

Here's how to navigate the complexity of philanthropy

An increasing number of South Africans are getting involved in giving, making regular donations to different non-profits (NPOs), while at the same time the philanthropy landscape is becoming more complex.



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“Identifying the right partner or cause remains one of the most important decisions for a donor. Research indicates that people choose to support causes that are close to their heart. In some instances, a donor or a relative has survived an illness, like cancer for example, or they have personal experience with an important social issue. This is also the case when people feel some affinity with a cause, like animal welfare for example,” says Prince Siluma, head of FNB Philanthropy.

Weak or no positive effect

“The problem with choosing a cause this way is that you're likely to partner with an organisation that already enjoys a lot of support or an organisation that may not make your rand donation go further in achieving the impact you hope to see. We find that a lot of social interventions have a weak or no positive effect, coupled with the risk of fraud targeted at NPOs with weak governance controls,” adds Siluma.

The complexity of philanthropy is that there are many deserving causes and this makes your decision a little bit more difficult. To navigate this process, you must establish your own 'giving' strategy. Siluma explains, “For your gratuitous giving to have a quantifiable and social impact, donors must be able to invest their time in ongoing research and know what, how and who they want their donation to go to, as well as determine the outcome they want to see.”

Setting out your ‘giving’ strategy

Once the initial research is complete, you will be able to set out your ‘giving’ strategy and select an NPO.

Compare mission statements: list the non-profits that fit your predetermined criteria and focus on organisations whose objectives resemble or complement your values. All non-profits have founding documents that set out the objectives of the organisation. This information should be listed on their websites or social media platforms.

Make sure organisations are registered: there are various forms of registration for non-profit organisations in South Africa. They are either established as trusts (with the Master of the High Court), non-profit companies (with the Companies and Intellectual Property Commission) or as voluntary associations in terms of common law. The non-profits must be registered and approved by SARS as a Public Benefit Organisation (PBO) and have proof that they qualify in terms of section 18A of the Income Tax Act. If your chosen organisation doesn't meet these specifications, your donations may not be tax deductible.

In addition to the SARS approval as PBO, many non-profits voluntarily register with the Non-Profit Organisations Directorate in the Department of Social Development for NPO status. Both the PBO and NPO registered non-profits are issued with a registration number that should be reflected on all their public documentation and websites.

Transparency and accountability is key to knowing that your donation will be used for what it is intended. The organisation's website or social media pages should provide information that include a list of board members and organisational leadership and staff. It should have details of their programmes and their annual reports, including financial reports. This will allow you to track how funds are spent. It will demonstrate if there is some level of controls in place.

Measurable impact is key to understanding the impact of the organisation's goals and achievements. A reputable organisation will give details of the reach and impact of their programmes and clearly describe their measurable goals and use concrete criteria to describe its achievements to support its impact claims.

It should be of serious concern if the organisations that are calling for donations fail to disclose any of the above information. "Undertaking such comprehensive research and due diligence may be overwhelming to many philanthropists and donors, due to the knowledge, effort and time required to identify the right partner/cause. Where possible social investment professionals can help in undertaking this process on their behalf," concludes Siluma.

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