areas, prominent businessperson and contributing partner to Old Mutual's Masisizane philanthropic fund.

I have structured this thesis as follows: In Chapters 2 and 3, I undertake a literature review that sets this topic in its wider context. I investigate the international and South African literature on the discourse of philanthropy – its definitions and history, the contemporary state of giving and the debates emerging around these practices, particularly the “new” philanthropy that looks to social entrepreneurs and market-based principles, as well as the trends in the development discourse on partnering and leveraging. In Chapter 4, I explain and defend my research methodology, which is grounded in primary data gained from personal interviews. In Chapter 5, I set South African individual philanthropy in context by investigating the history and present state of philanthropy in the country. In Chapter 6, I present and explain the South African data from my interviews and research by telling each individual's life story and describing the key aspects of their individual philanthropy including their motivations and attitudes towards giving, their giving assets, and their philanthropic activities. In Chapter 7, I discuss and analyze this information, and its implications for South Africa. In Chapter 8, I present my conclusion. I explore the way forward for South African philanthropy, including a discussion of current thinking on how to “grow” philanthropy in South Africa, and I summarize what I have learned about philanthropy and its unique context and practice in South Africa, and make suggestions for further research.

Chapter 2. Literature Review -- What is Philanthropy?

In this chapter and the next, I explore the international and South African literature that addresses the key issues and trends in philanthropy that help provide a backdrop for understanding South African philanthropy. In this chapter, I investigate formal definitions of philanthropy and offer my own definition of the practice of individual philanthropy, explore the debates in the literature around motivation and giving, and briefly address the history of philanthropy. In the first section, I set out formal definitions of philanthropy and note its often controversial and “culturally specific” character. In the second section, I explore three issues specific to the philanthropy discourse: the difference between charity and philanthropy, how the term “giving” is defined and understood; and the debates on motivations behind philanthropy. The third section sets down a brief history of philanthropy in order to give a richer contextual background to my topic. The exploration of these topics in this chapter helps to elucidate the underpinnings and parameters of philanthropy to better understand its potential as a resource for South Africa and elsewhere.

2.1. What is philanthropy?

Philanthropy seeks an ameliorative role in overcoming societal ills. Throughout history, philanthropists have targeted the broad swath of human despair: poverty in all its manifestations, poor health and education, natural disasters, failed governance, war and its brutal after-shocks. Philanthropy has been practiced in myriad ways, from addressing crises where immediate response is vital to survival to undertaking careful and deliberate actions seeking to make deep transformative change. It comes in many shapes and sizes: through public and private channels, religious and secular organizations and NGOs, individual and community foundations and trusts, individual giving, or any combination of these activities.

Definitions of formal philanthropy include: “giving money or equivalent to persons and institutions outside the family, without definite or immediate quid pro quo” (Acs and Desai, 2007:3) and “the capture of private wealth for public purposes” (Gaberman, 2006a:2). Perceptions about “philanthropy” are complex and, particularly in the context of individual philanthropy, the term is laden with heavy baggage often with negative connotations. Philanthropy can conjure up an image of the aristocratic pot-bellied white man in pin-stripe suit, cigar clenched firmly under his drooping white mustache, looking benignly down at simple and inferior natives. The “White Man’s Burden”: paternalism, privilege, assuaging guilt. This is that singular sense of racial and cultural superiority that permeated Europe’s colonial empires. The opportunity to “play God”, to bestow gifts from on high to the needy and inferior masses

pervades this sensibility. This view squarely places philanthropy as “a creature of privilege and...apes the class divisions in society and reinforces them through its practice” (Greer and Knight, 2007:29).

By any measure, the term is controversial. In fact, the word philanthropy itself has been handled gingerly and often simply replaced with terms such as “help” or “giving” so as to avoid the appearance of sympathy with its negative associations. And, in some societies, including South Africa, the word for philanthropy doesn’t even exist, so researchers have come up with alternative terminology to convey their ideas (Burkeman, 2007:1). Wilkinson-Maposa explains that “within any country there is culturally specific language, concepts, terms, conventions, norms and relationships for what constitutes [philanthropy]...[W]hat may be regarded as philanthropic behaviour, or ‘help’ within one setting and community may not necessarily apply to another” (Wilkinson-Maposa *et al*, 2005:1).

2.2. Investigating key elements of philanthropy: charity, giving, motivation

In beginning to unpack the fundamentals of philanthropy and relate them to the South African context, I found that it is important to explore three issues that are basic to the discourse: the distinction between charity and philanthropy, or between traditional and contemporary forms of philanthropy; what is meant by the term “giving”; and the debates around motivations behind philanthropy.

The first point, though not particularly contentious in itself, is important for philanthropists to understand today, especially in South Africa where poverty is entrenched and inequality between rich and poor not only persists but is even considered by some economists to be increasing (see Pollin *et al*, 2006; Bhorat and Kanbur, 2006; Meth, 2007). It is generally accepted that charity (or traditional philanthropy) is an immediate response to a current crisis or social problem, while contemporary philanthropy targets developmental and transformative social challenges. It is the difference between “the mere act of giving [and actually] challenging the social and economic systems that perpetuate poverty and inequality” (Smith, 2006:1). Challenging the causes of intractable problems and seeking to eradicate them is the impetus behind “new philanthropy” and the route that South African philanthropists should follow. Two economics professors give a clear example of the distinction between the old and the new:

Charity focuses on immediate, symptomatic social problems – for example, feeding large numbers of homeless people, providing shelter to refugees. It is not designed to achieve the actual socioeconomic mobility of people. Philanthropy, as noted by John D.

Rockefeller, focuses instead on the root causes of social problems...and seeks solutions so they may affect fewer people in future generations. It seeks to create long-term improvement by empowering people, whereas charity tends to be more of 'bandaid'... (Acs and Desai, 2007:6).

Drawing a line between these old and new ways of thinking is fundamental to an understanding of the potential for philanthropy. While meeting emergency needs and feeding the starving is of course essential, the thinking that bores down to determine what caused the ills in the first place, then searches for solutions, and then seeks to implement these ideas carries far greater transformative value for society. The philanthropists I interviewed are for the most part at the edge of the charity paradigm – meeting immediate needs – but beginning to address more developmental issues on the cusp of the new philanthropy, as we will see below.

Second, is the issue of “giving” and what it entails, a subject which is actively debated. This point can get quite complex, but the crux of the issue is whether giving is confined to the amount of rands or dollars one donates from one’s own pocket, or the value of goods or time one donates, or whether it can have even wider connotations. In their giving study of South Africa, Habib and Maharaj present a broadly inclusive definition of giving, arguing that much giving “occurs within...[an] economy of affection” that exists in extended families and communities, and includes not just money, but also time and support given through such actions as caring for others and providing advice and psychological support (2007:29). Their definition also incorporates money and goods given to religious organizations as well as to street children and beggars asking for help (Habib and Maharaj, 2007:49). Others would question the justification for labeling these activities as “giving” in any true sense. Moeletsi Mbeki, one of the philanthropists who I interviewed, brings an added dimension to this discussion by making a distinction between what he considers paying for a service and “pure giving”.

If I give to the guy on the car park...it’s for a service, looking after my car...I wouldn’t call that philanthropy. The church is really not giving either. At the end of the day, when I give my contribution, that’s a social pressure. The priest has done a service for me – to save my soul or open heaven’s gate for me, so there has been a service. That’s not pure giving, it’s paying for a service (Mbeki, 2008).

I include Mbeki’s statement to show the tensions inherent in describing the “giving” of individual philanthropy, but the topic of religious donations to churches and mosques is outside the scope of this thesis,

The giving involved in individual philanthropy should incorporate aspects of the above definitions, but should also include the assets available in the particular context within which the giving is practiced. Assigning value to assets that meet the needs of a particular locale, even though they do not meet the criteria of “traditional” giving resources, is critical. Habib and Maharaj were trying to understand the extent of giving in general in South Africa as part of “a macro excavation of giving in South Africa” (2007:23), and cast a wide net to capture all the giving that occurs from the poorest to the richest sectors. While they only slightly dealt with the type of individual philanthropy explored in this thesis, they did reveal – significantly for my study – the importance of context by identifying the critical notion that South Africans are generous and giving people throughout all strata of society. The lives of most of the philanthropists I interviewed have spanned these strata, from rural poverty in youth to urban wealth as adults, and this “economy of affection” permeates their sensibilities. As we will see below, they have practiced innovative types of giving beyond what the literature covers, such as donating their time and professional skills and formulating strategic approaches like “plough-back” initiatives and rural “health chests” to address the needs of people within their local context.

The third point is the issue of what impels individuals to give. Any exploration of philanthropy raises questions about the motivations behind the act. Motivations are of course wholly subjective and are as varied as the number of individual actors. The debate on this subject is vast and whole books have been devoted to its exploration, but it largely boils down to the issue of altruism versus self-interest. (This debate is of course particularly pronounced and contentious in the CSR field where discussion is focused on whether companies are giving on the basis of altruism and values that have actually been incorporated into the underlying mission of the company, or merely as an effort to enhance the bottom line through better public relations activities.)

Exploring motivations behind giving, philosophers through history have examined the notions of human solidarity, selflessness and compassion. The “classic accounts of forces that hold human society together – those of Hobbs, Hume, Rousseau and Smith – ...focus respectively on rational self-interest, convention, collective reasoning, and natural fellow-feeling” (Kolm and Ythier, 2006).

The contemporary discourse on motivation is largely a debate between economists and psychologists. Beth Breeze, a British researcher on philanthropy, explains that economists grapple with trying to:

comprehend what they see as a puzzling situation whereby 'rational self-interested man' chooses to give money away. Typical solutions to this apparent conundrum involve recasting all apparently altruistic behaviour as exchanges in which money is swapped for a 'warm glow', a 'positive self image' or some other intangible benefit.

[Psychologists, on the other hand, challenge these]...self-interested models [and explore] the psychological factors behind charitable giving such as factors that facilitate or inhibit positive other-regard [including, on the positive side,] activism, altruism,...charity, citizenship, consideration, courtesy, donating, [and on the negative side,] moral myopia (short-sightedness) and selfishness (2008a:1).

Habib and Maharaj explore these psychological aspects of motivation. They note that several theorists assert that "giving is primarily driven by psychosocial motives – to gain status, prestige and respect – all of which can be achieved by the wealthy who have extra resources to dispense" (2007:25). The State of Social Giving Report, part of this giving study, cites the key factor behind giving in South Africa as feelings of "human solidarity" and notes that "helping the poor is both a moral act and (for some) linked to self-preservation". Additional motivations they identified through their research include: "To reduce poverty [and] stop suffering; Duty/responsibility; I will be blessed; God's command; [and] Because I can" (Everatt and Solanki, 2005:53-54).

These ideas are borne out in a recent U.K. study, "I give therefore I am", which explores philanthropic activity as it relates to identity and motivation. The researcher, Beth Breeze, compared media perceptions of philanthropists' motivations to those expressed by the individual givers themselves. She concluded that there is a major disconnect between public perception and private impetus, that the "media approach philanthropy as a presentation of *wealth*, whilst the donors consider philanthropy as a presentation of *self*." For the philanthropist, giving is an opportunity to add authenticity and deeper meaning to his/her life and even to validate a new identity, while the media prefer to focus on the philanthropist's wealth, celebrity and titillating "rags to riches" life stories (Breeze, 2008b:1). Theresa Lloyd in her 2004 book *Why Rich People Give*, an in-depth study of giving in the U.K., found five broad motivating reasons, in order of importance:

- a) Belief in the cause...
- b) Being a catalyst for change...
- c) Self-actualisation...the satisfaction of personal development...
- d) Duty and responsibility...the satisfaction of conscience...and the desire to 'put something back' into society [and] e) Relationships...the fun, enjoyment and personal fulfilment of relationships with a range of people (2004:3).

Other examples of contemporary thinking on motivation include Howard Margolis's theory of social choice, where he asserts that "within each person there are two selves, one selfish and the other group-oriented, and...the individual follows a Darwinian rule for allocating resources between those two selves" (1984). Steven Pinker examines "the moral instinct that evolution has given us" and posits that this instinct informs our decisions (2008:33). Peter Karoff has written extensively on motivations behind philanthropic giving stressing the importance of "[m]aking the linkage between the spirit and doing, the human yearning that has us involved in the first place and the execution is the ultimate transformation. Its power is without limit" (2004:23).

There are surely varying degrees of "enlightened self-interest" at play for all philanthropists. Those from business backgrounds certainly have a vested interest in encouraging a robust economy to buttress their business endeavors. This is the case then for

[a] healthy society [which] creates a healthy market for everything from software to cell phones. Without high levels of education and public health, there would be no one to buy--or build--information-age appliances. 'If you want to keep making a profit...then you've got to keep growing the society, so that you have people out there who are workers and consumers' (Greenfield *et al*, 2000:3).

I interviewed a Kenyan billionaire philanthropist, Twalib Hatayan, who made his fortune in sugar trading, and is giving back in a transformative way to his country and region. With his personal funds, he set up a foundation – Universal Education Trust Fund – to pay for the education of East Africans from primary school through to graduate school, and so far he has educated over 8,000 students. In his latest endeavor, he sent 69 East Africans to medical school in Russia, chartering a plane to transport them from Mombasa. He attributes his success in life to the bursary he received at age six to attend Kenya's premier school – where 80% of the students hold bursaries – and to the profound support he received from the school's founder and inspired headmaster over the ten or so years he spent there. For Twalib, there is absolutely no excuse for the wealthy to hesitate about giving generously or to factor in the financial impact of their giving on their bottom line. He refuses to publicize his name, his system of awarding bursaries is strictly impersonal, and he disparages the wealthy who claim that paying their taxes is enough of a contribution to alleviate Kenya's poverty and other social ills. His foundation is worth almost US\$1 billion at his point, and his plans for future educational initiatives are growing (Hatayan, 2008).

I prefer to hold philanthropists to this higher standard and want to see giving based on generosity, compassion and altruism – and I think for the most part that these are peoples’ instinctive responses. Dr. Susan Raymond could be speaking to the South African ethos when she refers to “the almost palpable global ache that greets disasters”. She sums up well this sanguine view of philanthropy:

[W]hen we speak of philanthropy we do not speak of some new human characteristic, some recognition of a common humanity that has otherwise not been present. All peoples (or at least the vast, vast majority) have embedded in their cultures and belief systems the value of community and the importance of helping others. One need only see the almost palpable global ache that greets disasters like the tsunami, or earthquakes, or even September 11 to understand that there is nothing new about this human instinct. The rush of people and resources to alleviate suffering is both ancient and common (Raymond, 2008:1).

From my interviews with South African philanthropists, I learned the complexity of motivations that individual philanthropists are faced with, and that the issues of egotism, altruism and self-interest compete for their attention. I concluded however, that these individuals evidence that “economy of affection” which pervades the society and manifests itself as an almost inherent response to need, even though they have powerful reasons for perpetuating the health of the private sector and for stroking their egos with good public relations initiatives.

The “individual philanthropy” I would like to see in South Africa and elsewhere, based on what I learned in working on this thesis, is the expenditure of one’s personal resources – not only money or other assets, but also time and professional expertise – with the conscious motivation to contribute towards the eradication of social and economic ills, reaching beyond one’s immediate family and/or community. This practice – though more or less formal at its outset – should be pursued with the specific goal of progressing towards more structured and formal giving, and should be open to experiment and such creative ideas as pursuing partnerships and leveraging with other sectors.

The brief exploration of the history of philanthropy below helps to place present-day giving in a context, and shows from the prevalence of voluntary giving through time that this is an abundant resource that could potentially be easily tapped.

2.3. A brief history of philanthropy

Giving in myriad ways, both formal and informal, to address social ills and alleviate poverty has been going on forever in all cultures, in and among families and communities, through church and religious work, through private and public organizations, by individuals rich and poor, and more recently by corporations pursuing corporate social responsibility programs. Philanthropy in some form has certainly existed throughout history. In his study of ethics in the 4th Century B.C., Aristotle identified the moral virtues of the “good man” and maintained that: “To give away money is an easy matter in any man's power. But to decide to whom to give it, and how large and when, and for what purpose and how, is neither in every man's power nor an easy matter” (Classics Archive, 2000).

Most of the giving through history has been informal, part of the normal day-to-day interchange of experience and mostly unacknowledged as “philanthropy” by both the giver and recipient. However, formal or institutionalized charitable giving -- generally through churches, mosques and synagogues – has also been going on for centuries.

This giving is documented in Europe as early as 2,000 years ago, usually undertaken as a response to offset the shocking conditions suffered by the poor. Indeed, Christianity itself includes a strong ethic of giving. Jesus performed the miracle of the loaves and fishes to feed the 5,000 who came to hear him preach. His Golden Rule asked his followers to “do unto others and you would have them do unto you”, and Christian disciples through time, including individuals such as Mother Teresa in the 20th Century, have given their all to help the poor and suffering. There are countless examples of formalized giving in Europe that can be cited, such as “poorhouses” for lepers and the diseased in 4th Century Turkey, and hospices and homes for refugees dying in the streets during the Inquisition in 14th Century Italy.

Institutionalized philanthropy through both churches and private organizations was widely practiced in Victorian England in response to the deplorable living conditions of the poor in their newly-industrialised cities, as well as to the treatment of the peoples living in the European colonies and suffering in the global slave trade. This same Victorian zeal impelled Christian missionaries to travel to South Africa where they set up churches and schools to educate the indigenous population.

The other major world religions have philanthropic traditions rooted in their teachings and histories. The five essential pillars of Islam, “the essential practices to which the majority of Muslims submit in obedience to Allah” include “zakaat” which is considered an obligatory tax,

but carries with it a moral obligation to undertake good works. Charitable trusts in connection with such giving were established by the 12th Century throughout the Middle East, and later spread through India and Central Asia. Most Muslims today continue the *zakaat* by giving ten percent or more of their incomes to charities, both religious and secular (McChesney, 2008).

Hindu texts refer to “*dana*” or giving as “an important method for purifying one's life and enhancing the quality of life here and now, everywhere and always.” Hospitality and charity are essential requirements as well. While the religion does not have a history of institutionalized giving in the form of foundations or organizations, volunteerism is important and has been identified as far back as 1500 B.C.E. as playing an important role in economic and social development (Sripada Raju, 2008).

One adherent of Buddhism describes its philanthropy as “subjective rather than objective”. He explains the importance of the love of humanity cherished in the religion and notes that “[a]lthough there are no well-known Buddhist philanthropic organizations, foundations or trusts, the thread of *dana* (generosity) connects Buddhist individuals and communities worldwide in a legacy of compassion and selflessness.” And importantly, he points out that Buddha’s great gift to the world was his “method of liberating humanity from...suffering” (Nowik, 2008).

The modern practice of *individual* philanthropy in the 20th Century “originated in countries with significant wealth – those with strong economies, substantial growth rates in personal fortunes, and those fortunate enough to participate in the enormous intergenerational transfer of wealth” (Johnson *et al*, 2004:5). The United States is often cited as the birthplace of – and the prototype for – this movement. Such names as Rockefeller and Carnegie come easily to mind – wealthy and religious business tycoons caught up in the infectious energy of a young country revving up its engines of growth – who used their vast personal wealth to give to needy causes in enormous quantity. They “are synonymous with fabulous wealth and technological innovation as well as a societal flowering that brought forth libraries, hospitals and universities...America’s intellectual infrastructure was donated by philanthropists as well as created by public spending” (Greenfield *et al*, 2000:1). (A recent study, however, takes issue with giving so much credit to the United States, arguing that the history of philanthropic activities in Europe far surpasses the U.S. in breadth and quantity (McCarthy, 2008)).

It is critical to note here that philanthropic giving in general is not the private domain of the developed West, although certainly due to the relative wealth of the West, individual philanthropy on a large scale is more readily apparent in the West.

Philanthropy existed long before there was a United States and long before Europe was organized into a cluster of nation states. It is not today, nor was it ever, solely a Western concept, and each society puts its unique stamp on this work in progress called philanthropy (Gaberman, 2006b:2).

While the United States has produced much of the theory and literature on philanthropy (and indeed, has spawned Bill Gates and other high profile philanthropists) and other countries have traditionally looked to the U.S. as the prototype for innovative philanthropic endeavors, this role is being increasingly challenged as new theories – particularly those that promote more localized approaches and solutions – are vetted.

2.4. Summary

We have seen that philanthropy is a multi-layered and complex term and that drilling down to understand it in a richer way entails examining such issues as motivation, giving and context, which have their own subjective interpretations and debates. Distinguishing between the “old” and the “new” philanthropy is important for understanding how to go forward, especially for South Africa which needs the thinking that searches for and implements the kinds of innovative solutions to its social ills that bring about fundamental change. Investigating the possibilities of “giving” in terms of the value that can be recognized from innovative assets and resources is essential as well. In South Africa, the philanthropists I interviewed have given in creative ways where they utilize what they consider to be their best assets to address social issues in their context. Trying to understand what motivates individuals to give helps us to find the levers that encourage giving. As my research showed, the motivations of these South Africans stem from their unique context and history, and is a rich vein to tap.

Furthermore, exploring the development of philanthropy through history, one sees that man has always been impelled to give. As such, it is a natural and inherent resource on which to draw for help and, especially given the culture of giving which my research confirmed, should be encouraged and utilized more aggressively in South Africa.

In the next chapter, I will look more specifically at the practice of individual philanthropy and how it is practiced in the world today. This “new philanthropy” is the next step in the long history of philanthropy, and appears at least objectively to be motivated for the “right reasons” even as it takes a business-oriented approach.

Chapter 3. Literature Review -- Individual Philanthropy Today

"[S]ome of us are better at baking bread than others, and some have more bread than others. Some get ten loaves, some one, some nothing. What do those of us who accumulate more loaves do? This is where...philanthropy comes in. The utilization of those excess resources in order to make a difference."

Tokyo Sexwale, South African businessperson, Chair of Sexwale Family Foundation, and former anti-apartheid activist (Sexwale, 2002:1).

"It's not only about spending money...I can shake the trees from Mbeki down to get attention. My perseverance is huge. I get Zuma on the phone. Fortunately, I'm well- connected...I've got the influence to shake enough trees to say, 'Listen, pay attention to our schools there!'"

Sidney Frankel, South African businessperson and financier, Frankel Consulting (Frankel, 2008).

"Thus, when we speak...about 'philanthropy' we mean the institutionalization of that urge, the emergence of leaders (individuals and groups) who develop organizational forms that will take that urge to scale in terms of resource commitments and public recognition."

Susan Raymond, PhD (Raymond, 2008:1).

3.1. Introduction

In this chapter, I focus on the contemporary state of individual philanthropy as explored in the current international and South African literature. The second section describes the rise of the global phenomenon of "new philanthropy" emerging from the extraordinary growth of private wealth in the late 20th Century, and the global debates this has generated. In the third section, I elaborate on these debates by setting down the key arguments for and against individual philanthropy which centre on strong beliefs about individual versus state responsibility for alleviating poverty and societal ills. The fourth section describes the different approaches of this new philanthropy, and expands on the emphasis on market-based principles which are employed in such practices as "venture philanthropy". The arguments on the pros and cons of these different approaches are also explored. In the fifth section, I investigate how the development discourse has also embraced partnership and leveraging as a new resource, an approach which corresponds to the willingness to pursue non-traditional options in the various practices of new philanthropy. This chapter's discussion of the current global state of individual philanthropy is important to recognize and explore as it relates to South Africa, both for identifying the external influences on this country and for considering how the innovation and

fresh approaches of this new philanthropy may prove useful in informing policy and alleviating poverty.

3.2. The current state of philanthropy

The practice of private, individual philanthropy – particularly in the West – has grown immensely in the late 20th and early 21st Centuries in tandem with the phenomenon of massive accumulated individual wealth which has mushroomed so dramatically during this period. The level of personal wealth today, in a small but prominent part of the world’s population, is unprecedented -- and mind-boggling. “[A] golden era of philanthropy is dawning” exclaimed Time Magazine (Greenfield *et al*, 2000:1). Peter Karoff maintains that “[p]hilanthropy has become front page news. New aggregations of individual wealth continue to astound the imagination, and rather than the exception, the culture of giving has expanded” (Karoff, 2008:5). A Merrill Lynch and Capgemini study shows that in 2006, of the 9.5 million people world-wide who are worth more than US \$1 million, about 11% had given US\$ 285 billion – or about 7% of their net worth – to philanthropic causes (Dobrzynski, 2007:1).

There are, of course, the big name “philanthropists”, the celebrities, rock stars, athletes and mega-rich, whose high profile giving has grabbed headlines and brought attention to problems of poverty worldwide. And there is the “Gates factor” – referring to the Microsoft founder turned global philanthropist – which looms over the topic, the fabulously wealthy technology and other corporate billionaires who individually or through foundations have focused, often quite publicly, on addressing the world’s most intractable problems, such as HIV-AIDs, malaria, climate change, and human rights.

The germ of this new trend may have begun in the 1980s with the Ethiopian famine relief projects promoted by superstar musicians – most notably Band Aid led by Bob Geldorf and “We are the World” led by Michael Jackson and a retinue of singers – who raised millions of dollars and brought the tragedy to world attention in a high-profile way. In fact today, Bob Geldorf and Bono are probably known more for their highly publicized charitable work than for their celebrity status with their bands The Boomtown Rats and U2, and can often be seen mingling with Bill Clinton and Nicholas Sarkozy at high-level events such as the Davos World Economic Forum or summit meetings of the G8. More recently, Oprah Winfrey, a mega-star talk show host in the United States and one of America’s richest women, has pursued high-profile philanthropic projects, most notably in South Africa with her generously-endowed “Leadership School” for underprivileged girls. This heavily touted venture funded state-of-the-art educational infrastructure, provides full scholarships to many of its students -- and held an opening

ceremony attended by luminaries like Nelson Mandela, Mariah Carey and Sidney Poitier which received enormous local and international media coverage. There are countless other examples of this type of star-studded giving today, from Angelina Jolie to David Beckham, Madonna, Roger Federer, and Tiger Woods, whose causes cover issues such as children with special needs, parental responsibility, medical research, and raising funds for UNHCR.

Other less attention-grabbing, but equally high-profile, philanthropists such as Sudanese-born Mo Ibrahim and Hungarian-born George Soros, billionaires and financiers from the private sector, have undertaken projects geared to governance and leadership. Soros, whose early philanthropy focused on funding black students in South Africa during apartheid, now chairs the Open Society Institute whose goal is to develop democratic institutions worldwide (Open Society, 2008). Mo Ibrahim's foundation seeks to foster good governance in Africa and supports and recognizes positive leadership examples by offering a substantial cash prize to African leaders who practice these qualities (Ibrahim, 2008).

Less conspicuously, though, there are wealthy – and not so wealthy -- individuals world-wide who are, more or less beneath the radar, pursuing significant programs of giving from their personal wealth. The prototype of this new philanthropist -- far removed from that of the benevolent railroad baron or colonial master who bestows his largesse on backward natives -- is a focused, educated, pro-active giver with a strategic plan of action who seeks transformative change.

Significantly, the demographic profile of these philanthropists is changing and this type of giving is no longer the sole province of the developed North. These philanthropists are appearing in “countries that have traditionally been seen as recipients of help – in South East Asia, in Latin America, and in countries such as India, Russia and China where dollar millionaires are now produced in industrial quantities” (Alexeeva, 2007:1). In her study of the growth of “new philanthropy”, Olga Alexeeva explains that contemporary philanthropy is becoming more ethnically diverse and includes males and females.

It is no longer a post-retirement activity of white Anglo-Saxons. It is also becoming younger and much less related to retirement and legacy planning. Taking into account an absence of tax incentives for giving in most new countries..., the growth of new philanthropy is not directly stimulated by tax or legal incentives (2007:1).

In short, individual philanthropy has gone global and is practiced in and out of the world spotlight. Today, one is just as likely to find the subject discussed in *Hello* magazine or by Oprah Winfrey, as in *Foreign Affairs*, the *Economist* or the *Financial Mail*. Given this level of

visibility – or notoriety – individual philanthropy has generated enormous debate, viewed at one end of the scale as the new panacea for global poverty and related ills, and at the other end as undermining the very basic role of the democratic state and its responsibility for supporting its citizenry. These viewpoints are explored in the next section.

3.3. Pros and cons: the debates

Complex issues related to the propriety and significance of this new phenomenon of individual philanthropy have provoked much thoughtful interest and enquiry. The advantages and disadvantages of this type of giving are widely debated on political, philosophical, social and economic grounds. The crux of the debate is the issue of who is responsible for tackling, or is best equipped to tackle, societal ills and ameliorate poverty – the state, wealthy individuals, the private sector, the third sector, or some combination of these entities.

To unpack this debate one must consider issues about the ethics involved in such giving, the problematic issue of power residing in the hands of single individuals and the related issue of the potential infringement on the duties and responsibilities of government and donor organizations, as well as whether the voices of the people are being heard and addressed. Thrown into the mix are concerns about motivation. There are investigations into the extent to which individual philanthropists maintain, or should maintain, their personal significance and impact: is it preferable, or even inevitable, that their so-called “whims” become “institutionalized” or “professionalized” and their personal significance is subsumed by a follow-on organization? Are their “whims” (Friedman *et al*, 2005:31) better served by a professional structure and approach or is there greater value or impact if the philanthropist can pursue his/her original vision independently?

The ethical issues raised around individual philanthropy highlight the responsibilities that wealth brings and concerns about the equitable redistribution of such wealth. In 1889, Andrew Carnegie wrote about the “responsibility of wealth” suggesting that the rich have a duty to help the poor by disseminating their wealth in their lifetime. Bishop Mpumlwana in South Africa speaks to the “ethics of being wealthy” and asserts that:

as long as we continue to talk about poverty eradication, poverty reduction, poverty alleviation or poverty anything in relation to the poor, we are missing the point. Instead...we should rather be talking about wealth management, for there is enough wealth if we had a perfect world...The question is what then is going to contain the unbridled acquisition and accumulation of wealth that has no conscience about the

naked poverty of the naked poor in society? In this case we are not so much talking about the ethics of wealth-creation, but rather the ethics of being wealthy (2007).

The philosopher Joseph Fulda takes this idea a step further by asserting that “the role of the philanthropist in exercising moral leadership in the free society is central to its operation” (1999:1).

Again, the thorny question of motivation crops up. To some extent there is an expectation that the philanthropist has a duty to do the right thing for the right reasons. Kuljian cites Steven Burkeman who writes 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” (2005:5). Martin Luther King Junior wrote: “Philanthropy is commendable, but it must not cause the philanthropist to overlook the circumstances of economic injustice that make philanthropy necessary” (Resource Generation, 2003:1).

This argument is important because it drills down to the very heart of the economic system in which most of this philanthropy takes place, and calls for radical change. The majority of these philanthropists come from a market-based private sector background, operating within the international financial system which has been the source of their wealth. Their ability to give depends on the health of this system which they have a vested interest in maintaining. However, many of the poor who are the objects of their largesse are functioning entirely outside of this system, excluded from participating because they do not have the capital – or even know-how – to enter the system and benefit from it. This is the catch-22, or vicious circle, which philanthropy must address at a deeper level. The poor need education and skills development over the long-term to overcome their capacity deficits. While most philanthropists have little impetus to rock the boat of the system that has created their wealth, innovative approaches that look for alternatives to the existing forms of capitalism are important to pursue as an approach to dealing with poverty and its related problems.

A further debate is the issue of “institutionalization” versus the philanthropist’s “whims” – whether the philanthropist should professionalize his/her giving within an organized structure to make it more strategic and effective, or if his/her personal ideas and impetus are sufficient in their own right to accomplish her/his goals. Steven Friedman, et al set out this question in the context of their study of Corporate Social Investment initiatives in South Africa through case studies at AngloGold Ashanti and Pick ‘N Pay. They found that although the professionalization option was assumed to “yield...superior development outcomes to the

'whimsical' variety", in fact, that option was "an inappropriate yardstick...and that innovation is a criterion more likely to produce an effective contribution to society's needs" (2005:iv).

The ethical issues, the locus of power, the voices of the people, the entrenched system of capital are key issues that are raised in these extensive and wide-ranging debates. The following section synthesizes the main arguments in the literature for and against individual philanthropy.

The argument for individual philanthropy

Proponents of individual philanthropy assert that the power of philanthropic intervention can be huge because it serves as "a dynamic and responsive mechanism that can tailor solutions to social problems" (Acs and Desai, 2007:4). It is seen as a resource that can step in to fill the gap where government's resources are inadequate; as being independent from government so that it can pursue its own agenda without having to answer to another authority; indeed, as having the freedom to take risks and innovate, which can result in novel and creative solutions to social ills. Individual philanthropists are also seen as being able to maintain stricter accountability over their programs, thus having the opportunity to make a more strategic and effective impact.

Increasingly, government resources world-wide seem to be stretched to capacity. As a prominent foundation director describes it: "The case for a healthy private philanthropic sector in every country is overwhelming. Governments are constantly hard-pressed to meet basic needs and to perform basic functions and will never have the resources to fully meet the needs of the disadvantaged in society" (Gerhart, 2000:1). And South Africa's Finance Minister asserted that "[w]e must recognise that all governments are limited in their capacity – the scale of the limitation varies. Well allocated philanthropy gets into those areas where frequently even the best intentions of governments cannot reach" (Manuel, 2007:3).

The philanthropist's position of independence vis a vis government and the private sector affords the distinct opportunity to take risks and pursue fresh and innovative solutions to intransigent problems. The philanthropist can

react independently from political and national interests, often with entrepreneurial solutions, willingness to take risks, to practice thought leadership, flexibility, innovative methods and drive, investing in successful projects and thus creating public value (Milner, 2008:41).

Moreover, philanthropists can take decisions on their own terms without worrying about voters or shareholders, and their practice may inject an element of competition into the particular development arena perhaps spurring further innovation.

Furthermore, supporters of individual philanthropy argue that private philanthropists can take on sensitive issues that other public and private organizations may shun for fear of controversy. The issue of gaining attention for low-priority issues is particularly relevant in South Africa, for instance. Here the ruling party holds an overwhelming majority which affords little space for initiatives generated by interests not aligned with the ANC to gain a foothold (Kuljian, 2005:12).

One further advantage is that engaged philanthropists can keep their hands on the pulse of the activities they support to more closely monitor accountability. In this respect, they may offer a more cost-effective approach than the alternatives, as their proximity to projects – and their increased flexibility -- alerts them more quickly to specific issues, whereas the response of a cumbersome bureaucracy may take considerably longer.

One viewpoint promotes private philanthropy in developing countries to counter a perceived lack of integrity in government. These researchers suggest that:

...there is reason to believe that private aid is more effective than official development assistance, and that larger portions of private aid reach the poor. The allocation of private aid is less likely to be based on geo-strategic considerations, and more according to the actual needs of recipients. Because it deals directly with NGOs and civil society, private aid can avoid the corruption associated with developing country governments. Smaller portions of private aid are spent on overhead and administrative costs, and on 'technical assistance' – money that often funds contractors and consultants in rich countries. A word of caution: private aid can make a difference, but it is by no means a panacea for all that ails the world's poor (Desai and Kharas, 2008:1).

Supporters of a bigger role for individual philanthropy speak particularly to its assets of agility, independence, space for innovation and risk-taking, as well as its ability to meet needs that arise beyond the reach of government resources. These are critical qualities required for strategic thinking about addressing the world's ills. Experimentation, innovation and risk-taking are vitally important in light of the failure so far to eradicate poverty and other social ills despite decades of marshalling all the muscle of development strategies and resources. But the system of capital itself that creates and perpetuates this poverty is rarely the target of this practice, and

acting outside the purview of a legitimate state “with a moral centre” (Habib and Maharaj, 2007:41) may undermine these arguments, as discussed below.

The argument against individual philanthropy

Many people disagree with this ideological support for individual philanthropy. Despite its advantages, there is a strong argument questioning the efficacy and appropriateness of individual philanthropy based on the conviction that the state as the democratic representative of the people is responsible for and indeed, most capable of, addressing societal ills and alleviating poverty. Those who argue against advocating a major role for individual philanthropy have concerns about democracy and fairness, about inordinate power in the hands of non-state actors, inconsistency based on individual “whims” and advocacy of fashionable but short-lived causes, and the voice of the people being ignored. These are discussed below.

Habib and Maharaj argue that while philanthropy does have a role to play in alleviating poverty, it is primarily the state’s responsibility to tackle poverty. “[A] socially responsible state and political regime is an absolute necessity to address poverty and underdevelopment” (2007:40). They call for a state “with a moral centre” that “prioritises the interests of the nation’s most dispossessed and marginalized” (2007:41).

Where individuals are allowed essentially to take over the traditional functions of government, there are concerns about the “whims” of such individuals and their choice of personal causes as well as the potential for lack of consistency and follow-through with their initiatives. For one thing, the causes and interests of the wealthy may not naturally align with those of the needy. It is felt that much philanthropy supports “elite” or “unenlightened” causes such as museums and orchestras. Government, on the other hand, has

the potential to generate a more dependable and consistent flow of resources; to prioritise and respond to the needs of the poor on the basis of a democratic process rather than reacting to the desires and idiosyncrasies of the wealthy (Habib and Maharaj, 2007:34).

This element of serendipity in individual philanthropy is worrying: it “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” (Kuljian, 2005:32). The goal is to bring “social change [with]

a long-lasting commitment” rather than short-term relief like “a temporary toy of the new-born philanthropists” (Alexeeva, 2007:1).

Habib and Maharaj extensively explore the vital role of the state. They note, importantly, that despite the expansion of philanthropic and civil society activity in recent decades, “poverty, inequality and underdevelopment” have increased worldwide and especially in South Africa (2007:40). Their research showed that in South Africa only government social grants actually reach to the poorest segments of society and are “absolutely crucial” for basic survival. While they advocate the primary role for the state, they do not absolutely exclude non-state actors, such as individual philanthropists, and they support a “plurality of giving” (2007:40).

Furthermore, there is the conundrum of undermining the power of government when philanthropy steps in to address poverty alleviation. Ceding this activity to individuals “legitimiz[es] the state’s withdrawal from the [services it normally provides]” (Habib and Maharaj, 2007:37) thus further weakening the integrity of government.

There are further “undemocratic consequences” in the tax regime. Habib and Maharaj cite Salamon’s example that since many charitable donations are tax deductible, this results in “allocating foregone public revenues...without the benefit of any public decision process” (Habib and Maharaj, 2007:25)

From the critical perspective that calls for a radical transformation of the system of capital within which most societies function, including South Africa, there is the belief that philanthropy is a “symptom” of the failure of the system, rather than a solution. Milner argues that

[t]he existence of philanthropy reflects the failure of the economic system to distribute wealth more equitably. This is clearly a much more fundamental question but it is at the heart of whether philanthropy casts a light or shadow on the issues it seeks to address (2008:42).

Those who do not support or promote individual philanthropy maintain that one of the state’s key responsibilities and functions is to address issues of poverty and other social ills in its position as representative of its citizens, and that this sort of giving impinges on the role of the state. They raise questions of fairness, the locus of power, the voice of the people being heard and acted upon, and state versus individual capacity.

To begin to understand the complex arguments in support of and against individual philanthropy helps to set the parameters for investigating this practice in South Africa and for understanding the constraints or supports that proponents of the different positions impose through their arguments. While I agree that it is the primary role of the state to set the strategic policy direction for tackling the country's economic and social problems, there is definitely space for additional input from other sectors, especially given the intransigence of the malignant poverty and serious social problems that continue to plague the country. All sectors – government, corporates, the Third Sector *and* individual philanthropists – can contribute their diverse skills, assets and innovative ideas, to tackling these problems.

This next section explores the diverse ways that individual philanthropy is being practiced worldwide today. The investigation of these various approaches is not meant to suggest an ironclad template for South African philanthropy to follow, but rather to show the different ways in which this practice has been studied, and the myriad ideas and possibilities that this practice has generated, some of which may be useful to inform the South African experience.

3.4. The different approaches: how it is practiced

“Fashions in goodness change, just like fashions in anything else, and these days some of the very noblest people have assumed the manners of the business world — even though they don't aim for profit. They call themselves social entrepreneurs and you can find them in the neediest places on earth...They don't believe government on its own can be innovative. A thousand different private groups have to try new things. Then we measure to see what works.”
David Brooks, Editorial Columnist, *New York Times* (Brooks, 2008).

New terms for and types of philanthropy have proliferated in the past two decades: high-engagement giving, social investing, social entrepreneurship, social justice giving, strategic philanthropy, transformational philanthropy, social venture capital, tactical philanthropy, to name just a few. Despite philosophical differences, these labels tend to share several common traits: a search for sea change, for innovation and sharing of ideas, as well as a demand for stricter accountability in standards of performance. Additionally, and perhaps the most controversial – and significant – aspect of this “new” philanthropy is the emphasis on market-driven approaches and solutions to giving that are manifested in varying degrees. Known variously as “venture philanthropy”, “philanthrocapitalism”, “entrepreneurial philanthropy”, it is practiced and promoted by private-sector business entrepreneurs, those whose economic ethos is market-oriented, who take into account not just social but also economic objectives.

It is important to note that, while these are the types of individual philanthropy that are most prominently written about today, there is other thinking and there are other approaches that seek to bring about much more fundamental and radical change. These are approaches that operate outside the market-based paradigm, that challenge the status quo – the existing structure of capital and finance, as mentioned in the prior section -- in an effort to break the cycle of poverty in which the poor exist. Innovative approaches that look for alternatives to the existing forms of capital by using poor people's savings to help the poor include early initiatives by the Grameen Bank in India, and other similar approaches in micro-finance, as well as the credit union movement in the United States. The thinking and the innovation that has come through these initiatives is critical, and should be explored in further research.

The following is a discussion of several aspects and types of this new philanthropy.

3.4.1. Taking advantage of technology -- marketplace innovations

One significant aspect of this new philanthropy that has extended its reach and heightened its impact is its reliance on the contemporary technological culture in which it resides.

Philanthropists and those seeking to capture their attention promote the idea of “creat[ing] a public marketplace of information for effective philanthropic decision-making” (Gastrow, 2008:1), and broadening the options for giving by seizing the new opportunities for communication presented by the internet and other new technology.

Organizations such as the Global Philanthropy Forum of the World Affairs Council and the Global Philanthropy Circle of Synergos have been formed to provide opportunities for like-minded philanthropists to network, exchange ideas and stay current with trends. And, there are websites and other resources offering to match potential donors with needy causes, thus extending the reach of potential giving as never before.

In a few short years [these organizations] have demonstrated an innovative resourcefulness that has enabled them to mobilise significant resources from a diverse and rapidly growing pool of donors for a diverse and changing set of charitable and developmental purposes (Bonbright *et al*, 2008:6).

In South Africa, Greater Good SA has set up an “online social marketplace” where organizations in need can register, and donors can search for causes that are important to them (Greater Good, 2007). The GlobalGiving Foundation based in Washington, D.C. “connects [users] to over 450 pre-screened grassroots charity projects around the world. It's an efficient, transparent way to make an impact with your giving... Global Giving begins with the

dedicated, tenacious individuals who are driving change in their communities. From running orphanages and schools, to helping survivors of natural disasters, these people are do-gooders to the core. We connect these 'good idea people' with the 'generous giver people' and help projects of all sizes receive donations of all sizes" (GlobalGiving, 2008). The Social Enterprise Alliance does much the same match-making service for social entrepreneurs (Reis, 2003).

On the technology front, analytical tools, for instance, have been developed through computer modeling to help philanthropists more accurately identify organizations that align with their purposes. Such a program has been created by two finance professors who attempted "to go beyond the commonly-accepted metrics" and sought to look more deeply at "the practitioner's mindset" in an effort to achieve more meaningful matches between givers and recipients (Ramirez, 2008).

This "new" philanthropy benefits from the technological world in which it has grown up. These new communications opportunities offer options for a much wider impact for one's giving through networking, increased options for publishing needs and resources, and such things as computer programs that more accurately match donors and the needy. These sorts of approaches are important for a country like South Africa where these communication resources are already available, and can be used and nurtured in an effort to "grow" individual philanthropy.

The following sections explore the diverse types of philanthropy that are being practiced worldwide today.

3.4.2. New types of philanthropy

3.4.2.1. Social justice philanthropy

Social justice philanthropy is one manifestation of the pro-active, hands-on approach of new philanthropy, but not dependent on a market-based ethos. It calls for systemic change and transformation, targeting the root causes of social ills and seeking to cure them.

Social justice philanthropy aims to not just give starving people fish, or even to teach them how to fish, but to change the terms of trade for fish...A crude measure of injustice in a society is the degree to which an individual or group's current or future access to economic, social, cultural and political resources and power are determined by factors beyond their control -- the age, class, caste, ethnicity, location, gender, religion, physical and mental capacities one happens to be endowed with by chance...[S]ocial justice grantmaking involves support to individuals, groups, organisations, campaigns,

networks or movements that seek to redress these imbalances in order to create lasting change (Smith, 2007b:1).

This type of approach seeks to bring about change in public policy, legislation, judicial reform and the like. The aim is to “create the conditions for public benefit, where public benefit is defined as (a) ensuring that the market is subject to appropriate regulation and (b) redistributing the surpluses of the market on a more equitable basis” (Greer and Knight, 2007:30).

3.4.2.2. Performance-based philanthropy

Another branch of this active engagement by philanthropists – as well as adherence to business-based principles – is described as “performance-based philanthropy” which

...encourages donors not only to evaluate the worthiness of the cause, but likewise the competence and capacity of the recipient, the extent to which projects funded are sustainable solutions to the problems they aim to address, and to maintain a high-level of involvement in the administration and evaluation of the projects they choose to fund. It aims to ally strategic business thinking and an insistence on lean and effective organisation to the challenges of the non-profit sector...In so doing it hopes to encourage a socially responsible culture of philanthropy somewhat akin to the culture of investment (Broking for Good, 2006:7).

As an example, Greater Good SA “aim[s] to improve the accountability of the development sector and create a new generation of more considered, donor-investors...[W]e start...by asking the questions: Why shouldn't non profits be held to the same high standards as profit-making corporations?” (Ractcliffe, 2008).

In line with this approach, Greater Good SA also set up SASIX, the South African Social Investment Exchange, which “makes carefully selected social development projects available as investment opportunities with a social return” (Sasix, 2007). The goal is to

move donors from a ‘charity’ mentality of traditionally reactive or ‘feel-good’ giving to a more analytical and considered approach to tackling poverty in South Africa. SASIX applies the same sort of assessment and due diligence to philanthropic and responsible financial investment as is given to more traditional financial investments (Ractcliffe, 2008:1).¹

¹ In fact, after its first year, SASIX has raised over R3.1 million from both the public and the corporate sector and has invested in 38 projects across the country. Of this total, R 2,463,750 has been invested in

3.4.2.3. Social entrepreneurship

“Social entrepreneurship” is a hybrid term used in different ways but incorporating the ethos of innovation in the ways it is implemented. It describes both a “new type” of individual philanthropy relying on business-based thinking as well as an approach to development that searches for innovation and creative solutions to poverty and other ills working within the nonprofit paradigm.

The first approach stresses innovation and tends to seek a business-oriented solution to social problems. “Social entrepreneurs...marry a results-oriented, business approach with the desire to create real change in the world” (Ractcliffe, 2008:1) Social entrepreneurship has been formally defined as “an organization or venture that advances its social mission through entrepreneurial, earned income strategies [or] any non-profit, for-profit or hybrid corporate form that utilizes market-based strategies to advance a social mission...An increasing number of organizations are working toward sustainable social innovation by applying the power of market-based strategies to advance social change” (Reis, 2003).

Examples of this type of philanthropy which incorporates business principles include people like the American Scott Hillstrom, a successful commercial lawyer with a history of social work, who founded The HealthStore Foundation. Through his foundation, Hillstrom started a franchise business in Kenya of small medical clinics that source their medical supplies locally and offer very low-cost services and drugs to customers. The foundation underwrites initial costs for those wishing to own their own franchise, and the model – “microfranchising” -- has proved so successful that they are planning to take it to scale globally (CFW, 2006). Judy Henshall, one of the philanthropists described in the section on South Africa below, is another example. She started an innovative and successful business to train poor rural women, and now operates with additional support from government and the private sector.

Muhammad Yunus, Nobel Prize winner and founder of the Grameen Bank with its innovative and highly-effective micro-financing models, is readily identified as a “social entrepreneur” in the non-market sense. Coming from an academic, rather than a business background, he conceived of the novel idea of making micro loans to the poor, which has proved incredibly successfully and been replicated worldwide.

Ashoka, the organization that coined the term “social entrepreneurs”, identifies and supports such individuals who use innovation and creativity to tackle the world’s worst ills (Ashoka,

the 22 fully funded projects that will together benefit in excess of 33,000 beneficiaries at an average cost per life changed of just R73 (Sasix, 2007).

2008). They seek to “build...communities of innovators who work together to transform society and design new ways for the citizen sector to become more entrepreneurial, productive and globally integrated...(Drayton, 2006:i). “Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the system, spreading the solution, and persuading entire societies to take new leaps” (Ashoka, 2008).

3.4.2.4. Venture philanthropy

Social venture philanthropy – also referred to also as “philanthrocapitalism” -- seeks social change via the business principles by which its proponents have usually achieved their wealth. These philanthropists have been characterized as “striving to do good while also doing business” (Reis, 2003:7) and as “treat[ing] their giving with the seriousness, creative energy and discipline that they put into their other investment endeavors” (Breiteneicher, 2007:2).

These philanthropists “embrace...a philanthropy of innovation in an attempt to capture a greater degree of social return, profit or impact for an equal or smaller outlay of capital or resources...In addition, [they] attempt to find ways to generate funds which do not place an excessive strain on organisational infrastructure...Venture philanthropy typically seeks to outsource or facilitate fundraising so as to leave the maximum amount of time and resources to be devoted towards an organisation’s social mission” (Broking for Good, 2006:8).

Many of today's tech millionaires and billionaires are applying to philanthropy the lessons they have learned as entrepreneurs. They want to make sure their charitable investments benefit their ultimate ‘customers’--those in need--and don't get lost in red tape and bureaucracy...[This has led to] venture philanthropies, which use the same aggressive methods as venture-capital firms, whose money typically comes with technological expertise and experience at running lean, efficient organizations. This new breed of philanthropist scrutinizes each charitable cause like a potential business investment, seeking maximum return in terms of social impact--for example, by counting the number of children taught to read or the number inoculated against malaria (Greenfield *et al*, 2000:2).

Jacqueline Novogratz, a former international banker with Chase Manhattan Bank, founded The Acumen Fund, an example of an organization that uses this type of approach in an effort to eliminate global poverty. Its mission – as a non-profit – is to “invest in a variety of institutions, reflecting the diversity of business models that can be effective in reaching the ‘base of the

pyramid' (BOP) – or the billions of poor without access to clean water, reliable health services, or formal housing options...” Their investment criteria incorporate a need for assessing social impact and management ethics, but also reflect those of traditional private sector enterprises, such as potential for financial sustainability and achieving scale (Acumen, 2008).

In line with this approach, Bill Gates has recently asserted his advocacy of

'creative capitalism' that would harness both market forces and charity to help people living in poverty...The world is getting better, but it's not getting better fast enough, and it's not getting better for everyone...We have to find a way to make the aspects of capitalism that serve wealthier people serve poorer people as well...If we're going to find a sustainable way to help those who can't pay, we have to use self-interest and caring — capitalism and philanthropy — to direct attention to people who have been left behind (Wallace and Wilhelm, 2008).

3.4.3. Market-based solutions: the debates

As mentioned above, the appropriateness and effectiveness of this new emphasis on a market-based approach is a subject of heated debate. Advocates of this approach point to the financial resources, discipline, and power of innovation of the private sector to address poverty and bring about change, on the one hand, and the failure of government, on the other hand, to meet the needs of its people due to inadequate funds, lack of legitimacy and/or lack of capacity. They highlight the stark fact that despite the years of trying to implement development theories and the billions of public aid money flowing into poverty programs, widespread global poverty still exists, and that it may simply be time to try an alternative solution such as the private sector paradigm.

Others strongly dispute this emphasis on private sector-type solutions. As mentioned above, a key issue is whether government or private sector is best suited to address poverty. The further worry is that these efforts to transform society are impinging on the role and responsibility of civil society and society at large to undertake such activity. Fundamental to this thinking is the core belief that “[s]ocial change is a negotiated, contested, political process not simply a matter of better management” (Anheier and Leat, 2006:2). And, further, that such approaches are simply being replaced by more facile approaches to treating the symptoms.

[T]his debate touches on much deeper questions about the future direction of society, the rising cultural and political influence of business and wealthy individuals, and the

potential erosion of older traditions of collective action, democratic accountability, and non-market values of service and solidarity. Although on the surface the disagreements may seem to revolve around different approaches to philanthropy (and therefore different metrics, investment strategies and other similar issues), the real question is whether societies can be transformed through philanthrocapitalism (Edwards, 2008).

The damage being done to civil society is a concern. Civil society has been described as

the crucible of democratic politics and social transformation. It's time to differentiate the two and re-assert the independence of global citizen action...What seems most absent from philanthrocapitalism is a respect for older and historically-proven strategies for social transformation like collective action, and the direct empowerment of poor and marginalized people so that they can control their own agendas (Edwards, 2008).

One interesting criticism from Olga Alexeeva (of CAF U.K.) is that, with the singular reliance on business and business skills, these “new donors” expect instant change.

[T]hey are disappointed when their Napoleonic plans to transform the world do not bring immediate results...[I]t is sometimes very hard to explain to new donors why the problem youngsters in whom they are investing aren't behaving like thankful consumers or how, by introducing order and discipline into a project, they can lose the creative atmosphere and passion that kept the team together (2007:1).

On this conundrum, Tom Reis of The Kellogg Foundation cogently observed that

[t]here is no right or wrong conclusion about the value of blurring sectoral lines. It is a fact of the times. However, the blurring should be happening in the midst of a richer dialogue about the meaning and benefits of individual engagement for the common good. What is the appropriate balance between efficiency and participation? When does a business model outrank a social-change model? How can double and triple bottom lines for efficiency and social good be defined and met? As a society, how will we capitalize social service and social change on a large scale yet hold it within the nonprofit sector rather than in the public sector? How can motives for choosing a sectoral structure be codified into best practice? (2003:28).

3.4.4. Summary

Much of today's philanthropy – social justice, performance-based, social entrepreneurs, venture philanthropy – is informed from the perspective of the private sector by individuals who take into account social objectives. The traits commonly associated with this sector are grounded in market-based solutions to philanthropy which are being taken into the area traditionally reserved for non-profits. But there are nuances in these practices. On one end of the scale there is social entrepreneur philanthropy, which emphasizes the innovative qualities of entrepreneurship finding creative and positive solutions to social problems, and social justice philanthropy that targets and works to transform the root causes of economic and social ills. On the other end is venture philanthropy or philanthrocapitalism which is firmly based on market principles and seeks social goals from a private sector viewpoint.

Again, these practices give rise to strong debates. The supporters of these types of approaches speak to the financial resources, accountability and power of innovation that the private sector brings to this practice and the failure of government thus far to solve poverty and its ills. Opponents of this type of individual philanthropy maintain that it is the role of the state to care for the welfare of its citizens and that this practice undermines democratic accountability and “non-market values of service and solidarity”.

In exploring these different approaches, this section has set down the key indicators that underpin contemporary individual philanthropy and will help to inform the discussion on South Africa in Chapters 5 through 8. In the following section, the discourse on partnering with other sectors and leveraging one's giving is explored, as an additional aspect of the contemporary discussion.

3.5. Partnership and leveraging – the current discourse

The rhetoric of 'partnership' is all the rage in development. It is a commonplace that no one sector, or set of actors, can take exclusive responsibility for meeting the challenges of entrenched poverty and social exclusion. But we need to get beyond the conventional discourse of fuzzy, "feel-good" partnerships -- or of "public-private partnerships" that often amount to little more than technical models or variations on the theme of privatizing public services (Smith, 2007b:1).

The best hope for the world's poor lies in the ability of private aid givers to transform the current system of foreign aid, and to develop partnerships with the public sector, to advance the common good (Desai and Kharas, 2008:1).

Probably the most important challenge for philanthropy generally, beyond the solution of any problem, local or global, is to find ways to make its assets – its independence, its moral authority, its ability to take risks, as much as, if not more than, its money – work in concert with those of the public and private sectors, so that all may have the chance of doing together what none can do alone (Milner, 2008:44).

Individual philanthropists often go it alone, or they create foundations or other organizations to institutionalize their ideas, but there is a growing conviction in the development discourse that partnering or “leveraging” of ideas and resources with other sectors can produce more potent solutions to poverty. Proponents of this idea believe that a combination of sectors working together – using the peculiar resources and strengths of each sector to their best advantage – can achieve more effective and even innovative results. This latest approach proposes that philanthropists pursue their goals in concert with civil society, government and/or the private sector. Not only will this result in amalgamating and increasing funding resources, but the very interaction which occurs between disparate sectors can spark innovation and creativity. Barry Smith speaks to a “collaborative giving sector.” He asserts that

[i]t is time for us to escape our silos, develop a common language and hammer out a shared agenda...Only then will we tap the full potential of all -- business, state, civil society and citizens -- to make our dreams of social justice a reality (Smith, 2006:1).

Elsewhere he emphasizes that these partnerships should be

representative of the significant stakeholders in an issue, and particularly that ensure a significant role for communities, the poor and marginalized in determining their own future and finding solutions to their problems (Smith, 2007b:1).

Partnering is perhaps a natural outcome of today's increased overlapping between sectors where for instance, as seen above, private sector principles have entered into areas traditionally reserved for public sector activity. There are many examples of these non-traditional activities happening today between and among sectors.

Nonprofit organizations are developing earned-income ventures. Businesses are increasingly engaging in philanthropy and taking on social missions. Some government functions, like the management of public schools, are being contracted to private for-profit enterprises. And multisector partnerships are emerging with greater frequency (Reis, 2003:3).

Anheier and Winder point out that these

[s]hifts in the boundaries and balance between the state, the market and civil society have led to significant increases in the size, scope and importance of the nonprofit sector and placed increased importance on philanthropy...Equally important, perhaps, has been the evolution of donors' philanthropic goals, strategies and outcomes, as donors experiment with new methods and models of giving...[such as] donor collaboration and interaction, collaborative funding, [and] professional support (2005:160).

The innovation and fresh approaches that can emerge from these types of partnership are critically important in light of the continuing intractable state of global poverty which exists despite decades of development theories and aid. New approaches are sorely needed. The literature speaks to "consilience" – the "unity of knowledge" – and dialogue as means to spark this inspiration. Stannard-Stockton describes consilience as

the key to unlocking the potential of philanthropy [and he urges philanthropists] to break out of [their] silos...[T]he trick will not just be to bring economists, sociologists, technologists, biologists...to the table, but to truly forge a consilience of knowledge across all domains...The first step to this goal must be simply to encourage people with varied knowledge to speak with one another. Not lecture at each other, but to truly create a conversation (2008:1).

In advising philanthropists on strategic investing, The Monitor Group urges them to approach their giving from a wholly new vantage point which embraces cooperation and complexity. They maintain that the most effective philanthropy

comes uniquely from working in concert with others, developing the capacities to harness resources beyond any single institution, and applying them to complex problems. In the new ecology, it may make as much sense to identify a useful network and join or incubate it as to seek a distinctive niche and occupy it. [The complexity they

encourage] require[s] us to experiment with responses that see complexity as part of the nature of the problem, not simply a failure to clarify it (Fulton and Blau, 2005:6).

Philanthropists are urged to partner with civil society, for example, largely because of civil society's proximity to people and communities in need and the expertise and sensitivity they have gleaned from these relationships. Relying on civil society's strengths enables philanthropists to target more accurately and strategically their goals. Civil society, too, can drill down to local community initiatives and reach the valuable input that the poor themselves can give. Synergos posits that

supporting local initiative through genuine partnerships is the only way to achieve sustained change...[T]o succeed in improving lives in Africa, [individual givers] must recognize those who are poor and marginalized as stakeholders and partners in their own development (Investing in Africa, 2007:1).

Barry Smith supports collaboration and dialogue between all sectors to

bridge deep socio-economic divides... [This will serve] to amplify the 'voices' of the poor and the civil society sector in both policy making and "delivery;" to protect and expand the public spaces in which the poor can access power and mobilize as citizens; and to create a more level playing field in which civil society organizations and citizens can play a meaningful role in multi-sector partnerships (2007b:1).

In South Africa, civil society itself recognizes the value of working with partners, including philanthropists, as there is an increasing need to diversify sources of funding -- and even to wean itself from international aid.

As international assistance inevitably declines, NGOs become increasingly reliant on three other primary sources of funding: philanthropic contributions from local corporations, foundations and individuals; earned income, and government contracts and tax privileges (du Toit, 2008:1).

Philanthropists are encouraged to nurture relationships with government as well, although again this raises the volatile issue of which sector is best situated to address poverty. Andrew Milner of Alliance Magazine highlights the crucial role of government, and maintains that while philanthropists and their foundations can be "laborator[ies] for new ideas to contribute to solving social problems (they are more agile, have different techniques from the private

sector, are less bureaucratic),...they [still] need government's power and resources if such ideas are to be scaled up (2008:42). And Kuljian notes that "[t]here 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" (2005:12).

On the downside, practitioners point to the potential for increased fragmentation as more players participate. They suggest that "the spread of private aid from individuals and from large and small foundations will make 'harmonization' harder to achieve" (Desai and Kharas, 2008:1).

The executive director of the Surdna Foundation, a family philanthropy in New York, gives a thoughtful and optimistic analysis of the potential for the type of partnering discussed above:

I can imagine a system embracing ongoing, positive partnerships, among funders, among nonprofits, and between them. They would work together under open, mutually [sic] agreed-upon and adaptable rules. The rules would be geared toward producing successful outcomes by sharing useful information, by learning together, by treating each other respectfully, by encouraging and using feedback, by leveraging resources from all the sectors...I deeply believe [the] time has come to re-imagine our system of relationships and processes, and our goals, in order to move philanthropy to a more synergistic, creative and effective next phase (Skloot, 2001:17).

3.6. Summary

We have seen that philanthropy has been practiced through time in all societies and that informal giving seems to happen almost as an inherent human response. In the past several decades, as a consequence of the accumulation of huge new wealth in private hands, there has been a burgeoning of the global practice of individual philanthropy which has been highly-publicized by celebrities and rock stars, but is also happening quietly outside of the public arena.

This new phenomenon has generated enormous discussion. The key issues that ignite debate stem from concerns about individual versus state responsibility, and ethical issues are raised as well as calls for radical transformation of the capitalist system. Those who support individual philanthropy, or would like to see it more widely promoted and practiced, focus on the opportunities it affords for innovation and risk-taking, and its role as an additional resource where government resources are severely challenged. Those who do not support this practice contend that the state's role is to address poverty and other social ills, and that ceding any or all of this function to individuals outside the state strikes at the very roots of democracy.

The different types of “new” philanthropy discussed above promote giving from a more or less private sector perspective in their pursuit of social goals. Though nuanced, they generally encourage approaches that incorporate entrepreneurial thinking and ideas, as well as business principles in management and implementation. They also take advantage of advances in technology and communication that have expanded the marketplaces for donors and the poor. In addition, there is support in the literature for increased partnering between and among sectors as a way to leverage one’s giving and also spark the creativity that can emerge from collaboration.

These arguments and approaches are important to recognize and explore as we turn our attention to South Africa and try to understand the thinking behind individual philanthropy that is practiced here today. It is the primary role of the state to set the strategic policy direction for the country’s approach to addressing its economic and social problems. In light of the magnitude and intransigence of the poverty that exists today, however, experimentation and fresh ideas are sorely needed. The “new” philanthropy that has been discussed above offers new ideas and approaches from a different standpoint that may also have value to South Africa in suggesting fresh perspectives and opportunities. There is definitely space as well for other sectors to contribute their unique resources that best meet the needs of the country. All sectors – government, corporates, the Third Sector and individual philanthropists – can contribute their diverse skills, assets and innovative ideas, to tackling these problems. South Africa is a country of diversity, complexity and rich human and social capital, as this study shows in the life stories presented below in Chapter 6.

Chapter 4. Research Design and Methodology

4.1. Introduction

The design and methodology for this study was qualitative research based on case studies – in this case, life stories – which provided an ethnographic perspective. My goal was to generate new insights into how present-day philanthropists in South Africa perceive themselves and their practice of philanthropy, and I had found little in the international or local literature that directly answered this question. To obtain the information which would help me to successfully answer my research questions, I undertook to capture both primary and secondary data through personal interviews and a literature review.

In this chapter I describe my design and methodology for this study. In the first section, I explain why I chose the life history approach, and assess the strengths and weaknesses of this approach. In the second section, I describe my data collection process. My primary data was collected through interviews with the philanthropists whom I identified for this study, and academics and members of civil society who provided me with first-hand information to further inform my research. I explain how my interviews were conducted, and the strengths, weaknesses and ethical considerations of my approach. Finally, I describe my acquisition of secondary data through a literature review.

4.2. Life history approach

I chose the life history approach because I was learning that South African philanthropy was manifesting unique attributes based on its unique context. I therefore determined that it was essential to learn about the background of each individual to understand the life experiences that had informed his/her outlook on giving. The strengths of this methodology stem from gaining insight into “the subjective reality of the individual, on process and change, and on the totality of the person” (Mouton, 2001:173), which is exactly what I was seeking. I recognized the weaknesses of this approach in terms of interviewer and respondent bias, which I explain in Section 4.3.1.1. below.

4.3. Data collection

I personally collected all the data for this study, comprising primary data derived from interviews and secondary data compiled through my literature review.

4.3.1. Primary data

My primary data collection consisted of face-to-face and telephone interviews with “real” South African philanthropists, and academics and others involved in research into philanthropy. I followed Mouton’s direction on structuring my research process and conducting fieldwork (2001:98-110), and proceeded as set forth below.

4.3.1.1. Interviews with philanthropists

My goal was to obtain primary data from “real” South African philanthropists. Since I was seeking to obtain information pertaining to how these individuals understood themselves and their roles in their unique context and how they pursued their activities, the data source I identified as most valid for answering these questions was self-reporting through face-to-face interviews with these individuals. I wanted to hear firsthand from practicing individuals the answers to these questions and, in any case, there was very little written data on this in the literature.

I identified the philanthropists through several channels: my preliminary literature review, suggestions from my thesis supervisor, additional recommendations received during these interviews and from friends and academics, as well as by searching the South African media. Since my goal was to understand the type of thinking and motivations that underpin the practice of individual philanthropy in South Africa, rather than to provide the definitive answer on the state of individual philanthropy, I sought to interview a sampling of this population. Gaining access to these people was my biggest challenge because of their highly-public profiles, their intense work and travel schedules, and the many similar requests to mine that they apparently receive. Out of 30 people who I contacted multiple times over six months, I obtained these six interviews for the life stories.

I conducted the interviews according to the structure of a prepared outline of major topics that I wanted to cover. My aim was to establish a rapport that encouraged them to speak freely, but specifically to address these key issues. I also encouraged open space during the interview for them to speak about other issues that they wished to discuss, hoping that this space would generate further useful information which it often did.

I recognized the strengths of a personal interview from the perspective that it helps in “establishing rapport and trust” as well as an “insider perspective.” This one-on-one, almost intimate setting helps also to “minimize...suspicion and distrust of [the] research” (Mouton,

2001:162). The rapport I sensed with my interviewees and the informal atmosphere of each meeting, gave the definite impression of a positive environment in which one could freely speak one's mind.

However, I also recognized the potential for error in this data collection method, per Mouton (2001:106), and sought to avoid the interviewer bias that could be associated with most of the interviews, where, in this case, I am a white American mature university student interviewing black South African high-profile businesspeople. Accordingly, I specifically avoided leading questions and sought to keep my queries as open-ended as possible to let my interviewees speak freely without directing their responses. This also helped me to avoid the "researcher expectancy effect" (Mouton, 2001:106) that I was sensitive to, since I was subjectively hoping for certain outcomes that might add weight to my thesis. In the same way, and significantly, I recognized that most of my interviewees had an interest in projecting the positive self-image of being philanthropists (the "social desirability effect" (2001:107) and that I had also conveyed to them my feelings of admiration and respect for what they doing; for these reasons, I honed in on their specific activities in an effort to verify what they articulated, and followed up with further research.

To ensure the accuracy of my reporting and avoid incomplete data documentation, I recorded the interviews and then typed a complete transcript of each interview immediately following the meeting.

4.3.1.2. Ethical considerations

Recognizing that there could be sensitive financial or other personal issues raised in these interviews, I explained thoroughly at the outset of the interview that this was an academic study with academic motives and audience. I was also careful to obtain permission beforehand to record the interview. No reservations were expressed about these issues.

4.3.1.3. Interview with academics and civil society workers

I also sought and obtained face-to-face and telephone interviews with South African academics and individuals in civil society working directly on philanthropy issues. I identified these people through my literature review, from the suggestions of my thesis supervisor, as well as additional recommendations received during interviews.

These interviews were non-structured and open-ended as my goal was to encourage the interviewees to expand on, as much as possible, their knowledge and experience to gain more information on my topic, specifically its South African context.

4.3.2. Secondary data

4.3.2.1. The literature review

The literature review was done as the “first phase of an empirical study,” per Mouton (2001:87). My preliminary reading was to learn what the state of the scholarship was in order to gain an overview of my subject and to assess how best to proceed. I then undertook a more in-depth review and presented my findings in the thesis, with the aim of setting my specific question in the context of the South African study and its life stories, and to help construct and support my argument. This included researching the literature to determine how key aspects of my topic were addressed on both a global and local scale: the history and definitions of philanthropy, its evolution towards its modern practice, the diverse theories on its usefulness and how it can best be implemented, and the issues raised in the debates on the topic.

4.4. Summary

This chapter addressed the research design and methodology of this study, including data collection of primary and secondary data, procedure for selecting potential philanthropists and gaining access to them, the strengths and weaknesses of my approach for capturing data through interviews, ethical considerations, and approach to the literature review.

Chapter 5. Individual Philanthropy in South Africa

“The great powers of the world may have done wonders in giving the world an industrial and military look, but the great gift still has to come from Africa - giving the world a more human face.”

Steve Biko, author and anti-apartheid activist (Mbeki, 2007:18).

5.1. Introduction

What is the state of philanthropy and individual giving in South Africa? This chapter seeks to set the state of individual giving in context by exploring its history in the country, and the current state of both general and individual philanthropy. In Section 5.2, I describe the history, particularly the efforts during apartheid undertaken by civil society, the international community and corporates, to support the impoverished black majority. In Section 5.3, I explore the current state of giving in general, highlighting South Africa’s rich culture of indigenous giving, and describing the ambiguity with which formalized philanthropy is viewed. In section 5.4, I investigate the individual philanthropy that has been practiced, traditionally in the white community and increasingly in the newly wealthy black community. My research showed that the formal philanthropy that exists suffers from a lack of focus, an ambiguous status, and lack of strategic support from government. Because of the complexity of these dynamics, I took the decision to identify “real” philanthropists who practice individual philanthropy in South Africa today and to speak directly to them about how they approach such giving, what motivates them and who and how they want to help.

Several empirical studies of formal and informal giving have been undertaken in the last decade, as mentioned above, which explore the many facets of this topic, including religious, individual, corporate, community, and horizontal giving (Wilkinson-Maposa *et al*, 2005; Habib and Maharaj, 2007; Kuljian, 2005; Everatt and Solanki, 2005) and this research continues. These studies show that South African giving is generous and widespread, happening through all levels and segments of society. In fact, the results showed that 93% of respondents had given money, goods or time to a cause, organisation or an individual in the month prior to being interviewed (Everatt and Solanki, 2005:9).

It is difficult to capture the state of individual giving in easy sound bites or fit it into convenient boxes, given the enormous changes that South Africa has experienced since the transition from apartheid to majority-based rule, and the new opportunities for wealth creation that have occurred as a result. Its status is continuously-evolving. It is clear enough, however, that

individual philanthropic giving continues – some of which is the result of newly-acquired wealth available to previously disadvantaged sectors of society – though whether or not there is an evolving trend is harder to ascertain. An investigation into the life stories of a sampling of South African individuals – white and black – shows that individual giving is happening in a significant manner, in myriad ways and for a variety of reasons.

But first, to place in context the subject of individual giving, it is useful to look at how the needs of the impoverished black majority were met historically in South Africa and the background of giving in general in the country.

5.2. History of South African giving

South Africa has a rich history of giving. Early accounts of philanthropy identify the English missionaries of the 19th Century who “looked after ‘the poor natives’, saved their souls and pushed the borders of the empire.” Despite the paternalistic attitudes these missionaries represented, they are credited with providing critical health and education services otherwise unavailable to the black population (Gastrow, 2008).

In the 20th Century, the needs of the impoverished black majority were largely ignored by the white government which barely deigned to supply basic social services. While there was an historical practice of individual philanthropy in the white community, the biggest contributors to the poor during this period were the members of civil society, including religious organizations (often with significant international support), whose activities were intertwined with the liberation movement which struggled to topple apartheid. The National Party, with its goal of racial domination and exclusion, chose rather to structure a system directed toward the white population “characterised by a stable interdependence between the state and racially exclusive NPOs involved in service delivery (health, social services, and education), and culture and sport” (Swilling and Russell, 2002).

The many participants in South Africa’s liberation movement were instrumental in filling the gap where government failed. This movement was broad-based and widespread, and its supporters not only played strategic roles in hastening the end of apartheid, but also worked to ameliorate the sufferings of the poor. The indigenous non-governmental sector probably played the most critical role overall, but the movement came to include in its supporters both non-governmental and private sector entities, local and foreign.

Civil society rose to the challenge locally and nationally, in both spontaneous and very organized and structured ways, much of their activity funded by external government and philanthropic donors.

In many cases, civil society organizations acted to create alternate political structures, street committees, people's courts and the civics, while other organizations fulfilled a service delivery need created by the state's abdication of its responsibility for development delivery to the black population of the country (Moyo, 2002:1).

A key player in the broad-based fight for freedom and support for the needs of blacks was the United Democratic Front formed in 1983, a coalition of churches, women's groups, trade unions, student organizations and civic associations, and an important and effective political organization focused on challenging and bringing down the apartheid government (Kuljian, 2005:10). Their actions included providing services to the black community, including such basic civic functions as rubbish removal and soup kitchens (Seekings, 2000).

South Africa's primarily white business community eventually came on board in a public way. A crucial moment marking their support came in 1976 following the Soweto uprisings, when Harry Oppenheimer of Anglo-American and over 100 other businesses set up the Urban Foundation, the "first ever South African formalized major donor initiative, which...provided R1.8 billion for schools, housing for the poor, community centres and teacher training" (Papillon, 2007:2).

Foreign governments, and foreign corporates and non-profits, stepped in to fill the breach as well. Most shunned government and actively supported South African non-governmental organisations, mosques and churches. The Sullivan Principles, promulgated by U.S. corporations and adopted by Congress, played an important role in this respect. They established a code of conduct for a corporation's world-wide activities that mandated fair employment practices for all employees. These were eventually implemented in their South African subsidiaries and they are credited with having an important impact in the fight against apartheid.

The demise of apartheid and the installation of a majority-based government brought huge euphoria and generous outpourings of international support, but also a time of upheaval and uncertainty, especially for civil society. In the immediate aftermath of the transition, the contribution of civil society decreased as many of its capable leaders moved into government and the international community re-directed its contributions away from civil society to support the fledgling state (Anheier and Winder, 2005:153).

[This] period presented new challenges and problems for many of the civil society organizations in redefining their identity and roles within a legitimate, constitutional democracy. The struggle to move from resistance to reconstruction, and to play a constructive role in development, encapsulates the core challenge the non-profit sector had to grapple with and is continuing to do so (Moyo, 2002:1).

Unfortunately, the transition from apartheid did not eradicate the poverty and inequality which became entrenched under the policies of the apartheid government. Kuljian notes that “[i]nequality, 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” (2005:8).

The new freedom brought with it, however, a powerful resource in a new Constitution that sought to overturn the inequities of apartheid and provided a strong democratic foundation with broad rights for its citizens. This document was seen to “develop...new spaces for philanthropy” (Anheier and Winder, 2005:154). Kuljian lists “examples of such equity-promoting philanthropy” in the Constitution as including support for “those most marginalized in society; policy implementation needed to create greater equity; the promotion of civil society to create a voice for those outside decision-making structures, and...structural changes that directly address inequities in society” (2005:3).

South Africa has a long history of giving in the white and black communities. The decades of apartheid imposed a unique toll on the black majority, but there was an enormous amount of non-governmental giving occurring during this period when the poor received vital support from civil society, the international community and eventually South African corporates.

The end of apartheid brought huge hope to the poor and a powerful Constitution that attempts to address inequality. But poverty and other social ills continue. Perceptions about general philanthropy and the role it plays today are explored in this next section.

5.3. General philanthropy in South Africa today

Following the demise of apartheid and the establishment of majority-rule, “the original song in South Africa was big expectations: this is a wealthy country, we’re a nation of givers, so here

we go! But what's actually happened?" (Wilkinson-Maposa, 2008). Despite the euphoria, there is dire need. The most recent UN statistics (from 2003) show that 48.5% of South Africa's 45 million people live below the poverty line, according to the United Nations Development Program's Human Development Report (cited in Kuljian, 2005:8). The country is challenged by alarmingly high crime rates and prevalence of HIV-AIDS, and there is an aching need for capacity-building, education and jobs creation.

As mentioned above, informal and formal philanthropy is practiced in South Africa in countless ways. There has always been a rich history of informal community-level or "horizontal" giving, based on traditional tribal and family notions of support and survival. Recent research has investigated the widespread activities of this "philanthropy of community" or "how the poor help themselves" and found this type of giving is deeply pervasive throughout the society (Wilkinson-Maposa *et al*, 2005). These types of giving are manifest through many unique local practices, including family and community networks and volunteering, stokvels, burial societies, savings clubs, and the like.

Integral to an understanding of South African indigenous giving is the concept of "ubuntu" or, what has been termed, the "moral philosophy of the collective self" (Fowler, 2008), President Mbeki described ubuntu as

plac[ing] a premium on the values of human solidarity, compassion and human dignity. It is a lived philanthropy, which enables members of the community to achieve higher results through collective efforts. It is firmly based on recognising the humanity in everyone (Dugmore, 2007).

Much has been simply assumed about this ethos, however, as if it exists as a moral fact about South African society, but its meaning and relevance is still subject to further study. While it is clear that giving appears to be inherent in South African culture, there is another construct to this belief in ubuntu. This is the perspective that it serves the ends of those in power whose over-riding goal is to perpetuate the existing system which supports their power base, despite the inequality that persists in the society.

In *Giving and Solidarity*, the most recent and comprehensive study of giving in South Africa – which includes the whole spectrum of formal and informal giving – Habib and Maharaj identify key characteristics of South African giving: It is not limited to giving from rich to poor, but rather occurs widely within poor communities. While faith-based philanthropy is the largest sector, it is primarily motivated by poverty alleviation. Much giving occurs within an 'economy of affection'

related to extended families or community groups where it is not so much motivated by altruism as by mutual obligation (and may not even be recognized as 'giving'). Given the complexity of South Africa's history and demographics, "political context" is particularly important (Habib and Maharaj, 2007:26-33).

Corporate social responsibility (CSR) is practiced widely in the country as well. Habib and Maharaj note saliently, however, that "[c]orporate giving may show evidence of motivations other than the bottom line in South Africa due to 'apartheid guilt' and the desire to be on the cutting edge of Western trends in this area" (2005:29-32).

The concept of formalized individual philanthropy, however, has an uncertain and perhaps ambiguous role in South Africa. To some extent it remains a foreign concept, and to the extent it is recognized it can still hold negative imperialistic connotations. This is further complicated by the uncertainty in government policy itself where, although the ANC came from a socialist state-centred background – it was a given that the primary role for poverty alleviation rested with the state – its more recent economic policies (particularly GEAR) swung towards a neo-liberal, market-oriented approach. The pendulum is now swinging back again to more of a developmental state approach, but the lack of a consistent policy adds uncertainty to the practice of philanthropy.

In her excellent study of philanthropy in South Africa, Kuljian lists the types of organized philanthropic giving – beyond "communal giving mechanisms" – that are practiced in South Africa. These are: individual giving, including family foundations and giving by "prominent black businessmen"; corporate social investment; community foundations; other local grantmaking organizations; and international private foundations (2005:17-18).

Assessments of formal South African philanthropy vary, but most conclude that the sector lacks clarity and needs strengthening. Barry Smith found that

South Africa still lacks a coherent, joined-up 'social giving' or 'philanthropic' sector. Much lip service is given to the need for multi-sector collaboration and partnership for sustainable development. But the reality is that enormous gaps and divides remain among the various development resource providers -- business, government, local foundations and grantmakers, NGOs and community-based organizations, religious organizations, private philanthropists, Northern NGOs and international donors (2007b:1).

Shelagh Gastrow asserts that

[c]urrently the concept of philanthropy in South Africa is unclear. Normal indigenous community assistance, mutual help, networks and systems of patronage are rolled into one with charity, corporate social investment, international aid and individual giving. These are very different in behaviour, values and methodology. While they can all be seen to be a form of 'giving', they are not all necessarily philanthropy as the latter should involve a level of altruism (2008:1).

It is difficult to find data on the focus or extent of philanthropic giving in this country, although the study of non-profits in South Africa conducted by Swilling and Russell between 1998 and 2000 sheds some light on the subject. The researchers found that non-profits had an estimated income of R14 billion in 1998, and that the majority of their funding was received from government (42%), while self-generated income accounted for 34%, and the remaining 25% came from philanthropy through the private sector and private foundations (Swilling and Russell, 2002:39).

Finally, it is important to note that the tax environment for philanthropists and nonprofits is not geared to encourage giving. Attempts are being made to encourage government to increase tax exemptions for the non-profit sector and provide tax incentives for individuals that are more conducive to giving. The government allows tax deductions for contributions, but only on a small percentage of one's personal income, which is viewed as an attempt to control spending on social goals (Dobrzynski, 2007:5).

South Africa continues to suffer serious poverty, but giving within all sectors of society is widely practiced, much of it on an informal basis. The black community holds cultural traditions that nourish an almost inherent giving, with ideas such as ubuntu and Habib's "economy of affection." Other more formal giving occurs on an individual basis, through family and community foundations, and international foundations. South African corporates also have corporate social responsibility initiatives that are on the cutting-edge of the international discourse.

There is, however, a general perception that more formal philanthropy has an ambiguous role in society, sometimes with negative associations. Government's changing economic and monetary policies, and its sometimes strained relations with civil society, have not helped promote the growth of philanthropy.

This next section takes a closer look at how more formalized individual philanthropy is perceived and being practiced today.

5.4. Individual philanthropy in South Africa today

“Philanthropic giving by the newly wealthy is becoming fashionable in Africa. It’s in the ether.”
Gerry Salole, Chief Executive, European Foundation Centre (Salole, 2008).

“In considering the ethics of being wealthy in...the South African context, one may well go to the...philosophy of ubuntu-botho, for in this,... is the primary foundation of the African social giving ethos. In this ethos, giving is like a universal imperative of social living in the African context, and all people live with this as their social conscience, whether rich or poor.”

Bishop Malusi Mpumlwana, Bishop of the Ethiopian Episcopal Church, anti-apartheid activist, and Regional Director, W.K. Kellogg Foundation (Mpumlwana, 2007).

"What I fear is that the liberators emerge as elitists...who drive around in Mercedes Benzes and use the resources of this country...to live in palaces and to gather riches."

Chris Hani, former leader of the South African Communist Party (cited in Gumede, 2005:215).

Much of the literature on formal individual giving paints a fairly negative picture, citing the complexity of the relationships in this complex society, and the superficial nature of the philanthropic actions pursued, which result in a failure to tackle meaningfully the root causes of inequity and poverty. But there is also recognition that South Africa is still in the nascent stages of democracy and more formalized giving evolves over time.

Notably, of course, South Africa is home to one of the most revered philanthropists of all time – Nelson Mandela – whose life of perseverance, caring, and forgiveness is a prototype for all people. Following his release from prison and South Africa’s independence, he set about to reverse the egregious toll that the apartheid years took on the majority black population. He set up foundations and trusts, and openly used the power of his name and influence to convince people world-wide to give money, time, resources and materials towards helping the poor and re-building the country. Both as a politician and in his personal capacity, he was responsible for major investment in post-apartheid South Africa. His actions are certainly a model to which all South Africans can aspire.

But what about the state of individual philanthropy by lesser mortals? Individual philanthropy in South Africa by wealthy whites has been happening for generations. Historically, there were the Oppenheimers and other “randlords” of the 19th and 20th Centuries who were known for their

philanthropic activities, some of which were directed towards helping the disadvantaged black community in the form of schools, housing and other welfare activities. In 1971, the prominent businessman Donald Gordon – one of the world’s richest men -- established what is now South Africa’s largest private foundation, now run by his son-in-law Hylton Appelbaum and focused on higher education institutions, culture and art, and environmental matters. The Ackerman family of the grocery chain, Pick ‘n Pay, have undertaken huge philanthropic initiatives as well, including family foundations that focus on education and capacity building. More recently, Mark Shuttleworth, the technology billionaire, has established a foundation for improving education in South Africa, with a particular focus on maths, science, and technology.

Since the transition in 1994, economic opportunities for the previously disadvantaged and disenfranchised majority have opened up, and a new wealthy black community has emerged. These successful business people – the so-called “Black Diamonds” – include prominent individuals such as Tokyo Sexwale and Cyril Ramaphosa who have undertaken formal philanthropic giving, both on a personal basis and through their own foundations.

William Gumede, in his book on Thabo Mbeki, is quite harsh in his assessment of giving by the newly rich blacks in South Africa. He states that since 1994 the number of “ultra-millionaires” (who have R200 million in cash or assets) has climbed from “150 white, old-money families and individuals [to] 690 of all races.” And, that “by 2004 there were 25 000 dollar millionaires...holding at least \$300 billion in private wealth” (2005:215). He claims that they have hardly been “stellar philanthropists” and “[h]aving stepped across the threshold into newfound wealth and social cachet, [they] seem to forget the struggling masses with ease” (2005:225). Concerns were expressed early on about the philanthropic prospects of this new wealth. Six years ago, a civil society forum explored the question of “how best to ensure that the new emerging black elite develops into a developmentally responsible elite rather than an elite that is concerned exclusively with self-enrichment and extraction” (Sustainability Institute, 2008). In a recent address, though, Adam Habib asserted that there is an individual philanthropy emerging in the “new black elite”— that there is a demand on them to be philanthropic which is, however, backed by complicated power relations (Habib, 2008).

Kuljian emphasizes that individual philanthropy is happening, but that it is

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...If all this power and individual influence were united around the needs of the poor and the unemployed it could have a significant impact (2005:19).

Barry Smith of Synergos highlights the fallout from the “silo mentality” in the society that impedes the implementation of philanthropy:

[O]ne of the biggest challenges we face is a lack of trust, common purpose and collaborative leadership between the various sectors and stakeholders in development. South Africa...is in many ways a reflection of our divided world. It remains a polarized society in which the fault lines of race, class and sector run deep. Thirteen years after the end of apartheid, a "silo mentality" remains widespread (2007b:1).

Concerns are also expressed by the traditional white philanthropists. Hylton Appelbaum described individual philanthropy in the country as "an endangered species", listing as his justifications:

First, there are no tax incentives such as in the US to support a financial environment friendly to families wanting to create private foundations and endowments. Second, South African culture, with its legacy of apartheid, doesn't encourage broad-based giving. Our society is racially, linguistically, culturally, and politically divided. The positive side of these divides is the 'rainbow nation' with our vigor, diversity and energy,...[b]ut the negatives include strife, insularity and suspicion. Many people focus only on their own communities. [The third] 'challenge' is to separate the pure 'charitable' impulse -- which can be seen as patronizing -- from the need to use financial resources to support genuine development. The latter can be more labor-intensive for the donor -- but, practiced effectively, yields greater rewards in the long run (Philanthropy in South Africa, 2002).

5.5. Summary

We have seen that South Africa has a strong history of giving, evidenced during the decades of apartheid by the support given particularly by civil society to the black majority who suffered severe deprivation. Civil society, international aid and eventually corporates stepped in to address the needs of the impoverished majority during this period.

We have seen that South Africa has a rich giving ethos that permeates all strata of the society, and Habib and Maharaj have given us the data to support that. The “economy of affection” that exists among the poor is strong, and more formal individual philanthropy has been practiced by the white community for over a century. But the “original song” of great expectations at the end

of apartheid, and the belief that inequality would be wiped out and poverty eradicated, has not come to fruition. The statistics vary, but even with some positive outcomes, poverty and other social ills are still malignant.

South Africans' perceptions about philanthropy are ambiguous. It is generally agreed that the concept of philanthropy is misunderstood, and even holds negative connotations. Formal individual philanthropy is viewed with even greater skepticism as it remains somewhat of a foreign concept in traditional African culture and today the government sends mixed messages with its changing economic policies.

Academics and those in civil society agree as well that the formal philanthropy that presently exists suffers from lack of clarity and evidence of a "silo mentality." The complexities of the dynamics at play in South Africa are evident. It is important to remember also that the country is in its nascent stages of democracy and much of the new wealth in private hands – mostly in the black corporate community – has only been acquired in the past decade, and the implementation of formal giving structures evolve over time.

How then to get a grasp on these complex dynamics and begin to understand how South Africans who give are thinking about individual philanthropy now? Investigating the lives of "real" philanthropists to learn first-hand from them about how they are thinking about giving – what motivates them to give and who they want to help and how – could highlight these important concerns and perhaps begin to explain what underlies the complexity.

The interviews I had with these philanthropists help begin to paint a picture of the type of individual philanthropy that is being practiced today and what informs it. South Africa's unique culture and history has provided the backdrop for each of these individuals' lives, and that unique context has nurtured innovative approaches to giving that speak to the capabilities and needs of South Africans.

Chapter 6. Life Stories

6.1. Introduction

How have South Africans who wish to undertake philanthropy understood themselves and their roles in their unique context? How have they pursued this in practice? One way to answer this is to reflect on the real life stories of individual givers – where they have come from, what values have formed them, what motivates them, where they think responsibility lies for ameliorating poverty, how they perceive the role of government and corporates, and their ideas about partnering and leveraging in pursuing giving activities. I have interviewed six present-day individual givers. Collectively, they cover a broad spectrum of outlooks and approaches, and only in a limited way mirror the contemporary global phenomenon of giving. The stories of the lives of these South Africans reveal much about how giving is happening in this country today, and with further study expanding on this perspective, subsequent researchers can build on this research to gain a better grasp on the state of individual giving in South Africa.

This chapter describes the life histories of these six philanthropists, and addresses the questions posed above, based on the personal interviews that I conducted with them. The following sections describe the interview with, and analysis of, each of these individuals: Reuel Khoza, corporate chair, professor, and author; Sidney Frankel, financier and founder of two foundations; Gil Mahlali, surgeon, pharmaceuticals company executive, and business consultant; Moeletsi Mbeki, businessperson and political and economic pundit; Judy Henshall, businessperson and designer, partnering with government; and Bongani Khumalo, businessperson and owner of the Lottery license. The following are their stories.

6.2. Dr Reuel Khoza

Dr Reuel Khoza has a profound love for Africa and humanity. An author, professor, deep thinker and businessperson, his life is a testament to hard work, love for his church and selfless ambition. Dr Khoza grew up in a tight-knit family in a rural village in Limpopo, herding goats as a child and working as a gardener in the mission station of the Church of the Nazarene. With the help of bursaries and a strong intellect, Dr Khoza completed secondary school and went on to university at home and overseas, eventually receiving a master's degree in marketing and a doctorate in engineering.

Today he sits at the pinnacle of the South African corporate world, heading his own investment company AKA Capital, and serving as chair of Corobrik, Nedbank Group, Murray & Roberts,

and the NEPAD Business Foundation. His previous chairmanships include Eskom Holdings Limited and Glaxo-Smith Kline, among many others. He has had a further distinguished career in such public initiatives as the World Business Council for Sustainable Development, the World Economic Forum and the Buffelshoek Foundation. In addition, he has received many significant awards in recognition of his leadership skills.

Dr Khoza's academic credentials are impressive as well. He is Chancellor of the University of Limpopo and teaches business courses at the Stellenbosch University Business School. He has authored several books including *Let Africa Lead* and *The Power of Governance*.

Remarkably, with such a powerful resume, his strong sense of humility and integrity remain close to the surface. He asserts, "I'm a capitalist. But a kind of capitalist with a conscience that says you can only consume so much...I can eat so much in the morning and so much at lunch and so much in the evening for supper. Beyond that I actually begin to stuff myself to death. So what's the point? I must have been here for some good reason. The good Lord put me here and gave me the skills to do something. It must go beyond over-indulgence in self and be outward-looking, socially-oriented, and humanistic."

Dr Khoza believes that it is critical for Africans to value their community-based heritage and giving traditions. In his book *Let Africa Lead*, Dr Khoza develops a philosophy of management and leadership based on ubuntu and "Afrocentricity" which draws on these traditions.

On the status of individual philanthropy in South Africa, Khoza says that he thinks the practice is "fairly common but somewhat difficult to track." Yet he has given generously from his own wealth to personal causes he supports, and works with Buffelshoek Trust as Chair, as well as uses his considerable personal clout and contacts in other areas to make things happen. He has personally financed the building of two churches in his home area, with building materials sourced through Corobrik where he serves on the Board, to provide places of worship where villagers had been worshipping under trees. He uses "what little influence [he has] to lean on [companies like] Glaxo Smith Kline – where they have a commitment to helping schools by way of introducing facilities for IT in schools." And in his home area, at one of the schools he attended, he is in the process of trying to provide computers. He asserts that he will do this "[w]ith or without assistance. If can't get them for free [from a corporate], I will have to pay from my own pockets which are not deep at all because I believe the children [need them] and deserve them". (Interestingly, he pays his own plane fare and does not accept a salary for his teaching at Stellenbosch.)

For Khoza, the question of the motivation behind giving is an easy one. He asserts that he “was motivated by the belief that the community into which I was born has contributed to bringing me where I am – and as a result I owe them something in return. It’s a quid pro quo. The community knowingly or un- [sic] gave birth to my family, and I owe it to them to show a kind of gratitude.” Noting the distinction between the West and the South, he says, “We just have a more generous, magnanimous concept of family... From childhood, the idea of sharing, caring about others, accommodating, cooperating, collaborating, feeds off that. I was hit by this at Harvard where I saw the [stark contrast between] individualism and collectivism. There’s a big difference.” He notes however that, “unfortunately, they both get abused.”

Philanthropy also has a deeper dimension to him. He hopes that he “can do something with this little philanthropy that actually says something, inculcates a set of values.” His faith informs much of his giving. His father was a lay preacher, and he was raised with a strong Christian ethic. He says “I “believe in the church and what it has actually done for me and I feel duty bound at a spiritual level...I believe the church inculcates a sense of values that...are very, very good to have, as you live your life. It provides a good locus of control where even the development of leadership later in life is concerned. [Without this foundation, one can feel] somewhat rudderless, devoid of a compelling, wholesome set of values.”

He also acknowledges the added dimension that ubuntu plays in the giving ethos. “It resonates a lot with Christianity, but has developed somewhat independently. I’ve talked to people who loathe going to church but will talk about these kinds of things. [They don’t] believe in the Bible, but it still resonates to a wonderful degree with the community.”

On the subject of the growth of individual philanthropy in South Africa, Khoza asserts “I can see a surge, but it’s not big enough.” He claims that “in order to be able to do [philanthropy] properly – to have the greatest impact – you have to institutionalize your philanthropy. For instance, there’s no longer such a thing as Bill Gates the individual. He is an institution. He’s a global institution by dint of what he has achieved.” In his own experience, Khoza had planned to establish his own community trust, but then he learned about Buffelshoek Trust from Sidney Frankel and decided instead “to make common cause with Buffelshoek.” He serves as the Buffelshoek Chair and feels that they have made huge contributions to the community through its projects.

As to how best to meet the needs of the poor in South Africa, Khoza believes that philanthropy should be one of many means of support, and that partnership and leverage between and among several constituents is essential. “Those who have leverage should use their leverage

whether they are a Mandela or a Cyril Ramaphosa or a lower mortal.” Ramaphosa has undertaken a large initiative through his foundation to encourage corporations to adopt schools. “That’s a form of philanthropy where you use your personal leverage as opposed to money from your pockets [and] I believe that’s pretty commendable. Depending on who you are, you can actually achieve a lot more by merely using your leverage. If you look at what old man Mandela did for aiding a host of schools. All he did was pick up the phone and talk to someone and people respond positively.”

However, the negative side of “big name” individual philanthropy manifests itself on occasion as well. Khoza experienced this firsthand when he tried, with Nelson Mandela’s help, to build a school at his home but was thwarted in achieving his goal. When Khoza was Chair of Eskom, Mandela initially helped him raise money. “But then Mandela got taken by people who couldn’t look beyond their short noses – he got surrounded by people who put a ring of steel around him. They asked all sorts of silly questions and said they don’t see the need. What do you do with a buffoon who says they don’t see need when need actually stares them in the face?”

And, “[g]overnment can’t do it alone. Major corporations can’t do it alone. Individual philanthropists have to play their role. I agree with that in essence...Government – particularly where it has limitations, must recognize its limitations and get out of the way. At worst, get out of the way, at best continue to facilitate. [For example,] an individual philanthropist wants to build a school. He or she has to clear a number of obstacles which should not be there. Government should go out of their way to facilitate and develop the regulatory framework so that anybody who wants to be a philanthropist, nobody should stand in the way. Regulations should be there as facilitation.”

Moreover, he believes that the legacy his generation leaves to future generations is critical. “My generation should bequeath to future generations, to posterity, a world that is better than what they found when they rocked up” (Khoza, 2008).

Summary

Dr Khoza’s life follows a trajectory from extreme poverty in youth to secure financial circumstances as an adult. Of the philanthropists I interviewed, Khoza’s and Khumalo’s lives (profiled in the following sections) manifest the greatest change in economic circumstances, and give them a unique vantage point in their approach to philanthropy.

Khoza's giving ethos comes from the South African experience. He attributes his giving to the vital role of his Christian faith and to the uniquely South African concept of ubuntu, both of which were manifest in the sharing and support he experienced from his family and community as he was growing up. For him, choosing to help South Africa's poor was an innate response. Again, he is a businessperson of great influence and has a strong interest in maintaining the strength of South Africa's private sector, but he describes himself as "a capitalist with a conscience." Based on his actions, one can see objectively that his motivation to help in a selfless way outweighs less altruistic impulses. Certainly the fact that he also undertakes his academic duties (with no compensation) and has written two books arguing for business leadership from an Afro-centric ubuntu perspective, speaks to an individual motivated by higher goals.

Khoza gives his personal money to his personal causes, and he also gives his time and professional expertise as Chair of Buffelshoek Trust and through his academic work.

Khoza recognizes as well that it is useful to partner with other sectors in order to extend one's impact and to help other sectors extend theirs. He believes that government should create a regulatory environment in support of philanthropy and that it should work to facilitate individual giving; but he is critical of government over-regulation that places obstacles on worthwhile projects. He also sees the value in institutionalizing one's giving – and expressed an interest in doing so himself in the future – and acknowledged that using one's personal influence to promote giving is important.

At this point, Khoza's philanthropy is more about meeting immediate needs, such as providing resources and infrastructure for churches and schools. These undertakings, though, should have a transformative, more long-term goal as well, in that providing school buildings and the necessary tools – textbooks and computers – creates good spaces in which education can take place, a critical need for overcoming poverty and lack of skills in this country. Furthermore, Khoza's philanthropy carries with it the goal of instilling a sense of values that he believes will provide an important foundation for South Africa's next generation of leaders.

6.3. Sidney Frankel

Sidney Frankel inherited the family brokerage business that served South African governments both before and after 1994. Describing his childhood and young adult years, Frankel says, "I was comfortable, white, privileged, and was almost brainwashed into believing: was this separate development not a bad thing? They're different. How bad can it be? It was

comfortable for me to live with that...I found that perhaps I should have known more, or could have done more. I've lived with a great deal of guilt about that.”

But in the turmoil that marked the beginning of the end of apartheid, Frankel claims that he experienced both a political and a moral awakening. He ties his political awakening to a business conference his firm organized in 1987 which brought together the United Democratic Front, the Nationalist Party, Progressive party, and representatives of corporate South Africa. Several high level ministers were in attendance – Finance Minister Barend du Plessis and Defense Minister Rolf Meyer, among others. During the meeting, Prime Minister PW Botha phoned du Plessis and ordered his ministers to leave immediately because the UDF was there. Frankel was “quite shaken by this, thought I would get arrested”, but he decided then that “[i]f you had to know the future of this country, you had to be involved in politics...because it was changing dramatically.”

Frankel credits his growing moral awareness of a personal responsibility to help South Africa's blacks to two further discoveries: First, following independence, what really “changed my mind was Constitution Hill...I was shocked to see what happened in Section 4. I had walked past Constitution Hill and...never knew what went on...These people who I'm purportedly friendly with, how could they do such awful things? [So,] talk is cheap? So what are you going to do about it?” From this realization, in March 2006, Frankel, together with Cyril Ramaphosa (the powerful former trade union leader turned presidential candidate and business tycoon) formed the Constitution Hill Trust – with additional government and corporate funding -- “to ensure that every [South African] kid gets taken through [it] to see what...black people...and white people...gave up to get the Constitution that we've got...Whites in South Africa should be on their knees to non-whites, to thank them for what we've got.”

Second, from the vantage point of his own back yard, Frankel saw first-hand the depth of poverty and lack of basic services suffered by the black population. In the late 1990s, he built a “lavish lodge” on the site of his father's farm in Limpopo, in the Manyeleti region of today's Mpumalanga, an area with one of the heaviest concentrations of poverty in South Africa. When a neighbour took him to visit the local village, he found children being schooled under trees, and people living in shacks with no electricity and no basic amenities, even toilets. He was so shocked by this that he immediately made an initial donation for toilets for the village, then soon thereafter, with R1.25M of his own and corporate funds, he set up an educational trust called Buffelshoek, which has since undertaken major school infrastructure projects throughout the region.

Thus far, Buffelshoek Trust has spent R25M on these school and infrastructure projects, with further commitments of R10M; and Frankel says that he spends R500,000 to 1M of his own money each year mostly to cover the administrative costs. While acknowledging his own contribution, he is quick to point out that this Trust would not be effective without huge corporate commitments – including millions given by Nedbank, Telkom, Old Mutual, and others – and the generous recognition he has received from such luminaries as Nelson Mandela.

Frankel's family has been in South Africa for several generations. He says, "I'm passionate about this country [and] the people in this country...When I leave this earth, hopefully it will be a slightly better place...and I can repay some of my guilt for what happened."

Frankel sees an important role for philanthropy in South Africa. He says there's "so much to be done in this country...if everyone does a little bit more, it's obviously going to get done a little quicker. There's also a personal benefit of being philanthropic. I get a huge satisfaction from what I'm doing...I get peace in my soul."

He acknowledges further that philanthropy is about leveraging and partnership. His ability to make a difference stems in part from his high-level connections and personal clout. It is "not only spending money. [I] can shake the trees from Mbeki down to get attention. My perseverance is huge. I get [Jacob] Zuma on the phone...There needs to be a web. Fortunately, I'm well connected [and] I do it in partnership with government, corporates, and the community. That's why Buffelshoek works well. It's a partnership. I've got the influence to shake enough trees to say, 'listen, pay attention to our schools there'".

Relations with government are critical and Frankel asserts that he "speaks with government a lot, [he] partners with them...because otherwise, [it] makes it too easy on them. Government's got plenty of money, [it's] just not directed properly." He claims that philanthropy "has to fill in [the] gap... [although] it depends on what area... [I]n health, they could spend more, they've got the budget."

As observed, motivations behind giving are complex and subjective, and not necessarily purely altruistic. Frankel asserts that "whoever does it has got a huge ego, otherwise he wouldn't be able to do it...Nobody just gives money for no reason. There are different buttons that are going to push different people. You've got to find the button to push...sometimes very hard. Some people, buttons are very, very deep." As to his motivations, he adds, "I've kind of gotten over my guilt. I feel I've done something active" (Frankel, 2008).

Summary

Frankel is a member of the privileged white minority who benefited from both the apartheid system and the majority-ruled government that followed. He alone among those I interviewed lived a financially secure life from childhood onward and, but for the events that unsettled his comfortable existence, may have continued to enjoy this life oblivious to the suffering and poverty surrounding him.

But once Frankel became aware of the situation, feelings of guilt and compassion seemingly impelled him to take active steps to rectify the economic and social problems that came to his attention by establishing two foundations funded from his personal resources. As in the studies of identity and motivation discussed above, Frankel acknowledges “the lift” he gets from his giving, both for his ego and to assuage his guilt. His philanthropic activities actually seem to have been hugely cathartic for him, even bringing “peace to [his] soul.”

Frankel’s giving is both ameliorative and transformative evidencing elements of “new” and “old” philanthropy. By funding facilities and infrastructure in rural villages, he is meeting the immediate basic needs of those in poverty; by building and supporting schools in these areas and by supporting the programs at Constitution Hill, Frankel is investing in the education and awareness so critical to the progress of South Africa over the long- term. Furthermore, he has recognized the value in partnering and leveraging his philanthropy by very effectively liaising with government and skillfully taking advantage of the deep pockets of the private sector. He also deftly utilizes his significant personal clout to “shake the trees from Mbeki down.”

While his activities are beneficial and should ultimately have a transformative effect, Frankel does not speak in the strategic terms of searching out and tackling the root causes of South Africa’s deep-seated problems. Frankel operates from an “enlightened self-interest” with a perspective that is potentially ripe for a more strategic and meaningful philanthropy.

6.4. Dr Gil Mahlati

Dr Gil Mahlati describes his guiding principle as “you lift as you rise”. One of South Africa’s first black surgeons, and now a pharmaceutical and investment companies executive and board member, Mahlati founded the National Plough-back Trust in 2001 to do just that. His idea – with support from the Kellogg Foundation -- was to encourage professionals from his home area of the Eastern Cape to donate their “intellectual capital” to help provincial government and civil society’s support for development in that area.

Although Dr Mahlati lived under the apartheid government as a child, he claims that his story is “not a sad one”. He grew up in a rural area of the former homeland of the Transkei, one of South Africa’s poorest and most rural areas with an economy based on farming and migrant labour. He had a middle class, relatively privileged lifestyle with a missionary history: his father was a schoolteacher and his mother a princess, and he “knew he would get what he wanted from life”. He grew up surrounded by an ethos of giving and an emphasis on education: in 1820 his great-grandfather rode a horse to Grahamstown to secure an education, and his father worked hard to educate local school children, even building a house on their property for distance scholars who came to learn at their school, and eventually attained senior certificate status for the school.

Mahlati was educated at his father’s school and then went on to university, ultimately training as a surgeon at the University of Cape Town where, as one of the first black students, he “had to fight hard to qualify.” He recognized that there was a “glass ceiling” for many of his peers, and had friends who served long jail sentences for their political activism against apartheid.

At independence in 1994, Mahlati witnessed the transition from the apartheid homeland government to the new provincial government. Up to this point, the homeland government had been the biggest employer; with the transition, though, jobs disappeared, there was a major brain drain as people moved to urban areas with stronger economies and better job prospects, and Mahlati saw that there were few “models left for local people to aspire to”.

Dr Mahlati says that, given his background and orientation, he always knew that he would give back to his community. He speaks of “transformative philanthropy” and “ploughing back” to one’s home community. He says “it’s not about money, it’s about intellectual capital, about sharing what you know.” With the Trust, he envisioned “a movement, not an organisation” that would serve as a resource centre which people could utilize for ideas to further development. Mahlati claims that this was its real strength, and he liaised with South African universities to understand and implement their theories and ideas.

The Trust lasted for about three years, providing ideas, grants and loans for various mostly farming-related activities. Mahlati closed down the Trust because of funding problems and attempts to suborn it for political purposes, as well as misplaced expectations about receiving grant money rather than loans. (Kuljian notes that the work of the Trust was redirected to support “volunteers from urban areas [going] to work in rural communities. The volunteers did

not have a personal linkage with the areas in which they worked” and thus the original model was lost and the new approach proved ineffectual) (2005:19).

Dr Mahlati continues to identify projects and provide advice on Eastern Cape development, but says that his idea of “plough-back” has been “institutionalized” through Old Mutual’s Masisizane Fund where he now consults as a “black business partner” (Mahlati, 2008).

Old Mutual, one of South Africa’s largest financial institutions, started the Masisizane Fund with the unclaimed funds from its demutualization process at the time of their Black Economic Empowerment deal in 2005, when over 13% of the total business was put into black hands. Mahlati joined them at that point as a “black business partner” through his ownership of two black-owned enterprises included in that deal.

Masisizane provides unsecured financing to women-owned enterprises, and is a separate entity from Old Mutual’s formal CSI initiative which provides grants. (As to why the Fund focuses on women, Charmaine Groves, Operations Manager of Masisizane, says, “you don’t have to be a rocket scientist to understand...that when you empower a woman, you empower a nation.”) Masisizane is trying to align its objectives with those of ASGISA and JIPSA, government’s economic agenda, by giving priority to capacity-building and job creation, and there is also a micro-finance component. It intends to invest R 400m towards achieving these goals.

Charmaine Groves explains that she seeks out partners like Dr Mahlati because these professionals “already have the infrastructure...which helps Old Mutual to get out of the starting block quickly... [T]here are people who have been doing such a lot of good work and [Masisizane] wants to strengthen their hands [and also] can leverage [their projects] if they partner well.” These black business partners are given performance contracts where they are compensated by their activity. Groves says that Mahlati has been involved in “many philanthropic and grassroots projects” and brings his “local knowledge and expertise [about the Eastern Cape]...He has relationships with people who help provide training, support, mentoring, and [presently she is working with him] on projects that can provide job opportunities there.” These partners also source “other networks they can tap into...and create relationships with key players in industry, working to strengthen Old Mutual’s business.” (Groves, 2008).

Summary

Dr Mahlati is unique among the philanthropists I interviewed in that his giving has been thoroughly institutionalized through his work for the Masisizane Fund of Old Mutual. While the focus of his giving is still the Eastern Cape and he continues to be focused on its development, his resources have hugely expanded and he now has a powerful corporate backer. I would no longer characterize him as an individual philanthropist as the others, but his story is useful for understanding the South African context and the choices presented to those who are motivated to give.

With his plough-back initiative, Mahlati had an inspired idea about black professionals using their expertise – their best assets – to give back to their home areas. He wanted it to be very practical in its application, but at the same time he wanted it to be “a movement” so that it was not bogged down in infrastructure or bureaucracy, and he meant for it to be apolitical. While the Trust had some success, ultimately Mahlati closed it because of political complications.

Mahlati described the strengths of his original plough-back concept as: targeting professional skills where they were most needed and best suited to address problems, allowing flexibility for people to pursue their own objectives without constricting them, and providing a structure wherein ideas and resources could be shared and incubated.

He identified the weaknesses of his approach as being mainly political and mostly beyond his control. These problems included: politicians who supported him wanted the Trust to be more of a political movement and began to pursue their own objectives, including using the Trust as their platform for electioneering; others wanted a more formal structure; and there were problems with people demanding money personally, rather than having the money go directly into projects. As Kuljian noted, there were also attempts to divert the original purpose of the Trust.

Mahlati now operates in a corporate structure and is compensated for the same types of ideas that he used to implement through the Plough-back Trust. While I would no longer characterize him as an individual philanthropist of the type we have been investigating, his reach and impact has been greatly enhanced by his partnership with Old Mutual. His story may increasingly exemplify what happens with giving in South Africa with individuals of his calibre.

6.5. Moeletsi Mbeki

Moeletsi Mbeki, the fiercely independent and sometime vocal critic of his brother, the former President, is a political economist and businessperson with impeccable credentials in today's South Africa: a long history with the ANC and years in exile, son of an anti-apartheid activist who spent nearly twenty-five years on Robben Island with Nelson Mandela, and brother of the former president. He has led a very visible life as part of a high-profile political family, and in fact, still today is a much sought-after political pundit who is heard frequently in the media voicing his opinions on the state of the country.

On his role as a giver, Moeletsi is quick to point out that he is not a philanthropist, but rather a private business person who gives a lot of “the single most valuable thing to me which is my time.” Besides his business interests, he devotes much of his time to NGO activities where he serves on the board of a number of organizations, including the South African Institute of International Affairs and the International Institute for Strategic Studies. (And, he reminds one that the ANC, with which he has been intimately involved over many years, is an NGO, particularly so when it served as a refugee organization during apartheid.)

Moeletsi spent his early childhood in the Eastern Cape, leaving there at the age of twelve to go into exile. While abroad, he attended university in the UK and the US, and worked in media and communications in Zimbabwe and the UK, and later as media representative for the ANC. As a result of his journalism work in Zimbabwe, he was awarded a Nieman Fellowship by Harvard University. In addition to his NGO work, he is Chairman of KMM Investments and the media company Endemol.

Moeletsi says if you ask him whether he is a philanthropist, “No, I never write a cheque for anyone. But if you ask me, ‘Are you in the mind of trying to make South Africa a better place?’ I put a huge amount of time out of my business time to do that. [O]n the board of NGOs, that’s what is more valuable to me of what I am giving. The money isn’t...The giving of the money is the easy part.”

To contextualize the state of formal philanthropy and other giving in South Africa, Moeletsi says that it is important to understand the significant role played by international governments and donors during the liberation struggle. He explains that philanthropy had a somewhat schizophrenic evolution due to the country’s unique political history, and that the high-profile contributions of the international community were expressions of “political intervention” rather than the “pure philanthropy” that is attributed to them.

According to Moeletsi, in South Africa, giving and responsibility for giving, vacillates between “two schools of thought: the American school...that [claims] the state should keep out of these types of issues and that the philanthropists, the rich, should take care of the poor... [and] the European [more socialist] school of thought...that one of the primary responsibilities of the state is to look after the welfare of the poor.” This dichotomy developed in large part because of the significant influence on South Africa of American philanthropic organisations during apartheid. They played a highly visible role in their opposition to the “illegitimate government”, with a political impetus focused on making democratic change happen, by supporting such causes as an independent media (which “played a very, very critical role in exposing the human rights abuses of the apartheid regime”) and the trial costs of political prisoners. The prominence of the American approach was of course in stark contrast to the prevailing leftist ethos of the ANC.

Despite this “vacillation”, Moeletsi is clear that the state-led way of thinking has prevailed -- that “the primary responsibility for uplifting the poor rests with the state in a democratic country.” He maintains that “[t]hat’s what we expect. That’s what our philosophy and our culture expects. And then what has become really the margin is the philanthropy...Philanthropy in South Africa is on the margin.” As to providing tax incentives to encourage giving, Moeletsi maintains that giving “is not the individual’s responsibility – it’s the state’s. Why should I give you a tax break because I as the state am taking care of the people?”

He characterizes philanthropy in a less expansive sense than Habib and Maharaj, who as we have seen, spread a wide net in defining giving. Moeletsi asserts, “When I give to the guy in the car park, that’s not giving, it’s for a service, looking after my car...When I give my contribution [at church], that’s social pressure [and] the priest has done a service for me—to save my soul or open heaven’s gate for me. So I’m paying for a service.” Nor does he believe in “the extended family thing.”

To Moeletsi, philanthropy in South Africa is in fact “a miniscule phenomenon.” The role of philanthropy is diminished because much external funding comes via the state and is therefore “[indistinguishable] from state welfare [plus] the wealthy who are the main contributors to that minor philanthropy do it largely through...huge corporations [like the corporate] Chairman’s Funds.” And the wealthy are giving even less these days via the corporate sector with the removal of the political imperative of fighting apartheid.

On the subject of the “black diamonds” in South Africa, Moeletsi is skeptical of their motivations and impact. He claims that their foundations do not “have the critical mass to [make an] impact, and [that they are only pursuing] public relations projects.”

Moeletsi notes further the difficulty of individual philanthropy actually having an impact on poverty in a “middle income country” like South Africa. “[I]t takes a lot of money to lift a person from poverty in general...You end up having to have state funds because individual philanthropy can never be sufficient to make an impact on the poor in a middle income country, because the poor [have] a much higher standard of living...If you compare them to the Nigerians or the Ethiopians, they have a lot of things, consumption which is commercially-based consumption.”

Does Moeletsi see any essential role at all for philanthropy in South Africa? Yes, in the political sphere. “[I]ronically in South Africa, it’s most important role is back to the role that it used to play under apartheid. The political role...Today, because it cannot have much of an impact in the welfare sector, other than a few very specific issues, in reality it’s political intervention that is much more critical in order to impact on state policy. That’s where philanthropy...becomes very important...[O]ne of the biggest mistakes that was made in philanthropy was to think that whilst we had the ‘94 election,...the philanthropists...didn’t need to fund the media [any longer. But] they actually do have a cause...because we’re a one party dominant environment.”

Furthermore, he sees a need for philanthropic support for political pressure in support of independent research and civil society. “[V]ery little research is done on the social issues in South Africa because the state has reduced spending on research, on higher degrees. Higher degrees are still part of your process of understanding. If you’re going to stop funding post-graduate research, then you will never know what is going on in the country. The state or the single party has a benefit from not doing so.” And there should be philanthropic support for such NGOs as the Treatment Action Campaign (which campaigns for the rights of people with HIV/AIDS and has often been a strident critic of government and its policies) because it “is actually a combination of pressure plus research” (Mbeki, 2008).

Summary

Moeletsi Mbeki has been at the epicenter of the political and economic upheavals affecting South Africa in the past half century and his views on giving are heavily informed by this experience and the context in which his life has unfolded. His family heritage and huge personal sacrifices in the struggle against apartheid, as well as his career in the ANC, testify to

a strong devotion to his country and a selfless motivation to bring about change and prosperity for its impoverished majority. Even though he is a businessperson with a vested interest in the success of the South African economy, his actions profess to a higher motivation than his personal success in business.

Among the philanthropists I interviewed, Moeletsi's giving approach is unique: he claims not to give any money, but rather to give his time and strategic expertise which are in fact more important to him than his money. (This viewpoint though is similar to Dr Gil Mahlati's initial approach of professionals donating their expertise through the plough-back initiative, described above.) He is also very clear in articulating the distinction between mere public relations gestures and initiatives that promote genuine change.

Moeletsi's ideas about the role of philanthropy are also distinctive. While he is a self-avowed capitalist and businessperson, he is definite in his belief that it is the province of the state to address poverty. The small role he assigns to philanthropy is to support putting pressure on the "one-party state," a pursuit which he carries out on a regular basis. For him, philanthropy should fill the gap where government sees sensitive political issues and shies away from them as, for instance, in the case of the HIV-AIDS debate where President Mbeki and his Health Minister pursued policies in direct contradiction to those recommended by the international and local scientific community. Philanthropy is also necessary to provide support for higher-degree independent research.

While he eschews philanthropy as it is generally understood, Moeletsi's giving is substantial, motivated by the desire "to make South Africa a better place," and should have the effect of bringing about positive change. In the same way that Habib and Maharaj broadly define giving in the South African context, I would include Moeletsi's giving in my giving matrix, especially since his assets -- his time and professional skills -- are potentially strategic and transformative.

6.6. Judy Henshall

Judy Henshall and her partner Lizzie Mikosi run Meropa Heritage and Bongani Creations in Johannesburg, designing and creating beaded African clothing and accessories with a cutting-edge modern look based on traditional designs and processes. They have received international recognition and recently held a well-publicized fashion show in London. Judy drives her business with passion and an absolute commitment to bettering the lives of rural South Africa women. Self-described as a "fanatical perfectionist", her business mantra is: "Don't do it unless it's beautifully done. It's insulting to people."

Henshall is a woman of compassion, with a background in motivational training (which she taught in America, Australia and UK), and a deep love for South Africa. She is also brutally frank about her experiences and insights. She claims that her passion to stay in South Africa and give back to her country was sparked by a pivotal incident in her experience when her car broke down in a rural village near Middelberg (then Eastern Transvaal). Carrying her jerry can to the borehole in the village, she met an older woman who was lamenting the failure of her crops. When Judy was invited into the woman's brightly-painted traditional house filled with local beaded craft works, she remembers saying, "But look at this beautiful painted house and beautiful beaded blanket. Look at all this culture!" When the woman pointed out that these things "don't make any money. It doesn't help, nobody wants it", Judy thought "'to hell with you.' Then I cried all the way back to Jo-burg." She told her partner about this and he responded, "What are you going to do about it? Don't just talk about it."

On her initial return to South Africa from working overseas in the late 1980s – after turning down a lucrative offer to continue working abroad – Henshall claims that she "wanted to make a difference. There was a very affluent black market that nobody was looking at. I started *Tribute Magazine* which for many years did very well. It was a phenomenal market out there. It was a tribute to black excellence." She also worked on a project helping black musicians. In 1989-1990 she organized a competition with SABC called "Culture Took a Tour" which involved twenty of South Africa's top designers. Her goal was to "get culture to join hands with top designers to create a South African brand. If I could get them to adopt an African culture, we might have a new South African brand coming in for competition for phenomenal success." When this venture folded, Henshall decided to take over the design work herself and started Meropa Heritage.

Meropa is primarily about empowering rural women by training them to make clothing and other accessories for the fashion business. Henshall notes that "[a] lot of women because of apartheid don't believe in their culture. They believe that to live in a rural area is a curse because it's done nothing for them...So, you've got to become very creative in what you teach the women."

Henshall and her partner started Meropa with their own funds. Women from rural South Africa (mostly Kwa-Zulu Natal now) come to her house, and live and train there for a month, eventually taking their skills back to their home village where they train their neighbors and continue their work. Meropa sends trainers into the rural areas to follow up and do aftercare to ascertain how the women are doing and to make sure that standards are being maintained.

Kagiso Investments put money into the venture early on, but Henshall is in the process of buying them out. Her theory on partnership is: “I don’t want a partner who’s not going to put in expertise. I need people to touch, to feel, to say this is right, this is wrong...Whoever buys into your organization must put expertise in. If they’re in it purely for the money, I’m not interested.”

The Masisizane Fund at Old Mutual is working with them as well. They provide both a source of credit and a management consultant, and Henshall maintains that they have provided “very good expertise.”

Henshall now receives additional input from The Department of Trade and Industry (DTI) which “watched her for the last three years and chose her company to do training for women”. Henshall accepted DTI’s help because “people there have vision and will make sure it happens.” She explains that “everything we teach the women is commercially viable.” DTI pays all the costs of training the women (and follows up with a training kit for the women to take home), and Henshall pays for everything else, including accommodation and three meals a day. Eventually she wants to tie into all the local government units and begin to fill big orders which “can filter through these women in the nine provinces.”

Henshall is very positive about the role government has played with its contributions to her undertaking. “My experience with government – especially DTI -- has been fantastic. But, you’ve got to prove yourself before they are going to back you.” She was initially skeptical on government; in fact, she says, “because South Africa is a very new democracy, a lot of people in their positions [in government] shouldn’t be there. They tend to run their department like a private business. And unless there’s something in it for them, they won’t get involved.” However, after her recent experience with DTI, she pays particular tribute to the Deputy Minister who “gives a damn; she walks the walk and talks the talk in her basic portfolio. I take my hat off to a minister who can do that. She gave me a hard time as a white, but when she saw my heart was in the right place, she supports us.”

And on NGOs, she comments, “I think a lot of [them] are also a lot of nonsense. I’d love to know what half of them have achieved, especially with the amount of money that’s been raised.”

Henshall’s future plans are to set up a separate company where all the production will be owned by the women. “I will retain product development and marketing, until the right people come.” She feels strongly that “the women are the heroine in this...I want to re-position the

company where the women are able to buy in and own the production. And then eventually they can own the whole thing. And then it's handed back. To me, it's very important to hand culture back to the people because they don't believe it's worth it yet...I believe in causes."

As to her thoughts on the philanthropic work she is doing, Henshall asserts that you "can't get involved in this kind of business unless it's the fact that you really want to make a change. Too many people look at it for the money. You've got to be creative, to think on your feet. You've got to keep it going." She claims that she is motivated by "making a change as a South African who could have left the country. Unless white South Africans make a change, they have no right to be here. They've had a very easy life. I just want to see change."

Henshall is optimistic about South Africa's future, although she maintains a critical outlook and agrees that there are usually "two sides to every story." As an example of the problems she faces, she explains that Meropa makes products for corporate gifting, but that "[i]t's a nightmare to get them to buy from their own people. It's lip service. We go to [a local government] conference and 90% of conference products are made in China." But, on the other hand, she recognizes that she "must make products good enough for people to buy...It takes as much time to make bad as good."

On the sharing and giving ethos evident in this country, Judy points to her experience of living in Soweto thirteen years ago. "I was fortunate to live there during the height of apartheid for 18 months...I had been living in Sandown [an up-market Johannesburg suburb], and then I went to live in Orlando East [in Soweto]...We had an outside toilet, no car, no fence outside...But I've never seen sharing and never learned as much to become as strong as I am today – unless I had that experience, I couldn't be doing what I'm doing today."

On the prospects for individual philanthropy from South Africa's newly wealthy, Henshall thinks that they are not "ploughing back." She is more sanguine, however, about the younger generation who she views as "a very exciting generation...They are very deep thinkers... [They are] dynamic and will do well...They are a lot more passionate and have compassion."

Asked if she plans to carry on with her work, she says, "When I get discouraged, I go back out to rural areas, look around, and realise that what I'm doing is important...I won't handle any bulldust anymore." Henshall asserts, "I've been very blessed." For her, "the reward [from this work] is amazing. I often go to bed at night thinking, dammit, I don't need this in my life. I sit and talk to the ancestors at night and say, dammit, it's been a really shitty day. If you really want me to carry on, you better give me a break, and I've had the most incredible spiritual support to go

on.” She asserts that “[i]t’s a calling. You can’t do it [though], unless as a South African you want to make a difference. If you want something for yourself, you can’t do it.”

In fact, Henshall has big plans for the future. She is planning a new bed linen range “which is going to be phenomenal” and she has brought in a consultant from an up-market boutique to help with creating a more ready-to-wear range which she is incredibly enthusiastic about (Henshall, 2008).

Summary

Henshall grew up with the economic and social advantages of the privileged white minority (though not at Frankel’s level of wealth), but was early on aware of the disparity between whites and blacks in South Africa, and even experienced firsthand the negative – and positive – aspects of the black experience by living in Soweto for a brief period. Similarly to Frankel, she had a seminal experience which jolted her, prompting her decision to tackle poverty and provide skills training in South Africa.

Again, Henshall is not a philanthropist in the traditional sense. But she is giving substantially and strategically in her unique context. She started her fashion business with her personal funds, and continues to give her own money, plus her time, energy and professional expertise, as well as room and board at her home for the many women who train and work there.

She is a woman of causes and compassion, as her life experiences attest. Her philanthropy seems almost an inherent part of her world view, and there is little evidence of a self-interested motivation or ego-building in what she is doing. In fact, she lives quite a modest lifestyle. Her Soweto experience of living in a giving and sharing environment that was new to her contributed to her ideas about giving. In any case, she is consciously and specifically working towards addressing one of the key problems in South Africa today – job skills and job creation – to transform the lives of the rural poor.

Henshall approaches her work with a creative and innovative mind. She has moved in her giving approach from doing it alone (with her partner) to partnering with government and the private sector. These relationships have enabled her to leverage her business such that she can reach more women and have a broader impact.

Notably, Henshall is the only female philanthropist I interviewed for this thesis. Gender differences in giving have been the subject of much research, especially in the last two

decades with the increased earning power of women and the fresh spotlight on global philanthropy. Studies have shown that there are distinctions between women's and men's attitudes to, and motivations for, giving.

In the U.S., recent reports showed that women now give more than men to philanthropic causes, and the banking giant JP Morgan confirmed that two-thirds of their "philanthropic services clients" are women (Palmer, 2008:1). In South Africa, the State of Giving project found that women gave more than men, but only by a very slim margin (Everatt & Solanki, 2005:16).

In the UK, researchers determined that women are practicing the "new philanthropy" in that they are taking "a strategic and engaged approach to their philanthropy" in similar ways as men; however, compared to men, "they often seek a deeper level of engagement and connections with the causes they support" (MacKenzie, 2008:1). They have been found "more likely to fund '*harder causes*' [sic] and individuals '*on the margins of society*' [sic]" (MacKenzie, 2008:1).

Also, studies show that women tend to focus their giving on other women. "Whether [they] are motivated by the reality of continuing inequality, or by their desire to give back to society, there is an undeniable sense of 'sisterhood'", according to Maggie Baxter, recent head of Womankind Worldwide (2008:1).

Furthermore, women have been found to have a more collaborative, rather than competitive, approach to their giving (Santicola, 2005:1) and to prefer anonymous giving where thanks is received in private (Mesch and Berentes, 2008:1).

To some extent, Henshall fits the characteristics described above: she is strategic and engaged in her giving; she is focused on women, whom she describes as "the heroines" in South Africa; and she shows no sign of seeking out public recognition for what she has accomplished. However, as with her male counterparts, Henshall expresses her own unique set of characteristics. She pursues her projects with a single-minded determination, independent of whatever the perceived wisdom may be. While she has learned to collaborate with government, she is driven by an entrepreneurial and independent spirit, which one would not immediately identify with the outcomes of gender research.

6.7. Dr Bongani Khumalo

Business Times recently named Dr Bongani Khumalo as the “11th most powerful black director” in South Africa (Wu, 2008). He is indeed a well-known corporate figure, especially in light of the recent acquisition of the license to run South Africa’s lottery by his company Gidani (Pty.) Ltd., which followed a contested and highly-publicized battle.

Dr Khumalo has a mixed humanitarian and corporate sector background. He initially worked in the social sector, holding positions with the South African Council of Churches working with Desmond Tutu, followed by the Red Cross Society. He then moved to the corporate world where he became executive director of Eskom, the power company, and chair of Transnet, the transportation parastatal, and he presently holds chairman and director positions in AngloPlat, Grey Advertising and other major South African companies. In the academic field, he is chair of UNISA’s Graduate School of Business Leadership and Stellenbosch University’s Africa Centre for HIV/AIDs Management. He holds a Master’s degree in corporate and political communication from a U.S. university and an MBA from the U.K.

Khumalo grew up in KwaZulu Natal in a strongly religious and hard-working family where his father was a labourer and his mother did piece-work to supplement the family income. One of his strongest memories from childhood is his family’s forced removal in 1963, under apartheid’s Group Areas Act, from their home village near Vryheid to a tent town. He distinctly recalls from this period a pivotal experience that informed his philosophy on giving: He was given a grey blazer by a church that was helping the community which he says “was one of the best pieces of clothing that I ever had.” As a result, “[w]henever I have an opportunity, I give to a child because of understanding how it feels – whether it’s something to eat, or something to cover my back, or warm my environment or put a cover over my head. You empathize... You know exactly how they feel in winter when they walk without shoes because I walked without shoes. When they’re trembling in the cold you know how it’s like.”

Khumalo speaks of the sharing and giving environment in which he grew up that instilled a great humility in him and an appreciation for whatever he had. He says that it is important for people to succeed, but equally important to “never get haughty [but] to remain within reach.” He describes the importance to him of the Zulu concept of “u ye nana” which means that when one borrows from one’s neighbour there is a tacit understanding that one will reciprocate; it expresses the idea that people are accessible and ready to help and also that it is perfectly acceptable to borrow in the first place.

Khumalo gives his personal money privately to help various people he either knows or have been referred to him: he pays for ARV treatments (for HIV-AIDs) and education expenses and basic needs such as food, clothing and basic supplies. He also gives to support church programs and regularly gives his time to advise young people on business development. He has a family trust for his children through which the family gives to personal causes “in a small way.” He gives to parking attendants and street beggars as well because he feels that is an opportunity to talk with the poor and encourage them to care for their families.

Khumalo’s strong personal passion is the fight against the HIV-AIDS pandemic in South Africa. He is in the process of organizing “a family chest for health” for the entire Khumalo clan in KZN because, other than hunger, he thinks South Africa’s most critical problems are “illness, pandemics, HIV-AIDs and TB.” His idea is for everyone to put a small amount into the chest and he would add a larger portion, and then they could all help each other. He envisions expanding this idea beyond his family; he maintains that “[i]f we can do these things as families and clans [initially], then we can actually do work that would impact society in a sustainable way.”

He also feels strongly about religion and believes that his financial support for churches makes “it comfortable for people to go to church” and will in turn encourage “moral regeneration...A lot of the people who I think were well brought up went to school, learned the Lord’s Prayer, learned Psalm 23, the Ten Commandments – that became the foundation that we are not giving our children now.”

Khumalo plans to start his own foundation at some point, though he would like to avoid the pitfalls of the high-profile public gestures he sees from other wealthy business people. He says that philanthropists should focus on “something that can be felt for a long time...that could also be translated into certain...activities that can be sustained and taken through.” He is formulating an idea, similar to Mahlatsi’s plough-back initiative and based on the concept of “ilima”, where professionals would come together to pool their skills and financing, then visit and help in each other’s home areas and reciprocate with each other.

Khumalo believes in the importance of giving back in whatever environment you happen to be in. “If you’re philanthropic, you can also cause others to be philanthropic. You generate a spirit of philanthropy in the units that you belong to.” He describes himself as “a humanitarian in business” and much of his support for giving has been implemented through CSR programs. He believes that it is the duty of a director is “to shake the cage...In a capitalist environment, I play a role where I would cause the company to be successful, of course, but to have a strong,

active social conscience.” He asserts that “business is not so much for making money, [as] for improving the lives of people [beyond] the shareholders and top executives.” At Eskom, he supported a huge initiative to underwrite research for an HIV vaccine, after seeing the impact of the disease on Eskom employees and recognizing that this research could have a much wider impact beyond Eskom. As chair of Transnet, the company supported the Phelophepa Health Care Train which traveled through rural areas providing primary health care, an initiative that received wide praise.

Khumalo continues to look for opportunities to leverage the resources of his company in helping South Africa’s poor. Most recently, he is concerned that the money from the lottery is not reaching the people who need it, an issue which has raised a public outcry. This task is government’s responsibility, not Gidani’s, but Khumalo is exploring whether he should bid to take over this job so that these monies have their intended impact (Khumalo, 2008).

Summary

Among the philanthropists I interviewed, Khumalo could probably most aptly be described as a “corporate titan” given his position of running the highly-lucrative South African lottery.

Khumalo, like the other black philanthropists I interviewed, retains a strong ethic of giving based on his tribal traditions even as his economic circumstances have vastly improved since his childhood. He is still deeply rooted in his home community, still appreciative of the traditional ethos of “u ye nana” and “ilima”, and presently working to establish a family chest with his clan with plans to extend this into the wider community as well as contemplating a foundation of his own.

Khumalo pursues giving opportunities wherever he can, personally and through his companies, and he has plans to institutionalize his personal giving through a more structured foundation. For the present, his practice of personal philanthropy is directed towards meeting immediate needs – ARVs, food, basic supplies, catering for church functions, and the like. The family chest he describes has long-term, sustainable potential, but it does not address the root causes of health problems that could bring about large-scale transformation.

Again, motivations are subjective. But a lifetime of initiating and implementing health-care and other social programs, in humanitarian organisations, through corporate ventures, and personally, suggests a genuine commitment to addressing South Africa’s most pressing problems.

Chapter 7. Summary of Philanthropist Interviews – Implications for South Africa

7.1. Introduction

In this chapter, I present a summary of findings from the interviews I conducted with these philanthropists. In the first section, I recap their stories with a brief summary of findings. In the successive sections, I describe and analyse their responses to the key issues that I explored with them: their individual approaches to giving; the motivations behind their giving; whether and how their giving represents the “new” philanthropy; to what extent their giving has been or will be institutionalized; whether and how they have pursued partnership opportunities; what problems they have encountered in their giving; and their opinions on the state of South African individual philanthropy. My summary in Section 7.10 confirms that giving by these South Africans has emerged within its own specific context. Their giving ethos comes from their individual life experiences which shows its own unique set of attributes.

7.2. Summary of findings

One can see from these interviews that individual philanthropy is happening in newly-democratic South Africa for myriad reasons which mirror the diversity and complexity of the South African population and the country’s unique cultural and political history. These philanthropists are prominent and well-known individuals, especially Moeletsi Mbeki, vocal brother of the former president and much sought-after political pundit; Bongani Khumalo, powerful businessperson and owner of the Lottery license; and Sidney Frankel, head of the brokerage business that has had strong relations with government for many decades. The others -- Judy Henshall, designer and businessperson, Gil Mahlali, surgeon and pharmaceuticals company executive, and Reuel Khoza, businessperson, author and professor -- are prominent as well, although their lives are not as publicly explored in the South African media. To summarize their life stories and giving:

Sidney Frankel has had a comfortable life, growing up with the privilege accorded to whites under apartheid and continuing to be successful following the transition to democracy. In adulthood, for the first time, he became aware of the sufferings of the black population through several experiences that shook him up. He describes feelings of both guilt and compassion which led him to establish two foundations, one with educational objectives, the other providing infrastructure and supplies. Frankel gives generously of his own money through these foundations, and he also takes advantage of partnering options with government and corporates as well as using his personal clout to ensure that goals are accomplished.

Moeletsi Mbeki is from a high-profile political family, with a brother who was president and a father who was a struggle icon. Following his family into exile as a child, Mbeki led a peripatetic existence during the apartheid years but managed to obtain an excellent education and good employment abroad. He is a businessperson who serves on the board of NGOs, and claims not to give money to anyone, but rather to give much of what is more valuable to him -- his time and professional expertise. He is clear that the state should address poverty issues, but identifies a role for philanthropy in the political sphere, i.e., putting pressure on government on such issues as HIV-AIDs policy and university-level research.

Judy Henshall grew up in the relative privilege of the white community during apartheid, but had a more modest lifestyle than Frankel and was also aware much earlier of the disparities between whites and blacks, having lived for 18 months in Soweto in her early twenties. Self-described as a woman of causes, she was a motivational trainer overseas, then returned home where she founded *Tribute* magazine to spotlight black excellence and started a project to help black musicians. She then founded her fashion design business, Meropa Heritage, with her own funds where she trains and employs black women from rural areas. She continues to support the business with her own money, along with her time and expertise, and now has additional support from government and the corporate sector.

Reuel Khoza's life is strongly informed by his rural childhood where he was extremely poor, but his family was deeply religious, supportive, and sharing. He is now a corporate giant who has served in many of South Africa's biggest corporations, and he describes himself as a "capitalist with a conscience." He has authored two books arguing for Afro-centric and ethical leadership in business, serves as Chancellor of the University of Limpopo and teaches business courses at Stellenbosch University. Khoza gives money to many personal causes close to his heart, and also gives his time and professional expertise to the Buffelshoek Trust and his academic positions.

Bongani Khumalo is a prominent public figure in South Africa largely because his company runs the Lottery, and he has held high-level positions in some of the country's largest companies where he has overseen major CSR initiatives focused on HIV-AIDs and health issues. His giving ethos is strongly rooted in the traditions of his home community where he is working to fund a family chest for health-related issues, which he hopes to expand to the wider community. He gives personally to his family, church, and to various individuals for whom he pays cost of living expenses as well as ARV treatment. He has started a small family trust

through which he makes donations and he would like to start his own foundation to undertake more strategic giving and/or implement a program similar to the Plough-back Trust.

Gil Mahlati's motto is "You lift as you rise." He grew up in the Eastern Cape in a close family in relatively comfortable circumstances, where great value was placed on education as well as sharing and giving. Despite the obstacles presented by apartheid, Mahlati attended university and qualified as one of South Africa's first black surgeons. He works in the medical field, most recently as a pharmaceutical and investment companies' executive and board member. He conceived of and started the National Plough-back Trust to encourage professionals to donate their "intellectual capital" to support development in their home area. Following the demise of the Trust due to political reasons, Mahlati joined Old Mutual's Masisizane Fund as a black business partner where he now identifies projects and provides advice much as he did with his Trust.

How then have these individuals, who have practiced individual philanthropy in diverse ways, understood themselves and their roles in their unique context? How have they pursued their giving in practice? Exploring their outlooks and approaches in relation to the key factors of the discourse of individual philanthropy described above will help to unpack these questions. In the section below, I will explore the following factors as they pertain to these philanthropists: context, as it applies to approaches to giving and motivations behind giving; charity versus philanthropy; and the influence of global trends in "new" philanthropy, including the issues of partnership, institutionalization and market-based approaches.

7.3. Context and approaches to giving

Giving by these individuals from their personal resources has happened in a variety of distinct ways. All of them, except Mbeki, have given their own money to meet specific immediate needs, e.g., building infrastructure, capacity building, and providing resources and supplies such as livestock, schoolbooks, toilets, ARV treatments and the like. Frankel set up a foundation with his own funds that provides services and infrastructure and he also started an educational trust meant to instill an understanding of the evils of apartheid. Henshall started a business with her own money that builds capacity and creates jobs for rural women. All of them voluntarily give their professional expertise and time, which to these highly-engaged people can be the "single most valuable" asset they have. This is especially pertinent in Mbeki's case, where giving his skills rather than his money was a conscious decision on his part to help his country in the best way he could. Mahlati donated his "intellectual capital" and energy through his Plough-back Trust, and Khoza contributes in a similar manner through Buffelshoek

Trust and his academic duties. They all use an additional asset -- their personal clout -- in some way to prod action and/or obtain funding. Frankel spoke of his ability to “shake the trees from Mbeki on down” and Khoza referred to using his influence in the areas where he has power or connections.

7.4. Context and motivations behind giving

These philanthropists show much the same complexity of motivation that we see in the global literature, but with a critical added layer reflecting their unique South African cultural and historical context. They all expressed a deep love for their country and a common motivation to leave South Africa a better place than when they “rocked up.” As described above, motivation, though wholly subjective, has been explored in-depth in the literature from psychological and economic perspectives, and largely boils down to the distinction between self-interest and altruism, as well as issues of identity.

The two whites, Henshall and Frankel, though coming from very different backgrounds, seem to have reached their commitment to help through specific experiences that opened their eyes to the poverty around them. Frankel in particular has a strong interest, related to his business, in projecting a positive public image, and he acknowledges that individual philanthropy is a boost to his ego. However, he does not personally promote himself and, in fact, the Buffelshoek Trust Annual Report contains no photos of him and his name is only mentioned twice as a Trustee. Henshall operates in a less public sphere and seems wholly focused on training rural women and running the business. She maintains that she just wants to see change, and that unless whites acknowledge this need for change, they “have no right to be here.” There is also a spiritual aspect to her giving, and she claims that if one pursues philanthropy to stroke one’s ego, “you can’t do it.”

Frankel, particularly, and Henshall less so, are also motivated by a need to compensate for the abuses of apartheid. Habib and Maharaj referred to the prestige and respect gained from giving, and the U.K. study spoke to giving as adding the “opportunity to add authenticity and deeper meaning” to one’s life and even “to validate a new identity.” Henshall seems genuinely to be a woman of “causes” impelled by altruistic feelings, but the idea of identity validation may be an apt description of Frankel’s giving since he maintained that he was partly motivated by his guilt about apartheid and he received “peace in his soul” for what he has done. Also, many whites in South Africa today feel that they are in a precarious position with respect to career and employment opportunities remaining open to them, and so may feel the need for public relations initiatives; this concern does not appear to be relevant to Frankel and Henshall who

work on their own. Finally, and critically, both Frankel and Henshall could have left South Africa, but have chosen to stay and carry on their work.

The black philanthropists all stated that their desire to give was a natural, almost inherent outcome of their culture and background – ubuntu, u ye nana, ilima, or “the economy of affection” as Habib describes it. It is significant that even though they all experienced the deprivations imposed by the apartheid government in their childhoods, and several of them actually lived in grinding poverty, they all chose to give generously to ameliorate the effects of poverty rather than turning their backs on the poor as their own wealth grew. Khoza cites a desire to give back to his community in recompense for all he received (a “quid pro quo”) and Mahlali spoke to his ethic of “you lift as you rise” and expressed concern about providing “models for local people to aspire to.” Khumalo spoke to that empathy that grew out of specific experiences in his childhood that continues to motivate him to help. Mbeki maintains that he wants to make South Africa a better place, and his life experiences – years in exile, a decade with the ANC, a life at the centre of South Africa’s political turmoil -- attest more eloquently to his motivations than what he personally articulates. All of them mentioned their Christian backgrounds. Khoza’s and Khumalo’s giving seems most strongly and specifically impelled by religion, from the two perspectives of practicing the Christian ethos of giving themselves as well as hoping to instill “wholesome” Christian values in their recipients.

7.5. Charity or “new” philanthropy?

To speak in the language of “charity” versus “new” philanthropy, one can characterize the individual philanthropy practiced by these individuals as operating on the cusp of the new philanthropy, going a step beyond charity but not on the cutting edge of contemporary philanthropy as interpreted in wealthy countries. For the most part, these individuals are working to restore and/or upgrade infrastructure and meet current needs, but most of them also spoke of some higher aspiration or deeper dimension to their philanthropy that aims to generate fundamental change with sustainable outcomes for South Africa’s social ills.

Their ideas and actions attest to this transformative objective in different ways: Mahlali speaks of “transformative philanthropy” and focuses on projects that are deemed sustainable for rural women, also choosing to institutionalize his giving through a company that dispenses far greater financial resources than he could personally muster. Henshall has generated an innovative business model, offering skills training with a view to job creation and she also works to create a sustainable business which supports the previously disadvantaged. Khumalo speaks to “activities that can be sustained” and is formulating ideas for both a “health chest”

that will expand from his family into the wider community, and a foundation through which he can oversee more strategic giving. Frankel's foundation supports education in rural areas, targeting a key sector for South Africa's progress. Khoza works to instill ethical values through his writing and teaching, and seeks to bequeath to future generations a better world than when he "rocked up". Mbeki uses his positions in NGOs and his public platforms in the media to promote change. Also, while Mbeki disparaged formal philanthropy to some extent, he believes there is a critical role for philanthropy in maintaining political pressure on government – especially given South Africa's status as virtually a one-party state – including support for an independent media, civil society and research. Finally, there are less overtly transformational – but equally potent – advantages that stem from Mahlati's desire to provide "models for local people to aspire to" and Khumalo's and Khoza's wishes to inculcate a more "wholesome set of values."

As to the cutting-edge individual philanthropy touted in the international literature which advocates market-based approaches such as venture philanthropy or philanthrocapitalism, I found little evidence of these approaches in the giving initiatives of these philanthropists. Certainly their business acumen must inform the manner in which they run any operation, and I can assume that this is true for their giving practices. This would particularly be the case with Frankel, Khoza, and Mahlati who formalized their giving, as well as Mbeki as he carries out his NGO work. Also, Henshall's approach is much like that of the social entrepreneurs, having created an innovative business model that has broadly beneficial and long-term effects.

7.6. Institutionalization of giving

The idea of "institutionalizing" individual philanthropy through a foundation or trust in an effort to make one's giving more strategic and professional is another approach from the international literature that these individuals have used and considered (although as mentioned above, Steven Friedman's study of two South African corporates questioned the validity of this assumption). While Khoza has personally undertaken giving in significant ways from his own wealth, he promotes the value in leveraging one's philanthropy and maintains that to be effective, philanthropy must be "institutionalized". Frankel has institutionalized his giving through his Buffelshoek and Constitution Hill Trusts, although he still seems to be the driving personal force behind their missions. Mahlati's role as an individual giver has been thoroughly institutionalized through his work with the Masisizane Fund where he is now compensated for identifying and developing development ideas, but he probably has a greater impact. Khumalo has plans for a personal foundation, and already institutionalizes his giving initiatives through his companies. Henshall gives within the framework of her business Meropa Heritage.

7.7. Partnership and leveraging giving

Working in partnership with other sectors of society in order to leverage one's giving is another important facet of the discourse on contemporary philanthropy. As discussed above, the development literature shows increasing support for the efficacy of this type of multi-dimensional activity and the philanthropists I interviewed have shown a willingness and enthusiasm for pursuing this approach in their practice of philanthropy. Among them, they partner with government, the private sector, and civil society in different combinations, and they agree that individual philanthropy cannot go it alone but that all sectors have a function in alleviating poverty.

Frankel and Khoza are very enthusiastic about the significant commitments they have received from South African corporates to support their separate philanthropic ventures, and they openly use their personal influence and clout to "lean on" corporates to contribute. From the vantage point of the Masisizane Fund at Old Mutual, bringing in Dr Mahlati "strengthens their hands... [With him] they can tap into other networks...and create relationships with key players in industry." Mahlati's idea of ploughing back via intellectual capacity included a strong component of using additional available resources such as other professionals, local universities and local government. He also saw value in leveraging his giving by joining Masisizane and taking advantage of the increased resources for giving at his disposal. While Henshall has large input from government in her work, she is very particular about partnering in general: "Whoever buys into your organization, must put expertise in. If they're purely in it for the money, I'm not interested."

While their attitude towards government's role in this sphere is somewhat mixed, each of these individuals had a generally positive opinion of government, even with their private sector focus. Henshall is the most enthusiastic about government, having had a "fantastic" experience with DTI as well as good working relationships with government ministers. Even as a businessperson, Mbeki underscores the importance of government and is adamant that the state has "the primary role for uplifting the poor". Frankel maintains that a "relationship with government is essential" – and in fact exploits those relationships "to shake the trees from Mbeki down" – and feels that philanthropy's role is to fill in the gap where government is unable to meet needs. He also feels, however, that government has "plenty of money, [but it is] just not directed properly." Khoza emphasizes the need for all sectors, including government, to contribute to meeting South Africa's needs. He emphasizes, though, that government's role should be to "facilitate" individual giving and, "particularly where it has limitations," it must "get

out of the way.” Mahlati has partnered with local government and universities in his endeavors. Khumalo, though essentially partnering with government in his lottery business, expressed no interest in doing so in his personal giving.

Most of these individuals have positive relationships with civil society through their giving practice. Mbeki actually works with NGOs, serving on their boards and offering strategic advice, and Frankel and Khoza deal with NGOs via their Trusts. Henshall, however, has a low opinion of many NGOs, asserting that a lot of them are “nonsense”.

7.8. Problems encountered in giving

Mahlati and Khoza described troubles that have affected their giving. Mahlati was adversely affected by the injection of politics into his program and a misinterpretation and re-direction of its original focus, such that the Plough-back Trust ultimately failed. Khoza described interference with and manipulation of Nelson Mandela as a high-profile, iconic figure who lent support to Khoza in his philanthropic efforts.

7.9. Opinions on the state of individual philanthropy

As to my philanthropists’ views on the state of individual philanthropy in South Africa, most of them expressed the belief that individual philanthropy exists in this country, but that it is either difficult to quantify or not yet big enough to effect significant change. Mbeki described it as a “miniscule phenomenon”, Khoza stated that there is a “surge” but not enough, and Henshall has high hopes for the new younger generation (and little for the present). Several mentioned the loss of the “political imperative” of fighting apartheid as putting a damper on society’s compulsion to give. On the high-profile philanthropic initiatives of the so-called “black diamonds”, Mbeki mentioned his skepticism about their motivations and efficacy. In his opinion, much of what they do is a public relations gesture and, in any case, does not have “the critical mass” to make an impact. Frankel and Khoza, though, showed great admiration and respect for several of the iconic givers.

7.10. Summary

The practice of individual philanthropy by these individuals is unique to their South African experience. Their approaches to giving are innovative, reflecting and responding to the context from which they have emerged. Although their practice manifests some aspects of the discourse on “new” philanthropy, they have each developed their own set of strategies,

independently from the others, and pursue a giving ethos that works best for them in their context.

Significantly, the resources these individuals give, other than money, are not the typical assets described in the literature (although Habib spoke to the idea of an “economy of affection” in South Africa where, for instance, time given for advice and psychological support in families and communities was categorized as giving). Mbeki’s approach of giving his time and strategic advice is particularly interesting. South Africa is battling with a considerable skills shortage as a result of both the limited and ineffectual education afforded to blacks under apartheid and the dysfunction that exists in the education system today. “White flight” has had an impact as well because many of South Africa’s skilled white professionals have emigrated in the last decade, leaving a skills gap. Mbeki’s assets have great value for addressing this skills shortage, particularly because he has accumulated wisdom gathered from years of experience and is a deep and analytical thinker with a proven commitment to helping his country overcome its problems. There may be some ambiguity about whether Mbeki even has the personal wealth to give money to causes; however, he clearly articulated and emphasized that he gives what is most valuable to him, and therefore what he feels would have the most positive impact for his country’s progress.

There is little reference in the international or local literature that assigns value to the types of resources that Mbeki gives in terms of philanthropy. As discussed in Chapter 3, opportunities are widely available for volunteering one’s time and skills, sharing ideas and resources; many organizations exist to provide opportunities for philanthropists to network and exchange ideas and to match potential donors with the needy. Prominent global organizations – as, for instance, the Aspen Institute or Davos World Economic Forum -- regularly bring together talented people to donate their time and brainstorm ideas on development. But there is no evidence in the literature that high-level and strategic advice of the kind that a person of Mbeki’s stature can give, is sought out as a strategic philanthropic resource. South Africa needs Mbeki’s assets and those of women and men of his caliber. It is critical therefore to recognize that this resource is valuable – and a valid type of philanthropy – to encourage more of this giving, especially when people have these unique assets and motivations but may not have excess capital themselves to donate.

Henshall’s approach is also significant in thinking about assets and resources for giving. Her activities could fit the description of a social entrepreneur, having created an innovative business model that results in capacity-building and jobs creation, but again she is responding to her South African context. Her approach targets unskilled rural women, bringing them into

the formal economy and linking them in a new relationship with the high-end fashion market. In addition to the money she gives, she donates huge amounts of time, energy, and expertise through her design work, liaising with government, providing for the women's needs in her home, and running the business.

The motivations behind the philanthropy practiced by these individuals emerged from their life experiences as well. South Africa's culture and history is certainly as rich and complex – tragic and joyful – as any other country, and the decades of upheaval and transformation through which these philanthropists have lived profoundly affected each one of them. It is too facile to simply assume that since the cultural traditions of the blacks purportedly include an ethos of selfless giving, that their giving is solely altruistic, while the whites are impelled by apartheid guilt and appeasement. As we discussed earlier, motivations are subjective and much more complex. Each of these philanthropists works in the private sector – most of them even thriving there – and certainly has a vested interest in the health of South Africa's formal economy, and they all have reasons to present positive public images. Economists speak to the “warm glow” received from giving and psychologists to the psychological factors that “facilitate...positive other-regard”. These factors may contribute subjectively to impel these South Africans, but all of their motivations seem deeper, rooted in the cultural backdrop of the country. On balance, the critical feelings of “human solidarity” cited as a key impetus behind South African giving, and the idea that “helping the poor is both a moral act and...linked to self-preservation”, accurately apply not just to the black philanthropists, but to the whites as well.

As to how these individuals have practiced their philanthropy, would it be considered charity or “new” philanthropy? As discussed above, their practice of philanthropy manifests some aspects of the “new” philanthropy and they certainly speak in that language, but their actions would not be considered cutting-edge in terms of contemporary practice. However, again, they are addressing the needs they are aware of from their experience, and use the assets they have to meet those needs.

These individuals may not yet be the “focused...pro-active giver[s] with a strategic plan of action”, nor the “new breed of philanthropist [who] scrutinizes each charitable cause like a potential business investment, seeking maximum return in terms of social impact.” But their giving is evolving, and from what they expressed, they are potentially heading in that direction. Again, given the newness of their wealth – for the majority of them – and their proximity to the revolutionary change that occurred in the country, this is understandable. They speak of future plans for more strategic giving that show a progression in their thinking from traditional charity to modern ideas on philanthropy.

In line with the international and local literature, these individuals clearly recognize the value added to their giving from partnering with other sectors and leveraging their assets.

This is important for South Africa because utilizing all the resources of its various sectors to tackle its social and economic ills under a strategic government policy is innovative and, in addition to making more resources available, may bring about new ideas and solutions to poverty.

The giving of these South Africans emerges from its own context. What they give, why they give, and how they give all inform their philanthropic ethos and come from their life experiences. This study shows a unique set of attributes expressed by a group of South African givers, and will be useful for informing a wider study of the state of individual philanthropy in this country.

The next chapter concludes this thesis. I suggest a way forward for individual philanthropy, exploring the discourse on strategies for the future including ideas on how to grow the practice. I describe ways in which philanthropists can be further supported in South Africa, and building blocks be put in place to tap the full potential of individual philanthropy as an additional resource in the fight against poverty and other societal ills.

Chapter 8. Conclusion

“Our nation is beset with the agonies of deprivation and social inequality, yet philanthropists and their beneficiaries still rely on the fleeting bliss that comes from giving and receiving, rather than seeking any lasting cure for these ills and measuring the sustainable impact the investment is making.”

Colleen du Toit, CEO, CAF Southern Africa (du Toit, 2008, quoting Andile Ncontsa).

8.1. Introduction

The purpose of this thesis was to provide insight into the state of individual philanthropy in South Africa in the period following the demise of apartheid, and to explore and try to understand this within the wider context of trends in contemporary global philanthropy. By investigating and presenting the life stories of six South African philanthropists, this study found answers to the specific question of how individual South Africans who wish to undertake philanthropy have understood themselves and their roles, in their unique context, and how they practiced philanthropy.

In this final chapter, I summarise my findings and propose a way forward for South African philanthropy. In section 8.2, I recommend the development of approaches that seek more transformative change, that go beyond the merely ameliorative goals of charity, as well as a search for more localized solutions that foster self-sufficiency. More strategic thinking and greater coordination among sectors is requisite. In section 8.3, I give examples of global and local efforts to “grow” philanthropy. These include addressing the enabling environment, nurturing and strengthening the role of civil society and highlighting models for people to aspire to, while being alert to the particular mores of South Africa. In section 8.4, I summarise these recommendations.

Finally, in the last section, I explain how my research uncovered new insights into the practice of individual philanthropy in South Africa, and I call for deeper commitment and greater coordination among sectors in supporting these initiatives and facilitating this practice. Implementing these strategies will enable the full potential of individual philanthropy to be tapped, making space for an additional and potentially powerful resource to help South Africans overcome poverty and societal ills.

8.2. The way forward for South African philanthropy

The practice of individual philanthropy by the philanthropists I interviewed is beneficial in many ways, but there is a need in South Africa to improve the quality and deepen the impact of this

giving, as well as to nurture and expand a general philanthropic ethos in the country. There are at least three complex requirements in this regard: progressing beyond charitable-type giving to giving that is more deeply transformative and oriented towards fundamental change; recognizing that South Africa should become more self-sufficient and less reliant on external funding, and search for localized solutions; and clarifying needs and adopting a more strategic and coordinated approach among sectors. In their study of strategic philanthropy in South Africa, Anheier and Winder concluded that the best practice in South Africa is that which would

seek to operate developmentally...[e.g., more oriented] toward improving the quality of life of poor people; [more responsive] to clearly articulated needs, preferably identified by the people targeted...; [with a clearer] concentration on achieving long-term, specific effects that can be measured, analyzed and replicated in other situations, and a [p]rovision of services in an integrated, holistic fashion (2005:154).

The need to replace traditional forms of philanthropy with newer approaches speaks to a philanthropy that aims to uplift the poor by tackling the root causes of poverty with a more sustainable outcome. Habib and Maharaj note that giving in South Africa tends to be more “ameliorative” than actually promoting the social justice which is so urgently needed (2007:37). Kuljian’s thesis is that philanthropy should be re-directed and “strive towards promoting greater equity and social change” (2005:3). In explaining CAF Southern Africa’s focus on being “Committed to Effective Giving”, Colleen du Toit argues that

we should...move away from the notion of ‘charity’, and towards social investment in the interests of ‘sustainable value creation’. This is not only a shift of principle (the notion of ‘investment’ implies mutual responsibility and accountability), but also a significant shift in practice (du Toit, 2008).

In the preceding chapter, I discussed the extent to which the philanthropists I interviewed have undertaken efforts to bring about transformative change. These individuals are definitely motivated to tackle and eradicate South Africa’s critical problems related to poverty, health, education, skills and employment, and infrastructure, as well as deeper moral or spiritual issues related to values, religion, and integrity in leadership. The manner in which they implement these motivations needs to be refined, though, so that they can realize their aspirations. This may happen as a natural evolution of their giving – several of them described steps towards more institutionalized forms of giving with more strategic goals – or this change may occur if international trends influence them, or hopefully, if giving campaigns of the type described in the next section have the intended impact – or all of the above.

Recognizing the need for South Africa to become more self-sufficient in funding development and thus to further develop its indigenous philanthropic sector, CAF Southern Africa has organized a major conference in Johannesburg to address this issue. The aim is

to demonstrate and discuss innovative social enterprise models that involve people-centered development projects; social investment that taps into and leverages local resources; and new thinking which blends the potential of private capital and business knowledge, with the entrepreneurial actions of poor communities (du Toit, 2008).

This call for more localized solutions is echoed in Kuljian's study where she concluded that "[i]nternational donors, private foundations and others interested in philanthropy in South Africa need to support local institutions and local initiatives that promote local solutions" (2005:7). The President of First Peoples Worldwide maintains bluntly that "imposing alien Western ideas is the antithesis of effective philanthropy," and she contends that the "one size fits all" approach of Western lenders is not only inappropriate but ineffectual (Adamson, 2006).

The philanthropists I interviewed act independently within their South African context, and the capital that funds their giving is both personal and sourced from government and local corporates. They each pursue their giving from their own perspective, and have developed localized solutions with varying degrees of innovation within formal and informal structures. Khumalo's idea of a health chest, starting with his family and extending outward to include a wider catchment area, addresses a critical problem for South Africa in a way that speaks directly to the resources and needs of his home area. Mahlali's and Khumalo's ideas about ploughing back, with professionals collaborating to use their skills in the specific context of their local areas, makes a huge amount of sense, both because it accurately targets local problems and because it does not require huge capital outlays by givers. Mbeki's approach is radical in its own way as well. And, Henshall's entrepreneurial approach to reaching and training women in the rural areas is designed to overcome the unique problems of the rural poor in South Africa and bring them into the benefits of the more formal economy.

The discourse includes frequent references to lack of coordination and disconnectedness in the philanthropic sector, a condition that clearly lessens the impact of giving. Wendy Ackerman, one of South Africa's biggest givers, complains that "[w]e as a family and a company have tended to work in isolation in large part because of the lack of philanthropy networks and resources in South Africa" (Philanthropy in South Africa, 2002). Gastrow claims that "people are disconnected. There is no strong network of giving [and furthermore] there is no understanding

yet of a need for responsibility for civil society. Civil society is viewed as a charity, but there is a need now for a strategic view” (2008b).

And, finally, there is a call for strategic thinking and better governance. An Africa Grantmakers’ presentation argues that “the primary cornerstone upon which development of philanthropy in South Africa should be built...is honesty, accountability, democracy and public policy” (Perspectives on Philanthropy, no date:2). Ractcliffe’s GreaterGood speaks to a culture that shows “giving in ways that are thoughtful, purposeful and highly effective” (Broking for Good, 2006). Du Toit asserts that “if we can agree on strategies, and then effectively implement these, we will be in a better position to demonstrate social impact. Also, the process of cooperative planning and implementation will in itself yield opportunities for ongoing learning and innovation” (2008).

While the philanthropists I interviewed practice independently of one another – except for Frankel and Khoza who are both involved in Buffelshoek Trust – there is a measure of coordinating philanthropy evidenced in the various partnering activities in which they participate with government, corporates and civil society. However, they did not speak of any philanthropic networks in which they participate or about consulting the “social marketplaces” like GreaterGood SA to find projects. At this point, the focus of their giving arises from the family and community close to them, or from needs that have been brought to their attention through immediate experience. I will look more closely at these issues in this next section which hones in on options for growing philanthropy in South Africa.

8.3. “Growing” individual philanthropy in South Africa

The life stories – and the giving research described – show that a desire and will to eradicate poverty is embedded throughout South African society. To succeed in this endeavor, individual philanthropy, as one of the components of the development discourse which supports a multi-dimensional approach to tackling poverty, should be fostered and promoted more strategically. But how is this to be done? The literature on efforts to instill a culture of philanthropy speaks to the need to address the enabling environment (the legal and financial parameters for giving), strengthen civil society, create models for people to aspire to, while also “tak[ing] into account...the political structures, social attitudes and the role of charitable giving” (Wright, 2001:1) in the country.

A study on promoting and “growing” philanthropy done by the Bertelsmann Foundation identified a broad global trend in efforts to increase philanthropy that extends beyond the rich countries (Johnson *et al*, 2004). They found that these efforts generally address

[four key] challenges to the growth of philanthropy: (1) legal and financial restrictions on philanthropy and civil society, (2) cultural attitudes and values that do not fully accept and support the role of civil society and philanthropy, (3) limited individual engagement in philanthropy, and (4) insufficient civil society capacity and infrastructure (2004:10).

Their proposals on how to effect this growth include pursuing:

a range of strategies and organized efforts...particularly approaches that...may offer potential for more widespread adaptation and replication elsewhere. The underlying assumption is that philanthropy promotion is most likely to produce results when it (1) is promoted through a range of approaches, (2) recognizes the unique character of a local community and the wide diversity of potential donors within it, and (3) creatively employs multiple strategies to cultivate philanthropy within diverse populations (Johnson *et al*, 2004:14).

In 2001, the London School of Economics undertook a study of a “bold” initiative led by U.K.’s Labour government to create a culture of giving – dubbed a “Giving Age” – to investigate how the program was pursued and whether the initiatives were effective. The aim of the program was to increase overall giving by 20% and the number of givers by 13% over two years. In addition to major policy initiatives aimed at hugely expanding financial incentives through the tax code and direct payroll donations, government undertook a “Giving Campaign” to “change the culture of giving in Britain via leadership, marketing, education, and the creation of new institutions...It also put to work strategies relying on different theoretical literatures and sets of motivations – financial incentives and social norms and practices.” These strategies

ranged from information and networks for financial advisors to curriculum on giving for primary school children. In addition to its concrete objectives, it had the broader task of trying to transform public conceptions of giving from archaic and in many minds objectionable Victorian images of upper class noblesse oblige to more modern ideas of democratic activism, social investment, and a ‘new philanthropy’ (Wright, 2008).

The LSE study found that overall giving increased significantly as a result of the campaign, but that unfortunately the growth was the result of increased giving by the affluent rather than by more participants across the board joining in (Wright, 2008).

In South Africa, civil society has tackled the problem of creating a culture of philanthropy in various ways. This is the main goal of the NGO Inyathelo (South African Institute for Advancement) which, among its several initiatives, has launched a “Philanthropy Awards” program with a very public nomination process and “gala” dinner attended by well-known public figures, in an effort to publicise the value of philanthropy and create positive role models. Shelagh Gastrow, the Executive Director, asserts that their awards “show that ordinary people can be philanthropic — they can take the little they have to grow new initiatives that benefit society.” Publicizing their activities is essential because “[w]hile it is considered ‘good form’ not to shout too loudly about your good works, if philanthropic activity in South Africa is to continue to operate under the radar, then we do not have role models who others can emulate” (2008a).

Charities Aid Foundation Southern Africa (CAF) seeks to grow the philanthropic sector through seminars and training services to corporate, individuals, and non-profits. CAF “work[s] to increase social giving through opening up new sources of funding and increasing the pool of givers” and they also work with government to assist in “draft[ing] legislation that will benefit both givers and non-profits.” Their training includes educating on the key issues of payroll giving, grant making, employee volunteering, and legal and tax assistance (CAF, 2008).

Bishop Mpumlwana has proposed a “Social Giving Platform” as a means to facilitate and advance philanthropy in South Africa that would bring together those who wish to formalize their giving.

[It would] provide passionate social givers an infrastructure similar to a private foundation, upon which to plug their family and company givings. They would use the expertise and administration of the common platform to advance their philanthropy while retaining their special focus interests, but also have the opportunity to collaborate...This is particularly to support the efforts of the growing number of black families and companies of relative means as a result of their business successes (Mpumlwana, 2007:1).

The advantages Mpumlwana envisages from such a proposal include: “[f]reeing [the] philanthropic energy of givers...to focus on the programmatic aspects of their dedicated interests rather than in the details of institutional administration” (2007:1).

The South African Social Investment Exchange (SASIX), mentioned earlier, wants to encourage a “new lexicon” in the field of philanthropy that renovates its tarnished image.

[W]e are exploring...the introduction of new terms into the language of philanthropy [that] could encourage a re-thinking of how giving and receiving operate in our society and ultimately encourage the uptake of healthier ways of co-existing. There is concern around the negative perception of terms in current usage – or a lack of understanding of the ‘true’ meaning of such terms because it seems the meaning has become blurred (Broking for Good, 2006).

These initiatives to grow philanthropy, most of which are relevant for South Africa, call for a legal and tax enabling environment that facilitates and encourages giving as well as targeted campaigns by government and civil society aimed at instilling a positive giving culture in the society. This sort of campaign should include multi-pronged strategies that seek to: overcome negative perceptions about philanthropy that may exist; drill down to reach and educate all sectors of society, including schools and businesses; publicize and celebrate real philanthropists who can serve as aspirational models for others; and inform and train people on innovative options for giving such as volunteering through workplaces or giving directly from payrolls, or ideas such as “social giving platforms” where the mechanics of giving can be facilitated and philanthropists can collaborate with like-minded people.

In line with the ideas expressed in the South African literature, these initiatives should also occur within the localized context that speaks directly to the unique character of South Africa. In fact, these initiatives are happening, or certainly can take place, in South Africa given the right support. CAF Southern Africa, Inyathelo, Greater Good SA, and others are actively pursuing activities that nurture and promote philanthropy in South Africa which are attuned to the nuances of local culture and the diversity of potential donors and assets.

South Africa’s tax regime is not greatly supportive of philanthropic activity, however, in large part because of the prevailing viewpoint that government is responsible for anti-poverty and other social benefit programs, and taxes are needed to support that essential function. There is a small individual tax deduction available for donations to public benefit organizations – 5% of taxable income. Foundations and non-profits have not traditionally been accorded special tax status, but a coalition of civil society has recently lobbied government, and parliament has minimally expanded tax exemption for non-profits, but not to the extent of most wealthy countries (USAID, 2008). Incentives for giving need to be expanded.

8.4. Summary

Giving that has a deep and sustainable impact requires initiatives that seek transformative rather than ameliorative change, that look for localized solutions to meet local needs, are not dependent on external funding, and that work towards strategic and coordinated approaches among sectors. The philanthropists in this study are largely moving in this direction. They are thinking in terms of deeper change and more strategic giving. Their giving is practiced independently from their own perspectives, and they have developed unique solutions with varying degrees of innovation within formal and informal structures. They coordinate with other sectors, but do not participate in wider options for networking with other philanthropists.

The considerable efforts taking place in South Africa to grow its culture of philanthropy were explored. The philanthropists I interviewed, and their colleagues and peers, should be encouraged to join in and support these activities. They certainly have the clout and the access to lobby government for an improved enabling environment for individual giving. They should be encouraged to become more visible as role models for their fellow citizens. They should work through their philanthropy to strengthen the role of civil society, especially in its relationship to government. These initiatives are critical and achievable.

We have seen that the practice of individual philanthropy by the philanthropists I interviewed is heading in the right direction for South Africa, and we have learned this through a study of their life stories. This study has offered a first step, a way to begin to understand how philanthropists view their role and their practice of giving.

8.5. Recommendations and way forward

“[W]e must celebrate the giving. We must recognise that the impulses of the givers are correct. Yet, we have work to do in the present environment to ensure that the circle of givers is significantly enlarged and that the bounds of their generosity is expanded... [D]on't ever let up...[W]e have to work together to persuade everybody that the freedom we have, as Camus said, is 'constituted of responsibilities rather than privileges'. So we have to work for a society that sees the levels of inequality as a challenge to be overcome.”

Trevor Manuel, Finance Minister, South Africa (Manuel, 2007:1).

The research design and methodology followed in this study uncovered new insights into the practice of individual philanthropy in South Africa. This study confirmed that philanthropists emerge in a context, and that South Africa's unique political and cultural identity strongly influences attitudes towards giving. While it is important to explore and understand the global

discourse on individual philanthropy since these strategies may help to inform the South African discourse, they are not ultimately useful as a template because the South African context supports its own set of criteria. Although the philanthropists interviewed for this thesis use the language of the “new” philanthropy espoused by the global literature to some extent, they are in practice pursuing their own strategies without reference to a shared dialogue or a shared strategic approach. As we have seen in the last two chapters, these individuals have developed their own strategies and give in a way that makes sense to them in their unique context.

These philanthropists expressed their support for growing philanthropy in South Africa, but there is a need to deepen this commitment and support initiatives that can expand the impact and sustainability of their giving. To accomplish this, a strategic plan that incorporates several key building blocks is called for. These should include: expanding the existing culture of giving and nurturing the leadership to make that happen; focusing on sustainable, transformative giving that drills down for local solutions gathered from indigenous sources; seeking out opportunities for leveraging one’s giving in partnership with other sectors of society; and providing philanthropists with formal structures that help coordinate and encourage their giving. Above all, it is critically important to recognize the value in experimentation and innovation to search for fresh ideas on solving poverty.

Initiatives to expand the existing culture of giving should come from government and private sector, not just civil society. Inyathelo’s efforts to spotlight individual givers and create inspiring role models, CAF’s targeted training efforts, and Greater Good’s efforts to coordinate giving and match up givers and the needy, are important examples of work being done by civil society that the other sectors should actively promote as well. As one example, government could look to the strategies that worked for the Labour government in UK in its giving campaign described above.

More sustainable, strategic giving with localized solutions is fundamental to increasing the impact of philanthropy. This paper has examined the state of contemporary philanthropy and its goal of seeking transformative change. Several of the philanthropists interviewed here expressed an interest in, and indeed felt they were making, this sort of change. Certainly they are using local strategies that address local problems. However, this goal needs to be incorporated into the giving culture itself, whether through a natural progression that is influenced by contemporary global giving theories and practices, or better, through targeted training provided by the civil society organizations that work closely with the poor and understand how best to meet their needs. CAF Southern Africa is a good example of this type of training support. Giving increased voice to the poor, as well as those who work closely

with them, is critical. Government, too, can contribute by underwriting civil society's work and enhancing the enabling tax environment.

More open dialogue and coordination between sectors should be encouraged, at the instigation of civil society, corporates or government. Opportunities already exist through GreaterGood SA and the Global Philanthropy Circle of Synergos for like-minded people to network, strategize and professionalize their giving. Bishop Mpumlwana's idea of a Social Giving Platform is a fine example of this kind of support. This dialogue can serve to not only help coordination, but also provide the type of exchange that can ignite creativity and innovative new approaches to giving.

Indeed, South Africa's philanthropists should be actively encouraged in their giving by providing them with structures that guide and help coordinate their giving, including monitoring and evaluation mechanisms. This could be spearheaded by government in partnership with civil society, or by civil society with government and/or private sector support. Adam Habib suggests a formal regulatory framework to oversee philanthropic giving (Habib, 2008), but the strictures such regulations would impose on private wealth may be too contentious and might dampen individual impetus for giving. At a minimum, however, government should mandate more transparency in giving, and provide individual philanthropists with giving data (how much has been given and where it has gone), with identified areas of need, and with information on how best to target donations to reach the needy. Charting the "money flows" and creating "a common baseline" will enhance "financing strategies" and ultimately improve the quality and the reach of giving (Skloot, 2001:12-13).

As these building blocks are increasingly incorporated into the South African development discourse, the full potential of individual philanthropy can be tapped and an additional powerful resource brought in to help tackle this country's needs. This is, of course, what most philanthropists set out to achieve in the first place.

This study contributes to the larger body of knowledge on philanthropy and giving in South Africa that seeks to understand the overall state of individual philanthropy in this country and informs policy and strategic choices. Further research to complement this study is important. Collecting similar data from a much broader population of givers, investigating and measuring outcomes from the various initiatives to grow philanthropy, and exploring giving that uses other innovative assets -- like those of Mbeki and Henshall -- to address South Africa's unique context, are some of the further important studies that could enrich our understanding of South African giving.

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