

Global private sector philanthropy in the developing world: the giving motives of international private foundations to South Africa's development landscape

by

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**Submitted in fulfilment of the requirements for the degree of Doctor of
Philosophy in Development Studies**

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DECLARATION

I, **Hulisani Herman Takalani**, declare that the thesis - **GLOBAL PRIVATE SECTOR PHILANTHROPY IN THE DEVELOPING WORLD: THE GIVING MOTIVES OF INTERNATIONAL PRIVATE FOUNDATIONS TO SOUTH AFRICA'S DEVELOPMENT LANDSCAPE** - is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references. I further declare that I submitted the thesis/dissertation to an originality checking software and that it falls within the accepted requirements for originality. I further declare that I have not previously submitted this work, or part of it, for examination at Unisa for another qualification or at any other higher education institution.

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ABSTRACT

There is a growing interest in the role of the private sector in international development cooperation. Global development commitments, including the 2030 Sustainable Development Goals (SDGs), call for the private sector aid to help governments meet their developmental targets. In an era of shrinking official development aid and a changing aid architecture, philanthropic foundations are amongst the private sector actors expected to play a significant role in financing development initiatives; while some of these entities and initiatives are not necessarily new, available literature shows that they remain relatively unknown, therefore their role and impact in development cooperation is not well understood. The lack of empirical knowledge about their activities breeds many questions around their corporate origin, relevance and their motives for giving. This study seeks to contribute to the body of knowledge on global private development assistance by exploring the giving motives of international private foundations to South Africa's development landscape.

Findings of the study were from interviews with representatives of 8 international foundations from OECD countries operating in South Africa. The study also explored available secondary data on these organisations and consulted other sector players to help provide the data. The study adopted traditional development aid theories used to assess determinants of bilateral and multilateral aid, to explore international foundations' giving motives. The study's findings indicate that international foundations are motivated by a duality of factors reflecting not only their desire to meet the developmental needs of recipient countries but also to archive their other interests, such as, aligning with the altruistic moral values of a private founder, corporate citizenship and other indirect corporate benefits. The study also found that creating a relationship between the sending country and recipient is also an important factor for giving; donors at the same time benefits from good company reputation and a social license to operate

in the receiving country. After concluding, the study makes various recommendations, including the need for further empirical investigation on the role and overall impact of private philanthropy.

Keywords: Private philanthropy, foundations, development aid, cooperate social responsibility, private sector, development cooperation.

DEDICATION

This work is dedicated to my parents - Mrs. Rendani Mavis Takalani and Mr. Malamulele Salthiel Takalani; they have made huge sacrifices to support their children's educational journey. It has always been their dream to see their children receive good education and attain better life opportunities, hence, they made sure to do everything in their power to make that dream a reality.

ACKNOWLEDGEMENTS

I would like to give thanks to God Almighty for making all of this a reality. My greatest gratitude goes to my supervisor, Dr. Philani Mthembu for his guidance and dedication to my work. I would also like to thank my siblings - Rofhiwa Takalani, Rabelani Takalani, Mulamuleli Takalani and Rendani Takalani - for their encouragement and support. A special 'thank you' goes to Maduvhahafani Maseda for her encouragement and motivation. My sincere gratitude also goes to the University of South Africa and the Department of Development Studies for allowing me to pursue this degree. I am also grateful to all the participating foundations and others for partaking in this study.

ACRONYMS

AABN	Anti-Apartheid Beweging Nederland
ABF	Annual Bilateral Forum
AGOA	African Growth and Opportunity Act
ANC	African National Congress
APN	Africa Philanthropy Network
AWDF	African Women Development Fund
CAPSI	Centre on African Philanthropy and Social Investment
CBO	Community-Based Organisation
CSR:	Corporate Social Responsibility
DAC:	Development Assistance Committee
DI:	Donor Interest
DPME:	Department of Planning, Monitoring and Evaluation
ECD:	Early Childhood Development
FBO:	Faith-Based Organization
GBV:	Gender-Based Violence
GDP:	Gross Domestic Product
GNI:	Gross National Income
GRI:	Global Reporting Initiative
HNWIs:	High-Net-Worth Individuals
HNWPs:	High-Net-Worth Philanthropists
IATI:	International Aid Transparency Initiative
IPASA:	Independent Philanthropy Association of South Africa

KCDF:	Kenya Community Development Foundation
KZA:	Kommittee Zuidelijk Afrika
MDG:	Millenium Development Goals
MIC	Middle Income Country
NDP	National Development Plan
NGO	Non-Government Organisation
NIZA	Nederlands Instituut voor Zuidelijk Afrika
NPM	New Public Management
ODA	Official Development Aid
OECD	Organization for Economic Co-operation and Development
PDA	Private Development Assistance
PEPFAR	President's Emergency Plan for AIDS Relief
RN	Recipient Need
SA	South Africa
SADEC	Southern Africa Development Community
SDG	Sustainable Development Goals
UCT	University of Cape Town
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nation Development Programme
USAID	United States Agency for International Development
UWC	University of Western Cape
WBC	World Business Council
WBCSD	World Business Council for Sustainable Development

WGAGI: Working Group on African and Global Issues

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CHAPTER 1: INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 Introduction

To achieve the Sustainable Development Goals (SDGs), like the Millennium Development Goals (MDGs), will need a considerable proportion of private sector philanthropy and other forms of financing in addition to countries' own budgets. Achieving these goals will be difficult and expensive for most countries. According to the United Nations' Sustainable Development Goals Report of 2018, it is estimated that SDGs could cost a total of about \$11.5 trillion and a big portion of this will have to come from the private sector (Calliasa, 2014: 6). Data on contributions by institutionalized private sector philanthropic organizations, such as foundations, remain patchy but these organizations remain uniquely significant international development actors (Moran & Stone, 2016: 300). There are recurring questions about the role and impact of private sector in development cooperation, in addition, determinants of private sector aid have also been questioned. This study sought to give insight into whether private sector aid dispatched through private foundations is purely for development purposes or driven by other motives, hence, this research explored the giving motives of international corporate foundations in South Africa.

1.2 Background of the study

Philanthropic foundations are increasingly being seen as an alternative source of global development finance and described by some as a solution to the decreasing Official Development Aid (ODA) (Helly, 2013: 1). It has also been suggested that the role of philanthropy as a practice, is not only to fill in the gaps for ODA because the process also provides new sets of actors, funding and uses different types of approaches which complement ODA (Grady, 2014: 5). Formalized philanthropic activity in the developing world has, in recent years, increased significantly. In 2011, an estimated total of \$59 billion was released from all Development Assistance Committee (DAC) donor countries. This figure is, however, said to be underreported by leading analysts, such as the Hudson Institute (Grady, 2014: 6). This estimated figure includes funds from international private foundations, community foundations and those provided by wealthy businessmen, families and other corporates (Calliasa, 2014: 4). In 2007, the United States alone is reported to have provided around \$37 billion of private aid for development, through foundations, non-governmental organizations (NGOs), religious groups and charity organisations which is higher than the \$25 billion provided by the World Bank. The Bill & Melinda Gates Foundation, Ford Foundation, Mac-Arthur Foundation, Rockefeller Foundation, Hewlett Foundations and many other smaller foundations are amongst the dominant providers of private philanthropic aid (Desai & Kharas, 2010: 1112).

The growing interest in philanthropy and development foundations, in particular, can be linked to increasing attention in private sector contribution, as a whole. This is because many of these organisations receive their income directly from a corporate source (Lundsgaarde et al., 2012: 11). The number of registered foundations has been on the rise in recent decades. They generally consist of those established by corporates and receive annual contributions from their founding company. They also consist of ‘independent corporate foundations’ where majority

of their board of trustees are independent individuals who may or may not have ties to the founding or donor company. Anheier (2001: 21) notes that more foundations were established in the 1980s, as well as the 1990s, than in the three decades before. In general, European and United States of America (USA)-based foundations are leading contributors to global philanthropy and have made the distribution of funds to the developing world an integral part of their activities (Anheier & Daly, 2004: 163). U.S.A-based individuals, corporate and privately-owned foundations are said to have doubled in the years, between 1998 and 2008 (Desai & Kharas, 2010: 1112). In 2014 the USA had the highest level of domestic and international giving with 90,000 registered foundations. The top 1,122 of these accounted for nearly half of all donations by foundations. The country's total foundation-giving during that period was estimated to be about \$51 billion per annum of which 25% went into international giving. American foundations, as opposed to those in many other countries, do publicly disclose organisational information, however, such information is often incomplete and requires further investigation if one is to fully understand their development engagements (Grady, 2014: 6).

South Africa has a visibly large number of international private foundations engaged in development activities. While many may attribute this to the many persisting socio-economic challenges in the country, some may question the relevance and the role played by private aid, particularly, in the era of shrinking official aid programmes. It is important to note that while South Africa has arguably made some achievements, by the end of the MDGs in 2015, the country still has a lot more work to do in many areas, including, income inequality, unemployment, disparity in the quality of education and others. Abdenur (2016: 2) submits that countries, referred to as Middle Income Countries (MICs) may pose particular challenges to the 2030 agenda but at the same time they also provide new developmental opportunities and

solutions. Private sector philanthropy is seen to have a big role to play in meeting Sustainable Development Goals, therefore, requires more empirical information. It is in this context that this study sought to explore the giving motives of international private foundations in South Africa.

1.3 Problem Statement

This study was prompted by two problematic areas around international philanthropic activities in developing countries particularly pertaining to private foundations. Firstly, despite the evidence of a rising number of registered private foundations and the sums of donations distributed, there is relatively very little known about their role in development cooperation. Secondary, information on philanthropic engagements in many countries is still very limited which then makes it challenging to better understand their operations (Calliasa, 2014: 4). To support this argument, Hagerty (2012: 28) posits that there is very little known to the public about the work done by philanthropic foundations and this includes their type of activities, the manner in which they operate, as well as, their broader role in society. Lundsgaarde et al., (2012: 13) also agree to these assertions by noting that there is not enough knowledge about foundations, their activities, modes of implementation as well as their relationship with other development-aid actors. The apparent lack of knowledge on foundations also means that very little is known about their giving motives; secondly, the study considers that South Africa is a middle-income country and may, therefore, pose a different dynamic to aid motivation. Kufayat et. al, (2016:16) posits that while literature on aid suggests that donors are motivated by either self-interest, recipient need or both, donations to middle income countries, however, may be motivated by other factors. The author suggests that middle-income countries or countries that

do well economically may receive more aid from the US, in particular, because the US and other western countries assume growing economies have the capacity to use donations effectively to further their growth, as opposed to countries with weak economies. This view is contrary to the popular assertion that poorer countries would receive more aid because of their development needs.

The study acknowledges that aid motives are different from donor to donor, but while many donors themselves claim to provide aid for humanitarian reasons, some may argue that donors are motivated by self-interest (Riddell, 2008: 91-93). In order to better understand the role of private philanthropy in developing countries, the study sees it fit to investigate whether international foundations allocate development aid in accordance with recipients' needs or to pursue other interests.

1.4 Significance of the study

Despite the evident knowledge gap on motives and approaches to development, foundations are believed to be essential development actors. Hagerty (2012: 15-16) depicts foundations as influential players in the philanthropic sector and suggests that they have plenty of opportunities to provide alternative strategies for more philanthropic impact. Corporate-related foundations now exist in most parts of the world including Europe and some middle-income countries for various reasons. There has been very little attempt made to empirically investigate the determinants of philanthropic aid but before exploring some of the claims regarding determinants of foundation aid, it is significant to visit some claims about donor motivations in general. The seeming importance of foundations and the notable gap in empirical research on institutionalized private giving served as the main motivation for this study. The focus on corporate foundations, in particular, as opposed to other forms of philanthropy, is because of

their private sector sources of funding, which becomes significant taking into account the wider debates around the role and contributions of private sector in development cooperation. Discussions around the role of private sector in financing the SDG agenda makes these entities an essential area of research. The study seeks to answer the urgent question of whether private-sector giving is driven by self-interest or the desire to address real socio-economic challenges, using South Africa as a case study. Findings of the study will, therefore, contribute to the very minimal body of knowledge on international philanthropic activity. Specifically, the study seeks to add some empirical knowledge about the contributions and role of philanthropic foundations to the development landscape in South Africa. The researcher acknowledges that while the findings are specific to South Africa, they may be applicable to other developing or middle-income countries, therefore, will help to understand philanthropic activities in those countries as well.

1.5 Research questions and objectives

The central research question guiding this study is: What are the motives behind international private foundations' aid to South Africa?

The study, therefore, seeks to meet the following two objectives, from which supporting questions were posed to help guide the investigation.

- a) To investigate international foundations' giving motives to South Africa.
- b) To empirically explore how international foundations' partner interact with other development actors and whether this impacts or is impacted by their giving motives.

Supporting questions

- What are international private foundations' development focus areas and why?
- What motivates private foundations' aid to their respective areas of focus?
- Who do international private foundations institute partnership with, and why?
- What role do international private foundations play in their partnerships with other development actors?

1.6 Clarification of terms

1.6.1 Private Development Assistance

Private Development Assistance (PDA) is often defined as voluntary financial transfers from private sources, through formalized channels, for non-profit motives. Private giving, corporate philanthropy and private aid are some of the terms used interchangeably to define the practice. Others suggest that the practice include financial or non-financial support for development, provided mainly to NGOs from philanthropic and grant-making foundations, organizations, wealthy individuals and families (Martin, 2021: 1-3). These types of donations are usually disbursed voluntarily through formalized channels, such as civil society organisations to promote international development (Hénon & Stirk, 2015: 257).

1.6.2 Philanthropy

Philanthropy generally refers to the voluntary use and giving of privately-owned assets and resources which may include finances, real estate and skills for the purpose of fulfilling a particular public cause (Anheier & Daly, 2004: 158). Feliu and Botero (2016;121) describe philanthropy in its most general sense - as actions and behaviors of voluntary commitment to

the well-being of others; the practice is, according to them, rooted in religious and cultural practices and teachings which give more fortunate human beings a responsibility towards those who are less fortunate. Family enterprises are notable community stakeholders who have, in some form, always been at the forefront of philanthropic efforts, particularly, through monetary contributions toward the well-being of their communities. This means that the concept of corporate or private giving / assistance has always been an integral part of philanthropy.

1.6.3 Corporate philanthropy

Ricks and Williams (2005; 147) define ‘corporate philanthropy’ as the act of corporates voluntarily donating a portion of their resources towards a societal cause. In other words, it involves the transfer of corporate resources to recipients for charitable initiatives which can be in the form of direct giving, financial assets as well as in-kind gifts. It may also include goods, services and time volunteered by employees (Kubičková, 2018;70). Gautier and Pache (2015; 343-369) explored three conceptualizations of corporate philanthropy, through a typology supported by the US-based committee - Encouraging Corporate Philanthropy - which identifies corporate philanthropy, in three forms or areas: community investment, charitable deeds and commercial stance. Corporate philanthropy can, firstly, be defined as a voluntary expression of a firm’s commitment to the common good. Secondly, corporate philanthropy can be seen as a long-term community investment through which firms safeguard their competitiveness while at the same time fostering a favorable business environment. Thirdly, corporate philanthropy is seen as adopting a marketing approach in giving. Corporate philanthropy, basically, is often understood as a process through which corporates make strategic and targeted contributions aimed at meeting both business objectives, as well as the recipients’ needs. The concept is,

therefore, seen as part of a company's overall strategic plan to integrate corporate gain and recipient needs (Thorup, 2013: 556).

1.6.4 Foundations

The term 'foundations', according to Grady (2014: 8), generally refers to "not-for-profit organisations that are asset-based and have a stated purpose, with an established income source, usually either endowed with a corpus which is used for grant-making or operational programs, or income that combines public fundraising with some level of endowment or earned income." Foundations are a diverse group of actors with varied organisational set-up and activities. Broadly, foundations can be classified into two groups - operational foundations and grant-making foundations (Marten & Witte (2008; 5). Operational foundations are those involved in the day-to-day running of development activities while grant-making foundations are involved in financing development activities through other organisations such as NGOs. Furthermore, there are three types of foundations - corporate, community and private. These categories have no bases in South Africa and anywhere else in the world, therefore, the term may be used differently, in different settings. Generally, community foundations are formed and financed by communities, while private foundations are privately founded by individuals. Corporate foundations are commonly established and financed by profit-making corporations or corporate leaders (Morene & Plewes, 2007: 2) and are often seen as charitable foundations that are established and mostly funded by corporate entities. These entities are set-up as separate legal entities from their founding companies; however, they often remain closely tied to their founding companies. Corporate foundations are often considered distinct from other kinds of foundations because of this close relationship with their founders, hence, their reputational aspect and corporate benefit for founding companies cause these types of foundations to be considered unique and distinct (Von Schnurbein et al., 2016: 282).

1.7 Scope & Delimitation of study

1.7.1 Type of organization

Philanthropic foundations are diverse institutions with various mandates and their giving endeavors are driven by different motives. According to Drummer and Marshburn (2014), private foundations include - independent, family, and corporate. Most of these organizations are created to fund or support specific activities or enterprises and their trustees or directors make funding decisions. These categories are not legally defined; however, they are commonly used in the field of philanthropy for distinguishing purposes. This study sets out to investigate the giving motives of private foundations, whose primary income is derived, in some way, from a corporate source. This includes foundations that are either funded by and receive their continuous or initial endowment or resources, from a corporate entity.

All foundations selected for the purpose of this study were selected on the basis of the following criteria:

- (i) Established by a multinational corporation or a corporate leader and registered as a foundation in South Africa.
- (ii) Legally independent or registered as a separate entity with a separate organisational structure with a board of directors and staff members.
- (iii) Finance programmes in South Africa directly (through local offices) and/or through local development partners.
- (iv) Source their funds directly from their founding corporate, corporate leader or an initial endowment from a corporate leader.

1.7.2 Focus of the study

This study had some established parameters which guided the focus of investigation. Firstly, the study focused on the giving motives of private foundations with close links to global corporates. In other words, the aim here is to explore the motive behind corporate related philanthropy towards South Africa's development and not the overall determinants of the philanthropic foundation sector. The study excludes other types of foundations, such as community, religious and other private foundations established by individuals who do not necessarily have close links to global corporates. Findings of the study can, therefore, not be generalised to include other types of organisations which fall outside of the given study scope. Secondly, the study recognizes that there are many local private foundations associated with local corporates in South Africa, but focuses only on international foundations established or related to multinational companies. This is because these entities fit well within the growing discourse on global private sector engagement in international development cooperation to which this study seeks to contribute. International foundations are also deemed to have more established programmes and better structures due to their financial capacity and experience; they are for this reason, more suited to make significant contributions to the topic. Thirdly, the study focuses only on foundations' activities in South Africa despite that some of them may also work across countries in Africa and other continents. Exploring the giving motive at a continental or regional scale is too broad and beyond the scope, time and resources available for this doctoral study.

1.8 Summary of research methodology

This study took a qualitative approach and relied on two qualitative methods - in-depth interviews and analysis of documents. The study sought to examine the determinants or giving motives of corporate foundations and in order to do this, both first hand data collected through interviews and secondary data from organisations' available documents and records were needed. To determine the foundations motives from their perspective, interactive interviews with representative of foundations were deemed crucial as this allowed the researcher to explore and engage with these stakeholders' opinions and thoughts.

Data collection was done mainly through in-depth interviews with representatives of the selected foundations; these representatives were officials selected by the foundations themselves. These are senior officials who, would be expected to be knowledgeable about the structural and operational matters of these entities. In addition, three organisations in the philanthropic sector were engaged to get their perspective on corporate philanthropy as a practice and the determinants for them giving aid. The researcher also made contact with the Department of Social Development which is administratively responsible for all NGOs' players so as to get their perspectives on private foundations.

The data collection also involved reviewing of publicly available documents from the selected organisations. Sources of these documents included – foundations' web-based information, annual reports, brochures, and research reports. This exercise allowed for the research to broaden its perspective on the foundations' programmes, origins, strategic objectives, grant sizes, networks and focus areas. All of this information is crucial in making a determination on the donors' motives, while also serving as a cross-check or triangulation for information gathered during the interviews with representatives of the foundations.

1.9 Organisation of the Study

Chapter1: Introduction and Background of the study

Chapter2: Literature Review and Theoretical Framework

Chapter3: Research Methodology

Chapter4: Findings

Chapter5: Recommendations and Conclusion

CHAPTER 2: THEORETICAL FRAMEWORK AND LITERATURE

REVIEW

2.1 Introduction

This chapter presents the theoretical framework and literature reviewed for this study. The first section of the chapter discusses three traditional theories – Donors’ Interests (DI), Recipients’ Needs (RN) and the Hybrid model - and explains how they were adopted to explore the giving motives of international foundations in South Africa. The second section presents obtainable literature on private sector philanthropy, its origin and history, as well as various claims made about their giving motives. The section also covers the history of philanthropy in South Africa’s development landscape and the country’s engagement with donor countries. Furthermore, this chapter identifies and discusses the knowledge gap in empirical studies on private sector philanthropy, including its giving motives, which also partly prompted this investigation.

2.2 Theoretical framework

Available literature on foreign-aid allocation is often divided into two studies focusing on donors’ interests (DI) and those looking at recipients’ needs (RN). The DI perspective posits that aid is provided only for the self-serving interests of the donors, whilst RN suggests that donors are driven by humanitarian principles. This suggests that there are political-economic dynamics that are embedded in the two differing motives behind giving of foreign aid – firstly, the use of foreign aid by donors to add values to themselves in recipient nations, secondly, to satisfy the quest for economic goals in recipient nations (Amusa et. al., 2016: 3). It is through

these frames that the study will explore the determinants of philanthropy by international foundations in South Africa.

2.2.1 Donor Interest Model

The DI perspective on foreign aid falls within the realist thought view and argues that donors use aid only to improve their national interests in the recipient countries. Aid donations and programmes are in this case driven by either economic or political interest of the donor countries. Nearly all bilateral aid allocations are said to be influenced by either economic, political, and in some instances, strategic military interests of the donor (Neumayer, 2003: 102). Bilateral aid is often intended to peruse foreign policies and other strategic interests of donor countries. The Marshal Plan, the cold war and all aid activities by the United States and EU countries are often cited as some of the examples of aid tied to the donor country's interests (Mavrotas & Villanger, 2006: 3). Weiler et al., (2018: 66) posit that a large portion of available literature examines donor motives mostly to distinguish between recipient need or economic assistance and donor interest or foreign policy interests. According to the RN model, donors provide aid, primarily, towards poverty alleviation in recipient countries. The two models give divergent expectations about which recipient countries will receive more assistance. The general expectation is that poorer countries will receive more aid in line with the RN model, although literature shows that countries that are important to the donor country, either economically or politically, receive more aid in line with the DI model. This means many international donors use development aid for their own economic, political, as well as security interests; literature associates US aid with this type of giving. Liu & Tang (2018: 48) explain that US-aid flows are mainly bilateral, provided to specific countries through NGO partners and positively associated with the countries' exports, primarily. The author further argues that

research interest is increasingly shifting to China's foreign aid, which is on a steady rise in Africa. Research shows that Chinese aid is also bilateral, but unlike American aid, does not rely on NGO partners but is through official government aid channels. Chinese aid is also said to be used to meet the country's economic and political goals in Africa. Kufayat et al., (2016:3) supports this view by arguing that in addition to China's political motives in sub-Saharan Africa, the country is also in pursuit of economic opportunities in countries they offer aid. Chinese aid to the region was initially motivated by the country's need to strengthen its diplomatic relations with countries in that region. For example, the authors maintain that China's investments in construction of railways and other infrastructure in Tanzania has been driven by a desire to access the country's copper. The same argument has been made about Chinese involvement in construction of new roads in cotton-rich areas of Ethiopia.

2.2.2 Recipient Needs Model

Idealists argue that donors are driven by the desire to meet recipient countries' humanitarian needs. Feeny and Mark (2008: 516) state that current idealist theoretical studies on aid allocations are an extension of earlier theories by Dudley Montmarquette (1976) and others who believed that aid is motivated by the developmental needs of the recipient countries. Recipient needs are relatively more urgent for multilateral donors than they are for bilateral donors whose aid allocations are often determined by their economic, political and strategic interests (Neumayer, 2003: 105). Historically, traditional aid to poor countries was seen to play a transformational role. Aid was seen as helping poor and developing countries escape the poverty trap by providing much needed investments which poorer countries are unable to provide from their own resources (Howes, 2011; 6), hence, was seen to have more influence in poorer and smaller economies in the developing world. It is estimated that during the mid-

2000s, aid was about 5% of GDP in an average sub-Saharan African country, whilst during the late nineties, there were more than 25 low-income countries where development aid amounted to more than half of the country's annual expenditure (Moss & Subramanian, 2005, 4-9).

Howes (2011: 7) points out a few cases where development aid helped deliver spectacular outcomes. This includes the Marshall Plan – which was Europe's post-war construction, financed by the United States and often referred to as 'aid's finest moment'. The eradication of smallpox and polio campaigns, research which led to the green revolution (adoption of great wheat varieties) in India, as well as the NGO-led transformation in Bangladesh, were all financed by international aid. It is also believed that aid contributed significantly to the remarkable rise in literacy and life expectancy in the developing world (Easterly, 2006: 176 cited in Howes, 2011: 7).

2.2.3 The Hybrid Model

The literature has over time acknowledged that aid allocation can be a function of both the recipient need and donor interest, putting into question earlier studies that focused on either donor interest or recipient need as the only motivation for aid. This, according to Akramov (2012:1-3), means that donors are neither entirely selfless nor completely driven by self-interest. In other words, donors allocate aid to address the development needs of the recipient countries, as well as, for their own interest. This is a relatively new hybrid approach to development aid which combines both the donor and recipient interest and allows for the assessment of a single equation that considers both factors as donor motivation. Aid from the US has often been cited as an example of aid motivated by both recipient and donor interest.

The country's aid policies are geared towards assisting poorer nations that showed progress in human rights and good governance but also to have political and economic influence on their recipient countries (Kufayat et. al, 2016: 7-8).

Heinrich & Kobayashi (2020: 105-106) explain that literature on development aid has historically attempted to understand donors' motives by interpreting the correlations between aid, covariates and donor preferences. The authors suggest that, although, there is a long tradition of scholars attempting to determine whether aid allocation is driven by donor interests or the needs of recipients, the evidence suggests that neither of the motives is exclusive. Consequently, scholars have in recent times shifted their attention towards theoretical models that incorporate several actors and multiple motives and also take into account the dynamics of domestic politics in donor countries.

2.2.4 Application of theory to the study

Private sector donors are often discoursed in collective terms, whilst individual and corporate foundations are said to be driven by different factors and also face different challenges in the development field (Osili 2014:5); very little is, however, known about donors' giving motives. This is mainly because philanthropic giving is relatively a new and understudied field of study in international development cooperation. This study therefore draws from the Recipient Need, Donor Interest and the Hybrid Model to explore the determinants of giving by international foundations. These theories are clearly not new in the development-aid discourse as they have predominantly been used to examine traditional aid flows through bilateral and multilateral channels; they have, however, not been applied to other aid players, including philanthropic actors such as international foundations that this study focuses on. The study, therefore, uses

these three models to explore whether philanthropic giving by international foundations to South Africa is motivated by donor interest, recipient need or other factors that are not purely driven by either donor self-interest or meeting the country's social needs and developmental goals.

2.3 Literature review

2.3.1 The changing aid architecture and rise of private sector philanthropy

The global aid architecture is characterized by entrance and dominance of new development actors. Many studies have focused on traditional donors from the United States and Western Europe, while others have focused on emerging donors, their aid relations and giving motives (Kim & Oh, 2012: 253). New donors include both multilateral agencies and countries with increasing GDP, such as countries from East Asia like China and South Korea which have changed from being recipient of aid to donors (Howes, 2011: 3). Philanthropic organizations are part of the changing North-South aid architecture which is characterized by shrinking bilateral and multilateral aid and the rise of new donors.

Private sector aid is believed to be on the rise, and according to Kharas (2007: 13-14) may possibly overtake Official Development Assistance (ODA). This view, although shared by many is challenged by others like Marten and Witte (2008:12) who argue against this possibility, because available data on such transactions prove that ODA from Development Assistance Committee (DAC) countries is still reasonably higher than private-sector aid. This, however, does not dismiss the fact that private sector philanthropy is on the rise and large private foundations, such as the Bill and Melinda Gates Foundation, give more to international development than some donor countries. The last few decades have been characterized by

upward globalization of the world economy, along with privatization and deregulation of sectors. This has resulted in increased number of private actors in the development field, led by large corporations with political and economic influence across the globe. Many of these transnational companies have enjoyed influence in international development policy debates and programmes, particularly, around issues of poverty alleviation, human rights and sustainable development. At a time when many governments, especially, in the developing world are seen to be failing at resolving pressing developmental challenges, private actors are positioning themselves as an alternative with more effective and flexible approaches, as opposed to failed bureaucratic state models (Martens & Seitz, 2015: 5).

GDP growth is one of the various reasons purported as drivers for the growing private development sector. Hénon (2014: 6-7) identifies three trends linked to GDP growth that are pertinent to the increased activity by private development actors. Firstly, there is an increase in private giving by the middle classes; this is because donations from individuals are seen to increase as national income or GDP increases. Secondly, high-profile initiatives by wealthy philanthropists/ high-net-worth individuals (HNWIs) have significantly increased the visibility of private sector development actors. Amongst these actors are large foundations including the Bill Gates and Warren Buffet foundations which have made huge pledges (half of them from their own resources) towards charitable causes. This trend is also seen in emerging economies where private giving by HNWIs is also on the rise. Lastly, there is a visible increase in corporate giving by corporations that have recently increased their profits (Hénon; 2014:17).

Discussions about private sector philanthropy to development, often focus on activities in the United States which has been for years the leading country in international philanthropic disbursements. The actual contributions of philanthropic organizations, hence, are often

measured against those made by US organizations led by large corporations and foundations, amongst them the Gates Foundation. Foundations in the US are notably the most dominant in the field of philanthropic giving, in terms of their size and activities. Most of these initiatives were started locally, however, many have now extended their activities beyond their borders. This has been attributed to the view that the US has the largest economy in the world, has a relatively low-income tax rate, therefore, presents, arguably, the greatest opportunity for wealth accumulation. Wealthy individuals are seen as most likely to engage in charitable giving, which is encouraged by the national tax system (OECD, 2003:30-31).

2.3.2 Perceived role of private philanthropy

Private philanthropy towards developing countries is relatively a new and understudied field. There has been very little examination made about their motivations and aims; this is particularly true for foundations established more recently. Arnove's earlier work from the 1980s showed that foundations' neutrality has been in question from as early as 1915, even by the US Commission on Industrial Relations with critical emphasis on their public accountability, tax exemption status, as well as the risk of concentrating organizational power only to a few individuals (Srivastava & Oh; 2010: 464).

Two dominant strands - welfare and economic development - have been identified as the main factors behind donations by foundations, although, they are displayed differently depending on the aid programme (OECD 2003,15-15). The variety of contributions and activities by development foundations is as broad as those of traditional NGOs and state agencies; these often range from developing economic programmes and strategies, social programmes, scholarship to environmental preservation. This diversity of foundations has also been

displayed by their active involvement in discussions about the future of the UN-development agenda, where they contribute through research, advocacy, as well as direct interventions and their commitment to implementation of the 2030 Sustainable Development Agenda (Martens & Seitz, 2015:17).

Aid Gap filler

Marten and Witte (2008:4-5) maintain that private funding for development has received a considerable attention in policy and academic discussions, over the years. This is often in relation to the stagnant ODA funding for international development and the general realization that DAC donors have, over the years, failed to meet their generally-accepted target of 0.7% of their Gross National Income (GNI). It is within this context that private foundations are becoming very attractive in attempts at supplementing the shrinking or stagnating aid from ODA countries (Srivastava & Oh, 2010: 461). It is suggested that private sector philanthropy and larger foundations, in particular, have a more significant role to play in global development and will soon overtake ODA contributions in terms of the amounts disbursed. The view is tied to claims that larger foundations are quicker to respond and have the ability to mobilize significant resources. It is also argued that unlike ODA, private foundations, because of their relative independence from government programmes and influence, are more likely to focus on ignored areas and marginalized groups (Srivastava & Oh, 2010: 462).

Effective development partner

Calliasa (2014; 6) suggests that private sector philanthropy is crucial in development cooperation and this is especially true of philanthropic foundations which are the leading form

of philanthropic organizations. Foundations are known for supporting development agents, largely in the non-governmental sector, as a way to quickly and effectively addressing social issues on a short-term basis. This is in contrast with activities by traditional donors, such as United Nations agencies, bilateral and government-led initiatives which are often delayed by long-term government and political cycles (Calliasa, 2014; 6). Discussions by Atkinson & Eastwood (2007;16-19) show that there is a perception that private-sector aid is often more effective than traditional aid, in responding to immediate social needs. Such arguments are often based on the idea that private donations often have tailor-made programmes which are in line with local needs, as opposed to the one-size fits all approach, often taken by traditional donors.

Traditional philanthropy is said to focus almost exclusively on creating social value and does not seem to pursue returns on investments from their donations. This is despite the entry of new forms of philanthropist, such as venture philanthropists, who, unlike other grant-giving organisations use the same scalability and growth criteria as that of venture capitalists, when selecting grantee organizations (Moody, 2008: 325-326). Others still maintain that these philanthropists are not in pursuit of financial returns. Most philanthropists, like venture capitalists, feel obligated to focus wholly on social return of their investments without much consideration for financial returns. Similarly, the so-called ‘impact investors’ who do not pursue financial returns, are also classified as philanthropists, as opposed to true investors. Private foundations which subscribe to this type of giving, suggest that philanthropy is generally concerned with investing directly to a cause, therefore, only concerned with the social return on investment (Roundy et al., 2017: 499). A study on Polish corporate foundations shows that while these entities are indeed a tool for corporate philanthropy, their activities, however, confirm that they are not undertaken with the aim of making profits for the company.

Furthermore, the authors argue that this is the reason the management of corporate foundations are never obliged to examine the impact of their foundations work on the overall image of the company. Similar to the mentioned literature gap, there is no evidence to suggest that corporate founders or managers carry out any research to analyze this impact (Rak, 2020: 196).

It is also argued that private philanthropy is valuable to humanitarian agencies for its flexibility, reliability and durability. Private donors are known to be more flexible than official donors whose funds are mostly transferred to NGOs for targeted projects. Private sector funding is also said to be more likely to respond to natural disasters, rather than conflict resolution and politically-related programmes. An example of this is the global response to Haiti in 2012, when the country dropped in terms of its official donor funds, but became the largest recipient of private funds (Hénon, 2014: 15).

Philanthropy and CSR

Von Schnurbein et al., (2016: 280) contend that various companies conceptualise corporate philanthropy in various ways. Corporate philanthropy is often associated with CSR ratings, the company's employment attractiveness and its overall reputation. A good CSR rating allows companies to have good relations and interactions with regulators which are often needed, especially, for innovative companies which require government support or some form of subsidy (Bereskin et al., 2016:3). Others have associated corporate philanthropy with "advertising mechanism," which helps corporates to facilitate innovation, in numerous ways. Researchers in the field have noted an undeniable positive relation between CSR ratings and corporate philanthropy, employment attractiveness, as well as general reputation of the firm (Bereskin et al., 2016:176).

It is also assumed that corporates engage in corporate philanthropy as a form of enlightened self-interest; this means that companies' charitable giving are often directed to causes that will benefit the company in some ways. Firstly, firms are said to give to causes that will improve their bottom-line. Secondly, firms also give to charitable causes with the aim of - influencing customer attitudes towards the firms, to manage the firms and to establish relationship with their customers and other stakeholders. Barman (2021) discussed how some scholarly research on the impact of corporate philanthropy by various firms, found a correlation between philanthropy and the firms' economic performance. Findings showed that philanthropy done separately, or as part of the firm's broader CSR framework, impacts positively on the companies. While it is unclear how this relationship occurs, the studies also found that charitable giving by corporates does improve employee morale and the attitude of customers to companies (Barman, 2021: 283).

Firm value

Hornstein and Zhao (2018: 2668) explain that charitable giving helps build firms' reputation and overcome liabilities of foreignness. The process is also a way through which corporates may obtain social license to operate in certain areas. From this perspective, corporate giving is expected more in impervious local business environments and when businesses are concerned with overcoming opaqueness. Furthermore, the authors found that the giving strategies of US corporate foundations are often linked to the corporates' global footprints, in different areas across the world.

Arco-Castro (2019;268) submits that corporates have various ways to manage philanthropy. One of the best ways to do this, is by making discretionary aid donations or developing a

structured foundation; these two approaches will differ as well as their potential effect on the corporation's market value. Much like CSR, corporate foundations that complements or aligns with firms' CSR strategies can improve a company's image and reputation. This is particularly the case with foundations that carry the company's name and fuse their activities within the brand. This allows for a synergy between foundation and brand which creates visibility and reputation for the company. A foundation therefore, as a CSR tool, supports the company's responsible communication and dialogue with stakeholders, while at the same time marketing its brand (Monfort & Villagra, 2016: 767).

Martens and Seitz (2015:17-18) identified this tendency amongst foundation as 'philanthrocapitalism' - when foundations are seen to be exercising business-like and market-based approaches to development. The authors, however, saw this as problematic, citing that it may put pressure on recipient organizations to produce donor-defined results. Hammack and Smith (2018: 62) argued that corporate foundations, in the United States are controlled by businesses which seek to advance business interests of their founding companies as evidenced by the manner in which they select government and non-profit grantees. Foundations are restricted from owning businesses, although, private and community foundations can own shares and investments and do vote for corporate boards and corporate policies that require approval by shareholders. Some corporate foundations, for instance, those established by pharmaceutical companies gave close to \$6 billion to various initiatives, with nearly all of their giving in the form of medical donations (Foundation Center, 2014). It is from this perspective that foundations are seen to be playing a significant business role for their founding companies.

Strategic philanthropy

Strategic philanthropy and CSR are often used interchangeably, however, some literature differentiate strategic philanthropy as a process through which corporations make targeted contributions to meet business objectives as well as to meet recipient needs. Various sources in the literature have emphasized reciprocity, suggesting that corporate philanthropy as a practice seeks to integrate both corporate gain and recipient need into its overall corporate strategic planning (Marx,1999: 186-187). ‘Philanthrocapitalism’ is the term often used to articulate the relationship between capital and philanthropy. The term, generally, refers to the idea that capitalism can be charitable; in other words, “capitalism is not the cause but the solution to all the major problems in the world” (Thorup, 2013: 556).

Porter and Kramer (2011:7-8) explicate that instead of a ‘zero-sum game’ between the cooperates and their surroundings, corporates can effectively harmonize both these interests to add value for all parties, enforcing the principle of shared or blended value. The approach combines the concept of “doing well” for social causes while “doing good” financially as a corporate (Emerson 2003:43-45). This aligns with the concept of strategic philanthropy which is about philanthropy as corporate-giving that contributes to a firm’s bottom line. Strategic philanthropy is therefore situated at the opposite end of the corporate philanthropy that only strives towards altruism and between economic conception and corporate citizenship as posited by Windsor (2006: 102-105). This is in line with the argument that charity is consistent with investment and must, therefore, create win-win opportunities for both the corporates and beneficiaries (Kubíčková, 2018:71-71). Mitchel and Sparke (2016: 727) submit that there are critical differences between earlier philanthropy and those of the millennial. Traditional philanthropic organizations, such as the Carnegie and Rockefeller foundations, may have been

more interested in the benefits that capitalism attaches to health and educational improvements, however, many of the philanthropic ventures being developed nowadays create benefits for corporates. These include advantages for big pharmaceutical companies, education management organizations, and a wide range of enterprising consultants and data management companies.

Castro (2020: 3) suggests that the role of philanthropic foundations for social action, could sometimes be perceived as planned and an integral part of the company's strategy. The main reason behind this view is that foundations, amongst other things, generally enjoy a great deal of independence from the founding companies, hence, have autonomy of decisions. They also have separate finances in the form of endowments that protect their finances from market fluctuations and business cycle. The separateness of foundations from their corporate founder decreases possible inflorescences and personal preferences from the corporate, instead allows for professionalism and coherence with the corporate's overall strategy. This in turn creates reliability in the foundations' management of resources meant to address social issues. Furthermore, foundations also have great capacity to address social needs, while supporting causes that are still in the best interest of their main stakeholders. Castro (2020) further argues that philanthropy through foundations seeks to address the needs of community, employee and corporate investors. From this perspective, corporate philanthropy is a significant part of a company's social strategy, intended for meeting social expectations of the three mentioned groups of stakeholders. When integrated into a company's core business, corporate philanthropy would enable companies to respond to the demands of local communities, while indirectly meeting the non-stated demands of other stakeholders, namely, employees and corporate investors (Arco-Castro, 2020:12).

Cause marketing

Leisinger (2007: 326) submits that the main motives behind corporate philanthropy are to boost their overall corporate image, as well as to improve relations with political stakeholders and foster brand recognition. The past decades saw the surfacing of a marketing-oriented philanthropy, both in theoretical discussions and in practice. On the theoretical front, this began with the concept of societal marketing in the 1970s which suggested that corporations should not only serve their market interest but be mindful of the wellbeing of society. The corporate donors' interest in this regard should, therefore, not be limited to serving customers but society, as a significant corporate stakeholder. Scholarly arguments have proposed that corporate philanthropy could be framed as a marketing activity and offered to stakeholders as a product (Gautier & Pache, 2015: 388). Chanana and Gil (2015: 252) argue that, while corporate philanthropy may seem futile for the company in some cases, in terms of surviving in a highly competitive climate, companies have to be strategic and work towards integrating strategic corporate philanthropy with overall corporate strategies. From this view, cause marketing is seen as part of Strategic Corporate Philanthropy (SCP). Cause Related Marketing CRM or Societal Marketing as SCP, helps corporations gain competitive advantage by focusing on both economic and social concerns. It is a type of program that seeks to improve a corporate's market performance whilst helping with worthy causes "by linking the fund-raising benefit of a cause to the purchase of the firm's product and/or services" (Chanana & Gill, 2015: 252-253).

Tax and government regulations

Literature shows that foundations have had a long and complicated relationship with governments, despite their prominence in the development space. In the main, the government

imposes regulatory constraints on American foundations, hence, they are arguably more stringent than those in other parts of the world, like Europe for example, where regulations have, until recently, been more enabling than restrictive for foundations. The tide, however, seems to be changing in the US as evidenced by the recent emergence of what others have termed ‘public-philanthropic partnerships. This new relationship seems to show an embrace of the philanthropic sector by the government (Toepler, 2018: 658).

There are differing views around private foundations, tax regulations and grant activities. In the US, in particular, there has been amendments to tax regulation with various implications and controversies. Sansing and Yetman (2006: 364) established that private foundations are almost similar to other public charities whose contributions, to both these entities, are tax deductible. Similarly, income from endowment is exempt from the federal income tax, however, unlike public charities, majority of foundations opt to make grants as opposed to engaging in direct charitable activities. Furthermore, the authors note that Congress became concerned that foundations were retaining their income in order to have enough to pursue their interests and those of other donors. This is because deductions for contributions to private foundations happen when foundations receive funds instead of when they make distribution to public charities. It is because of this concern that several tax provisions were introduced in 1969 to guarantee that private foundations are still able to fulfil their charitable purposes. Notable amongst these provisions is the requirement for foundations to spend at least 5% of their assets towards charitable grants-giving each year. The details of these requirements have changed slightly over the years, but remains to prevent excessive retention of investment asserts by private foundations. It has also caused considerable controversy over the years, with some calling for an increase in the percentage of investment asserts spent annually, while others advocate for the current requirement conditions, arguing that a drastic increase would possibly

deplete the real value of private foundations' investment asset and cause a decrease in the value of pay-outs, over time (Sansing & Yetman, 2006:366).

2.3.3 Foundations as leading philanthropic actors

Foundations are historically the leading philanthropic actors. The roots of modern philanthropy can be traced back to early 20th century, in the United States, when wealthy business owners, such as John D. Rockefeller and Andrew Carnegie, set, what may be considered as the first large American foundations (Martens and Seitz, 2015: 9). It is believed that these foundations were set up mainly as a way to buffer some of their income from taxation, but it is also argued that it was their way of gaining influence in US and global affairs. The following two decades saw the proliferation of US-based foundations, such as W.K Kellogg and Ford foundations established by other successful business people, possibly due to high rates of income and increased estate taxes, as is often argued. This trend grew further, due to globalization and increased financial capital in the US and in middle-income countries. In 2015 there were already more than 200,000 foundations globally with 2600 corporate foundations in the USA alone. Corporate Foundations include those started by big corporations, such as Walmart Foundation and Coca-Cola Foundation, as well as those started by family-owned stores (Martens & Seitz; 2015, 8-9).

Anheier (2018;1592) posits that the general understanding of a foundation, follows a standard definition which typically encompasses requirements that bring together the main characteristics of the structure and activities of foundations which make them distinguishable from other non-profit organizations (NGOs), businesses, public and quasi-public agencies. The characteristics include - asset-based to a significant extent, private, self-governing, non-profit

distributing, serving a public purpose, and a self-understanding of being a philanthropic foundation.

The Organisation for Economic Co-operation and Development (OECD) recognizes that private foundations may have something to teach traditional and official aid agencies. This includes, taking more risks and creating long-term benefits for beneficiaries. This is largely due to the fact that private foundations are mostly independent from government programmes and have highly-decentralized organizational structures. Their experience in the aid sector is believed to reflect great results and innovation, which may be useful for official-aid actors (OECD 2003; 11). This is mainly because private foundations have an independent principal funds and often independently manage their affairs outside ODA aid activities and government programmes. Lundsgaarde et al., (2012: 22) suggest that this unique approach to development is the reason foundations are receiving much attention in the field apart from the fact that they offer alternative source of funding. In support of this view, Anheier (2018:1596) argues that foundations reflect different advantages and disadvantages. In the main, foundations reflect a dual independence, firstly, from political expectations, and secondly, independence from market considerations. The author argues that this dual independence is rooted, to a reasonable degree, to their financial independence, which however, can be both their greatest strength, also their greatest weakness.

Foundations can use their financial resources and ideas to help build sustainable organisations with capacity to address unmet social and economic needs. In order to do so, foundations can innovatively drive capable individuals and organizations towards change and actions across various sectors, in different regions and communities around the world. Lastly, it is suggested that foundations have the capacity to positively influence society. Some experts suggest that the nonprofit sectors can drive innovation through their programmes and funding (Jaskyte et

al., 2018:49). Foundations and other philanthropic organizations also present themselves as apolitical institutions that only focus on addressing global social problems. They are said to select and target initiatives and development programmes on need-basis and are not driven, for example, by their country's foreign policies and economic interests. This allows foundations to only focus their efforts in identifying, understanding and finding solutions for specific social problems (Marten & Witte, 2008: 15).

2.3.4 Criticism of foundations

Private sector actors are said to provide new opportunities, insights and are being engaged by many development actors across the globe, however, they are not without criticism. Kindornay (2011: 8) argues that they too bring many new challenges to an already complicated sector. Marten and Witte (2008: 21) point out the 'rhetoric' around foundations' ability to measure and track, as one problematic area. It is argued that private sector philanthropists lag behind with regards to using best development sector practices, such as impact monitoring and evaluations in comparison with traditional organisations. Findings from a survey done on US foundations, suggest that only 43 percent of them conducted formal evaluations of work done by their funded non-profit organizations.

Private sector is also criticized for 'playing prima donna' and also pursuing their own narrow agenda aims (Katinka et. Al., 2012: 2). Arnove (2007) found that the main criticisms against corporate foundations are - their lack of public accountability, breaking tax laws as well as their tendency to concentrate organizational power on a few individuals. Foundations, as well as other philanthropic organizations often undertake various social initiatives that make great

public relations but yield very little to no social change. In support of this view, Holcombe (2017:8) posits that foundations are charitable organizations that are generally established by individual donors who wish to control, to the fullest possible extent, the use of their charitable giving. The character of the foundations will, therefore, ordinarily reflect the founders' objectives and intended purposes. Private foundations are generally established to engage in, what some describe as, 'venture philanthropy,' which is an imaginative quest or pursuit of non-conventional charitable ventures. The description suggests that foundations are established for two reasons, namely, to provide a more donor-led direction, than in typical charitable activities, and secondly, so that the donor funds can be put to more unconventional and imaginative uses. This type of understanding of private foundations has, naturally, raised much suspicions about their intentions (Holcombe, 2017:8).

Martens and Seitz (2015,17-18) identified four problematic areas and criticisms of private foundations:

1. *Philanthrocapitalism*

It is argued that there is a common tendency amongst private foundations to exercise business-like and market-based approaches to development - strong emphasis on results rather than the process of development. This may be beneficial in terms of improving accountability, it may, however, put pressure on recipients to produce donor-defined results. To support this view, Jung & Harrow (2018) maintain that advocates of philanthrocapitalism have attempted to replicate this approach in philanthropy. The authors argue that this is driven mainly by the background of those who determine which benevolence enterprises or initiatives will receive foundation giving; these people are often from successful business backgrounds and are keen

on adopting and applying their experience in business into their charitable giving ventures as evidenced by the replication of New Public Management (NPM) in philanthropy management which is built on the experiences, concepts and values of the private sector.

2. Influence on policies and agenda-setting

Philanthropic foundations can sometimes have massive political influence on decision-making and agenda-setting in different settings. This is argued to be the case for mostly large NGOs, like the Gates foundation which is believed to have enormous influence in priorities and operations of the WHO and other global development bodies. Similarly, the Rockefeller Foundation is believed to have influenced agricultural policies and the so-called ‘Green Revolution’ while the Gates foundation is said to have been very influential in promoting the use of new farming technologies and the use of genetically-modified seeds, despite growing public concerns. Foundations are seen to be subliminal players within the policy landscape, somewhat an “unrecognised socio-political undercurrent”. In general, philanthropy tends to operate in ways that are more subtle but still shapes and influences policy through - selective, controlling and molding of knowledge, practices and discourse. In other words, philanthropy has in some way, over a century, shaped the global policy arena and transformational administration at both, local and international levels (Jung & Harrow,2018;4).

In support of this, Koranyi, & Kolleck (2018: 9), posit that philanthropic foundations are often criticised for their involvement in policy-making in various ways. Available research suggests that philanthropic engagements are often oriented towards market-based ideologies related to free individual choice, competition and privatizations. Philanthropic foundations are also often described as ‘elitist institutions’ that are uninformed and unresponsive to communities they serve, but rather, they promote capitalist democracy (Harrow, 2011: 12). Engagements are oriented towards a market-based ideology, which is related to individual choice, privatization,

and competition. Eckl (2014) asserts that private foundations do not seek to merely give monetary resources and supplementary goodwill to global efforts, because if this had been the case, their role would simply end with transferring their economic assets as unconditional gifts to charitable organizations. Instead, private foundations also desire to do things differently and their perceived uncontroversial nature of contributions to global welfare, may be controversial if inspected more closely. From this view, it is likely that private foundations are pursuing a partisan agenda, even though it is quite possible that they themselves may fail to see their political character and one-sidedness in their development engagements; this may be because they lack the understanding of those who disapprove of their approaches although applauding them for their best intentions. Eckl (2014) continues that the involvement of the private actors in politics is not a new phenomenon but raises questions about the extent to which this involvement has power to influence or shape global policies. In response to this, the author's analysis on foundations influence on social and health policies finds that private foundations use their status as private actors to ensure autonomy for their actions, and use their resources efficiently in order to attain maximum leverage. In other words, private foundations generally attempt to influence public policy, which often works to strengthen their positions, through practices such as tax exemption and other favourable activities of cooperation. In some instances, foundations develop some level of authority in their operating fields, in the long run (Eckl, 2014:111).

Some political scientists have conventionally portrayed philanthropists as patrons and emphasized their backgrounds and roles in advocacy and lobbying lawmakers, others hold a different view. Reckhow (2016: 449) states that foundations have generally gone beyond the role of being patrons. Using the involvement of foundations in education as an example, the author argued that their role has gone beyond funding of research and supporting educational

programmes, to using an increasing share of their resources to support national policy advocacy. Foundations are seen to be involved in different aspects of policy process, including: formulation of new policy ideas, building networks and organising advocacy groups, in order to promote policy change and influence its implementation.

3. Fragmentation and weakening of global governance

Large philanthropic foundations, such as the Gates Foundation, the Rockefeller Foundation and the UN Foundation, are said to not only fund major global initiatives, but are the driving forces behind many multi-stakeholders' development partnerships, such as the TB alliance, the Children's Vaccine initiatives, the GAVI Alliance and others. The mushrooming of such partnerships, however, often leads to fragmented and poorly managed and coordinated solutions. It is argued that these initiatives have cumulatively contributed to the weakening of the United Nations and its specialized agencies and undermined the latter's implementation of integrated strategies.

4. Lack of transparency and accountability mechanisms

Foundations are said to have significant influence on global programmes and policies; however, they are often not accountable to their beneficiaries, including recipient governments as well as international and local NGOs. Private foundations are said to be accountable only to their founders and board of directors. It is reported that only a total of seven foundations, including the Gates and Hewlett Foundations participate in the International Aid Transparency Initiative (IATI), while many of them do not report their activities in accordance with the global reporting standards and often do not avail, to the public, their assessment and evaluation

reports. Philanthropists have historically been criticised for being – unaccountable, having enormous influence on public policy, corroding support for government programs – hence, worsening social and economic conditions and inequalities that they were designed to address. Philanthropists are also criticised for being influenced by neoliberal discourse which leans towards the idea of finding new philanthropic approaches dedicated to solving challenges through market-like, data-driven and individualised approaches. The argument here is that philanthrocapitalism and the so-called altruism perpetuate the current economic and social conditions. These are not necessarily new concerns, although, it is argued that neoliberalism and the voluntary state-context have exacerbated the problem. McGoey (2015, 8–9) also argues that many philanthrocapitalists acquire their fortunes by adopting business strategies that worsen the same socio-economic and inequalities they claim to address.

2.4 Private philanthropy, MDGs and SDGs

Pedersen (2018: 22) believes that the MDGs were successful in many respects, hence, they are recognized as “the most successful global anti-poverty push in history”. It was through the efforts of many governments, civil society groups and international organizations, that the programmes have helped to reduce the rate of extreme poverty by more than 50%. The programmes, for instance, also saw many girls accessing school education and a reduction in the number of children dying from diseases and malnutrition; despite these successes, it became clear over the years that that the MDG programme was not going to solve a substantial number of global issues, with several new and severe challenges surfacing constantly. It is also argued that the MDGs’ focus on education, poverty and diseases was in the main driving a politically-motivated agenda in the developing world. A different global programme, with a much wider

scope was therefore needed, leading to the adoption of the Sustainable Development Goals in 2015. SDGs build on the MDGs and at their very core “aim to complete what these Millennium Development Goals did not achieve”. The difference between MDGs and SDGs is that the former targeted mainly government efforts, while SDGs target multiple stakeholders, including public and private sector. The transition from MDGs to SDGs was driven by the recognition that development policy objectives and targets will be best achieved through involving many stakeholders and integrating the work of private actors in the processes. Private-sector actors are, therefore, better placed to contribute significantly towards attaining SDGs by availing their financial resources, knowledge and expertise and also through implementation and building capacity (Marx,2019:1).

According to Haywood and Wright (2019: 1), the private sector has amenablely embraced the Sustainable Development Goals (SDGs) since they were globally adopted by world leaders in 2015. While the responsibility for creating an enabling environment to implement SDGs lies primarily with governments, there is a recognition that this will not happen without the involvement of the private sector. There is acknowledgement amongst development actors that the private sector has a huge role to play in driving economic growth, providing finance, creating employment, building technology and driving innovation. It is for this reason that the United Nation’s Global Compact, through its list of ten principles, shows how businesses can strategically adopt socially-responsible practices. Similarly, other organizations, such as the World Business Council for Sustainable Development (WBCSD) and Global Reporting Initiative (GRI). have in the past, defined how private sector activities align with the SDGs. There is a general understanding amongst sector players that meeting the 2030 Agenda of the Sustainable Development Goals (SDGs) requires philanthropy to play a much more significant role. This is confirmed by a recent study on over 100 private philanthropic foundations operating in different countries, which found that such organisations are already working

towards meeting SDGs goals. The study found that foundations generally focus on health and education matters (62 %), followed by issues related to agriculture, forestry and fishing (9%), and lastly government and civil society issues at 8% of their total work. Majority of their work is centered in Africa (29 %), followed by Asian countries at 16 % and very little work is focused on countries that are classified as ‘developed’ or ‘first-world countries’; one third was directed towards the so-called, middle-income countries (Monnet & Panizza, 2017:5).

Kumi et al., (2020:181) also note that there is an increased recognition, in both public and policy discourse, that the private sector can assist in delivering SDGs through their financial resources, responsiveness and innovation. This is also evidenced by the United Nations Global Compact White Paper which emphasizes that “a new paradigm in development thinking is recognizing the centrality of private enterprise in pursuit of the development agenda and vice versa”. The authors maintain that while there is a view that the private sector is an essential stakeholder for SDGs, it also has its own challenges. Popular policy and literature discourse assumes there is a perfect harmony or shared value between private sector and beneficiary communities. There is some evidence, however, that this dominant argument fails to acknowledge the inherent conflicts and tensions between companies and beneficiary communities in the delivery of CSR programmes, which at times result in win-lose situations as opposed to win-win scenarios (Kumi et al,2020:183). Another dissenting view is that, much like the MDGs, private sector stands to benefit from implementing the goals. It is argued that “SDGs are a gift to business” mainly because there is very significant reward for delivering the targets, as defined by the SDG agenda. The potential economic reward from delivering SDG solutions could be worth up to \$12 trillion at the very least, each year, in terms of market opportunities and further generate an estimated 380 million new jobs by the end of 2030 as per the Business and Sustainable Development Commission. This means that the SDG business cannot materialise from CSR strategies that are not connected to the core of the businesses.

Private sector leaders will, therefore, have to incorporate SDG targets into their corporate strategies as well as renew and align their thinking and stakeholder engagement, with the SDG agenda (Pedersen, 2018: 23). The role of private sector in SDG is also criticised for failing to address the neoliberal challenges linked to business sector. According to Scheyvens et al., (2016), these concerns stem from the dominant neoliberal discourse on the interest of private sector in development issues. This includes, the co-option of the language of partnership and the dominance of a bottom-line focus. In this regard, the critique on private sector role is that it does not sufficiently challenge the instruments of neoliberalism that have created the global inequalities, poverty and underdevelopment in the first place.

In addition to these criticisms, there are contrasting views about the actual impact of private sector on SDG programme. Salazar et al., (2016,2) argue that on a global scale, the participation of private sector in SDGs across all sectors is still relatively low, because of various policy dilemmas. The authors cite a study by The United Nations Conference on Trade and Development (UNCTAD) which revealed that only a fraction of the private sector's assets, including those of banks, insurers, pension funds, multinational corporations, foundations and endowments have invested in SDG sectors. These investments are even lower in developing countries and in the poorest countries. It is further argued that this is because of risk on return of investment in these sectors (health, education, and public utilities and basic infrastructure) are sensitive and of public service, by nature. As a result, governments that aim to attract further investments in these sectors would have to develop appropriate regulations and measures to oversee these investments and ensure a balance between profit-making for the firms and providing affordable and accessible public services to the people in need. Governments would, thus, have to find innovative and creative ways to promote and encourage private sector investment in SDG sectors.

Combining SDGs with business practices is, however, not always seen in a negative light. Haywood and Write (2019) assert that the private sector has provided financial mechanisms and expertise in expanding human capacity in health; other SDG targets have also provided expertise in enlarging human capacity and conducting research for health care. These contributions by private sector should, therefore, be recognized and be reported as achievements by business. From this perspective, the private sector, through corporate social investment (CSI) and other programmes, can leverage capabilities that will contribute to attainment of universal health coverage including, for example, innovative data collection technologies, improved disease surveillance, enhanced practices in supply chain management for better storage, and the distribution of crucial health supplies. SDGs, thus, provide great opportunities for businesses to support the improvement of public health through their corporate value chains, communications, occupational health and safety practices, as well as improved employee benefits (Haywood & Write, 2019: 1).

The collaboration between private sector, governments and other players is seen as an crucial, but equally challenging one. The sustainable development agenda 2030 and SDG 17, in particular, call for development cooperation, partnership between various actors, including governments, civil society organisations and the private sector. Clarke et al., (2019) contend that many governments around the world and donors, already promote the private sector as a solution to SDG challenges. This is because it is perceived that these goals offer greater access - to service capacity, managerial expertise, high quality of services, as well as better technology and innovation - as they can play significant roles in providing funding and investment. The authors continue that despite this, there are major knowledge gaps in terms of the benefits that the private sector can offer in various areas, including private health care. The World Health Organisation (WHO), for example, lacks sufficient evidence from which they can develop guidance about services and other activities that the private sector might, comparatively,

provide better than the public service sector. In addition, the private sector's engagement with SDGs involves a lot of risk and many governments, particularly those in low and middle-income countries, continue to face many challenges with the private sector, in areas such as healthcare; this is mainly because current governance and regulatory systems and arrangements were not designed to effectively manage a mixed health system (Clarke et al., 2019:343). SDG partnerships are considered to be amongst the most challenging public-private partnerships. The relationship between business and government - with their distinct professional cultures - warrants more attention in order to meet SDG agenda and global policy. Furthermore, there needs to be recognition that SDG agenda will continue to be state-led, in the implementing. In this regard, the capacity of governments, in developing public policy, requires some level of empathy and understanding of the concerns, identity and practices of the corporate sector. All of this is essential because individual companies would only make very small contributions to SDG processes if there was no mediation by country governments; this means ineffective governance makes it more challenging to attain SDGs (Kamphof & Melissen, 2018: 333).

The International Finance Corporation (IFC) of the World Bank Group (WBG) also shows that both the private and public sectors play a significant role in financing SDGs, while acknowledging that the public sector evidently dominates in terms of investment in infrastructure in both low and middle-income countries. The private sector accounts for about 9 to 13 percent of the total infrastructure investments in low to middle-income countries. The private sector's share is substantially larger (14 to 31 percent), when we exclude China from the low to middle-income countries because the Chinese infrastructure investments are mainly public, rather than private. Amplified participation by private sector in SDG programmes could potentially help to close the financing gaps. Recent data shows that there is lower public-private partnership investment, meaning that there is an even greater need to advance public-private investments and to significantly scale up private sector engagement and build an enabling

business environment, in countries considered to have low - middle income (Doumbia & Lauridsen 2019: 6).

2.5 Global philanthropy and COVID-19 pandemic

The COVID-19 outbreak was first identified in December of 2019, in Wuhan, China. A global outbreak soon followed, affecting almost every country in the world, hence, was declared a global pandemic by the World Health Organisation (WHO) (Pokhrel & Chhetri, 2021: 134). The consequent hardship from the pandemic and the imposed lock-down, hit a number of segments of the population across the globe; this prompted intense concern and response from many philanthropic givers around the world. The crisis created great economic inequalities and the need for the rich and liberal societies to renew their social contract between those who were affected and those who continued to benefit, economically, during the pandemic (Torpey et al., 2021: 96). In addition to the already increasing consensus, globally, that corporations, non-profit organizations and governments around the world have to direct their development efforts towards attainment of the SDGs, the urgent need to respond to the Covid-19 pandemic crisis drew attention to the role of business in addressing global social issues (Zolfaghari. & Hand, 2021:1-2). Finchum-Mason et al., (2020: 1138) reveal that preliminary evidence from a study on American foundations showed that many large private and community foundations acted swiftly and decisively, signifying great leadership during the period, by establishing funds to respond to the pandemic. It is estimated that in response to the pandemic, foundations and corporates pledged over US\$1 billion, internationally.

2.6 Background of philanthropic giving in South Africa

Private sector philanthropy in South Africa, like in many parts of the world, is generally dispersed through corporate initiatives and foundations which are regulated under the NGO sector. According to Mandevere (2022:7), NGOs have always been part of the South African society's historical and formative component. This is evidenced by early formations, such as the Women Societies which officially established the first organized agency for welfare in 1904. The author explains that the welfare system was prompted by the opposition to the oppressive apartheid which led to a vibrant NGO sector in the country in the 1980s, providing services and funds to poor and excluded communities. The end of Apartheid and the adoption of a transformative and a socio-economic development work by the African National Congress (ANC) government facilitated and promoted the participation of civil society. Choto et al., (2020: 589-590) also agrees that NPOs in South Africa emerged as a response to the socio-economic inequalities created under apartheid and these provided social services to the marginalized groups. The authors assert that the transition to democracy acknowledged the role of NPOs, particularly, in improving economic conditions, decision-making and policymaking. As a result, more NPOs have entered the development space in South Africa. For example, Zihindula et al., (2019:14) contend that one of the major developments of the post-apartheid period was the increase of donor funding to areas, such as health-related activities, especially in areas such as HIV/AIDS and tuberculosis. Consequently, this expanded the involvement of NGOs, community-based organizations (CBOs) and faith-based organizations (FBOs) in the sector.

Mandevere (2022:9) records that statistics from the Foundation Center indicate that US Foundations dispersed over \$300 million to more than 400 organizations in South Africa

between 2009 and 2012. These included large US foundations, such as Charles Steward Mott Foundation that provided grants to projects for community development, rural development, women programmes and civil rights across the country. Other international foundations supporting NGOs in the country include, those from Germany, the Netherlands, and Switzerland. In addition to international foundations, South Africa and other African countries have seen the emergence of what has been termed ‘African philanthropy’ which is the giving by Africa’s high-net-worth philanthropists (HNWPs). Some of the dominant ones include Nigeria’s Dangote Foundation, The Motsepe Foundation and Allan Gray Orbis Foundation, and the Shuttleworth Foundation in South Africa. These programmes, according to Mandevere (2022:9), were in response to class difference and increasing inequalities in Africa, prompting the rich to give to public causes. Data on these types of contributions is patchy, however, it is estimated that philanthropic giving by HNWI in South Africa alone amounted to US\$53 million in 2014. US\$24 million of that amount was directed towards health initiatives, US\$22 million went into education while US\$4.6 was used to support human relief services (Murisa, 2022:1-4).

Corporate Social Investment (CSI) in South Africa has, over time, become more embedded with corporates’ broader CSR. CSI policies and activities have become more concerned with broader national issues, such as sustainable development, governance and building partnerships. This type of CSI can carry various benefits for the companies, for example, by enhancing their reputations while building credibility and legitimacy within the broader society’s participating firms (this puts these companies in good stead with other businesses and government officials); contributing towards corporate citizenship by the manner of firms’ social responsiveness and involvement, and empowering the community at large (Ndhlovu, 2011: 82). A case study on corporate philanthropy and firm value, amongst South African-

listed firms also found that CSR reporting and the increased book-value of firms are amongst the most significant motivations behind charitable donations (Ouma, 2022: 53).

2.7 South Africa's philanthropic response to COVID-19

South Africa like most countries was not exempted from the catastrophic impacts of the COVID-19 pandemic. The country, for example, beyond recording a negative economic growth of about -5.4% in 2020, saw the closure of many of the country's firms leading to a decrease in the employment rate, from an estimated 57% to about 38% during the period. Overall, the pandemic negatively affected business turnover of companies and their return on investment. In response, many businesses and philanthropic actors put various measures to counter the effects of the outbreak on their businesses (Anakpo & Mishi, 2021:1-2). In addition, the South African government adopted interventionist policies to respond to the impacts of the pandemic, in order to cushion the South African citizens from further social vulnerabilities and to keep the economy stimulated and afloat amidst the supply and demand notion (Khambule, 2020:102). Others researchers, such as Naudé & Cameron (2020: 220) maintain that South Africa lost its initial battle with COVID-19 by the middle of 2020. The authors posit that both the South African government and the business sector contributed to this failure, due to the government poorly managing the response and business showing little understanding of both the health and economic interventions and that there is no dichotomy between the two.

2.8 Philanthropy and South Africa's SDG agenda

It is unclear what impact private philanthropy has had on South Africa's SDG implementation, however, the country's commitment and efforts towards agenda 2030, is clearly defined. South

Africa is one of the 193 countries that developed and adopted the 2030 Agenda for Sustainable Development in 2015. The sustainable development goals were adopted as a framework to guide global development between 2015 and 2030. South Africa was notably one of the early supporters of the Sustainable Development Agenda and has made attempts to intertwine these with both its domestic and continental agenda as well as Africa's long-term development goals. According to the South Africa's Department of Planning, Monitoring and Evaluation (DPME) and the UN Development Programme (UNDP)'s analysis, the National Development (NDP) directly addresses some of the SDG targets, while the other remaining targets are addressed by other sectors. This convergence is seen to have the potential to accelerate the country's realization of its development goals as envisioned by the NDP, through policy coherence and without proliferation or duplication of activities (Statistics South Africa 2019).

2.9 Philanthropy in the African context

The focus on African philanthropy according to Moyo & (Alagidede, 2020:1) has gained some momentum in recent years partly because of the increased interest in the field and because philanthropy has recently been at the center of national and global policy discussions and resolutions towards developmental challenges facing many countries on the continent. Many African countries have a vibrant philanthropic sector with an increasing number of both international and local foundations. For example, research on foundations in Ghana by Kum (2019) shows that a number of multinational companies in the mining and telecommunication sectors have set up foundations to implement their developmental projects. Many of these foundations in Ghana are actively involved in advancing their funding companies CSR, which has become a major characteristic of the Ghanaian philanthropic sector. The practice has

become so common that many NGOs in the country have expressed difficulty in accessing funds from corporates because they have their own foundations implementing their CRS initiatives for them. These include the MTN-Ghana Foundation, which focuses on health and education and the Newmont Ahafo Development Foundation focusing mainly on community development initiatives. The investigation found that CSR through company foundations aim to further the business interests of funding companies by promoting their brand, gaining legitimacy, enhancing brand recognition, and maintaining brand loyalty (Kum, 2019: 1092 - 1093).

It is also suggested that countries with weak states and where conflict is rife, as well as ineffective governance have put pressure on multilateral corporations to step into the social space. A study on Heineken Foundation's activities in sub-Saharan Africa found that many of these countries' economies were growing fast whilst those in their traditional organisations in Western Europe were sluggish. Heineken focuses more of their efforts on boosting sales in their new markets, however, because of the fragile socio-economic conditions in many sub-Saharan countries, the company found itself facilitating activities geared towards both social and economic changes. Amongst places were countries in Central, West Africa and Southern Africa, such as Democratic Republic of Congo, Burundi, Rwanda, Sierra Leone, Nigeria, South Africa and Namibia; some of these ranked amongst the world's poorest countries with major challenges in healthcare, infrastructure and education (Van Cranenburgh et al., 2012:523- 528). Related argument suggests that while the COVID-19 pandemic had had a global effect on the private sector, developing countries, conflict-afflicted regions, as well as fragile economies, including many African countries were the most affected. Ogbuabor et al., (2023: 4) for instance, concludes that it was for this reason that the COVID-19 pandemic struck at a particularly bad time for sub-Saharan countries, like Nigeria. In a study on Bangladesh, Nepal

and two African countries, namely, Ghana and Nigeria, between January and September 2020, Wallace (2022:1-2) found that these countries responded to the pandemic through a mixture of public-private partnerships and tried to influence private sector involvement but at the same time, the process highlighted governments' weakness in planning and regulating the private sector.

2.10 South Africa's relations with donor-sending countries

All foundations selected for this study are from the United States and Germany; both countries have had a visible philanthropic presence in South Africa. This is with the exception of the Mastercard Foundation which is based in Canada but established by an American company and the Heineken Africa Foundation which was formed by the Heineken company from the Netherlands. Like the USA and Germany, both Canada and the Netherlands have a long history of collaboration and giving to South Africa. South Africa have had relations with these 2 countries in terms of trade, politics and development corporations which have had various implications for philanthropic giving, between the two countries.

South Africa and Germany have a considerable and multifaceted relationship. The two countries cooperate and relate on various levels, in areas such as trade and investment, development co-operation, energy, climate change, science and technology, as well as education and skills transfers. The relationship is solidified by frequent visits between each other at high levels, with the most recent being a state visit by the German President, Frank-Walter Steinmeier, in November 2018, followed by Dr Angela Merkel, the Federal Chancellor of Germany's visit to South Africa in February 2020. South African representatives and delegates have also visited Germany, including the 1997 visit by the then President, Thabo Mbeki, leading to the launch of the South African – German Binational Commission. South

Africa has remained Germany's key and largest trade partner in the African continent, while Germany has remained South Africa's second largest trading partner overall, with South Africa's exports to Germany amounting to R 178 010 773 and imports R 65 495 789 400. Trade between South Africa and Germany has grown from 13.3 billion Euros in 2013 to R223 billion over the twelve months to the end of March 2021, according to the South African Revenue Service, in April 2021. Germany is also one of the leading investors in South Africa with a total of 96 recorded FDI projects committed to South Africa, between 2010 to 2019 (Dirco, 2022).

According to the German Mission to S.A, Lesotho and Eswatini, numerous major German companies have invested in the South African economy and have established offices and manufacturing facilities in South Africa - Volkswagen, BMW BASF, Mercedes Benz, DHL, Deutsche Bank, Bayer, Bilfinger Berger, MTU, SAP, Siemens and others. There are approximately 600 German firms established in South Africa, including small and medium-sized companies which have created over 100,000 jobs. Some of these investments are outside the traditional economic sectors for which South Africa is known for, but these new industries, such as tech, energy and telecommunications are offering German companies the opportunities to explore new markets in South Africa (German Embassy- South Africa, 2022).

The bilateral economic ties between the US and Africa strengthened after the end of the apartheid era in South Africa, in the early 1990s (Jones & Williams, 2012). In subsequent years, the Administration and Congress implemented several measures and developed legislation to improve the US-Africa trade relations, such as the African Growth and Opportunity Act (AGOA) approved by the Congress in 2000. Since the initial enactment, AGOA has made great contributions to the trade between US and Africa. Trade volume between US and South African beneficiaries doubled during the period 2001–2014. The US-Africa trade volume, nevertheless

totalled only 53 billion USD in 2015, just more than one third of the peak value in 2008 (146 billion USD) (Liu & Tang, 2018: 50).

According to the South Africa's international relation department, South Africa's formal relationship dates back to 1789, with the opening of the US Consulate in Cape Town. The relationship was strained during the National Party Government and its adopted apartheid policy, leading to a range of sanctions against South Africa in 1986 under the Comprehensive Anti-Apartheid Act (CAAA). The democratisation of South Africa in the 1990s led to an improvement in relations between the two countries and later normalisation after South Africa successfully held its first democratic elections in 1994. This was further solidified by visits, by the two countries' heads of states, including President Mandela (1994) and President Mbeki's (2000) visits to the US, while President Clinton, President Bush and President Barack Obama have all visited South Africa. Bilateral cooperation between the two countries involves - trade and investment, health, education, environment, transport, energy, science and technology, safety and security, as well as development assistance - which according to the Department of International Relations align with South Africa's priority efforts of tackling the triple challenges of poverty, unemployment and inequality (Dirco, 2022).

South Africa and the US have structured and manage their bilateral relationship in three ways - Strategic Dialogue (Ministerial level), Working Group on African and Global Issues (WGAGI) and the Annual Bilateral Forum (ABF). The United States is currently South Africa's third largest trading partner, with over 600 US companies operating within South Africa. According to Statistics South Africa 2020, the bilateral trade between South Africa and the US has increased from R117 billion in 2014 to over R189 billion in 2020 under the African Growth and Opportunity Act (AGOA) which offers South Africa duty-free and quota-free access to the US market for value-added products. South African exports to the US

reached ZAR 116.21 billion and imports from the US at ZAR 72.10 billion. The US has derived about US\$ 412 billion per annum from its exports of goods and services to South Africa and from income generated from US investments in the country. The US has steadily been the largest foreign direct investor to South Africa since 1994 with investment representing an estimated 40% of South Africa's total FDI since 1994. US foreign direct investment (FDI) in South Africa (stock) was \$7.8 billion (ZAR 116 billion) in 2019 and this was led by industries, such as manufacturing, finance, insurance and wholesale trading. The United States is also a significant source of tourism for South Africa, featuring among the top three overseas countries visiting South Africa. On the development aid front, the US is one of SA's oldest partners with institutions, such as the United States Agency for International Development (USAID) having been in South Africa, since 1979. The largest contribution of USAID funding is allocated to the US President's Emergency Plan for AIDS Relief (PEPFAR) launched in 2003, to help South Africa combat HIV/AIDS and Tuberculosis. PEPFAR is one of the USAID's leading programmes in South Africa, with almost 80% of its total funding being used for the country's HIV antiretroviral treatment. The US congress approved a further R9 billion in PEPFAR for the 2020 fiscal year. The US 's recent aid efforts have also been channelled towards combating the Covid-19 pandemic, Gender-Based Violence (GBV) as well as the fight for women and girls' empowerment (Dirco, 2022).

Relations between South Africa and the Netherlands can be traced back to the establishment of trading post by the Dutch East India Company in Cape Town in 1652 and the relationship has experienced different dynamics over the centuries. The South African and Netherlands relations predate the democratic dispensation. The anti-apartheid movement in the Netherlands was one of the strongest and it effectively placed a restriction on bilateral relations with the apartheid governments. Post democracy, the two largest movements - the Anti-Apartheid Beweging Nederland [AABN], and Komitee Zuidelijk Afrika [KZA]) - merged to form the

Nederlands Instituut voor Zuidelijk Afrika (NIZA) which aimed to assist development and upliftment development efforts in South Africa (Dirco, 2022).

According to data from the South African Revenue Services (SARS, 2020), the Netherlands is South Africa's seventh-largest trading partner, with imports and exports between the countries valued at R85 billion and a positive trade balance of R37.6 billion for South Africa in 2022. The Netherlands remains the second-largest contributor to South Africa's overall FDI in 2020. (<https://businesstech.co.za/news/business/576684/dutch-companies-to-ramp-up-investment-in-south-africa/>). The Netherlands continues to support development efforts in South Africa as indicated by the most recent donation of €750,000 (R14 million) towards the Solidarity Fund to help combat the spread of Covid-19 pandemic in South Africa. This was confirmed through a media statement by the Minister of International Relations and Cooperation, Dr Naledi Pandor on 17 December 2021.

2.11 Literature gap

Historically, corporate philanthropy involving the United States and the United Kingdom, in particular, have received extensive media attention but very little academic and research attention. Philanthropists, such as Richard Branson and Bill Gates, are well known in popular media and have challenged some definitive assumptions about entrepreneurs, as only driven by self-interest, despite this, their philanthropy and that of other commercial entrepreneurs have been poorly theorized in academic discourse (Mickiewicz et al., 2014: 304). This is particularly the case with foundations because they have always maintained a low profile and only make careful investments towards well-established programmes and organisations (Hagerty, 2012: 13). There is limited research on local foundations in emerging markets, although, there has been a more developed scholarship in the areas of - strategic management, international

business and business ethics - which has explored the ethical implications of CSR in such settings. The evident institutional void, as well as the large informal sectors in many developing countries are seen as constraints in the transparency and effectiveness of CSR and corporate philanthropy. Majority of the work on ethics and motivations for private giving has largely concentrated on CSR activity in western settings, while little research has been done on the giving motives of philanthropy by foundations in emerging markets as well as its long-term development impact (Giacomin & Jones, 2022:266).

Hagerty (2012: 15-16) argues that foundations are influential players in the philanthropic sector and submits that they present a huge opportunity for alternative strategies and more philanthropic impact. There is, however, a notable gap in empirical research on institutionalized philanthropy, including corporate foundations and the motives behind their giving. Anheire (2001: 4) posits that there is a lack of empirical studies on foundations and their dedication to serving the public, hence, the general impact and outcome of private development finance are still not well understood. This is mainly due to the lack of empirical data on foundations' activities, which in turn hinders the overall understanding of their value in reducing poverty and effecting change (Hénon, 2014: 17).

CHAPTER 3: RESEARCH METHODOLOGY AND DESIGN

3.1 Introduction

The research methodology and design chapter gives an overview of the overall approaches employed for the study; the focus, therefore, is on the processes, procedures and tools used while conducting a study. The chapter illustrates with justification, areas such as the sampling methods, how the research data were gathered and elaborates on the reasons behind the targeted research participants.

3.2 Research design and methodology

A research design can be described as a complete plan through which researchers detail how they went about collecting, measuring and analysing data (Gray, 2009:131); in other words, it gives a clear account of how the researcher intends to conduct the study (Babbie & Mouton,2001:74). The design also gives an indication of the study purposes and the techniques used in answering the posed research questions. This research was guided by the naturalistic inquiry which is situated within the constructivist paradigm. Such inquiries do not have preconceived outcomes; they are in a sharp contrast from the positivist perspectives which allow for manipulation and emphasise the impossibility of conducting an enquiry without an established theoretical position (Patton, 2002:39). It is suggested that naturalistic enquiries are characterised by a multiplicity of constructed realities than can be studied in a holistic manner. This type of enquiry is also typically influenced and shaped by the choices the researcher makes with regards to theory, research context and paradigm (Lincoln & Guba, 1985: 37-38). The overarching aim of the research was to determine the giving motives, of international private

foundations, to South Africa. The various research questions that guided the study dictated the choice to adopt a naturalistic methodological approach. The questions sought to explore the possible multiple determinants of philanthropy by international private foundations in line with the theoretical perspectives in the literature.

A research methodology focuses mainly on the processes to be followed when one conducts research. It brings to light the procedures as well as the tools that the researcher will use for the completion of the study (Babbie & Mouton, 2001:74). The methodology can also be seen as an operational blueprint for researchers and the most logical tools for answering research questions, collecting and analysing data as well as interpreting and presenting findings. This study used a qualitative method as a way to identify in-depth knowledge about the giving motives of private foundations, in South Africa's development landscape. Mohajan (2018: 3) describes qualitative research as a form of social action that emphasises how human beings interpret and try to make sense of their social realities. It is concerned with people's belief, lived experience and the meaning they ascribe to them from their own perspective. Qualitative methods, as asserted by Hancock (2002: 2) help researchers acquire subjective data which designates social phenomena as they occur, naturally. Qualitative research is, therefore, a means for exploring and understanding the meaning that participants, whether as groups or individuals, assign to human issues or phenomena (Creswell, 2009:4).

3.3 Area of study

According to Kumar (2014:384), research study area is any academic or practice field in which the study is being conducted. This study sheds light into the South African philanthropic sector by looking at the giving motives of international private foundations, in particular. The research was limited to investigating the determinants of international private foundations rendering

services within South Africa, either through direct financing, or through development partnerships. While some of these foundations operate in other countries on the continent as well, their regional and continental operations were not necessarily part of the investigation, although some information about these activities, in these other regions, was disclosed during discussions and in presenting the findings.

3.4 Population

The population of a study, according to Majid (2018:3), refers to the target population that the researcher intends to investigate. It is the collection of objects or individuals that form part of the main focus of a scientific inquiry; the study investigated the work of selected 8 international foundations working in South Africa, as profiled below. The selected foundations included those involved in either aid transfers, direct implementation of development programmes or both. While the study focused on getting the motivations for philanthropic giving by foundations from the donors' perspective, the researcher saw the need to also engage other sector players to help guide the investigation, hence, the inclusion of - the Department of Social Development which is responsible for NGO administration in South Africa, the Centre on African Philanthropy and Social Investment (CAPSI) and the Independent Philanthropy Association of South Africa. All of these organisations were contacted because of their knowledge and interaction with philanthropist foundations. The scope and resources for a doctoral project did not allow for a wider investigation into the selected foundations' beneficiary and partnering organisations, meaning that the study findings and conclusion were mainly from the donors' perspective.

The following foundations participated in the study:

1. Kresge Foundation

The Kresge Foundation is an American foundation established by Sebastian S. Kresge, a Detroit retail magnate in 1924. The success of his new ‘dime-store concept’ which sold household goods at reasonable prices, afforded Mr. Kresge enough profits to direct into charitable philanthropy. The foundation was launched at the occasion of the corporate’s 25th anniversary with an initial endowment of \$1.3 million gift and has grown exponentially in resources over the decades, hence, by 2022, the Kresge Foundation has become a multi-billion-dollar organization. The Kresge Foundation defines itself as an independent entity separate from S.S. Kresge Co. and its successor, Kmart Corp, despite being located in the same building until 1965.

2. Charles Stewart Mott Foundation (Mott Foundation)

The Mott Foundation was established by Charles Stewart in 1926 from wealth amassed from Mott’s GM shares acquired through the sale of his family’s Weston-Mott Company to GM in exchange for stock. Mott became the director and served on GM’s board of directors between 1913 to 1973, a period in which the company grew to become the world’s largest automaker. Mott also served three terms as mayor of Flint and led efforts to build modern sewer system and paved the city’s dirty roads. The Foundation initially served as a vehicle to fulfill the Mott family’s charitable interests but evolved around 1935 to incorporate the building of community schools with the influence of local educator, Frank Manley. The Foundation was launched with an initial endowment of \$320,000 and its assets have grown to approximately \$4.2 billion by the end of 2021, with offices in three different countries through which the organization works with local organisations across the world (Mott Foundation, 2020).

3. The VW Community Trust

The Volkswagen Foundation is a registered independent, non-profit Foundation under a private law firm based in Hanover. According to their website, the organization was established in 1962, following a 1961 contract between the Federal Republic of Germany and the state of Lower Saxony, after a dispute over the ownership of "Volkswagenwerk" after World War II. This led to the former Volkswagenwerk GmbH being converted into a stock corporation and some proceeds from the newly-privatized corporation was used as founding capital for the foundation. It is one of the largest German foundations and specifically focuses on science and technology in research and teaching, in accordance with its statutory mandate across Germany and various countries. In sub-Saharan Africa, the foundation supports initiative aimed at extending and strengthening research in the region. In South Africa, however, much of VW's corporate philanthropy is carried out by the VW Community Trust, which this study mostly focused upon. The VW Community Trust is based in the Eastern Cape Province where the VW South Africa plant is based and it focuses on Corporate Social Investment (CSI) activities of the company to promote empowerment (The VW Community Trust, 2022).

4. The Heineken Africa Foundation

The Heineken Africa Foundation (HAF) is a foundation established by the Dutch Heineken Company in 2007. The organisation is registered legally, as a separate entity and as a non-profit (ANBI) under Dutch law. Beginning with an initial endowment fund, the foundation has over the years committed EUR 13,5 million to 128 different projects, spending approximately EUR 1 million per year. The foundation works in 9 sub-Saharan African countries (Heineken, 2022).

5. The Deutsche Bank South Africa Foundation

The Deutsche Bank South Africa Foundation was set up in 2001 by the global Deutsche Bank Corporate. The Deutsche Bank is a global bank founded in Berlin, Germany, in 1870 to support business internationalization and to facilitate and promote trade between Germany, Europe and other overseas markets. The bank has operated in South Africa since 1979, through a representative office leading to the opening of its first branch - the Deutsche Bank AG - in 1998. After years of running programmes, the bank officially opened the Deutsche Bank Foundation to officially run its social responsibility. Initially, the foundation, then called the 'Deutsche Bank Africa Foundation' was set up in South Africa, with various programmes across the African continent. The Deutsche Bank South Africa Foundation implemented various projects in various countries across the continent but later on decided to exclusively focus on South Africa as the 'Deutsche Bank South Africa Foundation' (Deutsche Bank, 2022).

6. The Mastercard Foundation

The Mastercard Foundation is an international organization based in Toronto, Ontario, Canada. It was founded in 2006 by the Mastercard International which is one of the world's largest payment processing companies with its headquarters in New York City, United States. The Mastercard Foundation is one of the world's largest foundations with an estimated net worth of 27,5 Billion US dollars as of December 2020 (The Mastercard Foundation, Financial Report 2020). The foundation works almost exclusively in African countries, with operations in 33 countries in the continent, including South Africa. Their grant programmes focus on improving the quality of education and vocational training, building technology to help create

opportunities for employment and drive economic growth, as well as providing financial services for entrepreneurs and small businesses (The Mastercard Foundation 2022).

7.The Ford Foundation

The Ford Foundation is a private foundation founded by Edsel and Henry Ford in 1936. The foundation was first started with an initial endowment of US\$25,000 given by Edsel Ford, later she owned at least 90% of the non-voting shares of the Ford Motor Company. The Ford Foundation is a grant-making organization operating from its headquarters and through ten international offices in various countries, including Johannesburg, South Africa. The foundation remains one of the largest foundations in the world and supports development causes in a variety of sectors (The Ford Foundation 2022).

8. The BMW Foundation (BMW Foundation Herbert Quandt)

The BWM Foundation also known as ‘BMW Stiftung Herbert Quandt’ is an independent non-profit German foundation founded by the BMW motor company. The organization was first founded in 1970 as the ‘BMW Stiftung Herbert Quandt’ to honor Herbert Quandt on his 60th birthday and to celebrate his entrepreneurship journey which included shareholding in the Bavarian automaker, since 1950s. To celebrate its centenary in 2016, the BMW Group reinforced its philanthropic commitments by doubling the BMW Stiftung’s assets from 50 to 100 million euros. Additional support was provided to the foundation in the form of 30 million euros from Stefan and Susanne Quandt. The BMW Group’s two corporate foundations - the Eberhard von Kuenheim Stiftung and the BMW Stiftung Herbert Quandt - united to form the

BMW Foundation Herbert Quandt. The foundations work both in Germany and globally to promote global leadership and social responsibility (BMW Foundation 2022).

The Centre on African Philanthropy and Social Investment (CAPSI)

The Centre on African Philanthropy and Social Investment (CAPSI) was formed to promote social change by “building a culture of effective giving, and corporate social and civic responsibility”. An affiliate of Wits University, the Centre houses a number of African experts, academics and researchers in the African philanthropy field, social investment and related disciplines. A number of African philanthropic foundations including - Trust Africa, Kenya Community Development Foundation (KCDF), the Southern Africa Trust and the African Women Development Fund (AWDF) - acknowledged the need for knowledge. In order to effectively promote research and teaching on philanthropy as a practice, led to the establishment of the Africa Philanthropy Network (APN) in 2009 to promote African philanthropy. This was followed by the establishment of the first Chair on African Philanthropy in 2014 through a collaboration between the Southern Africa Trust (a member of APN) and the University of the Witwatersrand which drew from think-tanks, researchers, foundations, academics, NGOs and other private sector actors. These efforts involved engagements with various stakeholders and development of curriculum and setting of a research agenda that influenced African and global perspectives. The Chair in African Philanthropy led to the formation of the Centre on African Philanthropy and Social Investment (CAPSI) which was formed to teach, conduct research and training on philanthropy in Africa. CAPSI’s activities involve, amongst others, executive courses, research fellowships, PhD seminars, conferences and summer schools.

Independent Philanthropy Association of South Africa

IPASA was established as a local voluntary association of independent philanthropists, private foundations and other organisations in the philanthropy space in South Africa. The association's conceptualization of independents refers to philanthropies or organisations that are structurally independent from government and corporates. It comprises a wide range of members, including local and international philanthropists working in the South African philanthropy sector. The association seeks to create a knowledgeable and committed philanthropic sector capable of facilitating change for the country. The organization insists that foundations and other philanthropic organizations that associate with it have to contribute significantly to learning and building in their diverse practices. Overall, the organization seeks to "facilitate collaboration and build a culture of giving, amongst South Africans" (IPASA, 2022).

3.5. Sampling

3.5.1. Sampling method

Purposive sampling techniques were used for the selection of participants. Non-probability sampling is a type of purposive or judgmental sampling method which helps researchers select only the units they are interested in studying, from a given study population (Dudovskiy 2018:29). Purposive sampling is deemed very compatible with qualitative research; it necessitates the researcher making strategic choices about - who will be investigated, how and when this is to be done (Palys, 2008: 697). It is for these reasons that the researcher selected the aforementioned private foundations; the reasons for their selection include, firstly, they met the definition of a corporate foundation as given in the literature and the introductory sections

of this thesis. Secondly, all selected organisations have worked in South Africa for more than five years, by the time of the investigation. Thirdly, all the selected foundations worked in more than one development sector. While it was not the intention of the researcher, all the selected foundations, by default, originated in either Germany, the United States or the Netherlands. The said countries have some of the most visible philanthropic activities and aid transfers to the developing countries amongst DAC countries. The selection of these organisations was, hence, informed by a combination of personal knowledge, on-line research and referral from other knowledgeable persons in the sector. This was followed by a formal request to representatives of the organisations to participate in the study after acquiring permission and ethical clearance, from the University, to pursue the investigations.

3.5.2 Size of sample

The total number of participants in a research study is commonly referred to as a ‘sample size’ and this should sufficiently represent the population under investigation. Many believe that large samples, as opposed to small ones, are more likely to give a better representation of the total population being studied, therefore, provide accurate data (Marree, 2011:178). At the beginning of the study, 10 foundations were identified, according to the criteria explained earlier. The selected foundations were – Ford, Mastercard, BMW, Deutsche Bank South Africa, Charles Steward Mott, Bill and Melinda Gates, Kresge, Rockefeller, Michael and Susan Dell and VW Trust. The Heineken Africa Foundation was added to the list, during investigations due to its suitability after some organizations declined, hence, in total, 8 foundations agreed to participate in the study. A total of 14 participants, comprising of officials from the foundations and other actors in the field, were selected for investigation. The researcher was of the view

that findings from these number of participants will give a representative account of giving motives of international foundations operating in South Africa.

3.6. Data Collection

The study used both primary and secondary data. Primary data were collected from semi-structured, in-depth interviews with representatives of the selected foundations; secondary data were obtained from reviews of print documentation, reports and other documentation detailing activities of the selected private foundations. Merriam (2009: 89) suggests that semi-structured interviews include a mix of questions used flexibly, without a predetermined order. Lincoln and Guba (1985: 269), maintain that this allows for open-ended responses to be generated by the interviewee, while the interviewer explores areas that may arise during the interview sessions.

Using varied methods of data collection helps researchers establish constructive validity (Silverman, 2001:11). The in-depth interviews were conducted through various on-line platforms as opted by respondents themselves, due to Covid-19 limitations and because some representatives of the foundations are based outside of South Africa. All interviews lasted between one to two hours.

3.7 Validity and reliability

According to Bostwick and Kyte (1993: 121), reliability refers to the degree to which data-measuring instruments or tools are consistently providing dependable findings. Lincoln and Guba (1985, 290) refer to this as “trustworthiness” and suggest that it is a way to convince the researcher, as well as the audience that the research findings are worthy of attention. In

addition, they proposed four concepts that are central to trustworthiness - the truth value, applicability, consistency as well as neutrality or non-bias. Reliability or dependability is concerned with the measure of consistency for qualitative research. This according to the authors, is only necessary when credibility has not yet been established and they proposed triangulation to support dependability. This study employed a variety of methods to collect information, in order to confirm its credibility. The study used, primarily, in-depth interviews but also relied on secondary data gathered from the organisations' documents, such as annual and programme reports. Findings from all interviews were gauged against available secondary data gathered and the researcher personally conducted all interviews, to ensure consistency.

3.8 Data analysis

All information gathered during the research was analysed interpretively. This approach, according to Trauth & Jessup (2000: 12) ensures that all information gathered is carefully put together in order to create a picture which is not only coherent, but accurately expresses the views of the research participants. Data collected through the individual interviews with representatives of foundations and other participants, as well as from other sources were analysed through the thematic analysis process. Thematic analysis prioritises the identification of content themes directly from data as opposed to categories developed before data codification (Terreblanche & Kelly, 1999). The research developed themes in line with the research questions that guided this study; this was done in order to organise the data and to interpret the findings in a way that will sufficiently respond to the research questions and meet the study objectives. Thematic analysis was, thus, applied in both identifying and analyzing themes from the collected data.

3.9 Ethical considerations

According to Gray (2006: 69), research ethics encompasses a set of principles that guide the researcher's moral choices and relationship with participants. It is through the application of these principles that the research can be morally justified. To ensure that this is adhered to throughout this study, the researcher applied for ethical approval from the University's Research Ethics Committee. This was to guarantee the University, as well as the audience, that the researcher's behaviour and conduct would be guided by moral principles. Below are the key ethical areas that the researcher took into consideration:

3.9.1 Informed consent and voluntary participation

The researcher requested for verbal and written consent from all participants prior to their participation, to indicate their willingness to be involved in the study. All participants were comprehensively informed about the nature of the study and as well as the nature of their participation in the research. Participants were made fully aware that they have the right to participate or withdraw at any given time.

3.9.2 Confidentiality and Anonymity

To ensure anonymity and confidentiality of all respondents, the researcher safely kept all personal and sensitive data gathered from interviews; these were anonymized in the reporting.

The researcher also assured all participants that all information gathered during the interview would be used only for the purpose of this study.

3.9.3 Avoiding harm to participants

This study adhered to the principle that no harm should be caused to any participant as a result of his/her participation. For the researcher, harm did not only refer to physical, mental or emotional discomfort but also to situations where participants may be left feeling ridiculed, embarrassed or belittled. The researcher ensured that no participant experienced any undesired consequences as a result of participation in the study.

3.9.4 Falsification of data

Falsification refers to the direct or indirect changing or omission of data to support arguments, claims or research hypothesis. The researcher ensured that the data collected were not manipulated but were at all times reported honestly, without any form of misrepresentation (Leedy & Omruod, 2010: 103).

3.9.5 Plagiarism

Neville (2007: 28) defines 'plagiarism' as the practice of taking another person's work and ideas to use or pass them directly or indirectly as your own. To avoid this, the researcher ensured that authors are properly cited by giving all information about the source, including

the name of the author, title, publication details for the audience to confirm, as well as to find and use in the future.

3.10 Conclusion

This chapter presented a thorough description of the research design and methodology used. The study adopted a qualitative approach because it allows a researcher to interact with participants and interpret their experiences and perceptions about the phenomena being studied in their natural setting. The chapter showed how the study not only relied on in-depth interviewing as a method of data collection but also used available secondary data for data reliability and validity. The chapter also indicated, briefly, how the researcher considered various issues pertaining to ethics.

CHAPTER 4: FINDINGS

4.1 Introduction

The following chapter presents research findings on the giving motives, of international private foundations to South Africa's development. The findings are built on data collected from interviews conducted with representative of the selected foundations between February and October 2022. In addition, the researcher also interviewed representatives from the Independent Philanthropy Association South Africa, The Centre on African Philanthropy and Social Investment, and the Department of Social Development to help guide the investigation. The findings are also, in part, supported by secondary data obtained from documents, such as annual and programme reports, foundations' websites and other resources available during the same period.

Interviews with participants based in the US, Germany and the Netherlands were conducted through various online platforms. Locally based participants also opted for online interviews, citing a move to online meetings due to COVID-19 limitations. All interviews lasted on average between one to two hours. The interviews were recorded, transcribed and analysed by the researcher. A thematic analysis of the obtained data was then performed to make a conclusive determination about the motivate for philanthropic giving to South Africa's development, by international private foundations. The researcher developed analytical themes in line with the research questions. Obtained data was then organised and interpreted around these themes to ensure that the findings would sufficiently respond to the research questions and meet the study objectives.

Findings are presented and discussed in line with the four research questions that guided the study:

- What are the foundations' development focus and why?
- What motivates private foundations' aid to South Africa?
- Who do private foundations partner with, and why?
- What role do private foundations play, within their partnerships, with other development actors?

4.2 Participants

Participants for this study comprised of 8 international private foundations operating in South Africa - Ford, Mastercard, BMW, Deutsche Bank South Africa, Mott, Kresge, VW Trust and Heineken Africa. These selected foundations are relatively large organisations that have operated in South Africa for over 5 years, in various sectors, either as funding and or implementing organisations. For the interviews, the foundations were represented by high level officials responsible for programme management or operations at either country or international level and have great level of influence on resource allocation. This offered the researcher privileged knowledge about the decision-making process and approaches taken by international organizations of that magnitude. It is, however, worth noting that getting access to these individuals was a lengthy and difficult process because international foundation, as revealed later on during the interviews, keep very low profiles and minimize their accessibility. This is because they manage very large amounts of resources and receive constant requests for funding and collaboration that sometime do not meet their requirements or align with the values and strategic interests, hence, they minimize their accessibility to the public.

The Centre on African Philanthropy and Social Investment (CAPSI) was represented by two senior researchers, with a wealth of experience in philanthropy research, particularly in the African contexts. This gave the interviews insightful information and direction in terms of

discussions around donor motivation. The Independent Philanthropy Association of South Africa (IPSA) was represented by a senior official responsible for research and communication. Engagements with the Department of Social Development was with senior officials with a great deal of understanding around donor activity and regulation in South Africa.

Table one: Selected foundations’ resources and global footprint

Foundation	Resources	Global footprint
Kresge Foundation	\$ 4, billion US dollars	United States of America and South Africa
Mott Foundation	\$ 3,6 billion US dollars	United States of America and South Africa
Ford Foundation	\$16 billion US dollars	Africa, Asia, Latin America, and North America
Deutsche Bank S.A Foundation	Receives an annual budget from Deutsche Bank	South Africa, Ethiopia, Nigeria, Sierra Leone, Rwanda, Burundi, DRC, Ivory Coast, and Mozambique.
VW Community Trust	Receives an annual budget from VW South Africa	South Africa
Mastercard Foundation	27,5 billion US dollars	Ethiopia, Ghana, Kenya, Nigeria, Rwanda, Senegal, Uganda
Heineken Africa Foundation	€ 26.2 million Euros	South Africa, Ethiopia, Nigeria, Sierra Leone, Rwanda, Burundi, DRC, Ivory Coast, and Mozambique.

The BMW Foundation	€ 145, million Euros	South Africa, Tunisia, Egypt and Kenya
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Source: Own

4.3. Characteristics of foundations

Before presenting the findings on foundations' giving motives, the researcher deems it necessary to first characterise the selected philanthropic foundations. As discussed in the earlier chapters, literature on philanthropic foundations shows the existence of varied perceptions about the role and characteristics of philanthropic foundations. In the main, foundations are perceived as very unique development actors that reflect characteristics and practices different from those of traditional development actors. An analysis of the interview data, observation and available data confirms while some cases dispel some of these perceived characteristics. Discussions on the giving motives of foundations later in this chapter, show the level of influence some of these characteristics have on foundations; motive for giving. To help guide the presentation on the characterisation of selected foundation, this section borrows from Lundsgaarde (2012:35)'s framework, which submits a number of claims about foundations.

Overreaching claim

The overreaching claim about foundations is that they are unique and very distinct development actors. This means that their character, role and development engagement is different from other actors in the development context. This study makes the determination that the unique nature of foundations is perhaps more visible in their operation and management practices. All participating foundations take almost similar structure and management approach as well as execution of duty. Foundations are constituted by a board of directors, who along with senior

management holds decision-making power around operational matters. These organisations are also financially independent; meaning they do not rely on external funding but usually on an endowment. While this might have various implications for the foundation, most notably, it limits their external influence. In turn, foundations focus on very well-established niche areas of development, which are mostly informed by the principles of private or corporate founders.

Resources

There is a growing perception that foundations offer substantial alternative resources towards development. This is mainly because foundations are set up mainly by wealthy individuals or very successful corporates. This study determined that all 8 foundations displayed a level of stability in terms of their financial muscle. This is despite the sometimes-unpredictable financial returns on their investments, due to stock market performances, which may, from time to time affect their endowments. Private foundations inject large sums of money into their initiatives and mostly over long periods of times because of their preferred long-term relations with grantees. In the era of declining official aid, foundations in South Africa have become a reliable source of development finance. In South Africa for example, where official development finance has shrunk significantly over the past decades, foundations as indicated by the Deutsche Bank South Africa provide much needed development finance. The Kresge Foundation and the Mott Foundation also provide towards development finance in education and social justice respectfully; areas which both foundations believed were short of resources. All foundations investigated in this study showed commitment to playing a role in sustainable development agenda, through providing finance for one or more goals that align with their areas of interest. This is in line with the recognition by the United Nations that private sector

engagement and financing would be necessary if the SDGs are to be met as expressed in SDG Goal 16 which emphasizes the role of partnership for development.

Innovation

It is generally perceived that foundations invest in innovation and promote new ideas. This study found that generally, foundations do embrace scientific innovation and technology. This is particularly the case with the VW Foundation, whose global efforts are geared specifically to drive scientific research and innovation across the world, including sub-Saharan Africa. In South Africa, the VW Trust which focuses on most of the foundation's corporate social responsibility, supports a number of scientific-driven projects. The Kresge foundation has also invested and worked with various higher-education institution to develop and enhance scientific research. The study also found that despite this, some foundations continue to do work in traditional development areas, such as in - poverty, healthcare, gender, democratization and human rights issues. This is evidence by the work of the Mott foundation which focuses on social justice, the Deutsche Bank South Africa Foundation which works in early childhood development and the Heineken Foundation which works in the areas of water and hygiene in relation to mother and child healthcare. The Ford Foundation also continues to do work in gender, environmental and community development in South Africa and the SADC region.

Niche/gap fillers

Philanthropic foundations are increasingly seen as an important source of funding in the midst of dwindling official aid and government sponsored initiative. In South Africa, as illustrated by the findings of this study, these organisations do play the role of filling out the funding gaps

in different areas of development. The Kresge Foundation for example, indicated that their focus is on education, which is a national priority in South Africa because there was very little funding available for higher education as more funds went to basic education. Similarly, the Mott foundation focuses on social justice because they felt the area was neglected by public and traditional donors. Their role is, therefore, to provide the much-needed support, particularly, at community level. The Deutsche Bank South Africa Foundation also indicated that their move to focus specifically on South Africa was due to the fact that there was a great need in the country; this is despite the country's perceived middle-income status.

Alignment and harmonization

In exploring the perception that Foundations have capacity to fill gaps for government and other development partners, this study made a few determinations. Firstly, all foundations investigated for the study have committed to respond to the global call towards attainment of the SDGs 2030 in South Africa and other parts of world, where they operate. By doing this, foundations have heeded the call for private sector engagement and financing required for governments and other development partners to achieve sustainable development. Secondly, despite their apolitical stance and non-alignment with any political programmes, foundations do recognise national priorities and offer support where needed. Foundations such as Kresge, Ford Foundation and others, have historically focused on areas of development that are considered priorities in South Africa, such as education, democratisation and poverty alleviation.

Business approach

Foundations are said to be risk-taking organisations and adopt business-like practices in order to achieve their goals. This study found that different foundations apply this approach in a number of ways. Firstly, their operational structures and processes followed for funding application and executions of duties, reflect that of a formal business structure. The role of the Boards and centralised decision-making ensure that activities do not differ from the organisations' guiding principles; all foundations selected for this study adopt a similar approach. Foundations are, however, less likely to take risks in terms of grantee selection. All the foundations in this study indicated that they are generally cautious with their social investments. This is evident in the processes used for grant selection and allocation of funds, hence, most of them prefer own selection and rarely open calls for application of grants. Foundations prefer building long term beneficiary relationship, in order to work with trusted and reliable beneficiaries that are guaranteed to align with their operational strategy and objectives.

Problem solvers

Foundations are said to invest in long-term projects, programmes and goals and make long-term commitments to development initiatives. This study found that, despite forming new relationships with new grantees and partners on occasions, all selected foundations have a preference for long-term partnership with grantees. Their financial stability evidently allows them to make such commitments, as they do not rely on external funding for their activities. Amongst their reasons for preferring long term partnership, are the benefits they have in terms of working with grantees that align with their organisational or corporate values and principles. The Heineken Foundation, the Deutsche Bank South Africa Foundation and the Kresge

Foundation, all indicated that they have been working with almost the same grantees since they started working in South Africa. The Kresge Foundation has built long-standing relationship with South African universities which they support through various programmes and grants for short and extended programmes. Similarly, the Deutsche Bank South Africa Foundation has supported mainly the same ECD training organisations in and around Gauteng Province where they operate. The Heineken Foundation indicated that while they select new grantees and projects on occasions, it has a preference for long-term partnerships with organisations that align with their values and corporate principles. The commitment to the relatively long-term SDG goals and other regional development priorities by the Ford Foundation, VW trust and others is one example of their desire to work on long-term programmes.

Relationship with grantees

Amongst the dominant perceptions about philanthropic foundations is that they do not harmonize with other donors, related to who they fund and the activities they invest in. This study found that foundations generally work in isolated programmes through preferred grantees whom they have built relationships with, over an extended period of time. Some foundations, like the Deutsche Bank Foundation have in the past, worked with grantees from referrals from other donors, they generally source out their own recipients and believe that because of their experience in the field, are able to know who to work with. The Mott Foundation also indicated that they have worked in the social justice space long enough to make good and informed choice on who to work with, in order to attain impactful results. This excludes their interest in some national priority programmes and global commitments, such as SDG 2030. The Covid-19 global pandemic also saw almost all selected foundations aligning their work with the UN

and other donor activities in trying to find ways to manage the spread of the virus, create awareness and support efforts to find treatment and cure.

Table two: Summary of characteristics of foundations

Topic	Claim	Findings
Overarching claim	Foundations are a unique/distinct collection of actors in development cooperation.	Foundations are set up and operate in ways that differ distinctively from other development actors.
Resources	Foundations offer substantial alternative resources for development.	Foundations are well-resourced and do not rely on external funding to invest in development initiatives.
Innovation	Foundations strive for innovation / promote new ideas.	Foundations continue to invest in research, innovation and initiatives to find new development solutions.
Niche/gap fillers	Fill gaps for government and other development partners.	Foundations provide much-needed resources to areas that have declining traditional-aid flows.
Alignment and harmonization	No alignment with recipient/national development priorities.	Foundations prefer working in isolated programmes but do support national and global development priorities.
Business approach	Foundations are risk-taking organizations.	Foundations adopt a formalized operational structure to manage and allocate resources. They are less likely to take risks but instead work with long-term grantee and partners.
Problem-solvers	Foundations invest in long-term goals, make long-term	Foundations prefer building a long-term partnership for better impact.

	commitments and invest in long-term programmes/projects.	
Relations with grantees	Foundations do not harmonize with other donors.	Foundations rarely collaborate with other donors with the exception of national and global challenges that require collaborative efforts.

Source: Own elaboration based on Lundsgaarde (2012)

4.3. Why foundations give to South Africa

International donors' motives for bilateral and multilateral aid agencies are well documented, however, there is limited empirical studies on private philanthropic actors and foundations. There is very little known about their activities, including their giving motivations. This is critical to explore, when one considers that foundations, as literature shows, are prominent philanthropic actors but their activities, sometimes are marred by suspicions around their corporate links. The first question that this study sought to answer is why international private foundations give to South Africa. In order to obtain the answer, the researcher approached the question in two ways - first, to establish why international foundations give in the first place and secondly to determine why these foundations decide to give towards South Africa's development, specifically. The study makes various determinations to both questions as presented below in this section.

Why foundations' give

4.3.1. Benevolence

All participating foundations traced their initial objective to the need to give and make social impact, as defined by their founders of the companies. The Kresge foundation organisation lists its primary mission as the promotion of human progress, through provision of capital grants to help in establishing educational, cultural and health-care facilities across the United States. The foundations maintain that they have redefined themselves as the 21st century strategic philanthropy which examines broad issues in their entirety, take measured risks and use various tools to find opportunities for low-income people, across various countries. Mott Foundation was founded by Mott who is said to have had “deep concern about the welfare of Flint and an abiding affection for his adopted community”; in response, his philanthropy gave to charitable and educational purposes in the area. The Heineken Africa Foundation focuses, primarily, on education and related social initiatives. The Foundation works across many sub-Saharan African countries and focuses on mother and child-care through the initiative, Water, Sanitation and Hygiene (WASH) projects. The foundation insists that its overall aim is to improve the health of the sub-Sahara African communities in need, in countries where the corporate operates with the help of local Heineken operating companies. The VW Trust maintains that their efforts go beyond providing funds to charities and community projects but approach their initiatives in ways that support local charities and projects. Its flagship projects and other approaches are done in ways that will result in sustainability, self-sufficiency and improved life for previously disadvantaged people. The Trust list their social responsibility as being in the areas of, education, youth development, health, community, wellbeing, enterprise development, employee volunteerism, and the environment.

4.3.2. Corporate citizenship

The need to be a corporate citizen is a big driver for charitable giving by foundations. Issues of legal status, tax regulations and social responsibility are amongst some of the major factors behind charitable disbursements by private foundations. The US for example, has very specific regulations for foundations, such as the requirement for an annual 5% expenditure of their revenue in order to legally operate. Meaning, foundations may have to grow their stock 5% to 6% above inflation in order to be able to spend 5 percent. This issue has, in some instances, led to many foundations being registered in one country but regulated elsewhere, where regulations are more suitable to their financial scope and desired practices. The Kresge foundation sees this as a challenge if they are to continue funding causes in South Africa. The BMW foundation explicitly cites corporate citizenship - an integral part of the corporate's self-definition character - as an important factor for the foundation's operation. The Ford foundation also revealed during the interview that, according to the US endowment policies, a foundation is required to spend between 5 to 10 percent of the profits annually on operations and grantmaking. The Foundation reported that its endowment management team takes care of stock investment and ensures sustainability of the endowment. The Mott foundation also corroborated this spending requirement during the interview. Their 2020 annual reports also substantiated that American foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") but subject to a federal excise tax on net investment income, including realized gains, as defined in the IRC Section 4942. This Section requires that private foundations make minimum annual distributions based on the value of their non-charitable use assets or pay excise tax for their failure to meet the minimum distribution requirements. Additionally, because of various liquidity restrictions on investment, foundations must maintain a significant portion of their investments in liquid assets to ensure

the continuity of operating expenses, grantmaking, liability remediation and other needs that should be met in the short and foreseeable future. Similarly, the Mastercard Foundation indicated that, although it was established by a US-based company, it is a registered entity, in its headquarters in Canada, as a private foundation. Subsection 149.1(1) of the Charity Act of Canada also requires foundations to spend a certain amount of their assets each year towards charitable causes, through their own programmes of direct charitable grants to qualifying recipients (Mastercard Foundation Financial Statement, December 2021).

Why Foundations give to South Africa, specifically

4.3.3 Historical/ diplomatic ties between South Africa and donor countries

The study acknowledges that the history of South Africa with western and other donor-sending countries is well documented as there are comprehensive recordings of traditional-aid flows from those countries to South Africa. It was, however, unclear how diplomatic and historical ties between South African and these countries influence or shape private international philanthropic activity in South Africa. The study finds that there is clear indication that foundations align their work with the sending-countries' foreign policies to South Africa. All the foundations indicated during interviews to have had an interest or started working in South Africa's development landscape, either, prior to the democratic dispensation, during the democratic transition and have continued to foster good relations between the countries. The Ford Foundation expressed that its earlier grants to the country were linked to strengthening the partnerships between South Africa and the US. CAPSI suggested during the interview that there is, sometimes, an interplay between domestic politics and foreign policy of sending country and the flow of funding by private foundations. For example, they suggested that early

activities by American foundations were aligned with US foreign policy around championing certain democratic principles around the world. Foundations were mainly driven by a desire to respond to what was happening in the African context as a whole, in areas such as, higher education, economic planning, and human rights, specifically in South Africa in the 1980s to early 1990s, during the democratic transition.

The Ford Foundation also confirmed this view during the interview, stating that historically, their work in Southern Africa was in line with the US's foreign policy to South Africa at that time. Its focus was, therefore, on human rights, democratization and related projects, which were areas that the United States wanted to impact, at that time; today, the foundation maintains that these areas are only important in terms of legislative and operational points of view. The Foundation is registered under both US and SA laws, so there are rules to be followed in both settings. There are also differences in terms of the laws, like the issue of lobbying and advocacy might not necessarily be a problem in South Africa but they are disallowed in the US. For example, some areas of work, like abortion, might be outlawed in the US but legal in S.A and so the work would not always align with US policy and the foundation has to navigate these challenges in ways that do not cause conflicts. The Mott foundation indicated that before they started doing work in South Africa, they solely worked in the US, mostly in education but in other sectors as well. When the organization wanted to go global and because of the relations between the two countries, there were plans to consider South Africa, particularly, to help with the political climate of the time. The Kresge foundation indicated that its grant programmes have been tested elsewhere but failed prior and during the time that they have been in South Africa, however, historical ties and experience with South Africa makes it easier to do its work in the country.

South Africa's good relations with many countries make it a natural and easier options for many international philanthropic organisations; all the participating foundations claimed this was among the reasons they continue to do work in South Africa. The Kresge Foundation declared that it does not have any particular relationship with the government, although, it does admit good relationship does work to a foundation's advantage. The Foundation says its events both in South Africa and the United States are often attended by diplomats and government ministers to show support for its work. The Mott Foundation indicated that diplomatic relations are less important for them as a private philanthropic organization outside of the ODA channels but it believes such relations would be useful when there has been a total breakdown between it and the host country, although, that is not likely to be the case with South Africa.

4.3.4 South Africa's development needs

Meeting South Africa socio-economic needs is high on the agenda of international foundations. The study results show that all the selected foundations have shown commitment to fulfilling, at least, one of South Africa's developmental needs. This is in line with the foundations' benevolence and altruism inclination. Different foundations have identified and responded to various need-areas in South Africa's development landscape. The Mott Foundation, for example, focuses on promoting and delivering social justice at community level. This is, according to it, because the area is somewhat neglected by the South African government. It acknowledges that change towards equality and justice may have been made at higher levels but insists that its goal is to assist the neglected local levels as much as they can. The Kresge Foundation said that it was prompted by the fact that there was a limited funding, particularly in government and public funding channels, for higher education. The South African

government, according to their own assessment, has focused more on making provisions for basic education after the ending of apartheid, because of attempts to provide inclusive education. The Ford Foundation has worked for many years in South Africa and focused mainly on education in order to improve access to quality education and improve women's rights, hence, the Foundation sponsoring attendance of the Beijing 1995 conference on women. The foundation explained during the interview that it shifted its focus in 1993 after its formal registration at the dawn of democracy in 1993, to focus on democracy, nation building and human rights programmes, given the situation of the country when the apartheid rule was coming to an end; many American organizations were working in this area during that time.

The Heineken Africa Foundation sees the country's needs as changing factors that require it to be adaptable and relevant. For example, at the height of the Covid-19 pandemic, the Foundation said there was an increased need for WASH programmes which is one of their main/core area of focus, however, because of the heightened need, they had to form partnerships with other players, such as, Water Aid and World Vision, to make sure they are sufficiently responding. The Deutsche Bank South Africa Foundation expressed the point that there seems to be a perception that S.A is doing well but it recognizes dire needs in South Africa, thus, decided to focus its resources here. The Foundation's resources have declined over the years; therefore, it could not afford to focus on other parts of the continent, despite their needs.

The Centre on African Philanthropy and Social Investment (CAPSI) identifies various reasons as motivations for philanthropy by foundations but emphasizes that despite a variety of reasons, almost all foundations are in some way driven by the desire to do good. This analysis is specifically true for organizations that are categorised as private and independent foundations, which are driven mostly by charitable values and principle of the founders who have had huge impact on the direction of the foundations. The direction of an organization can always changes depending on the Board and who is in charge.

Table three: Foundations’ targeted need areas in South Africa

Foundation	Need areas
Kresge	Higher Education, training and skills development
Mott Foundation	Social justice and democracy
Ford Foundation	Climate change, gender equality, HIV/AIDS and reproductive health, mining and community development
Deutsche Bank S.A Foundation	Education, enterprise and community development
VW Community Trust	Education, youth development, health, community and wellbeing
Mastercard Foundation	Education scholarships and support
Heineken Africa Foundation	Maternal healthcare, water conservation, sanitation and hygiene (WASH)
The BMW Foundation	Leadership training and network building

Source: Own

4.3.5 Commitment to South Africa’s SDGs targets

The research found that philanthropic foundations have internalized the SDG agenda. This is the case for independent foundations and those that maintain close links with corporates. All the selected foundations indicated during the interviews, their commitment to helping South Africa meet its SDGs targets. Sustainable goals are a major part of the foundations’ intentions and related corporates’ social responsibility. The Deutsche Bank Foundation, for example, stressed their interest in maximizing the bank’s contribution to the achieving the Paris Climate Agreement’s targets and also the United Nations (UN) Sustainable Development Goals

(SDGs). This is confirmed by Deutsche Bank Foundation's non-financial report of 2021. The Bank's Nonfinancial Report (2021;13) narrate that the Foundation indirectly contributes to all of the 17 SDGs, although, it focuses, specifically, on nine goals as part of their sustainability strategy; these are - Quality Education, Gender Equality, Affordable and Clean Energy, Decent Work and Economic Growth, Industry, Innovation and Infrastructure, Sustainable Cities and Communities, Climate Action, Life under Water as well as Partnerships for Sustainable Goals.

The BMW Foundation's leadership network is also aimed at enhancing the 2030 Agenda. The Foundation believes that the 17 SDGs would not be possible without great leadership. In response the Foundation engages leaders seeking to bring about positive changes in diverse fields as a way of translating the agenda into real action while enhancing leadership in other areas as well. "We work with leaders who follow the SDGs, for example, those who work around the UN Sustainable Development Goals in some shape or form. But I also feel like we are now starting to look more into other leaders as well."

The Mott foundation, through its Civil society grant portfolio, seeks to enhance community philanthropy in Africa, Europe and Latin America by supporting the local development of community foundations that foster, equitable, just, and sustainable societies. One of its objectives is to help communities advance their countries progress towards achieving their sustainable development goals. The Foundation also commits to promoting access to quality educational, ensuring the development of infrastructure and energy for a sustainable future as these contribute to environmental sustainability, regional development and integration (Mott Foundation Annual Report 2020:12).

4.3.6 Perceptions about the civil sector capacity

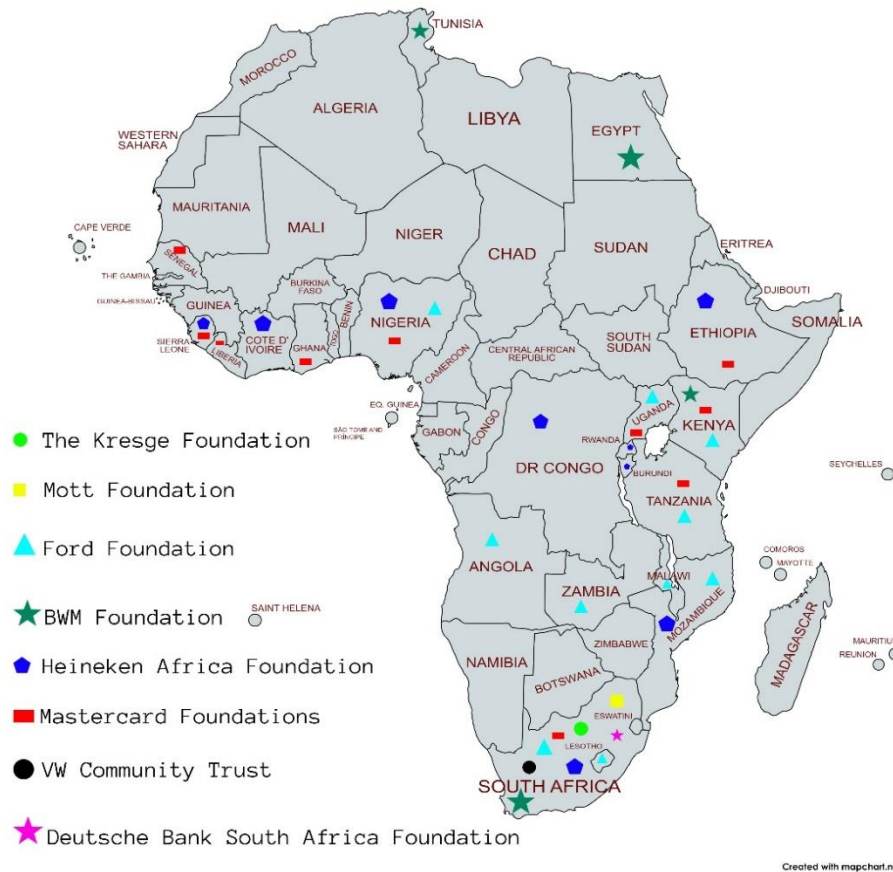
The foundations' good perception about the functionality of South African's civil society and its financial management capacity contributes to their decision to continue working in the country. This was cited as a major attraction to South Africa's development sector. The Kresge Foundation, for example indicated that it was drawn by what it describes as a 'strong philanthropy tradition' in South Africa which dates as far back as the anti-apartheid movement where various activities were initiated by funds raised from various communal philanthropic ventures. Today, this culture they believe, exists in different forms in various sections of the South African population, for example, the business networks within the Jewish business community, stokvels within the black townships, business support networks amongst the Indian businesses and Afrikaans farming communities. The Foundation explained that prior to its full rolling out of its current programme, it "commissioned a proper feasibility study lead by Dr. Mamphela Ramphele, a respected South African academic, social activist and philanthropist, about this type of financing and the ability of SA institutions to raise private capital for development initiatives. This was followed by a whole funded programme to help train institutions to raise private funds." The Foundation explained that it used the so-called 'Unorthodox Capital Campaign Strategy' which is common in the US and Canada; this strategy means that, grant recipient will have to raise a certain portion of the funding for activities or works in South Africa. South African universities which are the main recipients have, according to them, proved to be capable of raising private capital, especially, the University of Cape Town (UCT), University of Western Cape (UWC) amongst a few other universities.

The Mott Foundation stated that they are a grant-funding organization, therefore, most of their funds are not only directed towards other organisations, but also to "unlock other fundings in

the sector”. According to the Foundation, it is interested in funding network organisations that either convene the sector or fund smaller organisations in advocacy and related work. The organisation says it was motivated by results of a few exploratory grants disbursed prior to establishing their first office in 1982. The Foundation believes South Africa has the capacity to carry out their grant strategy.

Some international foundations are strategically located in South Africa in order to have positive spin-offs and unlock potential support for the benefit of the wider region and other parts of the continent. With the exception of the VW Community Trust, the Mott and Kresge foundations, all other foundations work in either the SADC and/or other regions in the continent. The Ford Foundation, for example, in the region works from their offices in Johannesburg, South Africa and focuses its resources towards supporting different organizations, in a variety of areas - higher education, social justice, human rights, sexual and reproductive health. It stated that majority of its recipients are based in South Africa because it sees the country as a hub through which the entire region can benefit from their initiatives. The Heineken Africa Foundation, Mastercard Foundation and the BWW Foundation said they also do a lot of work in other countries across the continent.

Figure one: Map showing foundations' presence across Africa



Source: Mapchart.net

4.3.7 Corporate presence and business interest

This study found that foundations tend to work in countries where there is founding corporate footprints. This brings the question of whether foundations use their philanthropic venture to advance the corporate benefits of their founding corporates. The study found that there is a variety of reasons behind this. Firstly, foundations feel compelled to work in countries where they do business. The Heineken Africa Foundation for example indicates that it has been

working in South Africa and other African countries where there is Heineken footprint since the Foundation's inception in 2007, although, it expressed a need to respond to a country's current needs. While the Foundation claims that their projects exclude those that may lead to direct commercial benefits for the local Heineken operations (Heineken, 2020), the foundations however, acknowledged during the interview that it has to align with its value chain and corporate values in countries. Secondly, resource constraints sometimes compel foundations to focus their philanthropic ventures in countries where they do business. This is also the case with The Deutsche Bank South Africa Foundation, which was initially founded as the Deutsche Bank Africa Foundation and implemented several projects in numerous countries across the continent but later decided to exclusively focus on South Africa where it has its headquarters and from where it does most of its business in relation to the African continent. This was mainly because of resource issues and South Africa's pressing needs. The Bank also claimed that it does not see any direct commercial benefits from the Foundation's work. This, according to them, is because "Deutsche Bank is a niche market in South Africa; it focuses on investment as opposed to operations in mainly European and other markets". The Foundation insists that it is "generally not known and do not necessarily go on marketing campaigns."

The researcher found that corporate presence is not always a factor in deciding where to invest. This is particularly the case for private foundations, which despite clear links to a corporate or corporate leader, maintain their separateness and independence. While corporate foundations generally refer to those that either received initial or continuous financial support, directly or indirectly, from a corporate source, this study ascertained that many foundations that are often referred to as 'corporate foundations' identify themselves differently. Organisations, like the Ford Foundation and the VW Foundation insisted on their independence and separateness from the mother company, despite their historical connection. "The Ford Foundation is not

connected to the Ford Motor Company. The Ford Foundation and Ford Motor Company are two separate and legally unrelated entities, whose operations are completely independent and have been for more than 50 years” (Ford Foundation 2022). The Ford Foundation, therefore, was maintaining its independence from the Ford Motor Company which is a dominant player in the motor vehicle industries in South Africa. Similarly, the VW Foundation also maintains that it is not a corporate foundation; it has, however, set up a different fund under the South African trust laws which require endowed foundations to execute the companies CSI initiatives in any country it is working in. The Mott Foundation insisted during the interview that it has no direct or existing link with the Mott family businesses, however, it maintains a close relation with the family of Charles Mott who founded the Foundation with his private wealth accumulated from the company. The Foundation insists that their decision to work in South Africa is independent from the GM Motor Company which still does work, in many forms in South Africa. The foundation cites their independence as a major reason behind the positive reception they have received in South Africa. While the focus of this study was on the general understanding of corporate philanthropy, it is in line with the researcher’s interest in private sector philanthropy disbursed through foundations, therefore, this category of foundations are still within the scope of this research.

The Kresge Foundation displays different dynamics because of the K-Mart corporation’s involvement over the years. The Foundation acknowledges its historical links to the corporation and the Kresge family during the interview, although, their position is that the company has moved on to merge with other companies who may not necessarily be major traders in South Africa. According to them, “it would be difficult to make the link between the foundation and the company in its new form.” The Foundation maintains that it is an independent and transparent organisation.

Foundation programmes and CSR

The interviews revealed that there is an overlap between foundation's programmes and Corporate's Social Responsibility amongst some of the foundations, despite their maintained independence from the body corporate. The participating European foundations - the Deutsche Bank South Africa, the Heineken Africa, as well as the VW Community Trust - reflect much of this overlapping of activities. All three foundations were initially set up to coordinate their founding companies' CSI activities. The VW community Trust explained that it receives its annual budget directly from the VW parent company as part of the Foundation's CSI programme. Similarly, the Deutsche Bank South Africa Foundation also agree that they form part of the parent Bank's CSI strategy, despite the fact that the Bank may have other CSI initiatives. This is the case with the Heineken Africa Foundation as well. These scenarios are perhaps less reflected in the American foundations which are older and bigger and have, over the years, reestablished themselves as independent entities.

The Center for Africa Philanthropy pointed out during the interview that some foundations, especially those that identify themselves as 'corporates', reflect a different role for businesses in their philanthropic work. This type of philanthropy, according to them, displays a variety of motivations - corporate citizenship, shared value, public relations, the ability to maintain social license operation and legislations as well as the broader environmental sustainability (ESG). This type of philanthropy, the Centre argue should be understood in the context of the broader corporate social responsibility because, despite the corporate motive, they still have a philanthropic motive.

4.4 Development focus

4.4.1 Area of focus

This section of the findings is in line with the research question two which seeks to understand who are the recipients of the foundations' gifts, how much they give and also the reasons behind their choices of recipients. The findings reveal that different foundations focus on different areas in South Africa. This information is generally known and often publicized on the foundations' webpages and other communications; however, it is not always clear what informs their choice of programmatic areas. The study discovered that international foundations' area of work, may or may not, necessarily be similar to what they support in their home countries or elsewhere in the world and that these decisions are influenced by a variety of reasons, as shown below:

Education, training and skills development

In the United States, the Kresge foundation has traditionally focused on the arts, building American cities and educational programmes. Outside of America, the Foundation's work, specifically, in South Africa has a focus on higher education. In the interview with the officials of the foundation, they indicated that they have, over time, reached out and worked with almost every university in the country, through programmes such as Siyaphumelela. The Universities include - Cape Town, Western Cape, Nelson Mandela Metropolitan and Wits. According to interviewees, the focus is on higher education because even though enrollment in these institutions has increased, their goal is to improve graduation rates which have been stagnant even with the increased enrollment. The Mastercard Foundation's priority areas include its flagship education scholarship, as well as their Young Africa Works Strategy and other regional and continent-wide initiatives that seek to address youth unemployment and to help

create work opportunities for African youth (The Impact Strategy Report, 2020:3). The Deutsche Bank South Africa Foundation adheres to the Bank Group's CSI strategy and framework which focus on education, enterprise and in community development. The needs are different in every country, hence, and the company is involved in various CSI initiatives in other places, but in SA, the Foundation saw the need to focus on education, "We realized that education development is a big need in the country and for the country to work, it has to start from the bottom and when that fails everything becomes remedial; so, our focus is on early childhood development's teacher training. We believe that one individual teacher has the potential to impact so many learners. We focus mainly on young unemployed teachers. Our sole objective or mandate is financial support for those NGOs or public-benefit organisations that offer training with a philanthropic intent; we are giving money to people who will make a difference in society."

Democratization

The Mott Foundation in South Africa specifically works in the social justice space and allocates varied grant amounts for different projects. The Foundation expanded during an interview that its approach is community-centered in that they "set up community social justice/community legal services organization". The Foundation insists that their current strategy is for the people at the community level to get legal services and justice. The Foundation referred to its earlier programmes, such as, the Democracy Foundation Programme and Defunct Programme which did related work, as the building blocks for its current focus.

Climate change, water and sanitation

Climate change and the threat of global warming have received a lot of attention from international foundations that are also focused on other priorities. Outside the gender equality work, the Ford foundation, under its natural resources programme, looks at environmental and

community-related issues in the mining sector. The Foundation focuses on consultation with communities in mining areas, in relation to - mining policies, benefits shared from the resources from those mining towns, how government and mining companies adhere and implement policies that are in place, giving communities a voice as well as communities' ability to hold government and mining companies accountable. Closely related to this, is the issues of water conservation and hygiene. The Heineken Africa Foundation outside of its maternal healthcare programmes, also focuses on initiatives that have to do with - water conservation, sanitation and hygiene (WASH) in nine countries on the continent. These initiatives include providing training for healthcare professionals through universities as well as some collaborations with the Department of Health. The Heineken Foundation agrees that there is always alignment between the company and foundation; generally, the alignment will depend on the value chain of that specific business, for example foundational elements that would link with the logistics element. The Foundation also agrees that WASH and climate change are big elements in development, outside of what they do.

Healthcare

The Heineken Africa Foundation has shown great interest in health-care development in South Africa and other regions where they operate on the continent. According to the Foundation, their focus on healthcare, particularly for mothers, is because, "Everybody deserves good quality healthcare. Unfortunately, many communities in sub-Saharan African countries do not have access to basic healthcare and clean water. Our support for projects in this area is, therefore, to improve health for those people who need it most, because everybody deserves to live a healthy life."

Leadership

The BMW Foundation takes a significantly different approach to development. The Foundation said during the interview that they are not a grant-making foundation but focuses on building leadership networks to enhance leadership quality in various countries across the world, including South Africa, the ADC region and other parts of the continent. The focal point of other work is the global Responsible Leaders Network, which connects and assists over 2100 leaders in different countries, which operate in different sectors, as a means to leverage political and social change. Much of the Foundation's expenses go into these programmes and projects. The Foundation's initiative in South Africa and the region is relatively new and perhaps less mature than their networks in North-America and Europe. The Foundation, however, according to it seeks to broaden the networks and hopefully establishes other beneficial opportunities for organisations and leaders in their network.

Equality

Having worked in many areas, such as rural development, HIV/AIDS and reproductive health, the Ford Foundation's officials indicated that they currently do most of their work on gender ratio and gender-based violence. The Foundation stated that initially there was no harmonization of programmes at the global level, hence, each region would choose an area to work on but this changed around 2019. Amongst the 3 global areas of interest for the Foundation are - civic engagement and government, gender and ethnic justice and natural resources and climate change. The Ford Foundation indicated during the interviews that their operations in Southern Africa are two-pronged - working on gender ratio, as well as natural resource and climate change; inequality is a very broad area, so the Foundation focuses on supporting individuals, institutions or ideas that are addressing gender-based violence. The

Foundation describes gender-based violence as a global pandemic but in South Africa, in particular.

4.4.2 Resources: Sources of money and grant allocation

Part of the literary challenges on global philanthropic activities is the inability to accurately quantify the sector's contributions and impact, instead, various estimation has been made especially, by the American foundations. This study was also unable to track the overall financial contributions of international philanthropic foundations to South Africa's development however, the study was able to track foundations' diversified funding models and estimated allocations made by the selected participating individual foundations. The study revealed that different foundations apply diverse funding models which rely almost exclusively, on proceeds made from the initial endowment, made by their corporate funders. The Kresge foundation revealed that organisations initially supported individual projects totaling about 100 000, but decided to start a nationwide programme like the Siyaphumelela grant with about 26 grantees. The organization says it is more strategic with its grants now as opposed to isolated grant, for example towards a building fund for UCT's James Hall and a library, as well a Health Department at UWC. Historically, they paid up to \$2-3 million to UWC and \$1.5 million to UCT, but currently, the grants do not have a specific amount but depend on the proposal and activities approved by the Board. All their grant money comes from the Foundation's revenue, from the initial endowment fund by the Kresge founder which was worth around 4,5 billion US dollars as at 2022. The endowment grows from its investments, as well as loans made to other NPOs in the United States; these proceeds fund all organizational activities and costs as well as staff salaries. The Foundation insists that although

the stock investments are obviously affected by market performance, the organization's finances have remained quite healthy. This was also expressed by the Ford Foundation during the interviews which disclosed that market fluctuations affect its performance and returns every year, hence, its budget, however, the policies remain the same. The Foundation, therefore, has to spend in accordance with what they make because there is no external additional funding as it relies solely on the endowment fund. The endowment is currently worth over \$16 billion US dollars as of 2022, therefore, the foundation is able to spend a considerable amount every year, despite the amount of return. A Ford foundation grant, as per the 2022 figures, is between 200 to 300 thousand Rands for 24 months. The Foundation explained that it tries to keep grants at two-three years periods. The 2022 budget decreased to R8 million from R12 million in 2021 which included additional funds for Covid response.

The Mastercard Foundation was incorporated in 2006, through a gift of Mastercard Incorporated shares. The Foundation's assets are estimated to be worth over \$ 31, 477,405 US billion dollars as of December 2020. The fund consists of unrestricted funds which are used for charitable disbursement and restricted funds which represent investment in Mastercard Foundation Incorporated which are subject to disposition by the company. The Foundation spent around \$776, 697 billion in the 2020 financial year in disbursement to qualified grantees and some third-party organizations across Africa. In South Africa alone, the Mastercard scholarship programmes committed \$23.6 million to help educate at least 60 undergraduate and 240 disadvantaged graduate students in South African universities (Mastercard Foundation, 2022).

According to the Mott Foundation 2020, the foundation has assets worth over a total of \$3,940,484,030 as of 2020. The Foundation revealed during the interviews that it has different grant sizes, which include, firstly, a \$25 000 token grants which would ordinarily be a sign of

support for organizations that do advocacy and other related work in the social justice space; this may be in the form of fees for membership to associations and other sectoral networks. Secondly, they have a \$50-100 000 programme grant and lastly \$450 000 multi-year grant. The Foundation also stated that its only source of money is an endowment fund that was first made by Charles Mott from his personal wealth, made from General Moto Company. The fund has grown over the years and is now invested in various places, including stocks; it has set up an entire investment division to look after its funds. The organization said they have awarded a total of approximately, \$3.7 billion in grants to organizations in 72 countries. In South Africa, money was given to universities working on different themes and projects, like the Cape Peninsula University of Technology in Cape Town, North-West University, Potchefstroom and Wits University's Centre on African Philanthropy and Social Investment (Mott Foundation, 2020).

The Heineken Africa foundation revealed that they fall under global corporates, so it is funded by the company; since its launch in 2007, it has committed up to EUR 13,5 million to 128 different projects focusing on health and water and has been able to spend approximately EUR 1 million per year. "Based on the fact that we have a broad area of focus, you have different brackets of how much is being funded, based of course on the proposals that are received, as well. These vary but what is important for the organisation is that each area has a different focus and targets in terms of funding."

The Deutsche Bank South Africa Foundation stated that it supports on average, about 36 ECD trainers annually in South Africa. Without revealing the amount of money spent on these projects, the Foundations admits that the number of projects has declined over the years because of limited resource. The Foundation had to first cut those that fell outside the scope of education but later had to reduce the number of projects in their framework, as well, in order to have better impact.

The BMW Foundation stated that it has doubled its assets from 50 to 100 million EUR in 2016 and received over €13,499,856 from interest rates, donations and other income from the BMW AG in the 2021 financial year. A total of about €13,364,900 was used for the Foundation's programmes and other expenditures; from this, an amount of over €2,744,899 went towards supporting its Responsible Leaders Network which forms part of the Foundation's focus area and involves over 2100 leaders, from across the world. They have no stipulated amount of money to spend in South Africa annually.

4.4.3 The process of giving

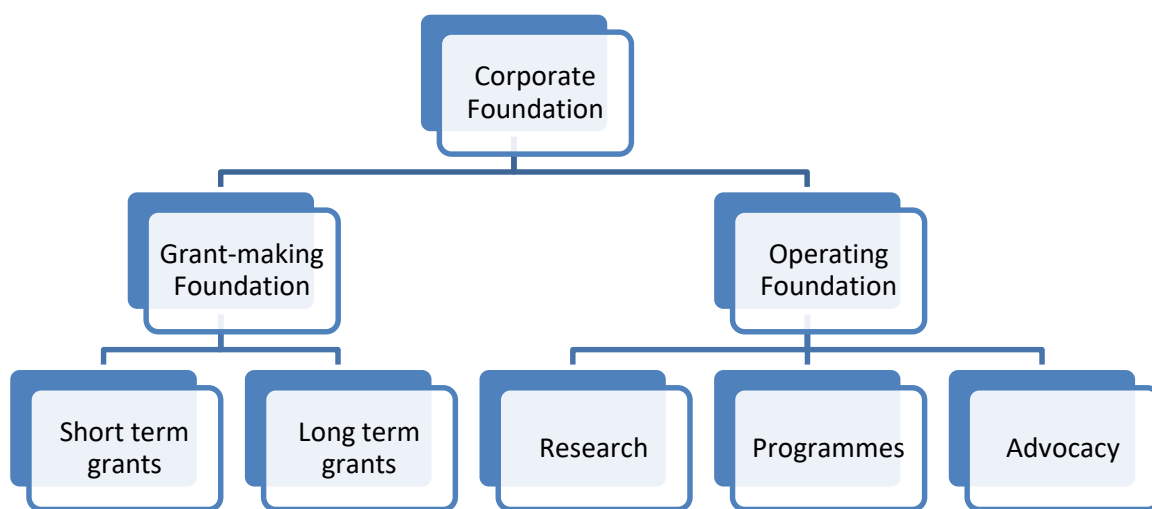
4.4.3.1 Foundation set-up and structure

The data collected revealed that almost all foundations have a similar structure where the Board of Directors have almost absolute decision-making power. This includes the power to decide on the activities, organizational strategies and grant amounts to be disbursed. The Kresge Foundation revealed during interviews that while the director and other officials can propose, recommend and review grant application or proposals, the final decision has to be made by the Board of 12 members where one person, from the Board is a direct descendent of the founder. The Mott Foundation also revealed that grant-making is centralized (or the decision-making aspect of it). "All approvals for grants are done by the President of the Foundation who has been assigned the power by the Board, following recommendations by the South African Programme Officers." This process may, on occasions, exclude some smaller grants which can be approved by other leaders in the organization, but substantial amounts are always approved by the President. The Mastercard Foundations takes a similar approach where

the Board of Directors approves the transfers of both internally restricted and unrestricted-funds disbursed for charitable commitments.

International philanthropic foundation generally reflects the organisational structure depicted below:

Figure two: Typical structure of philanthropic foundations



Source: Own

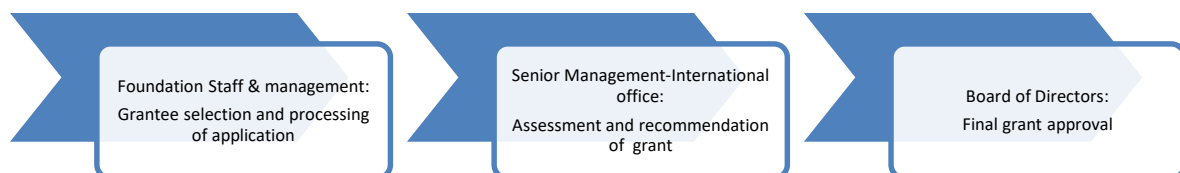
Foundations have a hierarchal grant-making process which may involve the regional office and the international head office. The Ford Foundation described its grant-funding process during the interviews as a “collaborative decision-making process. The programme team, led by the - programme manager makes the decision and that is taken to the regional director for formalization; it might be necessary to write to the international director of president if it is an international programme. This also applies to grants that are over R200 thousands, where the president has discretion to make the grants.” This, according to the Foundation, is not

necessarily to ask for permission but to get guidance and information-sharing on good practice. The Foundation indicated that no funding is approved regionally in Southern Africa unless it is on a serious ethical issues basis.

The Heineken Africa Foundation has almost a similar formal structure which includes an Advisory Board (seven members), trustees (four members) and the technical staff, led by the General Manager. The Heineken South Africa Foundation has proper guidelines, in terms of its structure and function and involves all role players. There seems, however, to be a close relationship between the corporate and the Foundation despite its claim for independence. The Foundation stated that it gets “support from different departments at Heineken Head Office (legal, communication, financial control). The Foundation’s General Manager falls under the Heineken Collective Labour Agreement and part of her/his salary is charged to the Foundation.”

The Deutsche Bank South Africa Foundation is run by a Board of five members and management staff, although, some managing staff are also part of the Board. The Management is responsible for taking decisions, but everything has to be approved by the Board of Directors, therefore, every major decision taken outside the Board’s meeting, would have to be shared with the whole Board, including matters pertaining to finances and other aspects.

Figure three: General funding process in private foundations



Source: Own

International Foundations generally display a “mixed-model” grant model which involves a variety of functions, at different levels of the Foundation’s management. The Ford Foundations’ process is done in two ways, first, recipients can make requests and if the idea fits the requirement and align with the work. Secondly, because of the network and experience of programme officers, they are able to reach out to organizations and have conversations to see if they are willing and able to proceed with funding, sometimes this is through referrals from other organizations. The BMW Foundation also relies on its own capacity to select the right kind of people to work with. The Foundation looks for, “People who have influence on a community or influence on an organization. It's not like a hierarchical way. We believe there's leadership in everyone and in all shapes and forms, but it's people who have some sort of influence on others as well”. The Mott Foundation also claims that because of its experience in the country and sector awareness, it can make the right decisions in terms of identifying suitable organisations to allocate grants to. The Foundation admits that it might be, sometimes challenging for programme-officers in South Africa to translate the local realities to an American-based Board with no local context in certain country-specific challenges but the processes still work out because, the Foundation is committed to learning and helping a country’s causes.

4.4.3.2 The role of founding corporate and/or family

Different foundations explained their interaction with their founders/founding companies, and their families during the interviews. The study found that the relationship is vastly different for private foundations that operate independently of related corporate and those that exist within

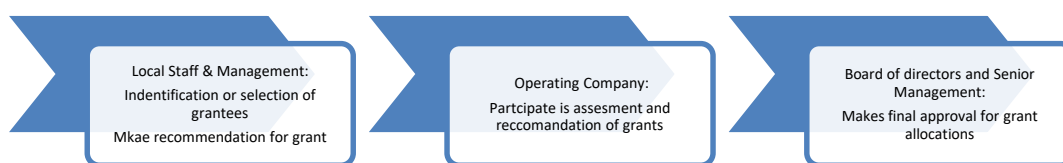
the CSI framework of their founding corporates. Independently-run foundations display no operational relationship with related corporates; therefore, the latter are less likely to play any role in the foundations' operational affairs. This excludes the role of some family members of their founders who remain active in the Boards of some foundations. The Mott Foundation, for example, stated that it has a few family members of the Mott Family on the Board. The Kresge Foundation also revealed that it has a relative of the foundation's founder in its Board's membership. The Foundation argues that it has moved on, since the death of its founder, to become completely independent and has built its own reputation and relationships through its programmes and activities in South Africa and elsewhere in the world. Furthermore, the Foundation insists that it currently does not have close ties with the company (K-Mart) which has moved on to merge with other corporates. Similarly, while the Ford foundation acknowledged its links to the Ford Motor Company, it maintains its separateness and independence from the corporate, which according to the interviewee, has no role to play in the running of the Foundation, including funding and operational processes. The BMW Foundation also describes itself as separate from the BMW corporate, despite some links. The Foundation has a separate Board structure which is responsible of the foundation's operations, independent of the corporate. The Foundation is, however, open as it has, in the past, had collaborations with BMW only for "matchmaking initiative between some of the senior leadership in BMW Group with some really promising leaders in the network", hence, for mentorship and leadership development.

This picture is, however, different for foundations that operate within the CSI framework of their corporates, although, despite their independence, foundations such as Heineken, work hand-in-hand with the Heineken local corporate on operational issues, including grant-making process, "the final selection and awarding to the projects are done by the Board of Trustees that

bases its decisions upon the recommendation of the Advisory Board, which consists of mainly external experts. The external advisory board members receive a yearly voluntary contribution to cover costs, including travel costs.”

The grant-awarding process usually starts with a call for applications in areas where the company and the Foundation has a footprint. The calls have a timeline and goes through a process of - assessments, review and approval. The process is very open but depends on the local corporate in South Africa. “All grant applications have to go through local corporate first, for assessment, shortlisting and interviews; the applications will then be sent to HAF for further assessment and approval.” This, as suggested during the interview, does not necessarily mean the corporate has all the decision-making power with respect to grants, as a final decision has to be made by the Foundation’s board. The Deutsche Bank Africa Foundation’s decision to focus on education development is in line with the Deutsche Bank Group’s overall CSI framework. The Foundation revealed, during the interview, that although the global corporate does not prescribe, the focus has to be in line with the Deutsche Bank Group’s framework. The Foundation concentrates on education, specifically early childhood development which it describes as a serious need in the country.

Figure four: Funding process involving founding corporates



Source: Own

4.5 Foundations' engagement with development actors

This study finds that various international foundations work, collaborate and engage with various stakeholders in South Africa's development sectors, depending on their programmes and approach. This usually includes - direct grantees and beneficiaries in the form of local organizations and institutions. Foundations also engage at different levels with other actors including government departments and other aid agencies. During the interviews with the various foundations and other players, it was revealed that these engagements are characterized by different dynamics, as shown below.

4.5.1 Donor-grantee relationship

Foundations generally have cordial relationships with their direct beneficiaries who are, in the main - local NGOs, charity organizations and academic institutions. During the interviews, the Kresge Foundation described its relationship with its beneficiaries as mutually respectful. The Foundations claimed that these respectful relationships are the reason it managed to sustain its partnerships with institutions, such as UCT and many others with whom it has been working with since its entry into the country; this relationship has been maintained through events and seminars. The Deutsche Bank South Africa Foundation said they have not engaged with many new partners/beneficiaries since its inception in South Africa in 2001. Initially, the foundation, supported a number of projects in various fields, such as the environment and animal conservation but later shifted to focus on education. This process was, "done thorough scanning of the sector to understand who's who and who does what in the education space through communication network and attending a lot of corporate and philanthropic events and

seminars.” A lot of the projects that the Foundations cover are projects it has had in the past, like Brainwaves, although, some of the newer ones have been supported since 2014. This, according to the Foundation works better because all their beneficiaries align with the organisational strategy and this is essential considering the limited resources.

On the contrary, some foundations prefer short term engagements for a variety of reasons. The Ford Foundation, for example, expressed that, although it does build new relationships with grantees but is careful about creating expectations, so it would give a 1-year grant to see how well the recipient manages the grant before creating longer-term relations; this approach is deemed necessary so as not to create donor dependency. The Foundation is very careful on how it structures its relationships with grantees but describes relationships with the latter as very cordial. It is a grant-making organization whose role is largely to disburse funds and flexible management of grants without giving too much of a burden to them, thereby, allowing them to do their work freely.

International foundations prefer funding credible organizations with recognizable networks and experience in the field of work. The Heineken Africa Foundation stated during the interview that they have intentionally supported credible registered organizations with vast experience, good partnerships and have association with other players. The Foundation is also particularly interested in beneficiaries that have positive relationships with the government, including local governments, and municipalities. This is because the Foundation wants to know if it is communicating and complying with the relevant government authorities, like the Department of Water Affairs and Department of Human Settlements for projects that are implemented at a local level. The Foundation contend that all of these attributes are important in order to build solid partnerships and a lasting impact. Similarly, the Mott Foundation

revealed that it works generally with network organisations that can fund other smaller organizations, for greater impact. It insists that because of its experience in the field, it is able to pick beneficiaries that will align with its priorities and objectives.

4.5.2 Decision-making and donor-power

International foundations generally hold the overall decision-making power about funding; this includes the choice of beneficiary, the scope and direction of funded projects. The processes of funding differ with each foundation, however, final decisions are taken by the controlling bodies in the foundation, whether in the local/South African office or its global office. The Mott Foundation maintains that it identifies organizations to give grants to. The Foundation assert that it has been in South Africa long enough to make the right decisions on who to fund. The Deutsche Bank South Africa Foundation revealed that they do “not have open call for funding but source out all its beneficiaries and partnerships through a whole lot of networking and understanding other players in the space and whether it aligns with our mandate.” The Kresge Foundation revealed that it follows a similar approach through their current funding programme, specifically for universities; these can approach them for particular projects which may be a move away, from their initial projects when they made grant requests. The decision-making power of the Foundation is followed through even for open calls for grants.

4.5.3 Engagement with South African governments

Foundations generally do not fund government-led initiatives or have any relationship with government entities. They still, however comply with domestic regulations for international and domestic NGOs. All interviewed officials acknowledge the need for foundations to

cooperate with regulations and domestic laws; this includes submitting mandatory documentation for compliance with the Department of Social Development. The Department of Social Development also indicated that international foundations comply with departmental and legislative requirement. The Deutsche Bank South Africa Foundation describes these processes and requirements as necessary and fair, posing no real challenges, except, maybe extending the processing time and the long queues at the Department's office. Similarly, the Heineken Africa Foundation confirmed compliance and ensuring that together with its beneficiary organizations have a good working relationship with government. The Foundation acknowledges that this is particularly essential because it works in water conservation space through its WASH programmes and in the health-care sector, both of which require regulatory support and compliance with national governments, in South Africa and other countries where it operates.

The almost non-existent relationship between international private foundations and host governments, does not mean these entities do not engage with government entities. Amongst the selected foundations for this study, some acknowledged that they do engage with government, although at very limited and often strategic levels, in order to benefit their philanthropic work in South Africa.

The Mastercard Foundation explicated that part of its strategy is deepening their engagements with both government and the private sector through their Young Africa Works, in order to identify priority sectors and better understand economic growth objectives in the 33 beneficiary countries across Africa . The Mott foundation described its relation with the South Africa national government as cordial. The Foundation has in the past engaged with various departments, in particular, the Department of Social Development which has on an occasion

invited it to find out more about its programmes and initiatives. The Department of Social Development confirmed that although they do engage with international foundations, their engagement does not go beyond regulatory issues. The Kresge Foundation also indicated that it has no particular relationship with the government but it does attend each other's events, although, it engages more closely on issues around their work. The Ford foundation described its relations with the South African government as 'strategic' in the sense that the only time it engages with government is when the matter is aligned to the Foundation's strategy. For example, in its gender portfolio, the Foundation engages with the Department of the Presidency by providing support to the office as it does its national strategic plan and on the GBV and femicide fund, which was established in 2021. The Foundation also works with the Department of Women because it works on gender-based violence issues. In these circumstances, the government is a strategic partner needing to react to the Foundation's interest so that gender-based violence is recognized as a major problem that requires policy priority and government funding in response. The Foundations noted that from this front, engaging with the government becomes very critical. The Ford Foundation said it has also engaged the South African government in order to push their programmes at regional (SADEC) and continental (AU) level because of South Africa's position, either as chair of the AU or other positions on these platforms.

4.5.4 Influence on government policy

There is no evidence to suggest that international foundations have any direct level of influence on national policy. This, however, does not mean foundations do not exist in spaces that spark policy debates or have positions on some South Africa's issues. The Kresge Foundation claims

that it does not advocate for any policy change but, “Pushes for a stronger society because we believe this is great for enhancing democracy. We are not allowed to partake in political rallying or lobbying or advocate for policy changes including regulations that regulate international NPOs.” Similarly, the Mott Foundations assert that it is not involved in policy advocacy but strives for a just society, hence, there is very little or no evidence to suggest that there are perceived to be meddling in the country’s political and policy affairs.

4.5.5 Policy environment

In relation to the policy regulating NGOs in the country, all participating foundations described the NGO sector as accommodative and mostly functional for international organizations. All the organizations suggested that they find the South African NGOs and civil sector as a thriving environment that allow them to do much of its work in the manner it prefers. The Kresge Foundation describes the South African NGO sector as “conducive.” The Mott Foundation, for example, describes the South African civil-sector regulation as conducive. The Foundation enjoys what it regards as “relaxed NGO regulations” which make it easier to do their work. Similarly, the Kresge Foundation sees very little wrong with the NGO regulations in South Africa, which it describes as ‘fairly conducive’. The Heineken African Foundation sees the suitability and conducive nature of the policy environment as something that changes and requires the foundation to change and adapt with time. Like all local NGOs, international foundations are registered with the Department of Social Development as Non-Profit Organizations under Section 12 (A-O) of the Nonprofit Organisations Act, 1997 (Act 71 of 1997). The Deutsche Bank South Africa Foundation expressed the point that they do not find the policies, laws and regulation from the Department of Social Development and Department of Education as constraints. It described its latest hurdle, ECD being moved to the Department

of Education from the Department of Social Development as an internal government administrative issue which does not affect the Foundation and its beneficiaries.

The Ford Foundation describes the South African NGO regulations as some of the best in the world that allow international foundations to operate freely in the manner they want. The organization stated that it finds the regulations as quite flexible, although, that may be something that others might critique as giving too much room to international donors. Like other American foundations, the Ford Foundations found many challenges in ensuring that it adheres to both the American and South African regulations because of the contradictions that occur when working internationally. Some of these contradictions include, definitive terms of what constitutes an NGO in America, in contrast with South Africa. American foundations like the Ford Foundations were forced to make equivalency test based on the US criteria of an NGO, in order to ensure that it was compliant.

4.5.6 Political climate

Beyond the NGO regulations, international foundations find south Africa a politically stable and safe environment for international aid agencies, with less interference in the private development space. This view is shared by all the participating foundations who individually narrated no experience of political interference or pressure on their work in the country or on themselves. The Mott Foundation, in particular stated that the South African political landscape, unlike in many politically-unstable countries, deals with international agencies with less suspicion and this allows them to conduct their programmes with much ease. The The Mott Foundation, suggests that the size of its programmes and grants, which it describes as ‘medium’

in comparison to other international foundations, brings less attention to its activities and less political scrutiny.

4.5.7 Engagement with local development actors

Apart from their direct beneficiaries, international foundations have displayed minimal interaction and collaboration with local development actors; the reasons for this differ with each organization. The Mott Foundation does not have any formal collaborations with other local actors beyond their direct beneficiaries but have described its engagement with other organisations as ‘functional’ as it has been in the country and worked in the social justice sector for many years. The Deutsche Bank South Africa foundation asserted that it generally does not collaborate with other local organisations for projects outside their criteria due to financial constraints. The Foundation sees itself as relatively constrained in terms of finances as compared to other big banks, hence, it has resources just enough to sponsor its current projects. The Foundation does, however, attend collaborative meeting and supports other actors but has not formally partnered with anyone. It further indicated that it would participate more if it had more resources. The Ford foundation has also worked with the South African Development Trust on a number of initiatives and has worked with regional bodies, such as the AU and SADEC organs on regional programmes. The BMW Foundation also revealed that they too have had some collaborative engagements with local partners in their local leadership networks but not in formalized partnership agreements. This includes working with organisations like, Ashoka Africa, as part of its efforts to build local leadership networks and initiating the ideas of leadership building. These engagements were often in the form of participation in leadership summits and facilitating related leadership-building activities. Its focus, as expressed during

the interview, is to create beneficial networks for local leaders through local connections and leadership-community networks.

International foundations do have some notable engagements with philanthropic bodies involved in research and other sectoral work, despite the limited collaboration with local development actors. Most notably is their engagement with the Independent Philanthropy Association of South Africa (IPSA). The Ford Foundation has, for example, worked with the IPASA to learn more about how private philanthropy works in South Africa, in order to improve the way that that the Foundation works. The Foundation also worked with the Human Science Research Council around its work on GBV and these research reports have helped the Foundation to think about finding innovative ways to roll out its own GBV programmes.

4.5.8 Relationship with global development actors

Despite their global outlook, size and financial muscles, international foundations in South Africa often have minimal to no interaction with other international development actors in the country. Generally, foundations operate isolated programmes with local beneficiaries and in some cases, other local collaborators. The Heineken Foundations claimed that there are rare occasions where it does partner with other international organisations and other specialist organisations in the space, to ensure greater impact and sustainability. An example for this is its most recent collaboration with World Vision and Water Aid. The Foundation explained that it engaged in such collaborations to ensure projects' sustainability beyond their funding and to identify and work with partners that will stay on and carry the project forward. The Heineken Africa Foundation Annual Report (2021: 127), concurs with this by indicating that it has

“participated in advocacy initiatives through platforms like the Alliance for CEO Climate Leaders, the Net Zero Movement, the International Alliance for Responsible Drinking, the Dutch Sustainable Growth Coalition and the United Nations ‘Orange the World’ campaign against gender violence.” Globally, the Deutsche Bank South Africa Foundation’s collaborative efforts are often limited to the Deutsche Group’s global initiatives. For example, the foundation reported during the interview that they have participated in the group’s global mental health initiative alongside other Deutsche Group partners, during the Covid-19 lock down in 2020. “The global group would have different themes in different years and all the regional foundations would participate in that, within their regions”.

The BMW Foundations expressed the fact that their development approach is based on building networks. The Foundation asserted that it is always keen on building partnerships with like-minded organizations, “we form collaborations where we can see there is shared value in our visions and missions. We want to cross fertilize these networks, so people have a larger community to tap into and work towards the same type of goals.” The Foundation has in the past collaborated with organizations, such as the Obama Foundation. Similarly, the Ford Foundation says it has, over the years, been involved in donor collaborative efforts with many other donors. The Foundation said it “believes in shared lessons around challenges and funding approaches”; this is essential because if donors do not communicate, then there is a risk of duplication of programmes.

All selected foundations for this study indicated that they are generally received positively by other development actors, with relatively little misconceptions and misunderstanding. The Mott Foundation acknowledged that, while there is not much suspicion about its involvement in social justice issues in South Africa, there have been instances of misunderstanding about

what it is that it does in the social justice space. The Foundation describes its focus as nuanced, for instance, in comparisons with organisations that work in the education space. The organization believes the use of specialized or skilled officials, such as paralegals in the communities, may be, sometimes, seen as a threat to the legal profession. The Foundation argues that there is, generally, very limited funding in its sector, hence, it has to do more in order to have an impact.

4.6 Summary of findings

The study findings show that various factors come into play and influence foundations' decision to give to a particular cause or programme in South Africa. The findings indicate that historical and diplomatic relations between South Africa and the donor-sending countries play a significant role in foundations choice to work in a country. Early foundational work shows that most of them aligned their work with their country's foreign policy to South Africa. The collected data also showed that general perceptions about the South African society and administration of its civil society, make South Africa an attractive and viable option for most international foundations. The study reported that foundations have demonstrated a desire and considerable commitment to responding to at least one of South Africa's pressing socio-economic issues. This is often in line with the altruism and benevolence values of the private founders or corporate's institutional and social responsibility ethos. This, however, does not mean that foundations have no other strategic or corporate-related interest in the country. The presence of founding or related corporate seems to be a factor for some foundations. The results, however, indicate that strategic interests are very significant for foundations that operate within their founding companies CSR framework, however, such interests are less

important for those that have established themselves independently from their founding enterprises.

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

A literature review of philanthropic activity shows an increase in the number of foundations and the amounts dispensed to development initiatives in recent years. There is a global call for private sector engagement in order to finance portions of SDGs and related targets, particularly, in the developing countries. There is, however, very little known about philanthropic organizations, such as foundations and their activities. This means that very little is known about their aid determinants and their motives for carrying out financing of development initiatives. This study was, therefore, intended to explore the giving motives of private foundations, to South Africa's development efforts. This chapter will discuss the implications of study findings presented in the previous chapter. The discussions will be in line with the objectives and research questions that guided this investigation. Furthermore, the chapter brings forth the study limitations as well as the implications of this study findings for further research.

5.2 Discussions

Chapter Four of this paper presented several findings on the determinants for foundation giving. From this, this study draws several conclusions about the giving motives of corporate foundations to South Africa. The study seeks to meet two research objectives; firstly, to determine the giving motives of foundations and secondly, to determine how their giving

motives are affected or affect their relationships with other development actors. From these, four research questions were developed to guide the study. This section of the chapter discusses the study finding in response to the four research questions.

The first objective of the study was to investigate the international foundations' giving motives to South Africa and what the donations are used for. To do this, this study sought to respond to two questions:

Question 1: What are the motives behind international private foundations' aid to South Africa's development?

To understand the foundations giving motives to South Africa, this study sought to understand the general inclination to give. To this effect, the study found benevolence as an important factor for giving. This is heavily influenced by the founding corporates or private founders' charitable mission and objectives. Most philanthropic corporate leaders' initial objectives for creating private foundations were the need to use their private wealth towards making a social impact for the greater good of society. The study also found that the idea of corporate citizenship is a driving factor behind corporate philanthropy through foundations. This practice is related or is part of the corporates' CSI strategy, where foundations and related trust are sometimes set up for the sole purpose of executing the corporate's CSI duties. Related to this are various regulations and tax laws; for example, in the US and other countries, foundations are required to spend a certain percentage of their annual revenue to continue to operate legally. For these reasons, the study found that giving and charitable activities by corporate leaders have become a regular practice in many countries.

The second determination that the study sought to make with regards to the first question is why foundations give to South Africa, specifically. To answer this, the results identified a variety of factors. Firstly, historical ties and diplomatic relations between the host and funding country is a significant factor. The relationship between South Africa, the United States, Germany and the Netherlands where the selected foundations originate played a crucial role in the foundations decision to work in the country. All these countries have long history of political, economic and development corporations, signified by the countries' missions in South Africa. Politically, these countries have had long history that predates but include their support role during South Africa's democratic transition from colonialism and apartheid. Some foundations such as the Ford Foundation's philanthropic activities have been linked to strengthening the partnerships between South Africa and the US; these activities are also in line with the US foreign policy to South Africa, focusing on human rights, democratization and related areas. Economically, South Africa engages with these countries at different levels including trade and investment. South Africa is an important trade partner on the African continent for the US, Germany and the Netherlands; these countries are among South Africa's biggest export market globally. While international foundations do not have direct relationships with the South African government, they enjoy cordiality from South African government departments, embassies and other entities as evidenced by the constant engagement and event attendance by government official representatives, including ministers and diplomats. All of these factors work to foundations' advantage and places South Africa as a preferred choice for philanthropic investment by international foundations.

Related to this is the issues of policy environment and political stability. International foundations have shown interest in working in politically-stable environment with regulations that do not interfere with their work. Foundations are drawn to countries with no heavy political

tensions, excessive scrutiny and regulations that may limit or affect their operations in some way. This study revealed that countries, such as South Africa, where there are “relaxed” NGO regulations as expressed in this study, make a good choice for development interventions by international foundations. This under-regulation may be been criticized by those who argue that such countries may be too receptive for political interference by foreign organizations. Whilst foundations are aware of these criticisms, they maintain that they are apolitical entities and their non-partisan stature is well-known, hence, they undergo little to no scrutiny by governments, political formations and different sections of the population, in different countries.

Secondly, this study determined that South Africa’s development needs are a key factor behind philanthropic donations and programmes by foundations. In line with their benevolence and altruism inclination, different foundations have identified and responded to various specific need areas in South Africa’s development landscape. These areas may differ or align with the foundations’ focus areas in the world, including their countries of origin. There seems to be a general perception that South Africa is doing well compared to other African countries, however, many foundations hold the view that there is still a dire need for development assistance in the country. Foundations’ move to provide resources is also influenced by declining official aid flows coupled with limited government funding in certain development areas, over the years. Some corporate foundations have decided to focus specifically in South Africa and reduce or stop their operation elsewhere in the continent because of declining resources, due to poor market performances which affect their endowment returns.

Thirdly, most corporates and related foundations have committed to supporting SDGs in South Africa, which is one of the 193 countries that adopted the 2030 Agenda for Sustainable Development in 2015. The sustainable development goals are a framework to guide global development between 2015 and 2030. All selected foundations have dedicated their resources

to helping South Africa meet its SDGs targets and goals. Sustainable development agenda has over the years become a major part of many corporates and foundations' objectives and forms a big part of their budgets and activities.

The fourth determination that this study made with regards to foundations' giving motives is driven largely by their perceptions about the country's civil society and its potential for development impact. International development foundations are most likely to invest in a country when they hold a positive perception about the capacity of its local civil sector, in particular, its ability to form partnerships, implement sound financial management, be transparent, as well as the ability to raise private capital for sustainability purposes, post their investment. Foundation such as the Kresge foundations in particular are attracted to the "strong philanthropy" tradition in South Africa. The availability of private funds in the country and ability to raise these funds by local recipients is another attractive factor for international foundations. While this aspect is a benefit for local development organizations, it means South Africa as a country, with better access to resources, in comparison with many other countries in the African continent, stands a better chance of receiving philanthropic funds from international foundations than other countries on the continent or elsewhere, with similar or more needs.

Lastly, the findings revealed that corporate presence is a major factor for philanthropy. Foundations tend to work in countries where their founding corporates have a footprint. This is particularly the case for foundations that were set up to execute a company's CSI duties and those that remain a part of the corporate founders' operations. This creates the question of whether foundations use their philanthropic venture to advance the corporate benefits of their

founding corporate of founders. The study, however, discovered that there are different dynamics and factors to this. Firstly, foundations feel compelled to work in countries where they do business. The Heineken Africa Foundation for example has been working in South Africa and other African countries where they have had footprints since 2007. Similarly, foundations such as the VW Foundation and the Deutsch Bank were also set up to coordinate their founding companies' CSI activities in the countries, they operate in. There are clear overlaps between foundations' programmes and corporates' social responsibility, despite this, foundations do respond to a country's current needs. Whilst these foundations maintain that there are no direct commercial benefits from their foundation's work, it is unclear and difficult to determine if their operations do not contribute to corporate or brand marketing. Related corporates, thus, may benefit significantly through brand awareness and reception in countries where they operate, whether the foundation's work was intended to benefit the corporate or not.

Some foundations maintain their independence from related corporates, despite historical links, therefore, their entry and operations into a country like South Africa have no relations to corporate presence in the country. This is perhaps more visible in the case of foundations such as the Kresge Foundation which has outlived the related Kresge business. The corporate has changed and got incorporated to other corporate entities, that may be the case, but the Foundation continues to operate, bears the same name and maintains links with members of the Kresge family. It is hence, quite difficult, in such instances, to make a determination that the founding corporate has some influence over the foundation's activities.

Question 2: What are international foundations' development focus on and why?

The second question that the study sought to obtain answers for was the international foundations' areas of focus and motives behind their choice of these initiatives. Part of this was

also to understand their giving trends in terms of the grant sizes and the processes followed in allocating funds to their preferred development. The study sought to understand if any of these factors had any bearing on their decision to work in South Africa. This research found that different foundations focused on different areas in South Africa and this was driven by a variety of factors. Foundations' areas of work are sometimes similar and in line with their focus areas elsewhere, yet, they are sometimes very unique and specific to South Africa's development context and need. In other words, some foundations are set-up or decide to work in South Africa to respond to a specific development need in the country while doing different or no work elsewhere in the world. The study also revealed that foundations' reasons behind their choice of work are influenced by a variety of factors. Issues of democratization, such as human rights, gender equity and social justice are high on the agenda of some foundations, particularly the American Foundations, some foundations prefer to work traditional donor-areas, such as education. There has some progress made in these areas, however, these foundations recognize that there is a great need in education, including basic and higher education. Some foundations provide development assistance in reproductive health, maternal and child healthcare, HIV/AIDS treatment and research. The threat of global warming and climate change has received a lot of attention from international foundations and prompted many to direct their resource towards environmental sustainability programmes, also as part of their commitments to the SDGs.

With regards to the grant sizes disbursed for development causes, the results indicate that foundations generally invest quite considerable amounts of money to charitable causes and programmes. Foundations almost rely exclusively on proceeds made from the initial endowment made by their corporate or private founders with the exception where some corporates reserve a yearly budget for a foundation as part of their CSI budget. Foundations

have maintained healthy financial profiles, despite the occasional poor market performances which may affect their return on investments from time to time. Some foundations have cut down on the number of programmes as their budget decreases, however, they continue to provide considerable amounts of development aid to various programmes and initiatives in South Africa, throughout the African continent and other parts of the world. Foundations are also compelled by regulations, such as the US foundation laws and in other parts of the world, which mandate foundations to spend a certain portion of their returns towards public initiatives in order to continue to operate legally. This means that despite low returns in some years, foundations continue to provide development assistances, despite having no external additional funds. Where resources have declined, foundations have resorted to a reduction in the number of initiatives and grants sizes to focus only on activities which fall within their preferred scope and projects that will have better impact. Other foundations have had to resort to work in priority countries, like the case of the Deutsch Bank Foundation deciding to work only in South Africa as the Deutsch Bank, South Africa Foundation.

Foundations are generally split between operating and grant-making organization. Operating foundations design and execute their own development programmes but sometimes work in collaborations with local partners, while grant-making foundations disburse grants to identified beneficiary organizations and development initiatives; despite this difference in orientation, the study revealed that the process of giving is almost similar in most foundations. Decision-making power around funds and other operational issues, is placed, mostly, in the hands of Board of Directors. Senior management can make certain decisions, however, high level decisions including those around high amounts disbursements must be approved by the Board of Trustees who in some organizations sit at the international office in sending countries, like the US, Germany and other first world countries. The Boards are not only composed of

experienced industry experts, but also family members of the foundations' private founders and in some instances executives in the founding corporate. International Foundations generally display a "mixed-model" grant model which involves a variation of activities at different levels of the foundation. One of the ways by which grant-making is done includes, firstly, direct requests by grantees and secondly identification by foundations themselves. Foundations prefer the latter and attribute their ability to choose the right partners or grantees to their knowledge, experience and industry awareness, in their respective fields. This, according to them, ensures that the work is in line with their donor mission and organizational principles.

The second objective of this study was to explore international foundations' relationship or partnerships with other development agencies and determine whether this has any bearing on their giving motives. In doing so, the study responded to two questions: *Who do foundations partner with and what informs this decision?* and *What role do international foundations play within their partnerships with other development actors?* The study makes various conclusion to these questions as discussed below:

Question 3: Who do international foundations partner with and why?

International foundations engage with a variety of stakeholders, at different levels. The level of engagement is determined by the foundations' character and intentions for development cooperation. In recipient countries, foundations interactions with development actors are usually limited to their partnerships with their beneficiaries, who in the main include local operating NGOs, charity organizations and academic institutions. Foundations' self-reliance, in terms of resources, is the major reason they can limit their collaborations with other players in the development space. International foundations prefer funding reputable and credible

organizations with good track records and useful networks in their field of work. Many opt to building long-term partnerships with these beneficiaries, as opposed to disbursing funds to new grantees each year. Some foundations do engage in short term projects to avoid donor dependency. Outside their direct beneficiaries, international foundations display very minimal engagement and collaborations with other development actors, both locally and internationally. This may include some engagement and collaboration with research bodies and industry associations like, the Independent Philanthropy Association of South Africa IPSA and The Centre on African Philanthropy and Social Investment (CAPSI) in the case of South Africa. Such collaborations are beneficial for foundations as these types of organizations do critical work in the philanthropy space. Foundations' lack of collaboration has been subject to much criticism and characterized as self-isolation and non-alignment with other development actors. Internal foundations, however, have attributed these to a number of reasons, including limited resources for collaborations outside their scope of work.

Unlike other aid agencies, international foundations generally do not have any working relations with host governments despite engagement at different levels, for a variety of reasons. Their engagement with host governments is minimal and limited to regulatory and compliance purposes. While this feeds into the narrative that foundations do not align with government priorities and operate separate development programmes, foundations describe their relationship with governments as cordial as evidenced by their compliance with country regulations and occasional attendance by government ministries to foundations' sectoral events. Some foundations have engaged minimally with government departments in critical or high-priority portfolios, such as gender-based violence programmes and the global Covid-19 pandemic to offer support and align their own programmes with government strategies.

Question 4: What role do foundations play within their relationships with other development actors?

Locally, international foundations are more likely to collaborate or give grants to like-minded organisations, hence, those who hold or share similar values and principles. Foundations generally hold the overall decision-making power and prefer to select their own beneficiaries as opposed to having open calls for grants. Where open calls for grants are made, foundations ensure that they select foundations which generally align with their vision and intended development goals. To do this, foundations rely on information from their industries and country experience to ensure they select suitable recipients. While the processes of funding, scope and direction of funded project may differ with each partnership, final decision are taken by the control bodies in the foundations, whether in the local/South African office or their global office. This may be an area of criticism as giving too much power to the donor, foundations insist they are generally well-received by recipient NGOs and other grantees.

Foundations' minimal interaction with governments also means the latter do not have much role to play in those engagements. There is no evidence to suggest that international foundations have any direct level of influence on national policy. Some foundations exist and operate in spaces that may spark policy debates; this may include their work on human rights, social justice and democratization activities; foundations, however, insist that this does not suggest advocacy for policy change, hence, there was no evidence, during the interviews, to suggest that the work of foundations in these focus areas have any direct influence on domestic policies. In countries like South Africa, there has not been any condemnation of foundations, to suggest that their work interferes with political and government formations and programmes.

5.2.3 Theoretical implications

The conceptual framework that guided this study was the traditional aid theory that has historically been used to explain bilateral and multilateral aid-flows from first world countries to the developing world. The study did not rely on a single theory but explored multiple theories to determine the giving motives of corporate philanthropy to South Africa. These include the Donor Interest Model, the Recipient Need model and the Hybrid Motivation theory. The researcher opted for this approach because literature shows that aid flows are influenced by multiple factors, therefore, a single theory cannot fully address the determinants for development aid. The study found this multiple theory applicability appropriate as shown below.

Donor Interest

The study explored the donor interest model as explained by Eberstadt, (1988) that donors use aid to improve their national interest in recipient countries. Neumayer, 2003 (102) also suggests that most bilateral aid allocations are influenced by either economic, political, and in some instances, strategic military interests of the donor. This view was supported by some participants who showed interest in aligning their work with their receiving countries' foreign policy. This is perhaps more visible amongst American foundations whose early work in the country sought to align with America's pursuit for democracy and deepening democratic principles in the country, post-independence. It is quite difficult to determine whether foundations purposely invest in a country to promote their founding or related businesses'

interest, however, their philanthropic activities and related CSI work reinforce their position as good corporate citizens and promoters of the good image of their brands.

Recipient/development interest

The literature review also explored the donor interest model which argues that donors are driven mainly by the desire to meet humanitarian needs in recipient countries (Nigatu, 2019: 2). The theory follows earlier work by Dudley Montmarquette (1976) who posits that development aid is motivated by developmental needs of recipient countries. The study also explored suggestion made by Michael et al., (2017: 311) who supported this perspective by arguing that multilateral agencies are less political and often make donations to countries with extensive developmental needs and enact better and effective aid conditions. This perspective is confirmed by all participating foundations who cited their need to respond to South Africa's development challenges as their biggest motivator. Foundations identify South Africa as a priority area with dire socio-economic challenges, despite arguments that there are other countries with similar or greater needs elsewhere in the world. Issues of quality education, access to healthcare, HIV/AIDS treatment, gender equity and social justice are some of the key agenda of international foundations working in South Africa. The global call to respond to SDG goals and push for private sector engagement and contribution has also added and reinforced a list of needs for developmental foundations. All participating foundations, for example, have committed to helping South Africa meet one or more of its SDG targets.

Dual/Hybrid Motive

The researcher also adopted and explored the hybrid model which acknowledged that aid allocation is usually driven by both the recipient needs and donor interest. The argument here,

as posited by Akramov (2012), is that donors are neither entirely selfless nor completely driven by self-interest. In other words, donors allocate aid to address the development needs of their recipient countries as well as for their own interest. These study findings are more reflective of this perspective, as philanthropic foundations appear to be influenced by a variety of factors instead of just one. Foundations are interested in responding to South Africa's development needs, such as poverty, healthcare and education but are also interested in supporting their countries efforts for democratization and promoting human rights in the country. Similarly, while foundations are driven by their founders' intentions to do good and the concept of altruism, they are also compelled by certain regulations to use portions of their endowment returns towards charitable causes. Other foundations are also partly driven by their commitment to corporate citizenship and disburse funds as part of their CSI strategy.

5.4 Study limitations and future research implications

The research was challenged by the limited empirical data on the activities of philanthropic foundations. The study specifically sought to explore the determinants or motives of private sector philanthropy so as to contribute to the evident literature gap on private sector contributions to development. The study relied on the limited literature to explore these entities and borrowed from traditional aid theories to examine foundations' giving motives. The focus was on foundations which are seen as significant private sector players in development cooperation. This study recognizes that there are different types and categorizations of foundations and that these categories have no legal meaning in South Africa or elsewhere in the world. The focus, was on private foundations, which for the purpose of this study and general discussions, refers to foundations which received their initial or continued financial

support from a corporate entity or corporate leaders. While the results provide a frame for the determinants of philanthropy by private foundations, the study did not explore determinants of philanthropic activities from recipients' perspective. Recipients include many actors from NGOs, academic and research institutions and others, whose inclusion into this investigation would have put this investigation beyond the scope and resources available for completion of a research thesis. There is, therefore, a need for future empirical research to focus on determination of private philanthropy from recipients' perspective. Lastly, the study recognizes that though the findings may be applicable to foundations' activities beyond South Africa, there is a need for similar studies in other countries with different dynamics in order to broaden the perspectives.

5.3 Recommendations

This study investigated the giving motive of private sector philanthropy; it is highly recommended that future investigation on corporate philanthropy looks at the overall impact of philanthropic transfers, thus, explore the impact of private sector aid, in their various sectors within the development landscape of developing countries. The exploration on the practice should examine the effectiveness of their selection and funding model. It should also look at the general reception of these entities and the development impact from recipients' perspective. This will help both foundations and other philanthropic donors as well as a variety of development stakeholders, such as academics, policy makers and practitioners to understand better the role and impact of private sector engagement in development cooperation. For recipients, it is recommended that they engage philanthropic actors more often at different levels to explore the opportunities for funding and collaborations for development initiative. This is because despite the increasing recognition and acknowledgement of philanthropic

donors, especially foundations as significant development actors, such entities are still relatively unknown. This information should include knowledge about their character, activities and overall impact in the development field to remedy the limited documentation and empirical data on their activities. Both the research experience and study findings revealed that foundations are virtually inaccessible and maintain very low profiles, making it difficult to document their activities and quantify their development impact. To mitigate this, it is recommended that foundations become more transparent about their activities and spending while also striving to be more accessible to other development actors, scholars and interested parties. This will not only magnify their visibility and impact on the global development landscape but open their practice to beneficial engagements and partnerships.

5.5 Summary

In conclusion, this study sought to explore the determinants of private philanthropy by investigating the giving motives of international foundations towards South Africa's development. The study sought to make this determination from the donor's perspective which in this case were 8 international foundations from OECD countries operating in South Africa. The study was partly motivated by a desire to bridge the evident gap in literature on corporate philanthropy as a whole, but specifically on the role and giving motives of private sector aid disbursed largely through foundations. The research adopted a qualitative approach, data was collected through interviews with 8 international foundations operating in South Africa and secondary data collected from literature. Existing traditional development aid theories - the Donor Interest Model (DIM), the Recipient Needs Model (RNM) as well as the Dual Motive -

were used to examine the motives behind philanthropic giving by international foundations in South Africa.

Guided by the study findings, this thesis argues that like traditional aid, international foundation aid is driven by a variety of factors which reflect both the foundations' altruistic commitments towards South Africa's social needs but at the same time provides direct or indirect strategic gains related to the desires of individual or corporate founders. The developmental commitments include - addressing issues of poverty, education, and healthcare - among other needs. International foundations have also committed to help recipient countries meet their SDG targets. On the self-interest front, foundations are guided by the principles and desires of the private founders. Foundations that operate within company's CSI framework, therefore, seek to contribute to social environment as responsible citizens, while at the same time benefiting from establishing good company reputation and obtaining a social license to operate. The results also revealed that international philanthropic foundations, although, understudied play a uniquely significant role in development cooperation in a country. This is an indication that international foundations are increasingly becoming significant development players providing much needed aid for social and economic development ventures, thus, they require further academic exploration to better understand their practices and their future role and impact in international development cooperation.

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Annexures

Annexure A

Interview guide: Foundations

A. Corporate Foundation

1. What informed the organization's decision to work/invest in South Africa?
2. What is the organisation's primary source of funding?
3. What is the organisation's primary and other areas of focus and why?
4. How much money does the organisation invest in the country annually and how is this spent?
5. Could you describe the organizational process for selecting projects/initiatives to invest in?
6. What are your desired outcomes with each project and what informs this?
7. What role, if any, did the funding company play in the decision to work in South Africa?
8. What role does the funder play in deciding what initiative/project to invest in?
9. Do diplomatic relations between South Africa and Germany/USA influence your work in SA and if so, how?
10. Would you say that your company/corporate funder's profits and turnover have increased since your started working in SA and is this in any way related or influenced by your work?
11. Does your funding company receive any other incentive for funding your organization and the work that you do?
12. Who are your other collaborators in the sector and why have you chosen to collaborate with them?
13. How would you describe the nature of your relationship with recipients and other collaborators?
14. What are some of the challenges you face working in this country?
15. What more can to be done through policy or administratively to enhance your operation in this country?

Annexure B

Interview guide: Philanthropic Sector players

1. What support/services do you offer to corporate foundations working in South Africa?
2. How would you describe your relationship with corporate foundations?
3. What in your opinion informs foundations' decision to work/invest in South Africa?
4. Are you familiar with the role and influence that funding companies play in the organisations operation in South Africa, if so, please, can you elaborate?
5. Are you familiar with any incentives that funding corporates receive for funding or working with corporate foundations?
6. Do diplomatic relations between South Africa and Germany/USA and any other national interests influence foundations' work in SA and if so, how?
7. What more can be done through policy or administratively to enhance activities by corporate foundations in South Africa?

Participants’ informed consent letter

Researchers : Hulisani Takalani -University of South Africa,
(Hulisani.takalani@univen.ac.za)

: DR. Philani Mthembu-Institute for Global Dialogue-University of South
Africa
(philani@igd.org.za)

I, **Hulisani Takalani**, a PHD researcher/student at the University of South Africa, Department of Development Studies would like to request you, on behalf of your organizations to participate in a research study entitled - **‘Global private sector philanthropy in the developing world: the giving motives of international corporate foundations in South Africa’s development landscape.’** The aim of this study is to gain insight into the determinants of international foundations operating in South Africa.

The researcher, through the study findings, seeks to contribute to the body of knowledge, which is currently very scarce, on international philanthropic sector activity. Kindly note that your participation in this project is voluntary, therefore, you have the right to decline or withdraw from participating at any time without any negative consequences. There will be no financial or material gain for your participation in the interviews. Confidentiality and anonymity of records identifying you as a participant will be maintained by the researcher, School of Development Studies and the University of the South Africa. The interview will take approximately 45-60 minutes and can only be extended with your approval.

Please contact me on my cell phone number or through email should you have any questions and concerns regarding your participation in the project.

Sincerely

Researcher’s signature.....

Date.....



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RESEARCHER ACKNOWLEDGEMENT

Hereby, I Hulisani Takalani, ID number 9002105759085, in my personal capacity as a researcher, acknowledge that I am aware of and familiar with the stipulations and contents of the:

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I furthermore declare that I did not plagiarise as I have referenced all materials used in the research.

SIGNED: 

Date: 12 April 2021

PROOF OF EDITING

25, October, 2023

This is to certify that I, Dr P Kaburise, have proofread the thesis titled - **GLOBAL PRIVATE SECTOR PHILANTHROPY IN THE DEVELOPING WORLD: THE GIVING MOTIVES OF INTERNATIONAL PRIVATE FOUNDATIONS TO SOUTH AFRICA'S DEVELOPMENT LANDSCAPE** - by Hulisani Herman Takalani (student number: 64072037). I have indicated some amendments which the student has undertaken to effect before the final thesis is submitted.



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Global private sector philanthropy in the developing world: the giving motives of international private foundations to South Africa's development landscape

by

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 Student no. 64072037

Submitted in fulfilment of the requirements for the degree of Doctor of Philosophy in Development Studies

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 Character count: 249,132
 Submission date: 02-Nov-2023 10:20AM (UTC+0200)
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