



EAST AFRICA ASSOCIATION OF GRANTMAKERS

# East Africa Giving Report

# 2012

*A survey of Foundations and Trusts*



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# Table Of Contents

|  |          |
|--|----------|
| Introduction.....                                | 1        |
| Methodology.....                                 | 2        |
| Limitations Of The Survey.....                   | 3        |
| Survey Findings.....                             | 3        |
| <i>How Much Did You Give In 2011?.....</i>       | <i>3</i> |
| <i>What Were Your Sources Of Funding?.....</i>   | <i>4</i> |
| <i>Which Sectors Did You Fund?.....</i>          | <i>5</i> |
| <i>What Challenges Did You Face In 2011?....</i> | <i>6</i> |
| Conclusion.....                                  | 7        |
| References.....                                  | 7        |

## INTRODUCTION

For the past decade, the East Africa Association of Grantmakers (EAAG), has conducted research in the field of philanthropy in an attempt to build a knowledge base on local philanthropy. A study done in the year 2010 on the State and Nature of Philanthropy in East Africa revealed a serious information gap on the actual monetary contribution by philanthropy in the region. Where this information is available, it is disjointed, inconsistent and incomprehensible.

This clearly points to a lack of a robust system that regularly collects, collates and documents information on local giving patterns and trends. It is against this background that EAAG sought to establish an annual survey of local giving in East Africa modeled around other global annual surveys in the USA, UK and India.

The 2011 East Africa Giving survey was conducted

among Foundations, Trusts and other grantmaking organizations engaged in philanthropic work. The objective was to underscore the contribution of local philanthropy towards social change as well as build a knowledge base for philanthropy in the region and the global community. Findings of the survey will be of particular interest to fundraisers, CSO leaders, donors, volunteers, scholars and individuals who work with or in the philanthropy sector. The findings will also be important to EAAG as it pursues its objective of promoting local giving through evidence based advocacy.

It should be noted that this report does not in any way purport to put a conclusive monetary value of philanthropy in the region due to the complex nature of documenting philanthropic gifts but should be viewed as the beginning of a process that we hope to build into the existing knowledge base on philanthropy for future use.

## METHODOLOGY

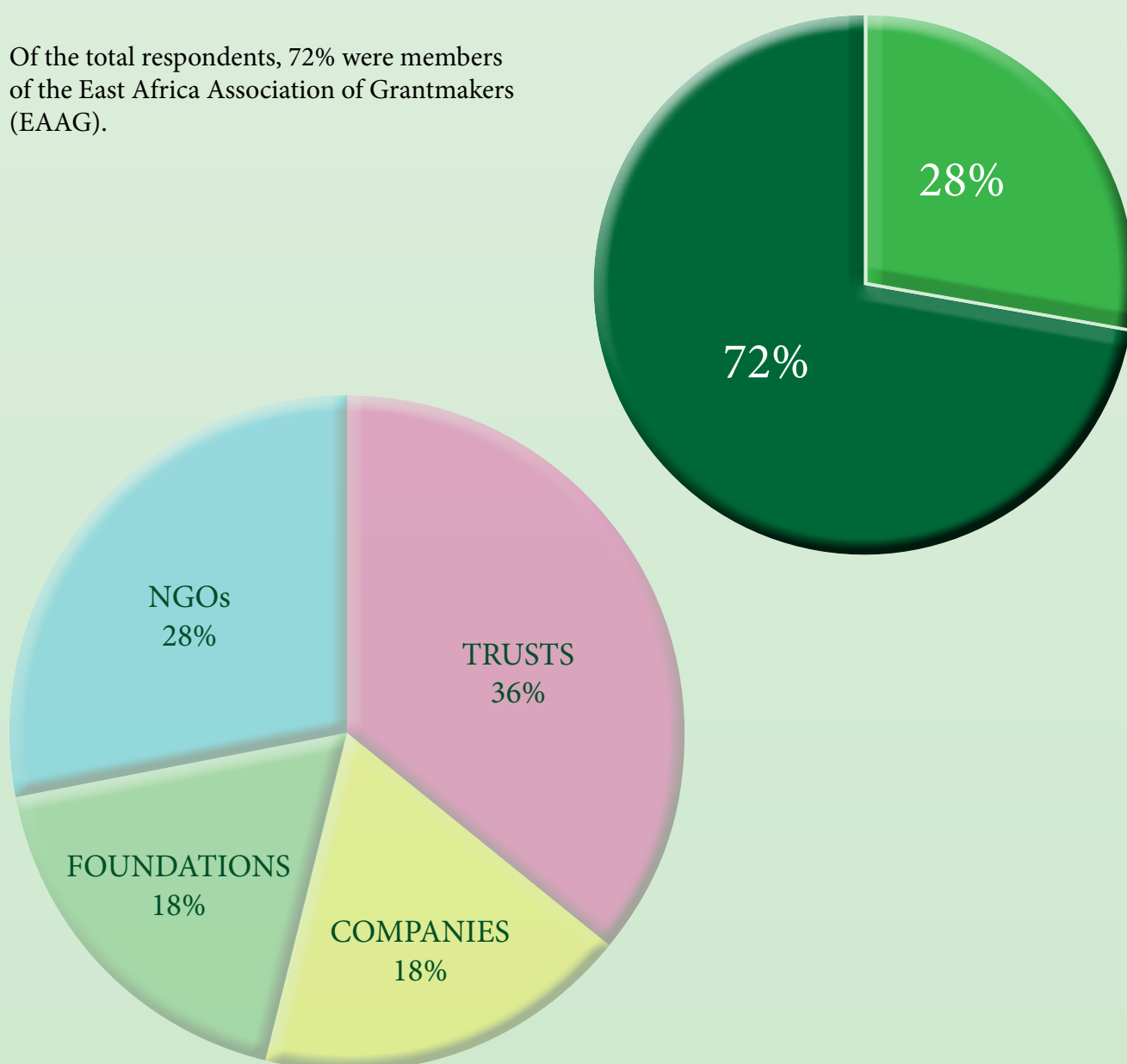
This survey was conducted through an online platform, SurveyMonkey. It sampled local philanthropic organizations working in East Africa. Prior to releasing the survey questionnaire, it was pre-tested among 3 randomly selected organizations for quality management. A total of 25 organizations from Kenya, Uganda, Tanzania and Rwanda representing diverse forms of structured giving (Family, Corporate, Community and Private Philanthropy) participated.

A majority of those who responded were registered as Trusts and Non Governmental Organizations.

The survey questionnaire was designed to collect information from local philanthropic organizations on the amounts given, their sources of funding, sectors, institutions they supported and finally the challenges faced during the year. To guarantee uniformity and accuracy of the responses, all information provided by the respondents was extracted from their 2011 audited financial reports.

### EAAG Membership

Of the total respondents, 72% were members of the East Africa Association of Grantmakers (EAAG).



## LIMITATIONS OF THE SURVEY

Data for the survey was drawn from the audited financial statements of 2011. The fact that audited accounts are not standard and are presented in different formats posed a challenge in interpretation. A good example is a case where an organization was asked to state the sectors that benefited from their grants. For one organization, the audited accounts provided an aggregated figure while for others the same is disaggregated in sectoral terms.

The concept of online surveys is yet to be fully embraced in this region due to various reasons among them trust and accessibility to connectivity. The survey therefore attracted fewer respondents in some countries than expected which in a way may

skew the findings especially where certain countries had more respondents compared to others.

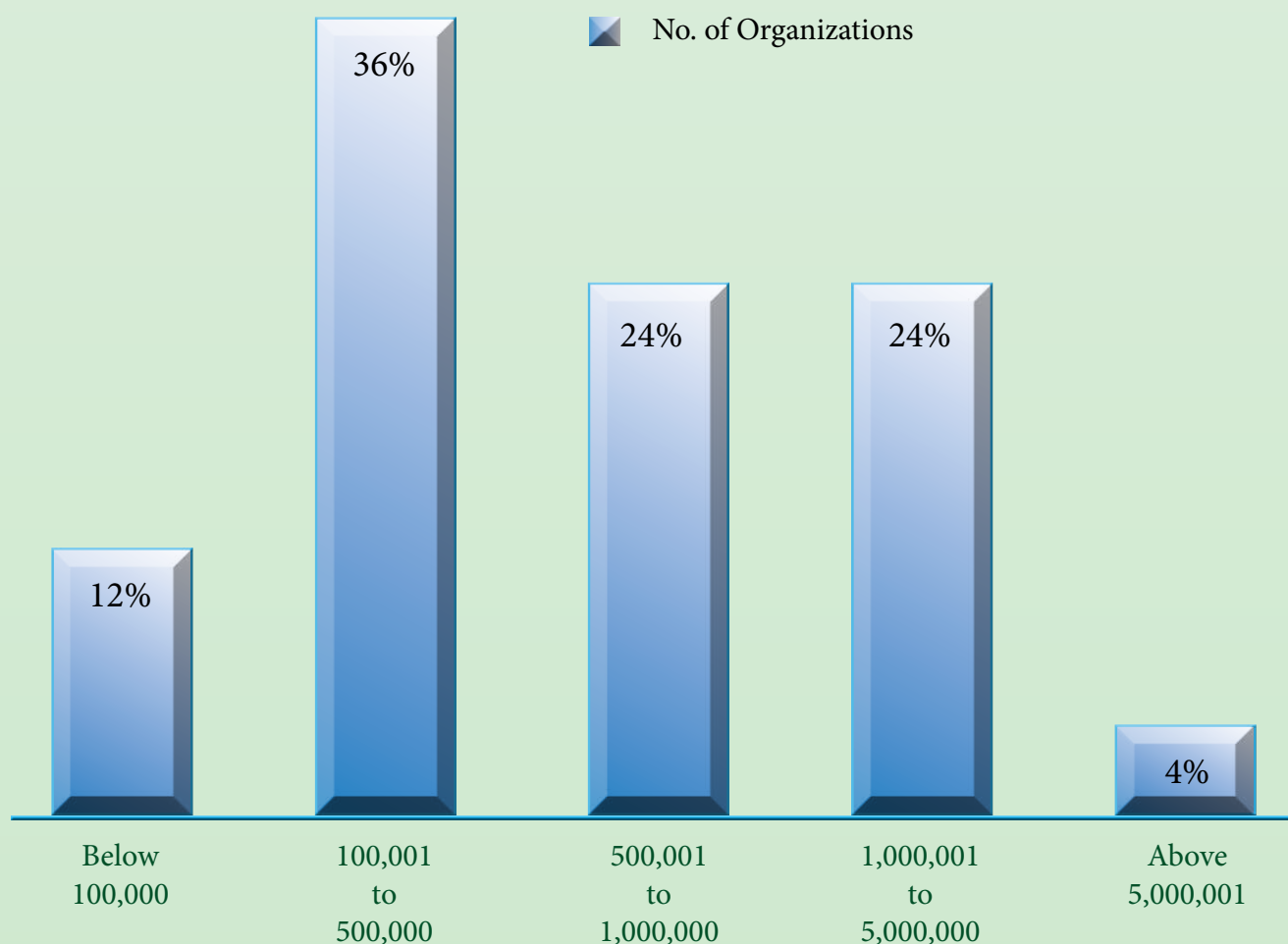
The survey focused on philanthropic giving in monetary forms or its equivalent. Some organizations could not quantify their voluntary giving.

## SURVEY FINDINGS

### How Much Did You Give?

Giving was measured in terms of donations made towards social causes in 2011. All organizations surveyed gave a total of USD 27,045,597. This translates to an average of USD 1,081,823.16 donated by each of them.

### Range of amounts given in USD (\$)



*During the year in review, 80% of respondents gave between USD 100,000 to USD 5,000,000. The majority gave between USD 100,000 to USD 500,000 with only 4% giving above USD 5,000,000.*

## What Were Your Sources of Funding?

The largest source of income was from foreign donors accounting for 75% of the total income. This can be broken down as follows;

1. Foreign Aid agencies (37%)
2. International NGOs (21%)
3. Multilateral Agencies (17%)

Companies contributed the largest share of local sources at 15%. This is fairly remarkable and could point to a growing interest by the corporate world in engaging in meaningful social change.

An interesting finding is that local Foundations and Trusts account for 7% of the sources of income. This could be attributed to the growing lateral giving among local foundations and Trust. For example a corporate foundation would support a family foundation or a community foundation and vice-versa. It is encouraging to see governments support local foundations financially, even though this accounts for only 2% of the total source of income.

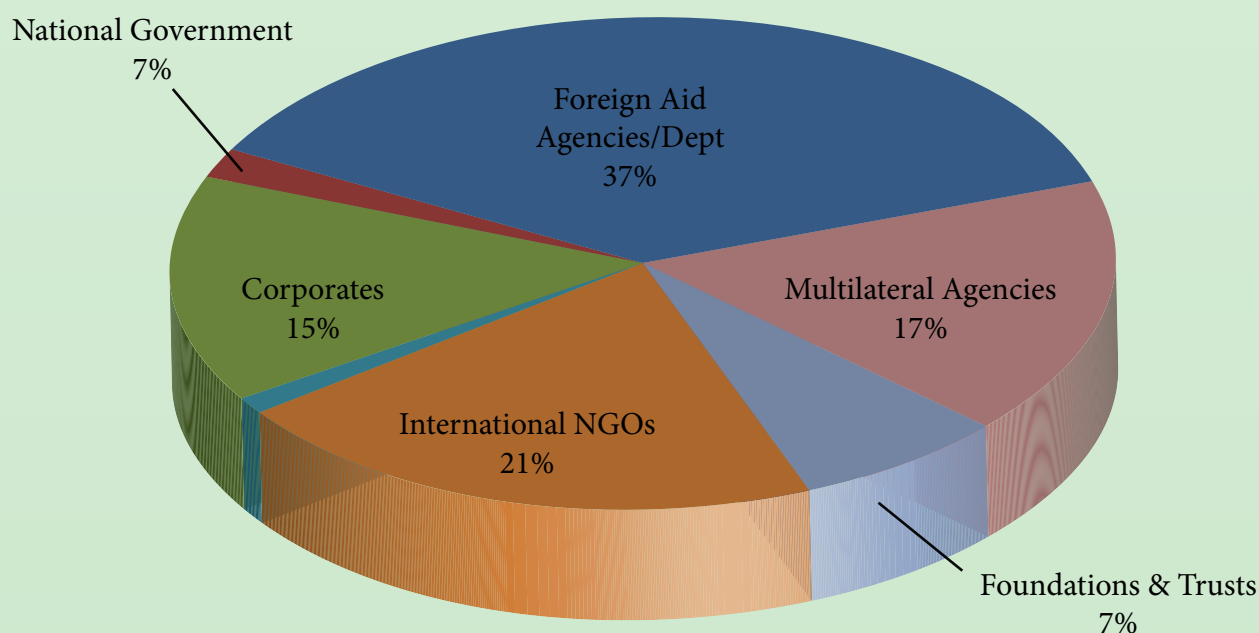
Charitable bequests although a very popular source of income for charitable organizations in the developed world, this does not seem to be the same case in

the region for it only accounts for 1% of income for Foundations and Trusts.

Individuals contributed USD 157, 000 which represents less than 1% of the total income. Despite Individual philanthropy being a rich source of funding, it remains untapped by foundations and trusts locally. This finding corroborates findings of a previous research by EAAG that attributed reluctance by individuals to contribute to charitable organizations to mistrust. The Giving USA 2010 Report indicates that 73% of all the total charitable giving came from individuals compared to other forms of giving. The Giving Report 2010 in South Africa conducted by the B.O.E Private Clients highlights a high propensity of the High-Net worth individuals to give to social causes with 93.5% making donations.

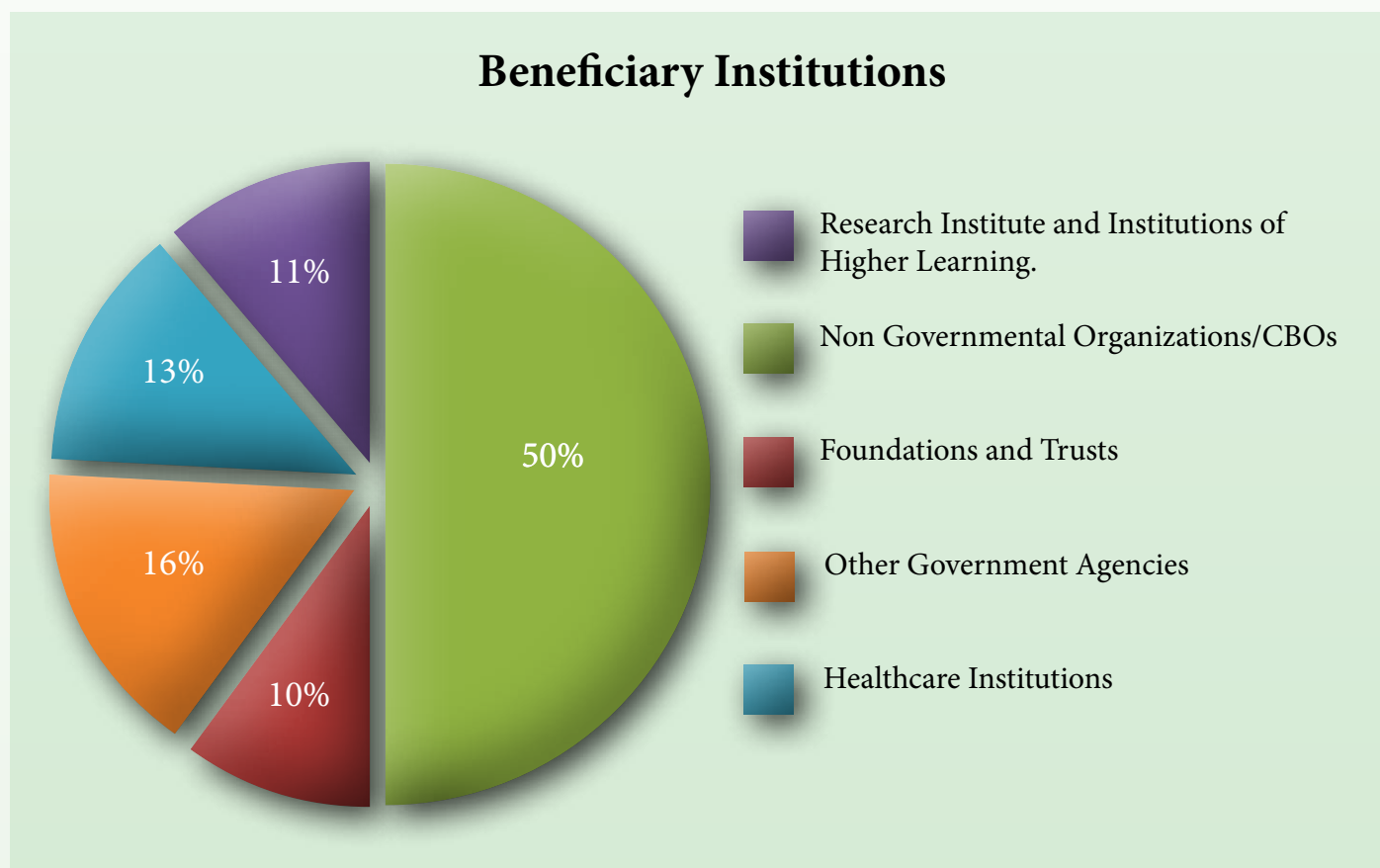
Though individual giving to Foundations and Trusts in East Africa is currently at 1%, it has a great potential to grow with the rapid economic growth experienced in the region, just like what is being experienced in India. The India Giving Report 2010 put individual giving at 26% in 2010. This is a form of giving that has tremendous room for growth and with decline in foreign aid, individual giving will become a rich source of funding for Foundations and Trusts.

## Sources of Funding for Foundations & Trusts



## Who Were The Major Institutional Beneficiaries?

Non Governmental Organisation's and Community Based Organisations received the lion share of grants from Foundations and Trusts at 50%, followed, surprisingly by governmental agencies at 16%. Healthcare institutions which include hospitals and dispensaries received 13% of the funds while Research and Higher learning institutions got 11%. Foundations and Trusts received the least funding at 10%. Again we observe the trend of lateral funding among Foundations and Trusts.



## Which Sectors Did You Fund?

According to those surveyed, the education sector was the greatest benefactor of giving in 2011. Not surprising, funding for food and agriculture programmes came out as the second most funded sector receiving 24% of the total funds. In a region hit by a prevalent famine disasters and poverty the need to seek sustainable solutions to food shortage appears to assume high priority in the agenda of local philanthropic organizations.

Interestingly, 13% of those interviewed indicated building an endowment fund as a significant aspect in their operations, an indication of the increased desire for organizational sustainability.

Health, Human rights advocacy, and economic empowerment also attracted a large proportion

of funds in 2011. Other sectors mentioned as beneficiaries, although at a minimal scale include governance programmes, sports, art & culture, youth and children and disaster relief. In a region with a bulging youth population, accompanied by a myriad of challenges facing the youth, it is surprising that direct funding for youth programmes (sports, arts and culture) is low.

Another notable observation is that none of the respondents indicated funding for the East Africa regional integration process despite the increase focus of the integration in the recent years. This calls for active involvement by the East Africa community to interests Local Foundations and Trusts to take on the EAC agenda.



## Beneficiary Sectors



### What Challenges Did You Face?

Findings from a study conducted by EAAG in 2011 on the 'State and Nature of Philanthropy in East Africa' identified four major challenges faced by philanthropic organizations;

1. Increased societal needs against limited resources.
2. Poor Management of donations/grants.
3. Unfriendly national tax laws on charitable giving.
4. Lack of Transparency and Accountability among recipients.

The survey sought to identify the hierarchy of the above challenges among local Foundations and Trusts. Respondents were therefore asked to rank the

challenges in an ascending order from the greatest (1) to the least (5).

Seventy five percent (75%) identified 'increased societal needs' as their greatest challenge (1) in 2011. Contrary to expectation 'poor management of donations' by beneficiaries was not listed a major concern by most organizations. This could be as a result of an increased effort in building the capacity of grant recipients or thorough proposal evaluation of potential grantees. On the other hand, 97% of the total responses acknowledged Lack of Transparency and Accountability as a challenge. Only 33% of those who responded identified 'Unfriendly National Tax Laws on Charitable Giving' as a challenge to their giving while the rest of the respondents did not view it as a challenge at all.



## CONCLUSION

From the survey, the following conclusions can be made:

1. Close to USD 30million was given by Foundations and Trusts in the year 2011 to support social causes. This is a clear manifestation of the significance these organizations in mobilizing resources for sustainable development and social justice
2. Foreign donations account for 75% of the total income sources for Foundations. This remains significantly high if sustainability of local philanthropy is to be attained. Efforts to grow a culture of giving among citizens of East Africa must be increased and sustained. Hopefully, as the region records an impressive economic growth, individual philanthropy and corporate philanthropy will provide opportunities to increase local giving.
3. The ever growing demand for financial support for social causes will put a strain on the resources

available to foundations and trusts. This therefore calls for more collaboration among development organizations in order to leverage both financial and technical resources to design efficient solutions. In addition, it is equally important for trusts and foundations to apply a participatory approach to social change by leveraging community resources.

4. Endowment Building at 13% features prominently among the top areas where Foundations and Trusts are investing their resources. This is happening at both the donor level and grantee or beneficiary level. It is important that practice be encouraged and supported in order to attain organizational sustainability.

5. NGOs and CBOs are the greatest beneficiaries of donations from local foundations and trusts at 50%. The NGO sector stands a greater chance to receive more than half of the total donations if they addressed issues of transparency and accountability which have been termed as one of the greatest challenges by Foundations.

## REFERENCES

1. Bain & Company, 2011, *India Philanthropy 2011*.
2. Charities Aid Foundation and National Council for Voluntary Organisations, 2010, *UK Giving 2010 Trends and Characteristics*.
3. East Africa Association of Grantmakers, *Report on State and Nature of Philanthropy in East Africa*, 2011.
4. East Africa Association of Grantmakers, *A Review of the Tax Policy Environment For Philanthropy in East Africa*, 2010.
5. Giving USA Foundation, 2010, *Giving USA 2010–The Annual Report on Philanthropy for the Year 2009*.



# *Organisations Interviewed*

- 1 AAR BECKMANN TRUST
  - 2 AGA KHAN FOUNDATION
  - 3 AKIBA UHAKI FOUNDATION
  - 4 ALLAVIDA - EASTERN AFRICA
  - 5 BERNARD VAN- LEER FOUNDATION
  - 6 CHANDARIA FOUNDATION
  - 7 COMMUNITY DEVELOPMENT TRUST FUND OF TANZANIA (CDTF)
  - 8 GERTRUDE'S CHILDREN'S HOSPITAL
  - 9 HIDLE BACK EDUCATION FUND
  - 10 INDEPENDENT DEVELOPMENT FUND
  - 11 KABAKA FOUNDATION
  - 12 KCB FOUNDATION
  - 13 MAASAI GIRLS EDUCATION FUND
  - 14 MULJIBHAI MADHVANI FOUNDATION
  - 15 RAHIMTULLA TRUST
  - 16 RWANDA DEVELOPMENT ORGANIZATION
  - 17 SAFARICOM FOUNDATION
  - 18 SOCIAL ACTION TRUST FUND (SATF)
  - 19 STRIVE FOUNDATION RWANDA
  - 20 TANZANIA GATSBY TRUST
  - 21 THE CRADLE - THE CHILDREN FOUNDATION
  - 22 THE FOUNDATION FOR CIVIL SOCIETY
  - 23 THE JOMO KENYATTA FOUNDATION
  - 24 URGENT ACTION FUND -AFRICA
  - 25 VSO JITOLEE
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