Executive Summary

Philanthropy Ecosystem in Africa: Proposals to strengthen localisation, identify intermediaries and transform funding systems

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Context

The world is contending with a cost-of-living crisis, soaring energy costs, rampant inflation, unrelenting climate change, war in Europe and the Middle East, and changing geopolitical dynamics. This global turbulence is further intensified by the lasting effects of the *Covid-19 pandemic*, and a re-centring of issues of racial justice and the lasting effects of our global history of colonisation, since *George Floyd's death* in 2020. In this context, Africa continues to battle economic volatility, deeply entrenched inequalities, persistent environmental challenges, and societal shifts.

As a result of these realities, there is a visible evolution in the philanthropy sector, where we witness changes in the mindsets, practices, and priorities of traditional givers. At the same time, we are seeing the emergence of funding innovations and new players. There is an amplification of the "shift the power movement", as well as a drive towards the "localisation" of development and humanitarian funding, and a growth in African Philanthropy. This is complemented by an increasingly vocal and active civil society, geared to driving policy change and transformative solutions to the world's biggest problems.

African Philanthropy

Africa has a rich culture of giving. Many different actors are actively engaged in African Philanthropy as givers of financial and other resources. Drawing on the African Philanthropy Network, we understand African Philanthropy as the giving of African resource – natural, human, financial, social and intellectual that can be tapped into to address Africa's challenges – by Africans to Africans, and as philanthropy that:

- equates with citizens' agency the capacity of individuals to act independently and make their own choices,
- includes foundations and funds; family and community based; individual giving and collective solidarity mechanisms – in cash, in kind, or in time; and social investments, and
- is generally characterised by all forms of vertical and horizontal dimensions of giving private resources for the common good; it cannot be refined by a single culture or model of giving.

Africans are advancing new ways to engage global philanthropy. Across the board African organisations reject the idea that they are simply a conduit for funds to those most impacted by global energy, climate and production systems. Africans want to engage as equals and to have reciprocal relationships based on respect. We found that while many organisations are open to engage as intermediaries, many express concern that the intermediary relationship falls short of partnerships that meet Africans where they are as leaders and thinkers, with a keen ability to address Africa's challenges in ways that centre justice.

The conditions for philanthropy to provide needed support at the right levels aren't changing fast enough. The 2022 *Global Philanthropy Environment Index* reveals that the philanthropic environment showed only modest improvement at the global level, but not uniformly so. In Africa, North Africa continues to lag behind sub-Saharan Africa in making progress. Country and regional reports suggest that a consistent and enabling regulatory environment, state collaboration, and strong philanthropic traditions and supportive social values are essential to nurture philanthropy.

Objectives

Against this reality, the Report seeks to deepen understanding of the philanthropic landscape, expand funders' commitment to support environmental, social justice and human rights, and **create shifts in existing power imbalances** in the philanthropic sector **to enable funding** that is:

- respectful of recipients of their funding and their organisations,
- solutions focused,
- driven by local communities and organisations that are at the heart of accelerating transformative systems change and are rooted in the Global South, and
- committed to environmental, social justice and human rights work.

To these ends, the report unpacks the African context, providing:

Analyses of the philanthropy landscape

Identifying trends and emerging practice.

Insight into the existing dynamics of funding local actors

- Analysing barriers and enablers to enhance philanthropy practices in Africa.
- Identifying components of a systems-change approach to good governance, that centres localisation.

Understanding of the potential of intermediaries in driving systems change

- Sharing African visions of the intermediary role.
- Identifying needed skills.
- Providing guidance for building partnerships.

Intermediaries for the future

- Revealing the diversity of possible African intermediaries.
- Highlighting their ability to improve direct funding to Africa and raise the voices and visibility of those at the heart of environmental, social justice and human rights change.
- Guidance for building effective and positive relationships.
- Investing in community and civil society funds and foundations.

Guidance on the role of philanthropy in capacity building

• Emphasising localisation to ensure that philanthropic efforts are culturally relevant, strategically aligned, sustainable and consistent with human rights.

Insights and recommendations

• Proposing changes in funding systems and practice.

The complementary report on African intermediary profiles provides:

- a synopsis of the ecosystem of African Intermediaries,
- · guidance on selecting an intermediary partner,
- an overview of the selection of intermediary organisations,
- profiles of proposed intermediaries, and
- a list of other possible intermediary and collaborating organisations.

Trends and practice of the philanthropy landscape

Both the global and African Philanthropy landscape are experiencing dynamic shifts – as global economic and political uncertainties, a digital transformation, and assertive social movements and organisations are reshaping how giving is conducted.

The number of foundations globally is increasing, especially in Europe, given growth in wealth and incentives from governments for philanthropy, as they look for ways to supplement their budgets. At the same time, more and more wealthy people are opting to give without setting up traditional foundations.

In general, foundations have a low-risk appetite, and so the traditional preference for sectors like education, social services, and healthcare persists over and above social justice and human rights issues. But there is also growing recognition of the United Nations' Sustainable Development Goals (SDGs) as a framework guiding philanthropic efforts, steering the sector towards global priorities and more integrated, sustainable development initiatives. This emerging practice of strategic philanthropy aims to address complex social and environmental challenges, and emphasises:

- long-term impact,
- measurable outcomes, and
- collaboration and partnerships that leverage the strengths and resources
 of the participating organisations.

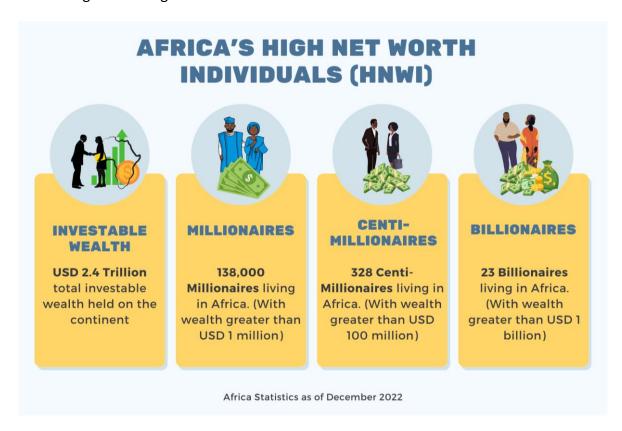
Digital innovations are expanding the sphere of philanthropy. For example, crowdfunding platforms and social media are making philanthropy accessible to a broader audience and allowing for more immediate, issue-specific interventions.

In Africa, the philanthropy landscape is incredibly rich. It is characterised by a diversity of actors, practices, and policies. Very old traditions of giving, rooted in cultures of solidarity, co-exist with more modern forms of philanthropic institutions and practices, bringing energy and opportunity to unlock more local resources, as well as challenges in terms of coordinating players and reinforcing collaborations.

The following is noteworthy **among actors**:

- The growth of civic organisations including African funds, networks, and regional organisations – has buoyed demands for power shifting in funding and created opportunities for funders to support local-led initiatives for social, environment, and human rights change.
- Corporate giving is increasingly strategic, focusing on forming long-term partnerships with local non-profits and aligning their efforts with the SDGs to tackle poverty, education, and environmental sustainability.

High net worth individuals (HNWIs) continue to be influential in philanthropy. Africa's
 "Big 5" wealth markets – South Africa, Egypt, Nigeria, Kenya, and Morocco – account
 for the majority of the continent's HNWIs (56 percent) and billionaires (over 90 percent),
 although the report notes a decline in the number of HNWIs due to prevailing economic
 challenges and emigration.



- Diaspora giving is a powerful force for development. Remittances alone amounted to over USD 80 billion in 2020, surpassing foreign direct investment and official development assistance.
- African Philanthropy organisations both philanthropy networks and community funds/ foundations – are actively building African-owned and -run funds and supporting "blended" giving that brings together resources at local, national and global levels.

The following practices in philanthropy are increasingly prominent:

Issue-based philanthropy, especially in climate change and sustainable development

Trust-based and inclusive philanthropy that aims to value local actors **Impact investments** in which funds are used in market-based, impact focused initiatives

Systemschange philanthropy that aims to address root causes In all these practices emphasis may be given to:

- long-term, sustainable impact, guided by the SDGs,
- diversity and inclusion to reflect and incorporate the voices of the communities they aim to support,
- · collaborations to pool resources and expertise,
- data analysis and quantitative research to maximise efficiency and effectiveness of philanthropic activities, and
- capacity strengthening initiatives to empower non-profits.

Despite this growth, resilience and new practices in philanthropy, key challenges remain that are impeding localisation and the fullest impact of philanthropy in Africa:

Only

6-14%

of global funding goes to Africa

More than

58%

of funds intended for Africa goes through western intermediaries for direct implementation

Dynamics of localisation – and local-led development – in philanthropy

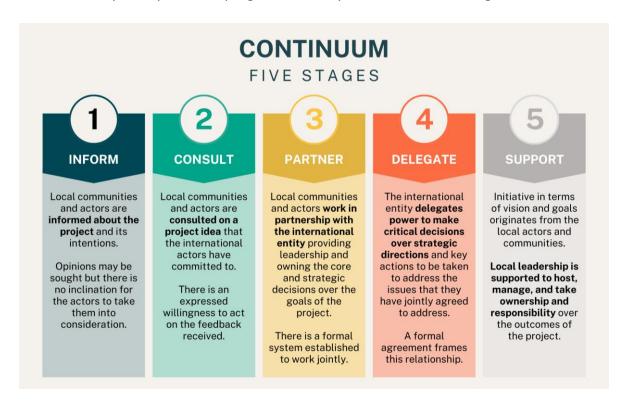
The funding community has committed to ensure at least 25% of funds go directly to local actors.

Localisation – and indeed local-led development – is key to unlocking the power of communities and organisations in Africa. Localisation seeks to empower local communities and organisations in decision-making and resource allocation and through this to catalyse concerted actions and impact. It aims to address power imbalances by ensuring that fund recipients set their own priorities, which leads to more effective and efficient responses to development challenges.

Local-led development goes a step further by not only emphasising local participation but also ensuring that local communities and organisations have primary leadership in identifying, designing, implementing, and evaluating development projects.

Localisation and local-led development are gaining recognition as crucial for sustainable philanthropic efforts. This involves funding local organisations directly and decentralising decision-making power to target countries, shifting away from the traditional Global Northcentric funding models.

Getting to local-led development can move along a continuum from being less locally led to substantially locally led. This progresses loosely follows these five stages:



However, empowering local communities and organisations in funding processes is not without **challenges**. Regulatory barriers, unequal power dynamics, and cultural misunderstandings continue to undermine progress.

Enabling factors require multi-dimensional enablers that are well aligned, including:

Acting for the Long Term

Foundations can commit to long-term investments in areas that require sustained effort. This role is crucial in addressing complex and persistent risks, like climate change or systematic inequality, that require ongoing attention and resources.

Filling Gaps

Foundations can step in where there are gaps in funding, policy, or services that public or private sectors are unable or unwilling to address. By filling these gaps, they mitigate risks that might otherwise grow unchecked, such as health crises or educational disparities.



Innovating

Foundations have the flexibility and resources to experiment with new ideas, models, and approaches that can address societal challenges. By funding pilot projects and innovative solutions, they can test what works and mitigate risks before broader implementation.

Supporting Civil Society

Foundations can strengthen the institutional health and resilience of non-profits, grassroots organisations, and social movements by providing financial support, resources, and capacity strengthening.

Understanding the potential of intermediaries

Transformation in funding requires diverse, well-aligned strategies. A thoughtful, deliberate, and incisive approach to **intermediaries can catalyse shifts in philanthropic ecosystems** by helping change funding patterns, processes and relationships, and being responsive to both funder and local actor needs. Funders need to re-examine their own systems and engage with local actors in identifying roles for intermediaries, selecting intermediaries, and redefining funding relationships. **A first step to meaningful funder-intermediary-recipient relationships is recognition of the value and assets each brings to the collaboration**.

Intermediary organisations are most frequently engaged by funders to bridge the gaps between their foundations and fund recipients, with the overall objective of extending their reach and impact. This centres the funder and their needs, interests, and priorities over and above those of the fund recipients.

New approaches are needed that centre the local communities and organisations – which are at the heart of accelerating transformative systems change – in defining the role of intermediaries.

Recipient organisations believe that, as trust and **respect are key factors for success**, they should actively be engaged in selecting the intermediary and in **defining their roles**, or at the very least providing a check on the funders' choices. They value relationships built on solidarity and finding African solutions. To this end, many support moving towards participatory funding systems where they are engaged in identifying recipients and deciding on priorities.

In tandem with a focus on localisation and local-led development, we envisage intermediaries that have effective fund management capacities and are also:

Facilitators

E.g. Support local actors to be successful and engaged by increasing their visibility and agency

Convenors

E.g. Support new collaborations, bring diverse actors together in learning and planning

Catalysts & Facilitators

E.g. Show leadership, share knowledge and support co-learning to spark new, innovative solutions

Six sets of skills and assets to help intermediary organisations be effective:

Skills, capabilities, and experience in funding, organisational development, inclusive governance, human rights and ethics, leadership, and relevant knowledge are essential for unlocking impactful funding and local-led development:

Funding and management systems	 Well-established, flexible and legally compliant financial management Participatory and equitable funding systems Due diligence that is not onerous Responsiveness to local needs and priorities Monitoring, evaluation and learning systems that match fund recipient capabilities Works with diverse fund recipients to get funding to the right actors 			
Organisational development	 Bolster the capacity of local actors in grant management, resource mobilisation, strategic planning and resilience Enhance voice and agency Adapt to different organisation realities and forms 			
Governance	Multi-directional accountability Effective oversight to funders and fund recipients			
Human rights & ethics	 Respect for human rights Ability to work in ways that protect and advance human rights 			
Leadership	 Innovative and open to learning Values the knowledge, expertise and roles of civil society actors and other stakeholders Respectful and empathetic of civil society actors Relationship builder Addresses power imbalances 			
Knowledge & expertise	 Knowledge and understanding of development context Understand civil society Develops strategic approaches 			

African organisations have significant potential as intermediaries, given their proximity, local understanding and strategic insights, and relationships with diverse actors.

Possible organisational intermediaries and collaborators that can work with funders to get resources to where they are needed include the clusters on the next page. In addition, there is an opportunity to work collaboratively with high net worth individuals to disburse resources.

Characteristics of potential intermediary organisations

Professional Intermediaries	Purpose Supports funders, CSOs and builds CSO ecosystem				
	ApproachesRegrantsProvides servicesEnhances capacity, voice and agency	Reach • Pan-African • Regional	ExamplesSouthern Africa TrustTrust AfricaFoundation for Human Rights		
Civil Society Support Organisations	Purpose Supports funders, CSOs and builds philanthropy ecosystem				
	ApproachesDevelops resourcesBuilds philanthropic infrastructure	Reach • Pan-African • Regional • National	Examples • West Africa Civil Society Institute • PureTrust Foundation • EPIC Africa		
Civil society funds	Purpose Provides grants to CSOs and builds CSO ecosystems				
	ApproachesPools fundsGrants and re-grants	Reach • Pan-African • Regional • National	Examples • Africa Women's Development Fund • Consortium of African Funds for the Environment		
Community funds and foundations	Purpose Provides funds and other resources to community and solves community challenges				
	Approaches • Pools resources • Provides resources • Leads	Reach • Pan-African • National • Sub-national	ExamplesPananetugri FundKenya Community Development Fund		
Civil Society Organisations	Purpose Defines and delivers social, economic and environmental solutions and builds social movements				
	 Approaches Provides funds for common goals Leads, advocates, solves 	Reach • Pan-African • Regional • National	 Examples Indigenous People of Africa Coordinating Committee Associação Moçambicana para Desenvolvimento da Família 		

Our research suggested that civil society funds and community funds are not as keen to engage as intermediaries but seek collaborative relationships in which their role as African Philanthropists is centred. We profile 35 potential intermediaries from **four clusters** – these were selected from over 80 possible intermediaries and collaborators because they consented to their information being published.

Deciding on the kind of intermediary to engage must be based on a clear understanding of the role that intermediary will take on and the assets they bring to the relationship. Considerations include:

<u>Their skills and resources:</u> All proposed intermediaries have essential skills, but different capacities.

Established intermediaries, civil society funds, and civil society support networks in general demonstrate:

- track records in managing significant funding portfolios and engaging funders,
- ability to reduce bureaucracy and risks in re-granting,
- **strategic approaches** with significant impact in social justice, environmental, and human rights issues,
- positive relationships with civil society organisations and donors,
- · skills to operate in complex political and legal realities, and
- well-established, credible leadership and governance systems.

Civil society organisations are important prospective intermediaries. They are at the heart of social and environmental justice struggles. Many already have extensive networks and are engaged in re-granting or are acting as fiscal agents in consortiums. They too demonstrate leadership, good governance, knowledge, and some organisational development capacities. They are effective relationship builders and networkers, creating vast opportunity for collaboration, inclusion and impact.

The size of current budgets maybe a proxy for needed capabilities but are more often a reflection of the space in which the organisation is working and the partners they have, and not a reflection of their capacity to move money. In many cases the smaller budgets reflect a lack of funder trust, based on assumptions that are culturally biased and not actual capacity. One organisation commented that they are frequently infantilised by funders. Actual capacity is easily 3-5 times the size of existing budgets, particularly where organisations already have the financial and funding systems in place and extensive networks. The profiled organisations had the following budgets (in USD):

52%	24%	10%	14%
Less than 1 M	1-3 M	3-5 M	+5 M

<u>Their reach:</u> The intermediaries have significant reach across Africa's 55 countries and five regions: North Africa, West Africa, Central Africa, East Africa and Southern Africa.

- Nearly half of the work at the Pan-African level (16 organisations).
- 11 have a regional focus.
- Seven are national organisations. These are particularly important in countries
 with expansive territory, weak infrastructure, or weak communications technology.
 National organisations also have a key role in reaching local actors.

<u>Their constituencies</u> include food producers, women, youth, indigenous people and local communities.

<u>Their interests</u>: The proposed intermediaries have different interests (including gender justice, climate change, human rights, food security, and natural security), and favoured ecosystems (e.g. drylands, tropic forests) in which they want to work.

In addition to these attributes, we centre the commitment to developing **African Philanthropy** and urge funders to invest in it, as it is at the heart of the resilience of the civil society ecosystem and local solutions that address environmental, social justice and human rights issues.

Equality in relationships matters immensely. Enlarging the opportunity these intermediaries offer is dependent on, at a minimum, **treating intermediaries as partners, with their own policies and priorities and not simply as agents.** Many organisations have well-articulated strategies and a deep understanding of African realities, and can actively lead or co-create funded actions. Relationships must be built around mutual respect and trust.

Supportive relationships can help ensure impact. Funders need to recognise that, in addition to the costs of intermediation, there should be **support for organisational development**, not only to address any gaps in skills and systems, but as part of a continued process. It is also important that opportunities are extended to sub-grantees.

Civil society organisations are alive to the potential for the intermediary relationship to exacerbate unequal power dynamics and are keen to structure this relationship in ways that contribute to movement building and strengthening the capacity of sub-grantees. Funders must take care to work with intermediaries to structure grantmaking that promotes equity.

Taking a human rights lens to the triad of relationships among funder-intermediary-recipient can help build trust and respect. The Human Rights Funders Network identified these principles, derived from human rights to guide their work:

Power sharing and shifting

To challenge how power is held and to transform how power is used.

Accountability

To recognise our own institutions and selves as accountable to the organisations, activists, and movements we support.

Collective care

To ensure the safety and well-being of activists and to ensure the sustainability of movements.

Community driven

To support community-led groups and to commit to community-inclusive decision-making processes.

Equity

To deconstruct our biases and apply an intersectional lens in addressing the root causes of injustice and inequality.

Adaptability and learning

To recognise the importance of innovation, create space for candid feedback, and to foster a culture of learning.

Looking forward

We urge funders to commit to building African Philanthropy. This could include engaging with community foundations and funds, along with civil society funds to build collaboration based on equality and recognition of them as African Philanthropists.

One opportunity that African Philanthropists are currently exploring are collaborative funds. An example of this is the Agroecology Fund and Trust Africa's Regional Agroecology Funds in West and Eastern Africa. The Funds focus on supporting an ecosystem of collaborating African grassroots organisations and networks to transform food systems through agroecology. They use a unique participatory philanthropic model that relies on guidance from grassroots African advisors, experts in the field and embedded in agroecology movements. The Funds will provide resources to highly effective practitioners, scientists, and movement builders working across the continent to achieve equitable and sustainable food systems.

Strengthening capacity of local actors: a role for philanthropists

Local organisations in Africa face a myriad of challenges that impede their ability to operate effectively and achieve lasting impact through their initiatives. To address these challenges, Oak Foundation should consider a multifaceted and strategic approach to capacity strengthening. This approach should encompass several key themes emerging from our consultations with African actors at local, national, regional, and pan-African levels.

Oak Foundation's strategic commitment to local-led development necessitates a robust capacity strengthening framework. This entails:

Sustainable funding and support: Diversifying funding methods to address resource constraints and enable strategic resource allocation, including for organisational strengthening, skill-building, strategic planning and leadership development.

Flexibility and systems approach: Implementing adaptive funding and comprehensive systems thinking to address both immediate and systemic challenges.

Mission-driven capacity strengthening: Integrating capacity efforts with the mission of local organisations, ensuring continuous adaptation and alignment with evolving needs.

Navigating regulatory and environmental challenges: Advocating for favourable regulatory environments and providing resources to navigate these complexities, including for legal assistance and policy advocacy.

Fostering collaboration and networking: Encouraging and facilitating collaborations among African entities, supporting their networks, and facilitating new platforms that enable them to learn from each other, share best practices, and amplify their collective impact.

Impact measurement and advocacy: Invest in robust impact measurement frameworks that help organisations demonstrate their effectiveness and adapt their strategies based on evidence. This includes providing tools and resources for rigorous monitoring and evaluation, as well as training on data collection and analysis.

Technological innovation and economic alignment: Using technology and cultural competence to align capacity-strengthening with local economic strategies, thus enhancing social and economic resilience.

Insights and recommendations

We suggest that the report is used to:

Guide

partners, staff and Board conversations and exploration for improving collaboration

Engage

peer funders
in co-creating new
ways of catalysing
local led
development

Spark

Internal discussions and strategic thinking

The future of African Philanthropy hinges on the ability to **integrate local expertise**, **respect for cultural values**, and the **empowerment of community-led solutions**, which can collectively drive transformative and sustainable development across the continent. Our findings advocate for a **systems-change approach to philanthropy**, recommending:

Intentional introspection is an essential step in building transformative practice that helps unlock localisation, including:

Adopt systems change approaches

Why?

The challenges faced by communities are complex and require adaptive planning and management.

Action

- Fund systems change initiatives that aim to understand and address root causes and not just symptoms.
- Undertake a deep analysis of the entire ecosystem to (1) reveal actor dynamics and (2) identify leverage points for sustainable impact.

Encourage cross sectoral collaborations

Why?

Sustainable community development programs benefit from the engagement of multiple stakeholders, including governments, private sectors, researchers, and civil society.

Action

Foster partnerships that bring diverse groups together to collaborate on common goals, and ensure that all voices are heard, and resources are optimised.

Invest in collaborative approaches

Why?

Effective problem-solving requires diverse perspectives and shared agendas.

Action

Support collaborative projects that involve multiple actors to foster a culture of cooperation and strengthen collective impact e.g. coalitions, action networks and other peer action groups.

Support communityled and communitycentred programming

Why?

Elevate community interventions to maintain relevance, effectiveness and sustainability of funded interventions.

Action

Invest in programs that are designed and led by communities and ensure that they are tailored to local needs and contexts by providing flexible funding that allows for adjustments, and is based on real-time feedback and changing circumstances.

Engage grassroots organisations and proximate leaders

Why?

Focus on the correct level to ensure appropriate action. Too often local leaders and organisations are not adequately engaged. Yet, they have a deep understanding of their communities and can drive sustainable change.

Action

- Actively involve grassroots organisations and leaders in decision-making processes. Consider task forces, working groups, advisory councils etc. models to enhance your inclusive decision-making processes.
- Fund initiatives that empower them to lead transformative projects.

Centre indigenous and Global South knowledge

Why?

Local knowledge and expertise are crucial for the success of development interventions.

Action

Ensure that local voices are heard and valued by prioritising the inclusion of indigenous knowledge and local expertise in shaping priorities and strategies, the design, implementation, and evaluation of projects.

Provide unrestricted

Why?

funding

Non-profits need flexibility to respond to emerging issues efficiently.

Actions

- Offer unrestricted or multi-year funding that allows organisations to allocate resources where they are most needed, promoting agility and long-term planning.
- Do not create unnecessary criteria for funding that erects barriers for local actors.

Support capacity building and organisational development

Why?

Local organisations in Africa face numerous challenges that impede their ability to operate effectively and achieve lasting impact through community-led initiatives.

Actions

- Provide flexible, sustainable funding for general operations, allowing organisations to address their most urgent needs and improve agility and long-term planning.
- Support local fundraising and resource mobilisation to empower organisations to generate their own financial support, reducing reliance on external funding and promoting sustainability.
- Invest in leadership and skills development through capacity building and technological support, focusing on strategic planning and financial management to strengthen organisational capacity.
- Enhance access to technology and technical assistance to improve data management, communication, and impact measurement.
- Foster collaboration among local organisations to share resources, knowledge and best practices, building a strong ecosystem for local-led development.
- Advocate for policies that support global and African Philanthropy,
- Support local organisations to navigate legal and regulatory challenges.
- Promote cultural sensitivity by aligning organisational goals with local cultural contexts, respecting norms and practices to boost community engagement.

Executive Summary / Philanthropy Ecosystem in Africa

A focus group discussion with staff from CSO actors from Kenya, Uganda, Nigeria and Malawi revealed the following as topics that philanthropic actors should engage more with their staff, to help unpack the nuances that can unlock localisation for them:

Respect for local Power Equitable expertise dynamics partnerships Empowerment Community Cultural & community sensitivity ownership strengthening Adaptive and contextual Mutual transparency Mutual benefit and approaches to & accountability sustainable solutions community challenges Inclusive Flexibility and open Adherence participation communication to local values

Suggested process towards an inclusive, flexible, and locally driven deep dive process of unpacking above issues:

