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# SUSTAINABLE FUNDRAISING FOR DEVELOPMENT

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# SUSTAINABLE FUNDRAISING FOR DEVELOPMENT BY INTERNATIONAL NON-GOVERNMENTAL ORGANISATIONS IN SOUTH AFRICA

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A research report submitted to the Faculty of Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management (in the field of Public and Development Management).

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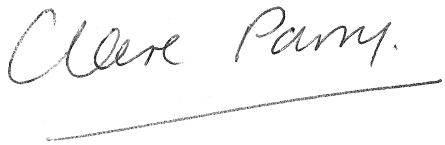
**ABSTRACT**

Poverty alleviation and sustainable development continue to present serious challenges in South Africa with 34.1% of the population living on less than $2 a day.[1] In addition to government, national and international non-governmental organisations (NGOs and INGOs) play a critical role in tackling development issues but resources are stretched and sustainable fundraising presents a challenge for many NGOs. The potential of individual donors to financially support INGOs has been successfully harnessed in Europe and North America but is not utilised to the same extent in middle income countries, including South Africa. Targeting individuals in South Africa could provide a route to greater financial stability and sustainability for many of the country's NGOs. Individual fundraising is just one of many fundraising models, but one that is increasingly being used in other middle income countries and is relatively unexplored in South Africa. Drawing on the experience of fundraising initiatives in other middle income countries could help avoid some of the challenges particular to fundraising in such economies, although only through detailed research and testing will the South African market be opened up to such opportunities. Interviews were held with fundraisers and development practitioners in Argentina, Brazil, India, Thailand, South Africa and the United Kingdom to understand how individual fundraising was used in these economies and whether it had potential as a future fundraising model in South Africa. Recent survey findings indicate that faith based organisations currently enjoy widespread financial support from South Africans who give to social causes but that there is untapped potential in relation to the recruitment of regular and committed financial supporters to a particular cause. Harnessing this potential is difficult and requires both a long term strategy and substantial financial investment, but implemented successfully it could result in significant rewards for INGOs in terms of improved donor support and financial sustainability.

[1] http://hdr.undp.org/hdr2006/statistics/indicators/24.html

**DECLARATION**

I declare that this report is my own, unaided work. It is submitted in partial fulfilment of the requirements of the degree of Master of Management (in the field of Public and Development Management) in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other university.



Clare Parry
15th June 2009

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# 1. INTRODUCTION

## 1.1. Introduction

> Fundraising is the art of getting people to give you what you want; when and where you want it; for the purpose you have identified. (Elischer in IPPF European Network, 2004:6).

> Effective fundraising is informed by an accurate and current understanding of the environment in which it will be implemented. (*Growth with 'Real' Influence, ActionAid International Fundraising Strategic Plan 2006–2010*, 2005:7).

Ensuring there is an effective and sustainable fundraising source is a critical consideration for most non-profit organisations (NPOs) in order that they can fund their work, deliver on their stated mission and survive financially. This research sets out to identify whether the potential exists for international non-governmental organisations (NGOs) to fundraise from individuals in South Africa. As defined by Cannon, sustainability, in the context of NGOs, refers to:

> the ability of an organisation to secure and manage sufficient resources to enable it to fulfil its mission effectively and consistently over time without excessive dependence on a single funding source. (Cannon in IPPF European Network, 2004:6).

Effective and sustainable fundraising does, however, present a significant challenge for many non-profit organisations in South Africa and internationally.

In South Africa the national non-profit organisation (NPO) sector incorporates a broad spectrum of organisations working on a wide variety of issues. Swilling and Russell's 1999 study, *'The Size and Scope of the Non-profit Sector in South Africa'*, put the total number of NPOs at 98,920, the majority of which, 54.3%, 'were in the culture and recreation, social services, and development and housing sectors'. (Swilling & Russell, 2002:26). Alongside government and business the NPO sector is seen as the 'third sector'. In terms of development it performs a vital role in delivering much needed services to poor and marginalised people and ensuring their voice is heard and represented in the relevant local and national fora. It is also an important contributor to the country's economy and is a significant employer. Again, Swilling and Russell calculate the value of the

sector at 'R9.3 billion' employing 'the equivalent of 645,316 full time workers'. (ibid:15-16). Kraak also notes that 'the voluntary sector has a vital role to play in shaping public policy and as a watchdog for democracy' (2001:1). Yet it is also often seen as a sector in disarray. International funding to the sector is declining steadily and national lottery funding currently appears to be at a standstill with regulatory issues impeding the disbursement of grants to organisations whose very survival can sometimes be dependent upon them. (Southern Africa Institute of Fundraising Convention, 2007) In relation to fundraising broadly, but also applicable to the South African context, Hall notes that:

> There are three sources of income for nonprofit organisations (NPOs): *earned income* (revenue from products and services), *public sources* (government) and *private sources* (grantmaking trusts and foundations, corporations and individuals). For most NPOs the majority of donations come from individuals. (Hall, 2004:4)

Dependency on a single income type can pose a significant organisational risk in the event that the funding is withdrawn. The successful combination of different funding streams holds the key to more sustainable funding of an organisation and its work. As is the case for the majority of fundraising methods, fundraising from individuals requires that an organisation takes a long term approach. Substantial human and financial resource investment is required both to manage the individual fundraising programme effectively and to see an appropriate return on investment over time. Many South African NPOs have grappled with sustainability problems, in some cases they have downsized in order to survive, in others they have simply closed altogether. Several of the contributing factors to this situation have however long been in evidence in the sector and yet many NPOs have not managed to strategise effectively to mitigate their effects. Too few organisations have paid sufficient attention to the changing and difficult funding situation in which they find themselves and have not adequately addressed the need to diversify funding sources effectively to ensure their longer term financial sustainability.

Several International Development NGOs (INGOs) have a presence in South Africa, either in response to work they are doing in the country or by choosing to

locate international or regional offices in the country. South Africa's prominence and influence, not only within the SADC region but more broadly across the continent and in the international geopolitical arena, makes it an important player within the international development community. Of the 18 organisations interviewed during the course of this research, 12 were either international organisations located in South Africa or locally registered NPOs operating as affiliates of international organisations. Fundraising for these international NGOs presents a different set of challenges, however, and they are often viewed by national NGOs as being relatively rich. Further, there is a perception that they compete unfairly with national NGOs for already scarce in-country resources and for international funding. For many of these international NGOs, contributions from individual supporters in the form of regular and committed financial donations to the organisation fund the bulk of their development work internationally. The predictable, regular and reliable nature of this type of income stream allows organisations to more effectively plan and budget their work over the longer term and they also enjoy relatively secure financial sustainability as a result. To date, the majority of supporters donating to international NGOs working in the international development arena are based in the northern hemisphere where individual fundraising has been successfully harnessed for the benefit of a wide variety of NGOs working both internationally and nationally.

These northern fundraising markets are however becoming increasingly congested, competitive and expensive to operate in, and building this kind of funding relationship with individuals is complex and requires careful support and ongoing attention from trained and experienced supporter relations teams. Whilst the fundraising market is likely to become increasingly crowded, relatively few international organisations are branching out and using their particular fundraising methods to try and fundraise from individuals in the South. ActionAid International currently considers that middle income countries present valuable opportunities for building fundraising potential at the local level in the South to fund development work in the same country. Moving into a new market is however a costly and risky enterprise and given that what works in one location

may not directly translate into an effective fundraising strategy in another a thorough analysis of the local environment and fundraising culture is essential.

ActionAid is an international NGO working in over 40 countries across Africa, Asia, the Americas and Europe in the field of international development and poverty alleviation. Its vision is 'A world without poverty and injustice in which every person enjoys the right to a life of dignity' (*Rights to End Poverty: ActionAid International Strategy 2005 – 2010*:15). Of ActionAid's 2006 total income just under 80% came from voluntary sources generally and 54% (of total income) was fundraised through committed giving specifically[2]. This committed giving income is primarily made up of fixed and regular monthly donations from ActionAid supporters in the UK, Italy, Greece, Ireland and Sweden. Child Sponsorship is the main fundraising method used to link supporters with a child in a community in one of the country programmes in which ActionAid works. It is this relatively secure and stable income base that ActionAid has established in its European fundraising affiliates that it seeks to try and replicate in middle income countries, specifically Brazil, India and Thailand. Further, ActionAid has set itself ambitious growth targets for the period 2005–2010 whereby it seeks to 'increase long-term income from individuals and institutions in the North and South, from €113 million in 2003 to between €215 and €240 million in 2010 (ibid). Given South Africa's classification as a middle income country, and the location of both ActionAid's Southern Africa country programme and International Secretariat offices in the country, this research seeks to identify whether there is value in investigating individual fundraising as a viable fundraising option in South Africa.

By its own admission ActionAid notes that 'while our fundraising is successful in several Northern countries, we have been slow to expand into new ones' (ibid). This is slowly changing, however, and in terms of fundraising from individuals in the South, ActionAid has recently launched a child sponsorship product in Brazil. It has also looked closely at the Indian fundraising market and has made

[2] 2006 total income: €178,144,000. Total voluntary income: €140,220,000. Total committed giving: €95,721,000. Figures taken from the ActionAid 2006 Annual Report

preliminary investigations into opportunities that may exist to fundraise in Thailand. In all of these countries, the nationally registered ActionAid entity is the fundraising body, not the international organisation – although obviously they are able to draw on and benefit from the accumulated fundraising experience throughout the organisation. This would potentially be the same in South Africa, where, were ActionAid to fundraise, they would do so as a nationally registered NPO seeking to raise funds in the national arena for development work in the country. As a middle income country South Africa presents several of the criteria necessary for successful individual fundraising, perhaps the most important of these being its emergent and growing middle class that has the financial capacity to support the work of NPOs.

The most recent work, *Giving and Solidarity: Resource flows for poverty alleviation and development in South Africa*, comprises a comprehensive series of reports looking at patterns of giving, religious, corporate and racial aspects of giving and funding and resource flows for development in South Africa. It outlines the context within which NPOs operate and addresses questions of 'who' is giving and 'how much' they are giving, but it does not look closely at the different fundraising methods available to NPOs and how NPOs might use these to ensure their financial sustainability. Whether or not the potential exists for ActionAid, and therefore by extension other comparable organisations, to establish a sustainable fundraising base composed of individual, regular, committed financial supporters in South Africa has still not been adequately researched.

### 1.2. Research problem

If ActionAid is to continue and expand its work in developing countries and deliver on the ambitious strategic priorities and organisational objectives set out in 'Rights to End Poverty', its international strategy 2005–2010, it must also meet the financial targets outlined therein. Furthermore, it must successfully increase and diversify its current fundraising income both from institutional sources and individuals. ActionAid considers that 'emerging fundraising opportunities in the

South also offer potential to broaden our supporter base, raise money and engage with new donors to make aid more effective' (ibid.). Entering new markets with the intention of fundraising from individuals and establishing a solid base of committed supporters, making a regular financial donation to support the work of ActionAid, is however time-consuming. It is also costly and requires thorough research and investigation into the capacity of the target market and audience to ascertain whether a competitive and sustainable return on investment is achievable. This research sets out to establish whether the potential exists in South Africa for ActionAid to fundraise nationally for its development work in the country.

### 1.3. Research purpose

The purpose of this research is two-fold. Firstly, this research seeks to gain an understanding of the current fundraising context in South Africa. Secondly, it tries to assess whether the potential exists for INGOs, working directly in South Africa, to fundraise nationally for development work in the country. It aims to identify whether there is untapped potential in the South African fundraising market and what strategies might be successfully used to harness any potential that might exist. Through analysing ActionAid's fundraising experience in other middle income countries this research also aims to highlight particular issues that might be applicable and of relevance in the South African fundraising context.

### 1.4. Research questions

The questions which have guided this research are as follows:

1. What is the experience of ActionAid and other INGOs in terms of fundraising for development in other middle income countries?
2. What is the experience of international and national NGOs and fundraisers in South Africa in relation to individual giving?
3. Does the potential exist for INGOs to develop a sustainable fundraising base for development work in South Africa?

## 1.5. Research methodology

A qualitative research methodology has been used with different qualitative research methods being employed in the collection of data. Reviewing available literature on fundraising and giving in South Africa, Brazil, India and Thailand firstly provided an overview of the current context in South Africa and points of comparison across other identified middle income countries. Secondly, in-depth interviews were held with identified respondents in order to better understand the specifics of the South African fundraising environment, the potential for increased fundraising for development and to assist in answering the research questions. Chapter three provides a detailed explanation of the research methodology used.

## 1.6. Research limitations

This research is limited in terms of its specific focus on International Development NGOs interested in exploring the opportunities for nationally registered entities of their organisations based and working in South Africa to fundraise for their work in the country. As such its findings will be of primary relevance to that sector of the NPO community working on development issues. Further, it focuses predominantly on a single fundraising method; the Child Sponsorship model, which has been used successfully by ActionAid and other INGOs in selected European countries over the last 30 years. It uses this fundraising model as a starting point from which to develop and adapt as appropriate within the context of the South African market and therefore does not look in detail at other fundraising methods which might be more suited to the South African market.

Little research on individual level giving and NPO fundraising is available in South Africa. The most recent work, '*Giving and Solidarity: Resource flows for poverty alleviation and development in South Africa'* includes the findings from Everatt and Solanki's 2003 national survey of social giving. This survey took a broad view looking not only at financial giving amongst individuals but also giving of goods, food or clothes as well as volunteering. It is therefore difficult to get an accurate and up-to-date picture of the current patterns of individual level

regular financial giving in the country. Whilst this research does draw on the fundraising experience of selected national NPOs and development practitioners in South Africa, time permitted for only a small number of interviews, 24 in total, to be conducted and the findings cannot therefore be said to be representative of the whole NPO sector. There is also a bias to urban based NPOs and individuals in Gauteng province who were most easily accessible to the researcher, although some telephone interviews were carried out with organisations in and around Cape Town.

The 'north'/'south' dichotomy and terminology used in this research is not intended to imply homogeneity either across or between the countries discussed in each of the hemispheres. It is used only for the purpose of the wider discussion as it highlights a point that is developed throughout the research in terms of the broader argument and both the parallels and differences that can be drawn or learnt from in each of the countries investigated. More sophisticated and nuanced research into the local operating environment would be required prior to the development of a fundraising programme in any location given the strong influence of the local environment and culture on fundraising. As a result, the research findings will be largely specific to South Africa.

### 1.7. Assumptions

The primary assumption underpinning this research is the premise that NPOs should not be over-dependent on a single type of income stream given the risk to their work in the event that such funding comes to an unexpected end. It assumes also that long term financial sustainability is a beneficial goal which NPOs aspire to and work towards and that individual fundraising is one of a range of methods that NPOs might consider in an attempt to diversify their funding sources.

### 1.8. Summary of research chapters

This chapter has set out the research problem, purpose, questions, methodology, limitations and assumptions. In providing background to the research problem it has also sought to highlight the research gap this study seeks to address. Chapter

two comprises the literature review and chapter three details the research methodology employed. Chapter four sets out the research findings and provides an evaluation and analysis of these. Final conclusions and recommendations are detailed in chapter five.

# 2. LITERATURE REVIEW

## 2.1. Introduction

This chapter reviews a selection of the existing literature on fundraising in South Africa. It investigates the operating environment in which NPOs play a vital role in addressing some of the critical development challenges the country currently faces. It also looks at previous research into social giving patterns in South Africa. The child sponsorship model, used by ActionAid to fundraise in selected European countries, is explored in terms of its success in recruiting valuable long term financially committed supporters. Some points of comparison are drawn between South Africa and other middle income countries and giving and fundraising in Brazil, India and Thailand are investigated briefly. This is done in order to identify key factors that are important for fundraising in middle income economies. Some of these issues are then considered in the South African context in relation to building sustainable individual-based fundraising initiatives.

Further, this literature review serves to provide a context in which to situate the research questions posed to interviewees and the subsequent research findings and analysis in relation to the current fundraising environment in South Africa.

## 2.2. Poverty and development

In April 1994, the African National Congress (ANC) election slogan and promise of 'A better life for all' galvanised the South African populace as they went to the polls in the country's first democratic elections and overwhelmingly voted in Nelson Mandela as President of the government of national unity. 14 years on it was clear that, although enormous progress had been made, South Africa still had a long and difficult journey ahead to overcome the destructive legacy of apartheid and ensure that all its citizens enjoyed the benefits of the country's new democratic values and access to rights as enshrined in the Constitution and the Bill of Rights. President Mandela continued to use the 1994 ANC slogan throughout his years in office as he repeatedly urged South Africans to work together for the benefit of the whole nation.

In his 2007 New Year message, Mandela's successor, President Thabo Mbeki, returned to this slogan when he spoke of the accumulated resources and experience of the public and private sectors and the need to use these 'to accelerate the advance towards the achievement of a better life for all our people' (2006:1). A little over a month later, in his State of the Nation Address Mbeki called on South Africans to continue to focus on the process of nation-building and placed unemployment and poverty eradication at the heart of his agenda, stating:

> None of the great social problems we have to solve is capable of resolution outside the context of the creation of jobs and the alleviation and eradication of poverty. (2007:2)

He further stated that 'the struggle to eradicate poverty has been and will continue to be a central part of the national effort to build the new South Africa'. (2007:3)

Mbeki also used the opportunity of the 2007 State of the Nation Address to highlight the substantive steps forward which had been achieved as a result of the many strategies and programmes implemented by government in an effort to work towards achieving the nations objectives. At the same time however, he noted that government alone could not achieve all that was desired for the new nation and he emphasised the imperative for collective responsibility in the process of nation building noting:

> Measures required to improve social cohesion cannot be undertaken by government alone. We must together as South Africans speak of freedom from want and from moral decay, and work to attain the happiness that comes with it. (2007:9)

Whilst the obligation on individual South Africans to play a role in the process of nation building is clearly stated, the government is not alone in its efforts to tackle the complex issues of poverty eradication. A strong and diverse NPO sector has long been in existence in South Africa with a wide variety of organisations currently working to provide much needed services and support to individuals living in poverty or on the margins of society. An international NGO community is also well-established in South Africa. Although there is some tension between

national and international NGOs, primarily around finance flows and legitimacy to work in South Africa, several of the international NGOs work on development issues in South Africa as part of their broader mandate of eradicating poverty globally.

The task that the government, business, the international and national NPO sector and citizens face is however an extremely complex one. As Smith noted in his article '*Finding solutions to complex social problems in South Africa*':

> In the midst of political stability and strong economic growth, post-apartheid South Africa is faced with the stubborn reality of widespread poverty and growing inequality. As economic empowerment benefits an expanding, mainly black urban middle class, the majority of people continue to live in poverty and mass unemployment. As the country's remarkable and peaceful transition to democracy unfolds, millions – both urban and rural – are trapped on the margins of society, contending with the multiple crises of unemployment, landlessness, homelessness, lack of basic services, HIV/AIDS, food insecurity and unacceptable levels of crime and violence. (Smith, 2007:1)

The range of issues demanding urgent attention is broad and despite continued and steady economic growth since 2001 and a still expanding economy with a growth rate of 4.9% in 2006[3] there is still great competition for limited resources. United Nations statistics on inequality measures for the year 2006 give South Africa a Gini index measure of 57.8 ranking it among the ten most unequal countries in the world in terms of the gap between rich and poor.[4] Figures for the number of people estimated to be living on less than $1 a day stand at 10.7% for the period 1990 to 2004 and increase significantly when the category is extended to the population living on less than $2 per day at 34.1% for the same period. The mid-year population estimates released by Statistics South Africa in July 2007 estimate an overall HIV-prevalence rate of 11% with 5.3 million of the 47.9 million total population estimated as HIV positive.[5] Recent data from Statistics

[3] Figure taken from the Budget Speech 2007 by Minister of Finance Trevor A Manuel, MP, 21 February 2007. http://www.info.gov.za/speeches/2007/07022115261001.htm accessed 8th August 2007

[4] Figure taken from: http://hdrstats.undp.org/indicators/147.html

[5] Mid-year population estimates 2007. Statistical release P0302. http://www.statssa.gov.za/publications/P0302/P03022007.pdf

South Africa put the official unemployment figures at 25.5% in March 2007.[6] Whichever indicator one chooses to focus on, all serve to highlight the depth of poverty in South Africa.

Whilst the move to more closely monitor and evaluate development indicators, as evidenced in the June 2007 *'Development Indicators Mid-Term Review'*, is a positive one, it surely remains unacceptable that 43.2% of the population in 2006 lived below a 'poverty line of R3000 per capita per annum (in 2000 constant Rand)' (2007:23). The responsibility to tackle this effectively rests with government. However, the NPO sector has an important role to play, working in parallel, to tackle challenging issues of poverty and inequality in the country. NPOs already work hard to provide much needed services and support to those in need but real success in this area will remain elusive without government upholding and implementing the rights it so admirably and promisingly set out in its Constitution.

In an article written by Maggie Jaruzel entitled '*NGOs Look to Citizens to Help Build a New South Africa*', Christa Kuljian, at that time Director of the Mott Foundation South Africa office was quoted: 'There's enormous wealth, both financial and human to bring to bear on the country's development needs' (2001:2). In a paper written four years later on '*Philanthropy and Equity: The Case of South Africa'*, Kuljian still emphasised the role of different actors in addressing the country's development challenges:

> In South Africa, more than ten years after the onset of a democratic political system, the challenge to promote great economic and social equity continues. Income and wealth inequality, unemployment and HIV/AIDS are rife. While the state continues to be the primary mechanism through which structural change can be affected, civil society and philanthropy have a role to play in addressing poverty eradication and development. (Kuljian, 2005:3)

There is little doubt that, despite the progress made since 1994, there continues to be a critical and urgent need to alleviate and, ultimately, eradicate poverty in

[6] Labour Force Survey, March 2007. Report P0210:
http://www.statssa.gov.za/publications/statskeyfindings.asp?PPN=P0210&SCH=4006
It should be noted that this is based on the official and not expanded definition of unemployment.

South Africa. The combined task ahead of government, NGOs, business and individuals to tackle the complex issues identified by Barry Smith, Director of Synergos South Africa, and others in the South African context is further complicated by the difficulty of doing so across such a large and diverse population. Smith further highlights some of these challenges and the need for greater collaboration across sectors when he notes that:

> South Africa still lacks a coherent, joined-up 'social giving' or 'philanthropic' sector – largely as a result of the extensive class, race, ethnic and sectoral divides that remain 12 years into democracy. Much lip service is paid to the need for multi-sectoral collaboration and partnerships to address the challenges of poverty and social exclusion. But the reality is that enormous divisions remain among the various actors in development – business, government, local grantmakers NGOs and CBOs, religious organisations, private philanthropists, Northern NGOs and international donors. (Smith, 2006:25)

### 2.3. The Non Profit sector – a critical role to play

Taking a closer look at the non profit sector is necessary in order to understand its current operating environment as well as to identify the existing and potential challenges and opportunities of fundraising from individuals. Opinion on the current state and the role of the NPO sector in South Africa is mixed. Jaruzel noted in 2001 that:

> Many say the country's political changes over the past several decades would not have occurred without non-governmental organizations (NGOs) and volunteers. And just as these groups had a central role in the anti-apartheid struggle, they play a pivotal role in addressing today's development challenges. (Jaruzel, 2001:1)

Writing five years later in 2006, Gillwald commented on the NGO sector stating:

> A perfunctory overview of the South African NGO sector reveals a highly fragmented constituency competing for a limited pool of financial resources. This picture is exacerbated by severely limited capacity and a paucity of the necessary skills to meet the challenges of accessing and managing resources for operational sustainability. (Gillwald, 2006:iii)

Gillwald's observations on the sector closely mirror some of those identified by Kraak when he wrote about '*A great variety of morbid symptoms*' that he considered affected the voluntary sector in 2001. Kraak's observations were based on his experience of having worked in the sector for the preceding nine

years. He highlighted the lack of research into the sector, the need for stronger leadership and organisational capacity, poor relations with the government and problems of longer term sustainability as ongoing issues that the sector needed to address at that time. Kraak considered that 'progress could not be made unless a profound cultural shift takes place – a shift that may require an intellectual and ideological reorientation driven by astute leadership' (2001:1). Yet alongside these quite negative aspects affecting and inhibiting the performance of the NPO sector he also noted that 'the voluntary sector has a vital role to play in representing and servicing the poor and marginalised, in shaping public policy and as a watchdog for democracy' (ibid.). Citing cost-benefit analysis of NPO delivery undertaken by Motala and Husy he further noted that:

> …well run, professional NPO's accurately target poor and marginalised communities. They can and do provide cost-effective, high quality social services in the way that the state cannot. And there are very many examples of these. (ibid:1-2)

In an interview with Kraak in August 2007 it was evident that six years down the line he would probably write 'something fairly similar about the sector if not something more pessimistic' (Interview, 7th August 2007). There were however also pockets of improvement with Kraak considering that the leadership in the sector had 'improved and stabilised' (ibid.) and that there had been a 'rapprochement with government and NGOs in the last 18 months predominantly around the delivery of services' (ibid.). Sustainability was another area that he felt several NGOs were now treating more seriously with fundraising having moved beyond the sole domain of the Director and into dedicated departments set up to deal with it, although he observed that there is still 'not really a fundraising tradition' (ibid.) and that whilst some organisations are seeing more success giving is 'unstructured and individualistic' (ibid.).

Unfortunately, up to date empirical research on the NPO sector is lacking. Much anecdotal information abounds but the most recent and comprehensive data available is the frequently quoted quantitative survey '*The Size and Scope of the Non-profit Sector in South Africa*' carried out by Swilling and Russell in 1999. Their study paints a picture of a complex and diverse NPO sector comprising an

enormous variety of NPOs playing an important role in the economy, as an employer and in terms of the delivery of much needed services to poor individuals and communities.

The study incorporated a wide range of organisations that some classification processes might have excluded from the broad NPO category. Thus, the study included the following types of organisation in the survey therefore ensuring that the data is much more reflective of the wider sector: 'co-operatives, stokvels, burial societies, religious organisations, political parties, development NPOs, survivalist NPO's and oppositional NPOs' (Swilling & Russell, 2002:10–12). Swilling and Russell's 1999 study 'found that there were 98,920 NPOs' (ibid:20) with just over half (53%)

> …classified as less formalised, community based NPOs, that is they are not formally structured as Section 21 non-profit companies, trusts, religious institutions, trade unions or co-operatives. (ibid.).

They calculate the sector to be a 'R9.3 billion industry in 1998, representing 1.2 per cent of the 1998 gross domestic product' (ibid:15). The sector

> employed the equivalent of 645,316 full-time workers. This is 9 per cent of the formal non-agricultural workforce or 7.6 per cent of the total non-agricultural workforce … Total employment in the non-profit sector in 1999 exceeded the number of employees in many major economic sectors (ibid:16)

The role played by 'nearly 1.5 million volunteers is equivalent to the work done in 316,991 full-time jobs' (ibid:17-18) and their significant contribution within the sector is widely acknowledged and calculated at a value of 'R5.1 billion' (ibid:18). The more recent '*State of Social Giving in South Africa'* report also acknowledged the importance of volunteering within the sector noting that '17% of respondents gave time to a charity, cause or organisation in the month before being interviewed' (2005:31).

The importance of the NPO sector both in terms of its contribution to the economy, as an employer, and to the development challenges facing the country, should not be underestimated. Many NPOs also operate under challenging

circumstances not only in relation to the type of work they do and the services they seek to deliver but in terms of the broader operating environment, the regulatory framework and in a context of diminishing funds to the sector.

Act No. 71, 1997, Non-Profit Organisations Act 1997 outlined the aims of government in terms of providing an enabling operating environment for NPOs:

> To provide for an environment in which nonprofit organisations can flourish; to establish an administrative and regulatory framework within which nonprofit organisations can conduct their affairs; to repeal certain portions of the Fundraising Act, 1978; and to provide for matters connected therewith. (1997:2)

In his 2007 Budget Speech, Trevor Manuel acknowledged the importance of Public Benefit Organisations (PBOs) in the make up of South African society and following positive and welcome changes that had been made to the tax regime in previous years he announced

> …that tax deductible contributions by both individuals and companies to specific public benefit activities will be increased from 5 per cent to 10 per cent of taxable income. In addition, the tax free income threshold from trading activities by PBOs will be doubled, from R50,000 to R100,000. (2007:12)

It could have been hoped that favourable tax deductions for donations to public benefit activities would incentivise giving amongst individuals and companies and that the sector would see a corresponding increase in the value of donations. Financial data, which might have highlighted the impact of changes to the tax regime, were not investigated in this research. However, anecdotal evidence from interview respondents generally acknowledged a broad improvement in the NPO operating environment. Perhaps unsurprisingly, given that there is always room for improvement, it was still not seen as enabling as it could be. Nonetheless, it was recognised, that in terms of the regulatory frameworks affecting the sector, the process of registering as an NPO is now simpler, changes to the tax regime were a significant improvement and the increasingly broadly defined PBO status allows for more categories of organisation to be considered for exemption.

Finance flows to the NPO sector however continue to be a cause for concern for many NPOs not only because of the difficulties in accessing funding from national donor organisations such as the National Development Agency (NDA) and National Lottery but also as a result of the reduction in international funding to South Africa, particularly since it was accorded middle income country status in 2003. A recent study by the Southern Africa Trust on 'Aid Effectiveness: Trends and Impacts of Shifting Financial Flows to Civil Society Organisations in Southern Africa' highlights the fact that 'civil society has a critical role to play in ensuring that aid becomes effective in reducing poverty' (2007:1). It further notes that 'Foreign development assistance is a major source of funding for civil society organisations throughout Southern Africa' (ibid.). The report however covers seven of the SADC countries[7] and whilst it reports that 'aid to civil society is significant and increasing' (ibid.) it notes that South Africa

> …is in a different position compared to most other SADC countries – the aid flow to South Africa is insignificant measured as a share of government revenue (less than 1%) or as a share of GDP (less than 0.5%). (ibid:8)

Given the reliance on official funding sources by many South African NPOs the impact of changes in aid flows to the country are felt keenly, yet it is difficult to assess how NPOs are strategising to overcome the adverse effects of this situation.

The Southern Africa Trust report also highlighted a trend that selected interview respondents noted as a concern in relation to the issue of Northern NGOs who 'crowd out space for local NGOs in advocacy and policy work' (ibid:24). Whilst Northern NGOs tend to view this criticism from a different perspective and see their role as adding value and bringing in more resources to the country, this issue, be it real or perceived, exists and must be effectively addressed if national and international NGOs are to work together harmoniously for the benefit of all. Gillwald also highlights this issue as outlined by Yasmin Sooka in an interview with Sangonet in 2005. Talking about the impact of globalisation on the NPO community, Sooka, the Executive Director of the Foundation for Human Rights, noted:

[7] SADC countries covered in the Southern Africa Trust report: Botswana, Lesotho, Malawi, Mozambique, South Africa, Zambia and Zimbabwe.

> the protectionism that the NGO sector in South Africa currently enjoys will soon come to an end as global patterns in relation to the opening of markets will bring multinational NGOs to South Africa. These international agencies will compete with local NGOs for funding. (Sooka in Gillwald, 2006:6)

The likelihood exists that in the event of Northern or International NGOs seeking to fundraise from individuals in South Africa they could be seen as having unfair advantage in this field with the weight of organisational fundraising experience and financing behind them. As a result, they could be accused of further diverting already scarce resources away from national organisations.

### 2.4. The individual perspective: who gives what and why?

As previously noted there is a lack of extensive research into patterns and trends of fundraising from and amongst individuals in South Africa. The most recently available data is that collected through the *Social Giving Survey* carried out in 2003 which concluded that South Africa was a 'nation of givers' (Everatt & Solanki, 2005:9) with citizens mobilising 'almost R930m in an average month for development and anti-poverty work' (ibid). There is little doubt about the continued need for development work and the role that NPOs play in providing much needed services and support to poor people and communities and it is evident that government alone is not currently capable of meeting the multiple demands of the large and diverse population it seeks to serve. The *Social Giving Survey* adds a further dimension to this picture by providing an overview of the giving practices of individuals at a particular point in time. Its conclusions also emphasise the way in which giving in South Africa is something that affects everyone highlighting that: 'giving is not the domain of the wealthy: it is part of everyday life for all South Africans, rich and poor alike'. (ibid) This observation is further supported by Smith who also reminds us of the long-entrenched customs of giving in South Africa noting:

> South Africa has deeply rooted traditions of social giving and mutual help. Traditional value systems, including 'ubuntu', as well as an extensive web of religious affiliations, underpin patterns of community help. Studies have shown that the poor themselves have sophisticated systems for financial and non-financial mutual help while giving is an intrinsic part of life for all South Africans, rich and poor. (Smith, 2006:25)

The focus of the *Social Giving Survey* was, however, very broad taking into account not only financial giving but also the individuals' donations of goods, clothes and time to both formal and informal structures as well as directly to the poor. This should not detract from the overall positive messages emerging from the survey about the generosity of South Africans but it does demand further interrogation of the data in order to isolate information about the real and actual patterns of regular financial giving from individuals. At the broad level though, and as highlighted in the survey findings, the data does 'suggest that charity and development have a support base to draw from' (ibid:10). One of the aims of the survey was to provide NPOs with a data set to draw upon and which 'would allow organisations to develop fundraising strategies in a more targeted way' (ibid:13). NPOs should also be encouraged by the trend indicating that 'respondents appear to be more comfortable giving to formal structures than the poor directly' (ibid:16) as this would further support the theory that there exists a core of supporters to draw on in terms of securing financial donations to a particular cause. What is disappointing, however, is the lack of take-up and further analysis of this immensely rich data set by NPOs in relation to fundraising trends and the potential that exists to identify different sectors of the population that might be most pre-disposed to supporting a particular cause.

The predominance of financial giving to religious causes or institutions in South Africa is borne out by the survey findings with the results showing that:

> Four out of five respondents (80%) who had given money had given it to a religious body of some sort, while a third (29%) had given it to organisations working for the poor. (ibid:28)

Overall though, 'religious bodies are the most likely recipients of both money and goods' (ibid:31). These findings should not come as very much of a surprise given the importance of religion and the significant role religious institutions play in South African society (Habib, 2008; Maharaj et al, 2008). Further, many religions require individuals to make regular payments or contributions for example the *zakaat* or tithe amongst Muslims and Christians respectively. The survey results also manifested the importance of this obligation in the responses to

one of the attitudinal questions about giving where 86% of respondents with a religion or faith 'agreed or strongly agreed that "my faith *requires* me to give to the poor"' (ibid:18).

It should be recognised, however, that whilst the majority of financial donations are channelled through religious bodies these do then flow out to different organisations in support of the work they do at the local level. What is less clear, and would be an interesting area for further research, is the actual proportion of financial donations received through religious institutions that are transferred to NPOs. Likewise, it would also be interesting to assess which NPOs receive these funds, and how and who decides to allocate these funds within these particular religious institutions. Whilst there is a high degree of trust vested in religious institutions there is not always the same level of transparency as to how and where funds are received and spent. An analysis of where the donations given to religious bodies are spent would provide a more holistic picture of how financial donations actually filtered down to the local level NGOs and CBOs working directly with poor people in different sectors to deliver much needed services and bring about change. These deeply entrenched behaviours and attitudes to giving within a religious context could present a challenge to other NPOs who might want to establish an individual-based fundraising programme but find themselves competing with established and trusted religious institutions in their efforts to raise awareness, build profile and fundraise successfully for their own organisation.

Looking at the causes and organisations survey respondents supported beyond the primary focus on religious bodies, organisations working for 'the poor' ranked second with 29% of respondents supporting them financially. Again, it would be interesting to disaggregate this category of giving further to better understand exactly where and how these contributions benefit 'the poor' at the local level. It does however indicate an awareness of the importance of the need to address poverty issues. Children's causes rank third with 18% of respondents supporting

these and beyond this a variety of categories, including HIV/AIDS, the disabled and the homeless are supported by 14% of survey respondents.

Given the focus areas of many of the international and national NGOs working in South Africa and the nationally representative nature of the survey sample it would seem that NGOs ought to have a base of individuals to nurture, build upon and expand to support their development work in the country. What might prove to be a more limiting factor in the case of international NGOs seeking to fundraise in South Africa is the prevailing attitude and preference towards giving to local rather than international causes with survey results showing that 'the majority (65%) of respondents regard domestic causes as more deserving than international ones' (ibid:48). Although this question tested attitudes toward the domestic or international nature of the cause supported and not the organisation, it could follow that international organisations are, rightly or wrongly, associated with international causes and thus less likely to be as readily supported by individuals. Whilst international NGOs that might seek to fundraise in South Africa would most likely be doing so in a national context to support work nationally, given the already evident tensions between national and international NGOs and the preference of individuals to support national causes, further research into this area would certainly be required. It would be necessary to ascertain whether or not an international brand would have a negative impact on an organisations ability to fundraise at the national level for in-country work.

The survey also posed attitudinal questions to try and ascertain why people give and what it is that motivates them to do so. In the case of giving to religious institutions it is evident that religious obligation to give effectively motivates people. In an open-ended question included in the survey, all respondents were asked to complete the sentence 'Help the poor because…' (Social Giving Survey, 2003:10). The findings show that for 68% of respondents:

> giving to the poor is motivated by feelings of human solidarity – we should give because the poor have nothing, or are suffering, or are in need, or deserve something from us. For others it seems to be more of a rational decision to try and help tackle poverty (10%). (2005:53-54)

Perhaps not surprisingly, nearly 10% of respondents answer this from a religious perspective noting that it is at 'God's command' that they give or because by doing so they 'will be blessed' (ibid:53). Attitudes to giving were further explored through posing statements where respondents were asked to answer on a Likert scale within a range from strongly agreeing through to strongly disagreeing. The notion that there is a collective responsibility for the process of nation building is clearly reflected in the fact that 93% of respondents agreed or strongly agreed that 'Helping the poor is an important part of building the new South Africa' (Social Giving Survey, 2003:12). This is further supported by the rejection by 61% of respondents who 'disagreed or strongly disagreed with the statement that "It is government's responsibility to help the poor, not mine"' (ibid:54). Again this would suggest that there exists a broad base of individuals across the spectrum in South Africa who are predisposed to, and see the importance and urgency of, helping the poor and further consider that they have an obligation and a role in doing so. Indeed, as has been demonstrated, the survey findings indicate that many individuals are already giving.

The survey findings also provide valuable information about who gives with the results showing that 'Indian respondents consistently give more than those of other racial groups' (ibid:16). There seemed to be little difference in patterns of giving between the sexes but variations were noted across the age groups with the older cohort (60+) giving more. This was also borne out by certain of the interview respondents who noted that their donor databases were ageing and that strategies needed to be adopted to recruit new and younger supporters. Not surprisingly, social capital was found to have an impact on people's giving behaviour with a higher proportion of those with high social capital making a financial contribution to a cause or directly to a beggar than those with low social capital. The differences narrowed however in the categories looking at giving of goods and time.

The average amount that respondents gave to a charity, cause or organisation in the month preceding the survey was R49 which is considerably higher than the

amount given directly to the poor which stood at R14. Although respondents were asked whether they gave regularly or irregularly, the survey did not seek to find out via what method financial donations were made nor did it specify what constituted regular giving. Within the context of this research and related interviews, regular givers were defined as individuals who gave a fixed monthly donation via stop order or other financial means to an organisation and who were committed to doing so in the long term as it is this type of funding that allows an organisation the flexibility to plan and budget its income and expenditure from a relatively stable base. Fourteen percent of respondents who had given money in the month prior to the interview gave between R51 – R100. A further 7% of respondents gave in excess of this amount. If, as anecdotal evidence suggests,[8] R50 is taken as a cut-off point for financial donations being administratively viable, and given that the survey sample is nationally representative, it would suggest that 1 in 5 individuals over the age of 18 has the willingness and capacity to make a regular financial donation in excess of R50 to a cause of their choice. Although this figure is not adjusted to account for obligatory giving, e.g. in the form of tithes, in a total population of 47.9 million it would still suggest that the NPO sector has a significant support base to draw upon.

Accurately researching and understanding the size of the potential 'pool' of donors in South Africa would be critical to the success of any individuals fundraising programme. The *Social Giving Survey* notes that there may well be 'over claim' (ibid:15) amongst survey respondents but otherwise paints a picture of significant resource mobilisation by individuals. That there is wealth in South Africa is rarely disputed. How to effectively target and access this wealth in a sustainable way at the individual level still presents a challenge that few NGOs have risen to or even tried to address. Once this step has been taken, a thorough investigation of the different types of fundraising model would be required to work out the most appropriate for the South African donor. Historical, economic, political and social aspects of the South African context should also be taken into

[8] Based on an interview with Yvonne Morgan, CAF South Africa, 18th July 2007

account as should the diverse cultural traditions and dynamics in order to find a fundraising method with broad appeal across the pool of potential donors.

### 2.5. Child Sponsorship: a model for fundraising

As outlined below, ActionAid has a long and successful tradition of working with the Child Sponsorship fundraising model to recruit committed individual donors who support its work through regular financial donations to the organisation.

> Since 1972, Child Sponsorship has been ActionAid International's primary fundraising tactic – providing vital funding for a huge range of projects in the poorest communities in the world. At the same time, Child Sponsorship has helped supporters gain a realistic understanding of the issues of fighting poverty through the real lives of individual children, families and communities. Child Sponsorship communications inspire thousands of supporters to take action against poverty by continuing (and often increasing) their giving and engaging in our campaigns over many years. (ActionAid International, Child Sponsorship Communications Manual, 2005:5)

Several other international NGOs, for example Christian Children's Fund, Oxfam, Plan International and World Vision have also used this tool to recruit sponsors to support their own particular brand of international development work.

Methods of recruitment have evolved over the years, but the fundamental product in terms of the link between an individual donor, predominantly in the north, and the child and community, in the south, has remained constant. 'People give to people – they do not give to needy organisations' (Cuthbert, 1995:19) and the Child Sponsorship model enables supporters to do just that by providing a tangible and emotional link between the supporter and the child via regular supporter communications and progress updates from the child and their community. This model has a proven track record and has been used by ActionAid to recruit over 400,000 Child Sponsors in the United Kingdom, Italy, Greece, Ireland, Spain and most recently Sweden. Indeed reporting on the organisational objective of 'increasing and diversifying income' the 2006 ActionAid Annual Report clearly acknowledged the important role that the recruitment of child sponsors and supporters played within the organisation:

> We were pleased to raise over €178 million in 2006, which was more than we had expected to raise. We also gained more sponsors and supporters than expected, largely thanks to stronger, more diversified and more energetic fundraising efforts in Italy and the UK. In Italy alone, a series of television programmes brought in 26,500 new sponsors. This growth has allowed us to expand our work. In particular we were able to introduce increased funding to four new countries in Southern Africa. (2006:29)

It is not every year however that the opportunity of a telethon to recruit supporters arises. Furthermore, whilst an unexpectedly high number of supporters were recruited in Italy in 2006 via the telethon, the impact of this might be felt in the Italian market in terms of increased market saturation and therefore a reduced pool of potential sponsors from which to continue to recruit individuals. Alternatively, it could also act as a catalyst, via word-of-mouth, for increased giving. Either way, ActionAid cannot sit back and rest on its laurels and this is a recognised concern as the organisation moves forward: 'In spite of these results, we are still concerned about reaching our targets in coming years and recognise the need to diversify our income' (ibid). Even with a seemingly strong source of guaranteed revenue the need to diversify income is ever-present.

In an article on 'Donor Commitment' Sargeant and Farthing noted that:

> Most UK charities aim to have the maximum possible number of 'committed' givers on their donor database. Donors who agree to give on a regular basis through their bank tend to exhibit high retention rates, cost less in terms of ongoing communications and therefore return a high lifetime value. (2004:1)

This is certainly the case for ActionAid but attracting and recruiting new supporters is only the first step in what is hoped to be a long and fruitful funding relationship between the individual and ActionAid. As Hall stated, 'the aim of an individual donor programme is to encourage people to give to you, keep them giving and increase the size of their contributions' (2004:5). Trust can be a barrier to fundraising and is of the utmost importance in building successful funding relationships. Work with supporters does not stop once a new recruit agrees to make regular financial donations to the organisation, this is just the first step of a journey for both parties. Work is ongoing for the duration of a supporter's involvement with ActionAid in order to build a trusting relationship

and keep the supporter updated as to how their contribution is working to bring about positive change and make a difference in the lives of poor people in the community they support. Regular and effective communication is essential to nurturing this relationship. Hall uses the concept of a 'Donor Loyalty Ladder' as a way to structure individual donor programmes and move supporters up the ladder wherever possible. The five rungs of the ladder are:

1. **Suspects** – people who have some contact with your organisation
2. **Prospects** – people who pay attention
3. **Donors** – people who give
4. **High value donors** – loyal, regular donors who increase the value of their gift
5. **Advocates** – donors who promote your cause, ask others to give, and participate in many ways in the life of your organisation (ibid:6)

As Hall further stated in relation to an individual giving programme:

> Your aim is to move people up the ladder, in this way you can increase the lifetime value of each donor while minimising costs, so that a lower proportion of revenues are swallowed up by administration. (ibid:6)

It should also be acknowledged, however, that significant organisational, commercial and technical infrastructure is required to support a large donor base of supporters which in turn demands a certain level of financial investment. Whilst the overall return on investment and the funds raised for the organisation justify this level of investment and support in the longer term, it can be a constraint for organisations trying to set up an individual fundraising programme. Neither should the value of good supporter services teams be underestimated. ActionAid has a strict schedule of minimum requirements in relation to supporter communications which Country Programmes must adhere to and deliver to supporters. In all countries where child sponsors are being supported, dedicated staff are appointed in order to manage relationships and facilitate the collection and dissemination of a variety of supporter communications. Further, central control mechanisms are also essential in order to ensure that all supporter communications meet the agreed standard and requirements.

Postal and banking infrastructures also need to be able to facilitate supporter communications. Automated banking systems and secure direct debit facilities

are now widely used in the north and enable supporters to make their regular payments at no additional cost above the value of the donation. This is not the case in South Africa where committed givers making a regular monthly donation to an organisation via a stop order would also be paying a small additional banking fee for this service. Whether the banking industry in South Africa could be persuaded to waive such fees on charitable donations could be an area for further investigation and negotiation. Postal charges in South Africa are also relatively high and this has a knock-on effect to the cost of direct mailing services which can be costly. Postal theft is also a problem which affects the NPO sector with one organisation noting that they averaged losses of R0.5m per annum as a consequence of lost or stolen post.[9]

Child Sponsorship represents just one specific method of fundraising from individuals however, and is the method which ActionAid has used with sustained success in the North. Other international organisations are already using their own variations of this model to fundraise from individuals in middle income countries in the South. ActionAid Brazil has recently launched its own Child Sponsorship product onto the Brazilian market. Fundraising in middle income markets presents a variety of challenges, however, and the characteristics of these markets differ both between countries and from those of the more established fundraising markets in the North. As has been noted in chapter one, comparisons and differences are drawn between countries in this research with caution. The language of North and South is used only for the purpose of trying to learn from experiences in these locations and in order to identify issues and challenges that might be relevant to consider in the South African context.

Whilst there are examples of child sponsorship style products being used to fundraise from individuals in the South African market, if ActionAid were to consider fundraising in South Africa its product would have to be carefully researched, tailored and tested to suit its target audience accordingly. Looking at the experience of individual fundraising programmes in other middle income

[9] Interview with Alma Torlage, SOS Children's Villages, 30th August 2007

countries could help to identify some of the specific challenges particular to fundraising in any of these markets and which might be relevant in the South African context.

### 2.6. Fundraising in middle income markets

ActionAid identified the potential for fundraising from individuals in middle income countries as a strategic priority and is primarily looking to Brazil, India and Thailand to develop these opportunities. Several International NGOs (e.g., CARE, Greenpeace, SOS Children's Villages, World Vision) have well established individual fundraising programmes in middle income countries and are now benefiting from the regular income and brand recognition this provides for the organisation and to fund in-country work.

In general, middle income countries share certain characteristics, some of which are considered essential to facilitate fundraising from individuals in these markets. Brazil, India, South Africa and Thailand are all relatively stable democracies that have experienced strong economic growth since the onset of democracy yet still face significant development challenges within their societies. All countries have a fairly vibrant and acknowledged third sector with NGOs playing an important role in the countries' economy, in addressing some of the development challenges, and in filling a gap that is not currently being met by government. All countries also have strong religious cultures that have shaped society and a long established philanthropic tradition closely connected to religious practices is deeply rooted in India and Thailand. Brazil has its own, more recent, philanthropic tradition which is 'very closely linked with the Catholic Church' (Lessa & Rosesetti, 2005:33). Likewise, South Africa has its own context of multiple religious cultures and traditions of philanthropy. Important to the success of potential individual fundraising programmes, all countries also have an established and expanding middle class comprising consumers with disposable income who are generally well educated and aware of the needs of fellow citizens, existing inequalities and the need to tackle poverty and related issues within their

country. Brazil and South Africa in particular are also noted for their highly unequal societies with a UN HDR Gini index of 58.0 and 57.8 respectively.[10]

As with South Africa, there is a lack of up-to-date and accurate research on individual giving and fundraising patterns in Brazil, India and Thailand. The '*Investing in Ourselves'* survey carried out in seven Asian countries in 2001 does however provide some interesting insights into the giving and fundraising habits of individuals in India and Thailand. The remarks made by Barnett Baron, Founding Chair of the Asia Pacific Philanthropy Consortium at the opening session of the 1998 International Conference on Supporting the Nonprofit Sector in Asia remain pertinent to NGOs in Asia and beyond still today:

> From the perspective of long-term resource mobilization, Asian and other nonprofit organisations will ultimately depend for their survival on the quality of the relationships they are able to establish with public opinion in their countries and with their own governments, and only secondarily and for the short-term on their relationships with international public and private donor agencies. (Baron quoted in *Giving and Fund Raising in Thailand*, 2002:xi)

As highlighted in section 2.3, South African NGOs are feeling the financial squeeze resulting from the reduction in international funding to South Africa and are increasingly aware of the need to diversify income streams to ensure financial sustainability. What is interesting in the Asian survey is the focus on identifying successful fundraising methods as well as looking at patterns of giving. The main objectives of the survey were:

- To build awareness of successful methods of fundraising employed by Asian NGOs and to identify innovative best practices
- To increase understanding of the need for transparency and accountability among Asian NGO's if they are to be successful in fundraising
- To increase the capacity of Asian NGO's to mobilize resources; and
- To establish benchmarks against which to measure the nature and scope of philanthropic giving in selected countries. (*Giving and fund raising in Thailand*, 2002:xii)

Further,

> The survey also sought to document Asian fundraising experience in order to supplement or replace imported models and experience for use in local

[10] Figures taken from: http://hdrstats.undp.org/indicators/147.html

> training; and to demonstrate that charitable giving and volunteering takes place even in relatively poor countries that do not share Western cultural traditions. (ibid)

The survey findings highlight a wide variety of practices and as with the South African *Social Giving Survey* demonstrate that giving practices are not restricted to wealthy individuals and that the poor also have their own support mechanisms and ways of contributing.

### 2.6.1. India

Unlike the *Social Giving Survey*, the *Investing in Ourselves: Giving and Fund Raising in India* survey was not nationally representative and focused only on urban India, targeting four 'mega metros' (Delhi, Calcutta, Chennai and Mumbai) and 10 other cities across the country with a population exceeding one million. The use of different research methodologies and criteria also inhibit comparison but the key findings are still valuable in providing a snapshot of the habits of a certain sector of the Indian population and interesting in that they do highlight similar trends to those that emerged from the South African survey. The survey highlighted the importance of religious giving, of giving within the family (to relatives and friends) and thirdly of giving to other organisations. It also noted the ad-hoc and informal nature of giving but concluded that there was enormous potential for increased giving amongst respondents.

A marked difference in the Indian survey results was in the high proportion of donations to individuals.

> 89% of households donate to individuals. More than half of the amount donated by each individual (53%) goes to known people (relatives: 37% and friends: 16%). The balance goes to beggars (24%); victims of calamity (17%) and 'others' which includes dependants such as servants (7%). (*Giving and Fund Raising in India*, 2002:24)

Donations to religious organisations ranked second and the importance of this type of donating is manifest in that '87% of households donate to religious organisations' (ibid). Donations to other organisations ranked third with '51% of households donating to them and 21% of the total household donation going to other organisations' (ibid:24-25) quite far behind the donations to individuals and

religious organisations. As to the reasons for giving, 'the most important reason for giving was a feeling of compassion (68%)' (ibid:33). This is not dissimilar to the reason stated by 68% of South African survey respondents who were 'motivated to give by feelings of human solidarity' (2005:53). Forty-six percent of respondents cited 'religious beliefs and practices' ranking it the third most important reason for giving. This figure represents a higher proportion than in the South African survey but shares the same position when ranked in order of response for giving and likewise emphasises the importance of religious giving within both the Indian and South African cultures.

Interestingly, the Indian survey also asked respondents why they did not give money. 'Non-affordability' was the main reason followed closely by 'lack of trust in the organisation' at 26% and 25% respectively. One of the most important findings though is perhaps that '14% of the population do not give because they were not asked to give' (ibid:34). As the survey results note, 'this finding is important for fundraisers, indicating a potential for raising money. People will give if asked' (ibid). As with the *Social Giving Survey* findings it is encouraging that in India 'the habit of giving for charitable causes is widespread, almost all the respondents having donated for some charitable purpose at some time or other in the past year' (ibid:37). As the findings further state though:

> What is less encouraging is that much of the giving for charity is informal and ad hoc. Giving to individuals in distress, known to oneself and to beggars, takes up about 77% of the donations to individuals; only 21% goes towards organized secular charity. Thus informal, ad hoc charity takes precedence over giving for long term change and development or philanthropy. (ibid)

Again, this is not dissimilar to anecdotal impressions of the fundraising sector in South Africa which several interview respondents described as 'ad hoc' as well as 'not focussed nor looking to the longer term' and 'unstructured'. (Gastrow, Kraak, Du Toit interviews)

The *Giving and Fund Raising in India* survey also carried out a series of case studies looking at a range of charitable organisations and their fundraising methods. World Vision and Child Relief and You (CRY), both organisations that

are comparable to ActionAid in India in terms of work focus and child sponsorship product, are fundraising successfully using direct mail approaches. What has traditionally been seen as a European and North American model of fundraising has been adapted and used successfully in an alternative setting and culture. Direct mail is already being used by a variety of South African NGOs but perhaps there are lessons to be learnt from Indian NGOs as to how they tweaked a fundraising product and method to meet the specific needs of their target audience. As one of the lessons from the Indian case studies shows: 'small but consistent donors are driven more by the cause being propagated by the organisation, such as a child sponsorship program. Direct mail becomes appropriate here.' (2002:54) The key to successful fundraising is in understanding ones target audience and meeting their needs. The concluding message from the survey is:

> …that the potential for fund raising is vast if one researches the market well, gauges one's own organizational strengths realistically, presents one's case effectively and uses all the imagination that can be mustered. But of course the bottom line is that the cause is worthy and the organisation trusty. (ibid)

Whilst the size of the pool of givers in South Africa is unclear, the potential for fundraising certainly exists and remains largely untapped. As such, this statement may be equally applicable in the current South African context.

### 2.6.2. Thailand

The socio-cultural and economic context in Thailand provides a slightly different backdrop against which to situate the survey findings, yet we still see some similarities emerge as compared to the Indian and South African survey findings, particularly in terms of the importance of giving to individuals and religious institutions. Buddhist traditions have had a significant impact on Thai society and particularly the associated practice of 'merit-making'.

> Buddhist precepts espouse the transience and impermanence of life where all statuses, conditions or situations whether material or non-material are but a 'temporary stage' in an endless cycle of 'birth' and 'rebirth' before ultimate enlightenment can be attained. As such, one needs to gain 'merits' by 'giving' as much as one can to elevate one's merit status. (*Giving and Fund Raising in Thailand,* 2002:5)

This practice of merit making promotes a culture of giving not only to help others but also as something that will improve and elevate ones own status.

Another factor that plays a significant role and influences patterns of giving in Thailand is the importance of the monarchy. Despite the change from an absolute to constitutional monarchy in 1932, public respect for the monarch has remained consistently high. Furthermore, as evidenced in the survey this has a significant impact on resource mobilisation in the country with charities and causes supported by the King enjoying a high level of support from the public.

Despite the quite different socio-economic contexts, it is interesting that a similar pattern emerged in the Thailand study as had in India, with household donations primarily going to individuals followed by religious institutions and finally other organisations. A further category, 'giving to social tax' (2002:16) also ranked highly and is reflective of Thai society and the aforementioned historical traditions of 'merit-making':

> Giving for life cycle rituals and activities like wedding, funeral, ordination into monkhood, house blessing and so on. This kind of giving is a form of merit making but is also a form of obligatory giving which brings a person merits, and also proper social acceptance because social reciprocity is considered a mark of civility, social graces and proper social behaviour. (2002:15)

The survey findings were also similar in relation to the ad-hoc nature of donations and the fact that people would donate when asked to do so:

> Giving/donating tends to be done non-systematically. Although people give on religious and holy days, majority of people give when they are requested to give. Individual donors appear to be receptive to requests but not proactive in seeking causes or avenues to donate. (2002:18)

Although the motivation might vary in a South African context, the importance of looking after the extended family, of traditional beliefs and of upholding these among sectors of the population should not be underestimated. As the *Social Giving Survey* highlighted, when asked about whether paying for relatives children was giving or duty, 'over half (55%) felt that duty extended to paying for their own and relatives children, giving began where they paid for children outside the family' (2005:43). Attending to the needs of the family is a priority

and in many cases, scarce resources will be spent meeting the basic needs of the family with little or nothing left over for other non-essential items. Yet, as was also evidenced in the *Social Giving Survey*, people gave generously of their time and with in kind donations, both forms of giving that play an important role within the make up of society and in ensuring that poor people's needs are met. Swilling and Russell's study also highlighted the role that formal and informal organisations play within the broad not-for-profit sector. They noted the importance of *stokvels*, rotating credit circles and burial societies in providing a method for neighbouring individuals and families to come together and pool resources for use in an agreed way or in times of need. These have long provided a very effective traditional and trusted savings mechanism and safety net for many who find themselves outside the reach of mainstream employment and banking facilities.

The Thai survey, like the India and South Africa surveys, also concludes that there is untapped potential within the market, noting:

> There is great potential and promise for CSOs to raise funds locally. What is needed is education, awareness raising and the right public relations strategies to give to social causes. (ibid:27).

Again, what emerges is a situation in which the structure of fundraising within NGOs and the predominant approach to giving by individuals are not well matched and do not complement one another. Merging these two strands more effectively would hopefully see an increase in financial donations to non-profit organisations and social causes.

### 2.7. Individual fundraising in South Africa – a sustainable model?

Writing in 2001 on issues relating to fundraising by NPOs, Kraak noted that:

> The problems are manifold. Very few NPO's (I base this on the subjective experience of working as a programme officer at INTERFUND) have dedicated professional fund-raising capacity. Raising funds is usually the preserve of directors or deputy directors, who typically spend less than 20 per cent of their time on accessing resources. Very few NPO's have a coherent fund-raising strategy. And very few actively cultivate relationships with donors beyond interactions about financial transfers and reporting requirements. It can safely be said that those NPO's that do have a strategy

> and do make resources and time available for fundraising generally succeed in accessing funds. (2001:5)

The *Social Giving Survey* data do however clearly highlight the great extent to which financial resources are mobilised by South Africans for social causes in the country. The diverse not-for-profit sector works across a broad spectrum of activities, and development NGOs in particular play a critical role in providing services to poor and marginalised individuals and communities. The need to urgently and effectively tackle poverty in South Africa is likewise critical to the continued development of the nation. There are numerous examples of South African NGOs fundraising effectively both nationally and internationally but as Kraak pointed out, 'many NPO's cite lack of funding and weak capacity as critical problems' (ibid:3). The constraints that NPOs experience in both these areas clearly have a negative impact on the longer term financial stability they strive to achieve. It would seem however, that where fundraising is tackled effectively and systematically within an organisation the results are generally positive and yield financial sustainability. Girls and Boys Town have successfully built up a fundraising model for individual supporters who donate to their cause, and the organisation clearly acknowledges the benefits of this method of financing in their annual report:

> The biggest percentage of our donations income received originates from monthly debit orders, which allow us to do proper financial planning due to the certainty of the income stream. In addition, debit orders are not susceptible to the postal pilferage we have been experiencing lately and also allows for low monthly administration costs. (Girls and Boys Town, Annual Report 2005/2006:13)

The infrastructure exists in South Africa to support effective fundraising and, critically, there is an expanding middle class with disposable income and the financial means to support social causes if targeted effectively. Although limited, there are tax breaks on charitable donations and the banking system allows for the use of debit orders as a secure method of payment. Direct mail agencies offer the skills and expertise to develop fundraising campaigns for organisations and although costly have a track record of success. Philanthropic organisations are also in existence in South Africa and actively work towards promoting sustainable

local philanthropy; for example, the Cape Town based Inyathelo whose mission is 'to build an enduring culture of 'giving' that results in strong and stable society and democracy in South Africa'.[11] Corporate Social Responsibility is also very much in evidence and there are increasing numbers of family trusts and foundations being established. A variety of fundraising methods are also being used with good examples of cause related marketing, SMS and online fundraising, pay as you earn schemes and one off events to name just a few, that are being put to good effect in raising funds for NGOs.

### 2.8. Conclusion

There is no 'one size fits all' solution to fundraising, and any organisation planning to fundraise, must match its vision, mission, work and organisational ethos to the methods which best meet its needs in a given target market. This also requires careful research and testing of a product within that particular market and a long term strategy and financial investment are essential for success. Fundraising methods can certainly be adapted across different geographical locations and lessons learnt from other countries to avoid some of the pitfalls but the culture and needs of the local market must be thoroughly understood. The South African fundraising market is not currently crowded but neither has it been adequately researched nor does it seem to be fully exploited at present in terms of its fundraising potential.

The recruitment of individuals who commit to support an organisation's cause on a regular monthly basis with an agreed financial donation has long been used as an effective fundraising strategy by a wide variety of NGOs in the Northern hemisphere. ActionAid has used its brand of child sponsorship to recruit regular givers and its continued poverty alleviation and development work internationally is reliant upon the long-term nature of this income stream from its committed supporters. These markets are becoming increasingly saturated and more difficult and expensive to fundraise in, which has forced a shift and ActionAid has followed a trend to look at other fundraising markets – primarily in middle

[11] See www.inyathelo.co.za

income countries, with some initial success being seen in recruiting child sponsors in Brazil.

As a middle income country where substantial wealth and significant development challenges co-exist, South Africa appears to offer potential for fundraising from individuals. Research indicates that South Africans do support social causes albeit primarily via religious institutions. Space exists in the fundraising market. However, the challenge for any national or international NGO is in understanding how to fill this gap. Changing behaviours is difficult and detailed market investigation is required to better understand what motivates individuals in South Africa to give and to assess whether there is the space to launch a child sponsorship or other more appropriate individual fundraising products into the South African market.

# 3. RESEARCH METHODOLOGY

## 3.1. Introduction

As outlined in chapter one, this research uses a qualitative methodology and has drawn on a combination of three methods. It has used the review of primary qualitative data and secondary literature, the analysis of the *Social Giving Survey* quantitative data and the analysis and evaluation of survey findings and information obtained through a series of in-depth interviews with identified respondents.

In his work *'The Practice of Social Research'*, Babbie notes that 'social research, of course, serves many purposes' (Babbie, 1979:84). He then highlights three purposes of 'exploration, description and explanation' (ibid.) which he suggests provide a useful departure point for research design. Whilst Babbie considers that most research studies usually meet more than one of these three purposes, in his discussion of exploratory research he notes the following:

> Exploratory studies are most typically done for three purposes: (1) simply to satisfy the researcher's curiosity and desire for better understanding, (2) to test the feasibility of undertaking a more careful study, and (3) to develop the methods to be employed in a more careful study. (ibid:85)

Underpinning this exploratory research is an approach to fundraising that has been used successfully by a wide variety of NGOs in the United Kingdom and Europe; the mechanism of 'individual fundraising'. This involves an individual supporter being recruited to a charitable cause of their choice and committing to make a fixed financial contribution on a regular basis. This type of regular giving provides a sustainable income stream which allows an organisation to plan and budget more effectively for their long term work.

This research set out to assess and understand whether the potential exists for INGOs to fundraise in South Africa for their work in the country using the 'individual fundraising' method. Although the research findings are described and explained, further and more detailed research is necessary to test the conclusions and propose the most appropriate way to take this research forward to its logical next stage of development.

## 3.2. Research design

> Research design involves a set of questions regarding what topic is to be studied amongst what population with what research methods for what purpose. (ibid. 109)

This research was structured in two parts. The first phase covered the review of existing literature and materials in order to establish an overview of the current fundraising environment and practices in South Africa. It also reviewed a selection of ActionAid documents on fundraising in Brazil, India and Thailand. The purpose of this review was to ascertain how efforts to fundraise from individuals in these middle income countries might provide for a better understanding of some of the opportunities and constraints that might need to be addressed in the South African context. Primary quantitative data was also used in the first phase in the form of re-analysing the *Social Giving Survey* data. This data provides extensive detail on the giving practices and attitudes of individuals in South Africa and as a nationally representative sample gives both international and national NGOs a solid basis upon which to build in terms of developing fundraising strategies.

The findings from the first phase set the scene and informed the questions for the second phase of the research, which involved the collection of qualitative data through in-depth semi-structured interviews with identified respondents across a range of organisations. These interviews were carried out with the purpose of gaining a better understanding of the attitudes and approaches to fundraising methods being used in South Africa and their corresponding levels of success or failure. It also sought to find out whether respondents felt there was scope for raising money from individuals through the mechanism of recruiting regular giving financial supporters.

The structure of the research in two phases links to the three research questions in terms of first looking at ActionAid and other INGO experiences in middle income countries before looking at the experience of international and national NGOs and fundraisers in South Africa and then asking whether the potential exists for

INGOs to develop a sustainable fundraising base for development work in South Africa. It was important to outline to respondents what was intended in terms of the underlying assumption regarding the value of a sustainable fundraising base to an organisation and the way in which individual fundraising programmes had been used effectively in other countries to provide this.

As Babbie notes, 'the use of several different research methods to test the same findings is sometimes called triangulation' (ibid:110). He further notes the importance in research of using triangulation given that:

> Since each research method has its particular strengths and weaknesses, there is always a danger that research findings will reflect, at least in part, the method of enquiry. In the best of all worlds, your own research design should bring more than one research method to bear on the topic. (ibid:110)

The structure of this research in different phases and using different techniques allowed for the triangulation of findings and results between the primary and secondary literature review, quantitative data and qualitative analysis of the interview findings.

The sample selection, data collection method and process of analysing data are also integral to the overall research design.

### 3.2.1. Sample

Non-probability sampling methods were used in the research. As the ActionAid model of child sponsorship (which provides the organisation with regular giving income enabling it to plan more effectively over the longer term) was being used as a departure point, it was logical to look at their success in trying to implement this outside the UK and Europe. The success of this fundraising method in the UK and Europe has been proven with large numbers of NGOs setting up such programmes and benefiting from the stable income stream a well run programme can provide. The researcher, as a former employee of ActionAid, also had an understanding of the ActionAid model and access to background information, documentation, staff and interview respondents in Brazil, India, Thailand and the UK.

At the second purposive stage convenience and snowball sampling methods were used in the research process. At the design stage organisations working in the international development sector, and who had operations in South Africa, (Amnesty International, Oxfam, Plan International, Save the Children, World Vision) were targeted alongside selected national NGOs with international links and/or experience of fundraising in South Africa (Charities Aid Foundation South Africa (CAFSA), Cancer Association of South Africa (CANSA), CIVICUS: World Alliance for Citizen Participation, Nelson Mandela Children's Fund, South African NGO Coalition (SANGOCO), Treatment Action Campaign (TAC) and World Wildlife Fund (WWF)). Additionally, three respondents, Colleen du Toit, Gerald Kraak and Barry Smith, were targeted for their broader knowledge of the development sector and the role of fundraising within it. As the interviews got underway additional respondents were recommended to the researcher and so the sample size increased. Given the location of the researcher in Johannesburg it was more convenient to arrange face-to-face interviews within the Gauteng province. Telephone interviews were conducted with two respondents in the Cape Town area. In total, 24 interviews were conducted; 13 face-to-face, nine by telephone and two via email. A full list of interview respondents is attached in appendix one.

### 3.2.2. Data collection

Primary qualitative data and information from the *Social Giving Survey* series reports and focus group transcripts provided the starting point for this research in terms of understanding the South African context. Web research was conducted to gather information on giving and fundraising in Brazil, India, Thailand and South Africa in addition to the review of available ActionAid documentation. An initial target of 15 interviews was set, and a final total of 24 in-depth semi-structured interviews were carried out as a result of the effect of snowball sampling.

As Blaxter, Hughes and Tight note of the interview method;

> …it can be a very useful technique for collecting data which would likely not be accessible using techniques such as observation or questionnaires (Blaxter, Hughes and Tight, 2006:172)

The face-to-face interviews provided the researcher with the opportunity to probe for information which would have been less easily captured in such detail via a questionnaire survey.

Once individuals or organisations had been selected for interview the most appropriate respondent, with knowledge of fundraising strategies and systems, was identified. In the larger organisations with well established fundraising operations this was the person responsible for regular giving income or fundraising development. In the smaller organisations it was usually the Director who was able to provide the organisational overview and approach to fundraising.

Initial contact was made by email outlining the purpose of the research and requesting an interview. This was followed up by a phone call to arrange an interview date. The researcher took notes during the interviews and subsequently transcribed them. Whilst interviews were secured with the majority of organisations identified at the design stage, not all were willing to be interviewed. Some organisations did not respond to the email and telephone requests for an interview and others were not prepared to discuss the details of their fundraising programme for the purpose of this research. At this point the snowball sampling helped as contacts were passed to the researcher and organisations that were fundraising successfully in South Africa, but which had not been identified at the design stage, were included and interviewed.

The researcher also attended the South African Institute of Fundraisers conference in Johannesburg in September 2007 which allowed for networking with fundraisers and further collection of qualitative data through workshops, presentations and discussions on fundraising practices and opportunities in South Africa.

The *Social Giving Survey* dataset, in its original format, was also available to the researcher and helped to inform some of the research conclusions and recommendations.

### 3.2.3. Data analysis

In his discussion of the overall research process Babbie notes of analysis that:

> …we manipulate the collected data for the purpose of drawing conclusions that reflect on the interests, ideas, and theories that initiated the enquiry. (Babbie, 1979:108)

Data analysis began from the outset of the research with both the research questions and the first phase review and analysis of documents and materials informing the structure of the interview questions subsequently posed to respondents.

As a result of the first phase process of document review and analysis, the researcher had an improved understanding of the South African fundraising environment by the time the research interviews were carried out. The in-depth interviews thus provided the opportunity for detailed questioning about the method of individual fundraising being researched and the potential for its use in South Africa.

The *Social Giving Survey* results provided the most recently available quantitative data and analysis of trends in this area, but the data were already four years old. Annual reports for CAFSA, CIVICUS, Girls & Boys Town and Inyathelo provided more recent information on these particular organisations, however, the interviews allowed for more detailed and nuanced investigation of specific areas of and attitudes and approaches to fundraising.

There are various ways of analysing interview findings with the aim of developing theories and drawing conclusions. Groenewald outlines the explicitation method as follows:

> This explicitation process has five ‘steps’ or phases which are:

1. Bracketing and phenomenological reduction.
2. Delineating units of meaning
3. Clustering of units of meaning to form themes
4. Summarising each interview, validating and where necessary modifying it
5. Extracting general and unique themes from all the interviews and making a composite summary. (Groenewald in Blaxter *et al.*, 2006:211)

Analysis of the interview responses showed broad themes emerging in terms of current fundraising practices, opportunities and constraints to fundraising and the potential for improvement and growth in this area. Notes were taken during the interviews and transcribed in summary format with key issues and areas of cross over with other interviews highlighted. As trends emerged amongst interview responses it was possible to address these in later interviews and test whether there was agreement or disagreement with emergent theories.

### 3.2.4. Validity

Validity is important in research to ensure that the methods and techniques used are appropriate and adequately relate to and measure the research topic. As Babbie notes:

> In conventional usage, the term *validity* refers to the extent to which an empirical measure adequately reflects the *real meaning* of the concept under consideration. (Babbie, 1979:132)

In order to ensure the validity of the data a phased approach and variety of methods were used in the research design, data collection and data analysis processes. As a result it was possible to use the information gathered during the documentation review and analysis phase to inform the questions asked during the in-depth interviews and test the validity of some of the early conclusions of the documentation review. The availability of quantitative information in the form of the *Social Giving Survey* results also provided for a further source of reliable research data to inform the interview questions and against which to gauge responses and triangulate the research findings.

# 4. RESEARCH FINDINGS: EVALUATION AND ANALYSIS

## 4.1. Introduction

Drawing on all aspects of the research process, this chapter firstly seeks to identify some of the broad findings emerging amongst the selected organisations in terms of their different approaches to fundraising in South Africa. It then looks at how ActionAid has developed its fundraising programmes in Brazil, India and Thailand and in doing so identifies some of the challenges and opportunities that might be pertinent to developing an individual fundraising product for the South African market. The focus then returns to South Africa to look in more depth at current fundraising practices, corresponding levels of success or failure, and the potential for improved fundraising from individuals by international and national NGOs.

## 4.2. A snapshot of current fundraising practices in South Africa

### 4.2.1. Individual giving

Of the 18 interviews carried out with representatives of national and international not for profit organisations based and/or working in South Africa, it was striking how few were successfully raising funds from individuals through regular committed giving programmes. While a different selection of organisations may yield different results, the intention was to look at a small number of international and national organisations working on development issues in South Africa. It was also intended to identify organisations which might bear comparison to ActionAid, either in terms of their international remit and structure or in the focus of their work. It should also be acknowledged that certain respondents were targeted for their broader experience in the South African not-for-profit sector and had worked for organisations where an individual fundraising programme might not have been relevant to the particular focus and structure of the organisation.

A variety of reasons were given in response to questions posed as to why an organisation had not pursued a strategy of fundraising from individuals. Two of the international organisations had a policy (one formal and one informal) of not

raising funds locally because of the potential impact this would have in diverting income away from local NGOs. This was particularly the case where an organisation sought to work in partnership with local NGOs in the implementation of their programmes.

At the time of carrying out the interviews, none of the international NGOs interviewed were currently recruiting regular and committed givers in South Africa to support their work either in South Africa or internationally. World Vision have a track record of recruiting child sponsors in South Africa but it had not been possible to obtain an interview and find out more about their methods and success in terms of fundraising in this way. Of the international NGOs interviewed, where they were fundraising, this was mainly from institutional sources, grant funding bodies or corporate sources. Some of the international NGOs also noted that the focus of their work in South Africa was on advocacy and that it was often quite difficult to fundraise from individuals for this type of work.

It was also noted that international NGOs were able to bring in funds from overseas and indeed, this is how most were currently funding their programme work in South Africa. The element of 'needing' to fundraise in South Africa was therefore missing somewhat and there was little drive or desire for pushing for individual fundraising. Whilst the international NGOs interviewed do have the security of international funding that allows this attitude to prevail this is not usually the case for many of the national NGOs. However, amongst the national NGOs interviewed there was also a sense that whilst money was coming in from institutional or corporate sources and their work was being funded, there was no pressing need to pursue other fundraising methods and there was little perceived need to fundraise from individuals.

The high costs involved in recruiting individuals were frequently cited with purchasing list names and direct mail both being expensive. As Andrew Birss, Business Manager with WWF-SA stated: 'individuals fundraising is expensive

and time-consuming. On a mailing to 4,000 individuals you might be likely to get a 2% return rate if lucky'. (Interview, 1st August 2007) In some cases the idea of recruiting regular giving individuals was not really considered as a future option, in others it was acknowledged that it had taken a back seat because there had not been a need to pursue it. Again, as Birss noted of the WWF-SA individuals database, 'it is an historical database and has not really been focussed upon for a couple of years as we have not really needed to, given the fundraising from corporate donations'. (ibid) WWF-SA have approximately 650 regular individual givers at present and plan to look at how to increase this programme. However, this is difficult with only a relatively small marketing and advertising budget and the need for long term and substantial investment necessary to make individual fundraising successful. Furthermore, without accurately knowing how big the pool of givers is and what potential exists, it is understandable why individual fundraising has taken a back seat in many organisations.

As previously noted by Kraak (2001), interview respondents also cited the lack of fundraising skills and experience as a further constraint to establishing successful individual fundraising programmes. At a broader level than this, however, Felicity Gibbs, Director of Operation Hunger, noted that:

> Infrastructure constraints are certainly a reason why more fundraising from individuals is not pursued in Operation Hunger as we do not have the capacity to support it and give it the attention it needs because of the related staff and salary costs this demands. (Interview, 13 August 2007)

'There is a lack of research generally into how people give, to whom, how often and how to access individuals' (Alma Torlage, interview, 17 August 2007). The lack of empirical research into individual fundraising in South Africa is seen as a significant inhibiting factor and the information that does abound remains largely anecdotal and impressionistic. This does not mean that this information is not useful or based on solid views and experience gained over a long period of time. It is however disappointing that this remains the case given the rich dataset freely available to NPOs as a result of the *Social Giving Survey* and which, if carefully

analysed, would provide an invaluable source of information around which to better target fundraising strategies.

The lack of research into the potential for fundraising is not limited to South Africa however. Other middle income markets also suffer from a lack of extensive research into fundraising potential. Research into this area is critical in terms of identifying how these markets differ from northern markets which are familiar with and receptive to the concept of individual fundraising. These northern markets are, however, reaching saturation point which in turn makes it more difficult and more costly to recruit individual supporters to a specific cause.

### 4.2.2. A culture of giving?

Interview respondents were also asked whether they felt there was a 'culture of giving' in South Africa. As explained earlier in this paper, the *Social Giving Survey* data showed South Africans in a positive light in terms of patterns of giving, yet much of this was channelled via religious institutions. A number of interview respondents highlighted the ad hoc nature of individual donations to their respective organisations. Although the Treatment Action Campaign (TAC) do not routinely fundraise from individuals, the majority of their funding being secured from institutional donors, Deborah Byrne, the Development Manager at TAC at the time, noted that

> In terms of individuals supporting TAC financially, this comes in waves and is usually linked to a specific campaign or increased awareness, for example when TAC called for international attention to the South African health ministry's flagrant display of denialism at the International AIDS Conference in Toronto in August 2006. In general though, donations are relatively small and ad hoc and there are few regular individual donors. (Interview, 1st August 2007)

Interestingly, however, she also acknowledged the higher than average number of donations in 2006 when TAC had launched a public campaign well before the Toronto conference to encourage people to donate. This does reinforce the idea that there is a willingness to support a specific cause when people are asked to do so.

Colleen du Toit of Atlantic Philanthropies noted that a culture of giving

> …is in existence, for example with CANSA and SOS Children's Villages, but not to the extent that it is as engrained as it is in the UK and their approach to regular giving, nor is it being used particularly as a fundraising tool with development sector NGOs. (Interview 17th July 2007)

Shelagh Gastrow, Executive Director of Inyathelo also highlighted and praised SOS Children's Villages regular donation approach which gives them:

> …the advantage of being able to plan for income and build towards increases and bequests. It requires a layout, investment, infrastructure, systems and databases in order to work with and nurture supporters, but the benefits of this will be felt over a longer period of time. (Interview, 16th July 2007)

Inyathelo works with institutions and NPOs in looking at how to build a sustainable donor base but Gastrow notes that in many organisations

> …there are not the systems in place for asking for or dealing with donations and so organisations are not putting together their own networks of loyal donors. (ibid.)

She considered South Africans to be charitable but commented on a lack of 'philanthropic thinking' and felt that whilst 'they will give to needy individuals via their churches, it is not at all focused or looking to the longer term'. (ibid.)

### 4.2.3. How many individual givers are there?

Understanding the size of the pool of donors in South Africa is critical to the success of an individual fundraising programme and whilst there is little dispute of the available wealth in the country the overall impression that emerges is one in which the pool of givers is quite small. One interview respondent estimated approximately 5 million potential individual givers whilst another suggested that the wealth lies in the upper 10% of the population in South Africa. Much more detailed investigation of the number of potential individual supporters and size of average donation is essential. However, and working on the basis of these approximations, there exists a substantial number of individuals in South Africa with the potential to give regular financial support to a cause.

ActionAid has built up a core support of child sponsors and regular givers in the UK and Italy donating an average of €23 per month and the real value of this approach comes in the volume of supporters. Research into the South African

market would have to seek to assess and understand whether a similar approach would be possible and achievable. If it was not, what can be termed a 'middle donor' or even a 'major donor' strategy may be more viable. Such strategies take the approach of targeting a smaller number of individuals for larger amounts of money and it could be the case that, in middle income countries with high levels of wealth disparity, this presents a more realistic and sustainable route towards effective fundraising from individuals. However, it should be noted that such an approach still requires adequate financing, skills and time before a return on investment is likely to be realised.

### 4.2.4. The child sponsorship model North and South: need vs. solution

The child sponsorship model used by ActionAid in the north is very much based on portraying the 'need' involved in relation to an individual supporter sponsoring a child. It emphasises the way in which an individual's financial donation to ActionAid will make a difference in the life of the child they sponsor as well as to the broader community in which that child lives. Whilst this is necessary to build an emotional link, there is a physical distance between the child and sponsor. In the case of fundraising for in-country work in middle income countries this distance is largely removed and it is essential that the messages and images used be appropriate, as noted by Lucimara Letelier, Head of Fundraising in ActionAid Brazil:

> One of the big differences between fundraising in the north and south is the use of images. Those in the north are not being seen by the individuals or communities depicted but this is not necessarily the case in Brazil where people could see how they are being portrayed in the media themselves. It would be easy to jeopardise existing relationships by not handling this appropriately or through exposing the vulnerability of people with whom ActionAid has built up a relationship in the last 10 years. (Interview, 14th September 2007)

Striking the right balance between portraying both the 'need' and 'solution' is critical in middle income countries and particularly in Brazil, India and South Africa where wealth and poverty so conspicuously co-exist. ActionAid Brazil and ActionAid India have both been used to providing 'case histories' for potential child sponsors in the UK and Italy, yet when faced with the challenge of

fundraising for work in their own countries, they have both wanted to look at the product from a different perspective and incorporate both the element of need as well as that of solution as most appropriate to the local context. Moving the established pattern of funds being raised in and received from the north and spent in the south to both fund raising and fund spending in the south has required a shift in thinking amongst country programme staff and their approach to the way in which the country programme is structured. In the South African context specifically, Birss alluded to this distinction between the northern and southern hemispheres in terms of approach, organisational structure and reality when he spoke of the "level of disconnect between what happens in the northern hemisphere and the reality on the ground in Africa" (ibid.)

Whilst South Africa presents its own unique set of operating circumstances, looking at how fundraising challenges have been addressed in other middle income countries may prove beneficial in better targeting future research on the South African market.

### 4.3. 'Criança de Futuro: mude uma vida'; Child Sponsorship in Brazil

In Brazil, CARE, World Vision and Greenpeace have all successfully entered the individuals fundraising market using different techniques. CARE and World Vision compare most closely to ActionAid given their focus on poverty alleviation, and World Vision has used its child sponsorship model in Brazil to successfully recruit 8,500 supporters. Greenpeace has made good use of the 'face-to-face' fundraising model to recruit almost 20,000 supporters in Brazil. All three organisations have taken a long-term approach and have had to invest significantly in marketing and communications to achieve these levels of success.

In July 2007 ActionAid Brazil launched a child sponsorship product into the Brazilian market in an attempt to recruit individuals who would financially support ActionAid's work with poor and marginalised communities in Brazil. It is too soon to know how successful this product will be in the longer term, but at the time of interviewing the Head of Fundraising (in September 2007), 115 new

supporters had been successfully recruited. This was already better than previous attempts to launch a 'Community Sponsorship' product which had not worked well as a result of a combination of various factors including it being a 'new market, new product, new team and new structure' (Lucimara Letelier, interview, 14th September 2007). Whilst the ActionAid Brazil team had initially wanted to develop a product that they felt was more closely aligned to ActionAid's international strategy, the work and structure of the Country Programme 'Community Sponsorship' was not well received or understood in the fundraising market. Child sponsorship however 'has a more emotional appeal and is more familiar' (ibid.) and this is borne out by the results to date. Other organisations (World Vision, Christian Children's Fund) were already using a child sponsorship model to fundraise in the Brazilian market thus when ActionAid launched its particular brand of child sponsorship there was in place a certain level of familiarity with the generic product amongst the public even if there was less awareness of ActionAid Brazil as a recognised NGO.

The issue of organisational profile and brand recognition also needs to be addressed in relation to fundraising in middle income countries. ActionAid Country Programmes worldwide have traditionally worked in partnership with local NGOs and CBOs and have not actively sought to establish a strong brand in a marketing context, but have instead built good working relationships with social movements, local organisations and national governments. They are recognised within a specific development context and can be influential across a variety of focus areas but they do not generally enjoy a high level of recognition at the household level. Even in the UK where ActionAid's success in terms of recruiting 400,000 regular financial supporters is in evidence, its level of brand recognition is low with the most recent survey results showing low levels of prompted and unprompted recognition at 2% and 1% respectively.[12]

Building profile in a different context also requires staff to take a different approach. Whilst part of ActionAid Brazil's operational approach has been to

[12] Andrea McSparron, International Fundraising Manager (email correspondence)

expose a partner's brand at the grassroots level, it now finds itself competing for funds in the national arena against much longer-established and well recognised household names, e.g. Greenpeace, UNICEF, World Vision. Neither staff nor partners are used to this and not only does it demand a mindset shift, it also creates additional work as staff are required to communicate the programme work in a different way in order to appeal to and recruit financial supporters. Issues of trust are also closely linked to recognition. Letelier highlighted not only the need to build profile but also trust when she stated:

> One issue in the South is the level of trust and credibility that people attach to NGOs. You have to start from a point where the general public don't trust you and so the departure point is to build trust. (Interview, 14th September 2007)

Whilst Letelier also noted the large middle class in Brazil with the potential to give, she felt that:

> People are used to ad-hoc donations and they change between one organisation and another, the idea of a regular commitment needs to be built. (Interview, 14th September 2007)

Indeed, if there is a 'culture of giving' she suggested:

> It is to the church, with people having a monthly donation that has been passed through generations. The idea however of regularly giving to an NGO is quite new and has emerged in the last 10 years. (Interview, 14th September 2007)

Marcelo Iniarra, International Fundraising Consultant, felt that there was a 'culture of solidarity' rather than a 'culture of giving' whereby it is common to support one another and there is a willingness to improve society but not necessarily to give regular financial donations.

The similarity to India, Thailand and South Africa with the predominance and tradition of giving through religious institutions and the importance of supporting one another in times of need is clear. It is also likely, given ActionAid's relatively recent arrival in South Africa, that some of the same issues around building profile and trust would need to be addressed.

ActionAid Brazil has also had to tackle the way in which it positions itself in the market. Not only in terms of the fundraising product and the move from community to child sponsorship, but also in terms of being a development organisation. According to Letelier, it is not clear what 'development work' is,

> It is understood in ActionAid and in the UK but it is not a sector in the same way in Brazil and there is less understanding from the general public of what development work is and means. (ibid.)

To work around this, the ActionAid Brazil team has positioned itself more as a human rights organisation fighting poverty. Even within the framework of rights however it still has to be conscious of its position so as to avoid appearing to be too political.

There is an important, yet at times difficult, relationship between government and the NGO sector and this again is a similarity that Brazil, India, Thailand and South Africa share in terms of the government alone not being able to meet the diverse needs of the population. Whilst on the one hand this necessitates and allows the space for a vibrant NGO sector to flourish, on the other there can be a feeling, amongst individuals, that government should be meeting the needs of the population not NGOs, and thus a reluctance to want to financially support NGOs in their work. Letelier considered that in Brazil,

> Low levels of trust in government can expand to the NGO sector because of the focus on their work and because historically they were sustained by government funds but there were scandals around corruption and misuse of funds. (Interview, 14th September 2007)

It is therefore essential that NGOs develop a fundraising product that clearly sets them apart from government and focuses on their own particular approach, child sponsorship is seen as doing this in Brazil. Given the long-term nature of developing successful individual giving programmes, it will however still be some time before the success or failure of the child sponsorship programme can be judged or any return on investment realised. Looking at the challenges the Brazil team have faced in the development and launch of child sponsorship as a fundraising product provides a valuable evidence base to draw from when

considering some of the issues that would need to be addressed in the South African context.

### 4.4. The case for fundraising in India

ActionAid India's national fundraising is much further behind Brazil's, with child sponsorship yet to be launched into the market despite an understanding of this nationally as a fundraising tool and therefore a potentially receptive audience. Other organisations have been quicker in establishing individual giving programmes and ActionAid finds itself competing against them in its desire to raise funds through the recruitment of child sponsors in India. Once again, World Vision has established a strong presence and a successful individual giving fundraising programme in India with 13,500 child sponsors. SOS Children's Villages are also enjoying success in India with their own child sponsorship product.

ActionAid India faced some of the same dilemmas as ActionAid Brazil, particularly with regard to the issue of branding and identifying the most appropriate way to present child sponsorship, not only within the framework of ActionAid's work and rights based approach, but also within the broader national fundraising context. It is fortunate that there is information available about individual giving in India as this provides a more detailed background against which to situate an appropriate fundraising strategy.

As noted in 'Philanthropy and the Third Sector', there is a rich history of philanthropy in India and individual giving is not a new concept:

> Giving in India is more often than not individual giving. Philanthropy is guided by the religious rules, regulations and demands of caste, clan, family and/or community. Giving is primarily directed towards religious organisations like temples and churches. However, giving to the needy has also occupied a significant space. (2007:1)

In 2001 a survey was carried out in India by Sampradaan, Indian Centre for Philanthropy, as part of a series of studies supported by the Asian Development Bank and carried out across seven Asian countries looking at giving and

fundraising patterns in each. In India the survey focussed on upper and middle class households in the 'megametros' of Delhi, Calcutta, Chennai and Mumbai as well as 10 other cities with a population in excess of one million across five identified geographic zones. As such the findings can be said to be representative of this particular section of urban Indian society but unlike the South African *Social Giving Survey*, they cannot be extrapolated to the broader national population. Nonetheless, some of the findings are certainly encouraging and the survey concluded that '96% of upper and middle class households in urban India donate for a charitable purpose' (*Giving and Fund Raising in India*, 2002:23). As with the *Social Giving Survey* the Indian survey results also showed that

> …the habit of giving for charitable causes is widespread, almost all respondents having donated for some charitable purpose at some time or other in the past year. (ibid:37)

The survey results also highlighted the extent to which giving is unstructured and informal and often addressing an immediate need whereby

> …giving to individuals in distress known to oneself, and to beggars, takes up about 77% of the donations to individuals; only 21% goes towards organised secular charity. Thus informal, ad hoc charity takes precedence over giving for long term change and development or philanthropy. (ibid:37)

The Indian survey also sought to understand some of the reasons why individuals did not make financial donations. The primary reason cited was 'non-affordability' followed closely by 'lack of interest in the organisation' and 'lack of faith in the cause'. Interestingly, however, '14% of the population do not give because they were not asked to give'. As the survey noted, 'this finding is important for fundraisers indicating a potential for raising money. People will give if asked'. (ibid:34) It should be recognised that the survey was carried out in 2001, since then India's economy has grown significantly and there is an expanding middle class with disposable income and the ability to support charitable causes. At the same time that India has enjoyed this boom in its economy it has also witnessed a widening gap between rich and poor, and increasing numbers of people are living in poverty. Whilst for many reasons this widening gap is problematic, as the ActionAid India fundraising strategy notes:

> A fundraising environment has emerged from a backdrop of extreme poverty and dramatic economic growth which is polarising Indian society. There is obvious need in India, and now for the first time a sizeable population that can address those needs financially. (2006:3)

In spite of a seemingly conducive fundraising environment in India, at the time of interviewing staff in August 2007, ActionAid's fundraising in India was not as well advanced as might have been expected. A combination of internal delays in prioritising national level fundraising within the country programme coupled with the complex and slow bureaucratic machinery and registration processes required to do so hindered progress. A specific type of registration is necessary in order to fundraise in India, and the requisite ATG registration certificate had not been secured; thus it was difficult even to test different fundraising initiatives. An internal organisational infrastructure is also required to support an individual giving fundraising programme and this had yet to be properly established.

As was seen to be the case in ActionAid Brazil, a shift in mindset was also necessary in ActionAid India in order to fundraise effectively at the national level. The same pattern of child sponsorship case histories being provided to and of funds being received from the north was once again, deeply entrenched. A further pattern was also noted in India in relation to the amount of work involved in administering different fundraising methods and the effect this had on approaches to fundraising. Alice Andrew, Head of Fundraising in ActionAid India, highlighted the difference in the level of administration and scrutiny required by an individual giving programme as opposed to the established approach of writing single proposals to a specific donor and securing large amounts of income which was less administratively burdensome. Speaking from her personal experience of the Indian NGO sector prior to joining ActionAid, she noted that:

> Regular feedback and acknowledgement to keep local donors motivated is often perceived as a chore in international NGOs. Comparatively homegrown NGOs, not pampered by northern funding in the early stages managed to build credibility and regular givers. (email correspondence, 10th August 2007)

Interestingly however, and in contrast to the situation in Brazil and South Africa, there appears to be a perception in India that although international NGOs are

seen to have more funds, they also have some advantages in terms of credibility as a consequence of their international status and linkages. Andrew noted the need to capitalise on this when establishing an individual giving programme and considering communications with donors:

> Consistently on the perception front, what has come out is as follows. Invariably the local donors, though they perceive the INGOs as being cash rich, consider them to be more professional and as such judicious users of funds. This edge is what we build on in the communication to donors – try and convince them that the administrative wherewithal and the global structure are in the long run helpful in adding value to their donation. (email correspondence, 10th August 2007)

Although this approach may be seen to be advantageous in the Indian context, it should not be assumed that this tactic would have a similar positive benefit in South Africa. The tensions between national and international NGOs in South Africa have been briefly alluded to in chapters one and two as well as by some of the interview respondents, they would however, require much more thorough investigation and analysis as part of any deeper research into the potential for INGOs to fundraise in South Africa.

Not only would any INGO considering fundraising in South Africa have to address the very real practicalities of the financial viability of their investment, they would also have to consider the more complex moral issues and implications of any such intervention. Whilst INGOs might have the financial infrastructure to support the development of fundraising initiatives in South Africa this research has shown that many local NGOs consider the large investment required for successful fundraising to be one of their key constraints to development. It is certainly a possibility that in using their size and strength to their advantage and to fundraise in South Africa INGOs might in fact create a culture which could undermine local NGOs. Reaction from the local NGO sector to INGOs fundraising in South Africa is, rightly or wrongly, likely to be hostile. Questions would almost certainly be asked about the proportion of donations spent in country versus the amount spent on supporting an international infrastructure, and therefore by extension being spent outside of South Africa. Furthermore, whilst competition can sometimes be seen as healthy it is more likely that INGOs would

be seen to be diverting much needed funds away from local NGOs. What could be even more damaging in the South African context is that INGOs might be seen as perpetuating and reinforcing neo-colonial or racial assumptions that may still prevail in the country.

Any INGO present in South Africa has a responsibility to the local NGO sector more broadly and a mandate to advance the greater good is generally inherent in their mission statements. INGOs considering fundraising in South Africa would have to tackle these, and other, issues, not necessarily from the point of view of the fundraising public, but for their standing and role as a part of the local NGO community and alongside that, their own credibility and sustainability in the country.

### 4.5. The case for fundraising in Thailand

When we look at patterns of fundraising in Thailand we see some similar trends emerging as have been evidenced in Brazil, India and South Africa. Once again the prevalence and importance of religious giving stands out. Interestingly, in the Thai context however there is a dual aspect to giving for charitable and personal reasons:

> "giving" both to religion for accumulation of personal religious merits and to charitable causes to help the poor have been well ingrained into the Thai cultural belief and the Thai behavioural practice and are like the two sides of the same coin. (*Giving and Fund Raising in Thailand,* 2002:5)

A further significant difference and influencing factor is the importance in Thai society of the King and the Thai Royal family and the impact they exert on giving at the individual level, given the way in which:

> …the public looks up to the philanthropic causes of His Majesty and other members of the royal household have followed the King's pursuits. The public has been mobilized to assist in these causes. Resource mobilization for royal charities and royal sponsored causes have become a strong feature in resource mobilization in Thai society. (ibid:6)

The Asian Development Bank-supported survey carried out by the National Institute of Development Administration in Thailand in 2002 highlighted a difference between survey respondent perceptions and practice:

> Although only 21% stated that they believed that giving to religion was important, we found that in actual practice 94.5% made "religious contributions". (ibid:15)

Different methodologies have been used in the surveys carried out in India, South Africa and Thailand which therefore make it difficult to accurately compare survey findings but some broad patterns do emerge. Not only is the importance of religious giving evident but also there is an emphasis, in all the societies, on giving to individuals. The Thai survey also mirrors one of the findings in the Indian survey on the need to ask people to make charitable donations. More broadly it also reinforces the pattern of ad-hoc giving that research respondents alluded to in Brazil and South Africa. One of the key findings in the Thai survey noted:

> Giving/donating tends to be done non-systematically. Although people give on religious holy days, majority of people give when they are requested to give. Individual donors appear to be receptive to requests but not proactive in seeking causes or avenues to donate. (ibid:18)

As the survey goes on to highlight, one of the main lessons learned is that:

> …the field of indigenous philanthropy is out there, un-tapped and waiting to be cultivated, nurtured and developed, that Thai people are generous givers, particularly when giving relates to social reasons. That communicating the cause for philanthropy is needed to gain public monetary support. (ibid:18)

The situation in Thailand has certainly changed in the time since the survey was carried out and, as was the case in India, the Thai economy has also continued to grow during this period. The international NGO community has a presence in Thailand and once again there are examples of successful fundraising by INGOs in Thailand for their work in country. World Vision, The Christian Children's Fund Foundation of Thailand, Greenpeace and UNICEF have all implemented successful fundraising programmes in Thailand. The infrastructure certainly exists to support individual-based fundraising methods in terms of familiarity with different techniques, agency availability and the banking system necessary to support regular individual donations.

Thailand, like India, also has a quite bureaucratic and lengthy registration process for NGOs. ActionAid has carried out preliminary investigations into the Thai market and opportunities for fundraising locally for its work in Thailand. Whilst there is clearly a 'culture of giving' in Thailand there is a strong emphasis on the national focus to giving and whereas the international linkage may be perceived as advantageous in India, this is less likely to be the case in Thailand.

Overall, and as one of the 2002 survey recommendations notes:

> There is great potential and promise for CSOs to raise funds locally. What is needed is education, awareness raising and the right public relations strategies to give to social causes. (ibid:27)

Once again, although the situation will have changed over the last five years, the above recommendation would inherently require significant investment into these areas as well as into the actual infrastructure required to establish a successful individual giving programme. At the same time however, it clearly shows that there is significant potential to fundraise at the national level.

### 4.6. Fundraising in South Africa

As outlined in chapters one and two, there are a huge number of NGOs, CSOs and CBOs working on an enormous range of issues in South Africa. This research has sought to look at where INGOs interested in fundraising nationally might situate themselves within this context and particularly so in relation to recruiting regular giving financial supporters which allow an organisation to plan and budget their work more effectively over the longer term and achieve greater financial sustainability.

The interviews carried out with a sample of people working in and with the NPO sector have highlighted many examples of successful fundraising tools currently being used to good effect in South Africa. These include, online fundraising, sponsorship, cause-related marketing, corporate fundraising, payroll giving, direct mail, SMS donations, DRTV and telemarketing. The 'Social Giving Survey' results provide strong evidence of the generosity of South Africans and the space that exists for NPOs to develop targeted fundraising strategies in support of their

organisations' work. Whilst there are numerous organisations seeking funds it would appear that the market is not currently crowded in terms of recruitment of regular giving individuals, although it is likely that the competition will increase if organisations start to show success in this area. However, based on interview evidence, the concept of making a regular monthly donation via a stop order to a charitable cause of one's choice is not currently a familiar one. Instead, and as has been seen to be the case in Brazil, India and Thailand, the approach to giving is predominantly ad-hoc and unstructured.

As Colleen du Toit noted; 'funding is too often seen as something separate rather than part of the whole package' (Interview, 17th July 2007). Gastrow's comments also emphasise the potential for giving but the lack of structured approach to asking and organisational capacity and infrastructure to support it;

> South Africa is a middle income country, there is wealth but it is not being harnessed in an institutionalised way. One of the issues is that people are not asking for money, neither is there a model being put forward, the regular giving donation is not necessarily being pursued. Many NGOs might not however have the means to support the requirements it demands of an organisation. (Interview, 16th July 2007)

Yvonne Morgan of CAF South Africa reinforces the organisational demands of giving, noting: 'Management of givers is resource heavy and intensive' (Interview, 18th July 2007) yet highlights the benefits payroll giving provides in terms of regular income allowing an organisation to budget more effectively;

> Payroll giving is a new product in South Africa, the advantages of payroll giving are that it is regular and unconditional and organisations can budget for the full year with the income it generates. (ibid)

Morgan echoed Gastrow's comments and alluded to the ad-hoc nature and untapped potential and power of giving;

> There may not be much asking taking place. People are also not aware of how much they are giving because their giving is ad hoc, neither are they always aware of how little is really needed to actually make a difference. (ibid)

Morgan further believes there is significant room for growth of payroll giving in South Africa and that this is a simple way to make a regular donation to a charity

of the givers' choice within a specified range of organisations. At present however she is of the opinion that 'the take up rate is quite slow' (ibid).

The majority of respondents in South Africa were of the opinion that there is untapped potential for regular giving in the fundraising market nationally. Furthermore, where the regular giving approach had been successfully harnessed, organisations were conscious of the benefits this afforded them in terms of providing longer term financial sustainability and security.

Amongst the national NGOs interviewed, Girls and Boys Town and SOS Children's Villages were the two organisations which seemed to have the most structured approach and successful targeted individual fundraising programmes. Both were enjoying success in this area and the benefits this afforded their organisations in terms of providing longer term financial sustainability and security. Whilst neither organisation used the child sponsorship terminology, supporters were closely linked with an individual child via their financial support to the organisation. It was noticeable that they used quite different techniques to recruit individual supporters. The Girls and Boys Town model involved a labour intensive but highly personalised approach with fundraisers firstly securing an appointment, to then meeting a potential supporter face to face to explain the work of the organisation and sell the fundraising product. Fundraisers worked part time and were predominantly middle aged females with children, who were able to work hours to suit their schedules. Girls and Boys Town trained them and had found them to be particularly successful in selling their product to supporters because of their 'natural empathy and skills in this area' (Interview, 16th August 2007). The model had been developed within the organisation and honed over the years to provide Girls and Boys Town with a relatively secure and guaranteed level of income. Emphasis was also placed on the importance of understanding donors and paying regular attention to the development of donors during the course of their relationship with Girls and Boys Town.

SOS Children's Villages used more traditional direct marketing methods to recruit supporters through direct mail campaigns. They had built up a supporter base in excess of 120,000 names with 6,000 committed financial supporters giving regularly via stop orders. As with Girls and Boys Town, the majority of income for SOS Children's Villages also came from individual supporters. Interestingly, both organisations are part of a major international organisation, SOS Children's Villages being a household name in Germany and Austria and Girls and Boys Town having a long established history in the USA. It would be interesting to know how supporters viewed this linkage to an international organisation and if indeed they were aware of it.

Heartbeat, a national NGO working with orphans and other children made vulnerable through the HIV/AIDS pandemic, developed its community-based working model from scratch. Starting out in 2000 working in partnership with a CBO in Khutsong, it had grown into a nationwide organisation working in seven of the nine provinces by 2007 with an annual budget of approximately R17m raised mainly from corporate donors. Talking of the challenges of building up the organisation, Marcha Neethling (one of the first employees of Heartbeat) highlighted the fact that 'it took a long time to build trusting relationships in the townships' (Interview, 17th July 2007). At the outset, and as a small organisation, staff administered financial donations and held individual accounts for the sponsored children they worked with and supported. This model however was not sustainable as the organisation grew and in its third year computerised systems, and a national database, were introduced to process donations more effectively. Despite this growth and a print-based advertising campaign backed by 'Cell C' to 'sponsor a child in need' and which aimed to sign up 5000 supporters, Neethling noted that: 'the fact that only 100 people signed up through this campaign is indicative of the general difficulty of recruiting individuals as child sponsorship-supporters' (ibid). Furthermore, despite her own passion for Heartbeat's work and financial commitment to supporting a child, she noted that it was still difficult even to persuade friends and family to sign up and sponsor a child through Heartbeat.

These three examples highlight some of the successes, different methods and constraints of recruiting regular individual givers supporting or sponsoring children in South Africa. At the time of carrying out the research, interviews suggested World Vision was the only INGO using the 'child sponsorship' method to recruit supporters in South Africa. As previously mentioned, however, it was not possible to secure an interview with World Vision.

Jenni McLeod, Co-owner and Client Services Director of Downes Murray International, a leading South African fundraising consultancy, felt that in relation to child sponsorship there was 'a gap in the South African market and the space to use this product effectively to recruit supporters' (Interview, 28th September 2008). Having worked in direct mail in South Africa for many years, McLeod's experience backs up many of the observations made by other interviewees. Whilst she considers there to be space in the South African market for new fundraising products, there are constraints around direct mail with a lack of available lists and postal delivery not being comprehensive, 'although there are individuals with disposable income there might be less than 1 million who have postal delivery'. (ibid) Furthermore, despite the well documented emergence in the post-apartheid era of a black middle class with disposable income, McLeod noted 'that these individuals are not always on existing lists and can therefore be hard to access via direct mail methods'. (ibid) She also highlighted the economies of scale involved in direct mail with larger mail-outs being more cost effective yet many organisations lacking the capacity to invest at this level over the period of time until a return on investment is seen (generally 2 – 3 years). She noted the lack of a 'pool of knowledgeable fundraisers' (ibid) was a further constraint within the sector generally. McLeod also highlighted pending legislation in the Data Security Act surrounding the privacy of information and protection of personal information, which may make accessing individual's details increasingly difficult. McLeod remains optimistic in spite of these difficulties and notes that 'organisations need to be more creative in getting to a wider audience' (ibid).

The *Social Giving Survey* data, background research and qualitative data collected through the interviews with respondents in the fundraising and NGO sectors in Brazil, India, South Africa, Thailand and the UK all indicate that there is space and scope for fundraising development in South Africa and other middle income countries. Fundraising methods are not currently being used to their full potential and the market for fundraising from individuals committing a regular financial donation to a specific charity is not currently crowded. Other middle income countries have successfully rolled out child sponsorship or other regular giving fundraising strategies and are enjoying the financial benefits this has brought. Whilst models may have been adapted and tweaked to better suit the local market place it has been worth the effort. As was discovered in the *Giving and Fund Raising in Thailand* survey, northern hemisphere methods which may have been deemed unsuitable for the Thai context have worked locally:

> It also appears that at least some fundraising approaches common in the US and Europe, but previously presumed to be inappropriate in Asia such as direct mail, media advertising, telephone solicitations, selling tickets to special events, workplace giving and selling NGO products, publications and services have also been used successfully by NGOs across the region (2002:xiv)

Although it is acknowledged that the operating context in South Africa is different and unique, opinion and available data support the notion that there is a basis of support to draw upon in terms of fundraising from individuals for charitable causes and work in the national domain.

# 5. CONCLUSIONS AND RECOMMENDATIONS

As has been shown in chapter four, data and opinion indicate that the NPO sector in South Africa has a willing base of support to draw upon in terms of fundraising for development work in South Africa. Within that context, this research sought to identify whether the potential existed for INGOs working in South Africa to develop sustainable individual giving fundraising strategies for their national level work. Whilst there were differing opinions on the specific issue of international organisations fundraising in South Africa in terms of appropriateness and competition, it was not felt that it would be a particularly inhibiting factor at the level of the individual supporter. Gastrow neatly highlights the dilemma INGOs would face in terms of the contradiction between the desire to fundraise and the impact that this might have in relation to their standing in the NPO sector:

> INGOs would be able to fundraise from individuals in South Africa, individuals would probably give but a strategic decision would also be required, how much would an INGO be prepared to be unpopular in civil society circles for the advantage of fundraising? (Interview, 16th July 2007)

Research into INGO fundraising in other middle income countries has highlighted some of the challenges ActionAid faced in terms of issues around the specific fundraising product and related communications, establishing trust, branding, creating a thirst for fundraising and the linkage of the national and international aspects of the organisation in the operating environment. All of these factors would need to be taken into account by any INGO considering national level individual fundraising in South Africa.

## 5.1. A window of opportunity ahead

Given the *Social Giving Survey* results, it would appear that respondents already give money to the areas in which several of the INGOs currently present in South Africa work: children/youth, HIV/AIDS and 'the poor'. Furthermore, these same categories are those most commonly mentioned amongst respondents when asked what they would be prepared to support given the opportunity.

Analysis of available documentation has shown that the fundraising sector is not as well developed as it could be. In many organisations, fundraising from individuals is not prioritised and there is a lack of skills and experience within the sector more broadly. Although a wide range of fundraising methods are used and significant sums of money are donated to charities, the fundraising market is not currently crowded and the general consensus is that there is space for well targeted fundraising campaigns to enjoy quite considerable success. As Yvonne Morgan of CAF SA noted, 'the potential exists, the issue is around marketing and finding a niche'. (Interview, 18th July 2007)

### 5.2. Finding a fundraising model for success

Whilst there is widespread agreement amongst respondents that the potential exists for sustainable fundraising by INGOs in South Africa, this research did not find or identify a specific model with a proven track record of success. Where fundraising models have worked in other middle income countries there has already been a level of awareness of the particular method being used, for example, child sponsorship in Brazil and India. Although World Vision is using this method in South Africa, there was little evidence of this being widely advertised in the media and it had not been possible to understand their approach or corresponding levels of success or failure.

It was interesting to note that when respondents were asked about regular fundraising from individuals there was not always an awareness of this as a potential model for success. It should also be noted however that whilst there are examples of direct mail marketing being used successfully by national NGOs to raise funds from individuals, the infrastructure required to support this method of fundraising does not always work to its advantage. For example, the postal system is expensive and not as reliable as it could be. Banking systems are also costly to the extent that individuals pay bank charges simply to make a regular monthly donation to a charity of their choice. It would be useful to investigate further whether such bank charges have a negative impact on people's willingness to make charitable donations via a regular stop order. It would also be interesting

to explore whether banks would consider removing bank charges for charitable donations. Not only might this work as a way to incentivise regular giving it could probably quite easily form part of the banking industry's corporate social responsibility package.

As two separate interview respondents noted, there is an overall need to carefully identify the way in which any national fundraising strategy is developed and this is another area for further research. As du Toit suggests, 'what is needed is something different, a new model' (Interview, 17th July 2007), Morgan also noted:

> It is not necessarily the case that the western model of structured giving will work but there is room for structuring giving better, perhaps a local model is needed to facilitate this. The market exists but a system needs to be created to get to it and support it. (Interview, 18th July 2007)

It was interesting to note that both the India and Thailand surveys drew attention to the fact that when people were asked to give they would, but quite simply, they were not regularly being asked to give. Several interview respondents indicated that this is also the case in South Africa, people are simply not asked to make regular donations. Indeed, the widely acknowledged ad-hoc nature of donations at present does suggest that there is significant room for structuring donations much more efficiently and effectively. In order to do so however, much more detailed information and analysis is required about the nature and type of giving behaviour across all sections of the population.

### 5.3. A strategy for international NGOs

Fundraising is time-consuming and costly in the northern hemisphere and there is no reason why it should be particularly different in South Africa. However, the long term benefits may well outweigh the initial time and investment required to set up a successful fundraising programme. International NGOs have the advantage of being able to draw on the results of tried and tested fundraising initiatives in other environments and ought to be able to bring these to bear in South Africa.

Further research into a variety of areas would however be required to try and ascertain the potential market value for an international NGO wishing to fundraise in South Africa. A more accurate assessment of the percentage of the population with the capacity to donate at a level whereby an organisation can expect to see an adequate return on investment is required. This might influence the preferred fundraising model with either a focus on building a large volume or regular individual givers at a lower average rate of donation or a lower number of individuals giving a higher average donation.

Research into how to most effectively target the very varied audiences in South Africa is also essential. What is the best strategy for successful fundraising in a large country with a diverse population with 11 national languages across nine provinces? How do racial and ethnic differences really impact attitudes to fundraising?

The media provides a powerful tool for fundraising and can play a pivotal role in the success of a fundraising campaign and yet there seems to be very little press, television or other media fundraising advertising in South Africa.

If there is relatively little awareness of individual giving amongst fundraisers then there is likely to be even less awareness of this as a means of donating to a preferred cause amongst the general public. Would people be prepared to make regular financial donations to causes which they feel ought to be more effectively addressed by government? Indeed, where is the crossover between government, international and national NGOs? Many international NGOs are now working on issues around rights of individuals rather than on service delivery and in a country where peoples rights are constitutionally enshrined but often not delivered in practice, this may require careful consideration as to how to pitch this to a public audience.

International NGOs working in South Africa would also need to carefully consider how they would address the challenges evidenced in other middle

income countries whereby they balance their portrayal of both need and solution appropriately in a fundraising strategy and campaign.

Although this research concludes by posing several questions for further detailed enquiry, these are put forward for consideration on the basis that they merit further investigation as a consequence of this research study providing sufficient evidence that the potential does exist for international NGOs to fundraise successfully in South Africa for their work in the country. Furthermore, this conclusion is drawn not only on the basis of the research carried out in South Africa, which is supported by the analysis of existing documentation and interview findings, but also because other middle income countries have managed to build successful individual giving fundraising programmes, and this success can be adapted and replicated to positive effect in South Africa.

The not-for-profit sector plays an important role in South Africa and is likely to continue to do so for a long time to come. There is a relatively stable democracy and significant wealth in the country and a willingness to address current difficulties and long term problems in a sustainable way. There is also evidence of positive patterns of charitable financial giving. Bringing these different areas together more effectively and harnessing the potential for enhanced fundraising from individuals would hopefully see an improvement not only in the financial sustainability of organisations, but in improved planning, budgeting and thereby better programmes, greater poverty alleviation and long term sustainable solutions to difficult and critical problems that need to be urgently addressed.

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## APPENDIX ONE: LIST OF INTERVIEWEES

| | | |
|---|---|---|
| Adam Habib | Human Sciences Research Council (HSRC)<br>Director | 23rd January 2007 (Discussion held prior to starting research and to provide an overview of the current context and situation in South Africa) |
| Elizabeth Robson | CIVICUS: World Alliance for Citizen Participation<br>Resource Mobilisation Manager, | 4th July 2007 |
| Fiona Napier | Save the Children UK<br>Regional Advocacy and Fundraising Manager | 10th July 2007 (unscheduled telephone interview) |
| Hassen Lorgat | SANGOCO<br>Acting Director | 12th July 2007 |
| Patience Musanhu | OXFAM<br>Fundraising Coordinator | 16th July 2007 |
| Shelagh Gastrow | Inyathelo, South African Institute for Advancement<br>Executive Director | 16th July 2007 (telephone interview) |
| Collen du Toit | Atlantic Philanthropies | 17th July 2007 |
| Marcha Neethling | Plan International<br>Regional Resource Coordinator | 17th July 2007 |
| Yvonne Morgan | Charities Aid Foundation Southern Africa<br>Advisory Services Manager | 18th July 2007 |
| Lynette Mudekunye | Save the Children<br>Senior Programmes Advisor | 28th July 2007 (telephone interview) |
| Andrew Birss | World Wildlife Fund – South Africa<br>Business Manager | 1st August 2007 (telephone interview) |
| Deborah Byrne | Treatment Action Campaign<br>Development Manager | 1st August 2007 |
| Helen McEachern | ActionAid<br>International Fundraising Director | 2nd August 2007 (telephone interview) |
| Barry Smith | Synergos<br>Director | 2nd August 2007 |
| Gerald Kraak | Atlantic Philanthropies<br>Director | 7th August 2007 |
| Andrea McSparron | ActionAid<br>International Fundraising Manager | 9th August 2007 (telephone interview) |
| Felicity Gibbs | Operation Hunger<br>Director | 13th August 2007 |
| Marcelo Iniarra | International Fundraising Consultant | 15th August 2007 (telephone interview) |

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|---|---|---|
| Norden Van Zyl | Girls and Boys Town | 16th August 2007 |
| Alma Torlage | SOS Children's Villages<br>Direct mail co-ordinator | 30th August 2007 |
| Lucimara Letelier | ActionAid Brazil<br>Head of Fundraising | 14th September 2007<br>(telephone interview) |
| Jenni McLeod | Co-owner and Client Services Director<br>Downes Murray International | 28th September 2007<br>(telephone interview) |
| John Durance | Amnesty International<br>Resource Mobilization Unit<br>International Fundraising Programme | 5th October 2007 |
| Alice Andrew | ActionAid India<br>Head of Fundraising | Interview conducted through email correspondence |
| Prometheus Mabuza | Save the Children – Sweden | Email correspondence |
| Various national fundraisers in South Africa | Attendance at the Southern Africa Institute of Fundraising Convention: Unlocking Potential, Johannesburg, | 12th – 14th September 2007 |