



## SOCIAL CAPITAL

By Colin Habberton

Founder: Relativ Group

# The next frontier for fundraising

## INTRODUCTION

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Africa – our beloved continent. For most observers, it is difficult to reconcile the perception of its endless potential with its plundered, painful past and its global image of aid-dependency. In many ways, Africa’s challenges fulfil the conditions of what have come to be known as “wicked problems”. So many of its people and places continue to demonstrate how to overcome complexity to survive and thrive through communal innovation.

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### Our problems and the ways we solve them

It is hard not to be discouraged or perhaps even afraid or enraged with what we see around us. In 2016, NASA (Lynch, 2016) documented the hottest summer in recorded history, precipitating increases in extreme weather activity and the ravages of floods and drought, sometimes in the same locations just a few months apart. Recently, the ratio of inequality (The Economist, 2014) has reached the same level as during the time leading to the French Revolution and the brink of the Great Depression. A wave of populist politics has fomented the rise of fundamentalism in Asia, Europe and America. By these accounts, it may seem that we are taking steps back from progressive stewardship of our environment and harmony in our society. So, are we heading to our oblivion?

Humanity has been industrious in dealing with the problems that we encounter. In the early 18th century Thomas Malthus (Understanding Evolution, n.d.) suggested that the world was heading towards a global catastrophe where population growth would exceed food production leading to widespread death and pestilence. At that time, there were less than a billion people in the world. Centuries later we have not only managed to sustain the majority of our seven billion fellow beings, but the population growth rate (Fengler, 2014) is currently decreasing. However, it is not decreasing as a result of death or pestilence. We have managed to address parts of those problems with products like antibiotics, sanitation and soap. Economists suggest that populations are decreasing because of birth control, women in the formal workforce and, surprisingly, an increasing desire for families to have fewer children so they can give them more time, attention and access to education and opportunities (The Economist, 2007). Ironically though, in our present hyper-connected digital world, we spend more time working, less time sleeping, investing our disposable income in retirement plans, entertainment and devices that attend to our children and our interests. Instead of the catastrophe of overpopulation, we appear to continue to contribute to our ultimate extinction in the opposite direction.

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Although people are causing many of the problems we face, we are also the most likely candidates to provide the solutions for our continued survival. We have the ability to discover ways to address the challenges we encounter and we have the ingenuity to package those products and put them into the hands and minds of others. We have harnessed the power of the sun and the wind to the point of powering entire cities (Ramsey, 2016) and fleets of vehicles (Tesla, n.d.). We have visited the moon, measured the stars and are preparing to settle on another planet (SpaceX, 2016). We have brought electricity to light up our darkness. We have transcended time



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and space through inventions like the internet and virtual reality. We have collectively managed to tame our circumstances, however dire, and have discovered ways to avoid our demise and to look after ourselves. We have also become increasingly aware of the need to support others.

### Nonprofit organisations: a modern innovation

One of the understated inventions of our civilisation is the 'nonprofit' organisation (NPO). NPOs are legal entities that aim to achieve predetermined objectives for an identified set of beneficiaries that specifically excludes the distribution of profit to shareholders. In short, they are created to fulfil a public benefit that ultimately delivers some form of social or environmental change.

Established in Jerusalem in 1043, the Sovereign Order of Malta (Sovereign Order of Malta, n.d.) initially known as the Hospitaller Order of St John, is believed to be the first not-for-profit organisation of this kind and is still in existence today. The organisation began as a hospital for "pilgrims" during the times of the Crusades and extended its services to taking care of the poor and the sick. At present, it continues its work in over 100 countries. From these roots, millions of organisations (Casey, 2017) around the world are now delivering goods and services for the purpose of making a difference in the lives of others.

Although their goals may differ, one common characteristic among NPOs is a need for funding. Increasing numbers of organisations have developed business models to deliver their goods and services for a fee, but the majority still rely on donations from individuals and institutions.

### The shifting sands of fundraising

As many NPO leaders and board members will attest, fundraising is not easy. Funding-dependent organisations are at the mercy of their donors who are facing their own shifting circumstances in what they can afford, what they want to support and how long they intend to commit to funding chosen projects. In the current economic and socio-political climate affecting Africa in particular, dark clouds are gathering. A rise in nationalism and the ascendance of populist governments in the West are leading to reduced levels of foreign aid and support to African nations and NPOs. The forecasted decrease in global economic growth (Manyika *et al.*, 2015) is already impacting returns on savings, corporate earnings and wages, all contributing to increased strain on the potential pool of funding sources for NPOs.

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For fundraising in this climate, seeking a "donor" is not enough anymore. Over the past ten years, NPOs have had to become more comfortable with being accountable to their supporters, leading to higher burdens of monitoring and evaluation. Donors are demanding transparency regarding the allocation of their contributions, agitated by the belief that nonprofits spend far too much on administrative costs. New digitally orientated entrants (Charity: Water, 2017) to the nonprofit sector have disrupted the long-held moral veil of humanitarian work by not just saying *what* they will do to achieve the goals they promise to address. A growing number of causes are providing their donors with evidence of *what* they do with the donations. They use multi-media communications to show donors *how* they do it and the GPS coordinates to show them *where* their contributions were deployed.

Nonprofit organisations need to demonstrate to their donors the return on their contributions. Hence, nonprofits now need to offer a defensible case on why people should *invest* in their cause and become partners in their process of change.



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### The next frontier

Nonprofit organisations play a role in maintaining our social and environmental conscience by attending to the impact of inequality, assaults on human freedom and climate change. The recognition of these challenges has brought about initiatives such as the United Nations’ Sustainable Development Goals (Sustainable Development Knowledge Platform. 2017) through crowd-sourced feedback from digital surveys across the world. But goals and feedback are not enough. Change requires individual and institutional action.

Our intellectual ability allows us to overcome our limitations and to take action. Neurological research (Keltner, 2014) on human behaviour suggests that humanity is fundamentally sympathetic to the needs of others in our striving for survival. The same research has also found that the wealthier we get, the greater our empathy threshold becomes and consequently, the less we give as we try to protect what we have accumulated. This contention is supported by a recent report showing that the majority of high net-worth individuals give less than US\$2000 per annum to NPOs, whether in cash or kind. It is surprising how marginal that figure is in light of the proportion of giving to assumed income and increasing rates of return on wealth. Imagine if NPOs were able to convince their donors, not only the wealthy, to give 5% or even 10% of their income. This could lead to more jobs, more change, more distribution of public goods and services, or so we hope.

To breach the empathy and funding threshold, nonprofits need to position their strategies and operations to provide their supporters with an investment case that is relevant and transparent on its return criteria. Furthermore, traditional devices of contrived testimonials of individual beneficiaries need to be exchanged for impact reports of demonstrated service delivery. Investment is more than just a gift, it is a contract, and it is an expectation that the promise of change will be brought into reality. Investment is not a linear process; it is a relationship. It is a collaboration of resources and skills towards a common purpose.

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To build and maintain support, organisations and fundraisers in Africa need to discover innovative ways to connect with their supporters and bring them into their story, creating dialogue and a trusted relationship. The principles have not changed, but the tools and the language have.

### The ‘for purpose’ organisation

In conjunction with a shift in practice and positioning, it is the time that the nonprofit sector finds a new identity determined by the role it has fulfilled for centuries. It is time that the sector demands to be recognised for what it is. It is time the sector in Africa adopts its rightful state as ‘for purpose’, not only not-for-profit (Robehmed, 2013). Therefore, African for-purpose organisations need to shift their paradigm from being a charity to becoming a platform to deliver relevant and measurable returns to their beneficiaries and supporters.

This new identity creates an opportunity for hybrid structures and a home for organisations, whether for-profit or otherwise, to pursue their goals to deliver goods and services for public benefit, with transparency and accountability to their supporters and beneficiaries.

In Africa, there is much to be hopeful for in the realm of fundraising and return on impact. Giving continues to be communal (Everatt, Habib, Maharaj & Nyar, 2005), linked to our collective consciousness of Ubuntu (Moyo & Ramsamy, 2014). The recent past has seen the emergence of the African wealth class (Africa Wealth Report, 2017) and promising steps taken by many of the nouveau riche in support of philanthropic and for-purpose work, including the Motsepe, Dangote and Ibrahim dynasties. Should they continue to follow the lead of their counterparts in the global north, they are examples to influence their peers.

In terms of impact, Africa provides a context for individuals and institutions to see and feel the return on their investment, powered by technologies that connect humanity regardless of time, place or financial position.

The next frontier for fundraising in Africa will be discovered when the continent discards its identity of aid dependency and realises its potential to deliver purpose-driven solutions by partnering with individuals and organisations, by being accountable and by making use of technology.



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