



FNB Philanthropy Centre

Delivering **POSITIVE CHANGE**
FISA Conference 2021

Strengthening client
relationships by understanding
their Philanthropy stance.

Presenter - Prince Siluma CFP®

- SA Giving Landscape
- Understand why people give
- Explore how Philanthropy can help strengthen relationships



Philanthropy is a critical part of a democratic society

Covid-19 pandemic brought out the best in mankind in many ways

People and organisations demonstrated levels of care and empathy that exceeded anything we have witnessed in recent history!

Philanthropy has finally earned its rightful place on the local and global agenda by taking the lead in addressing the deep-rooted societal and environmental challenges

Providing solutions for scarring that is deepening because of the pandemic

Provided investments to programmes eradicating diseases like Malaria

Reversing Climate Change and implementing Climate Change Adaptation programmes

Supporting systems that are ensuring food security

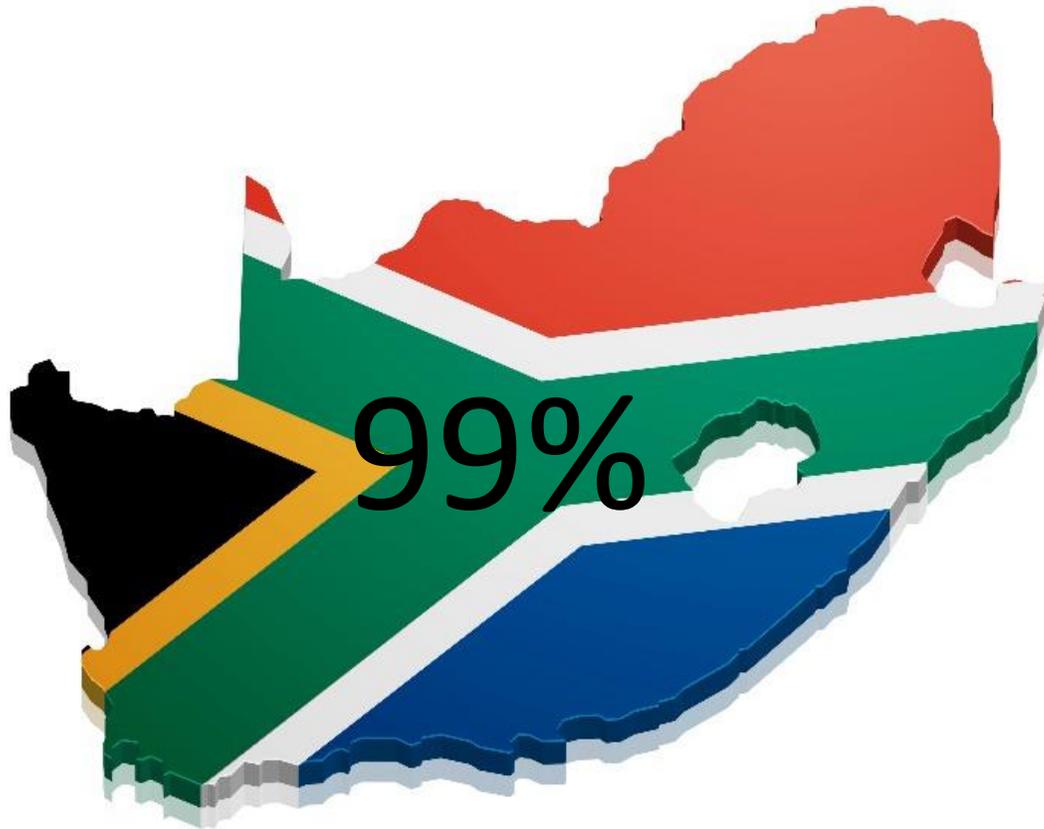
Influence policy change

Top reasons for giving

- Passionate and care about the cause “Seeing the need”
- Want to make a difference “*Creating a stable society*”
- Want to give something back to my community
- Cultural norms and Religious beliefs
- Family values “setting an example”

Giving Landscape

People who gave some form of support to any group of individuals in the last 12 months



- Motivations for giving in SA are articulated through **local traditions and personal faith**, specifically the concept of “**Ubuntu**” which is prevalent across SA
- The emerging middle class in SA is giving away **35%**, roughly **a third of their earnings**, each month to help others
- **83%** of HNWI's gave **money, time or goods** in 2018 (Nedbank Giving Report IV) estimated R6.1 billion in cash
- **85%** of people agree that **CBOs** are effective in solving societal problems

Giving Insights

Strategic Planning

Only one-third of HNW givers have a budget and a strategy for giving.

Larger givers were more likely to follow a more formalised approach to giving

Purpose & Duration of Funding

More givers (63%) provided general support to their beneficiaries and the relationships were predominately long term

Just over half of givers supported most of their beneficiaries for more than five years, while 21% had been supported their entire lives

Possible Structure

Only 4% of givers executed their giving through a foundation or trust

Post-donation Expectations

Over half of givers did not expect any follow-up after making their contributions

Those who did, anticipate some form of recognition, most expected a thank-you letter or a tax receipt

Giving Landscape ...

Total estimated
CSI expenditure in 2020 was
R10.7 billion

This represents a 4.9% increase from the
R10.2 billion in 2019.



91% of corporates gave to NPOs in 2020



An average of 54% of
CSI expenditure went
to NPOs



An average of 27%
of NPO income came
from South African
companies.

Insights

- Most companies (81%) rated 'moral imperative' as one of their top three reasons for supporting CSI
- (53%) cited license-to-operate obligations - BBBEE
- (26%) cash expenditure via a trust or foundation
- Less than half (45%) had a stated policy on M&E

CORPORATES
52%

Measuring social benefits

NPOs
73%

52% of companies
reported measuring outcomes for all
grants regardless of size, down from
previous years

73% of NPOs
reported measuring
outcomes for all
projects

Barriers to Effective Philanthropy

Social dynamics

- People who know someone with a specific disease might be much more willing to give to an organisation that fights that disease



Social Norms

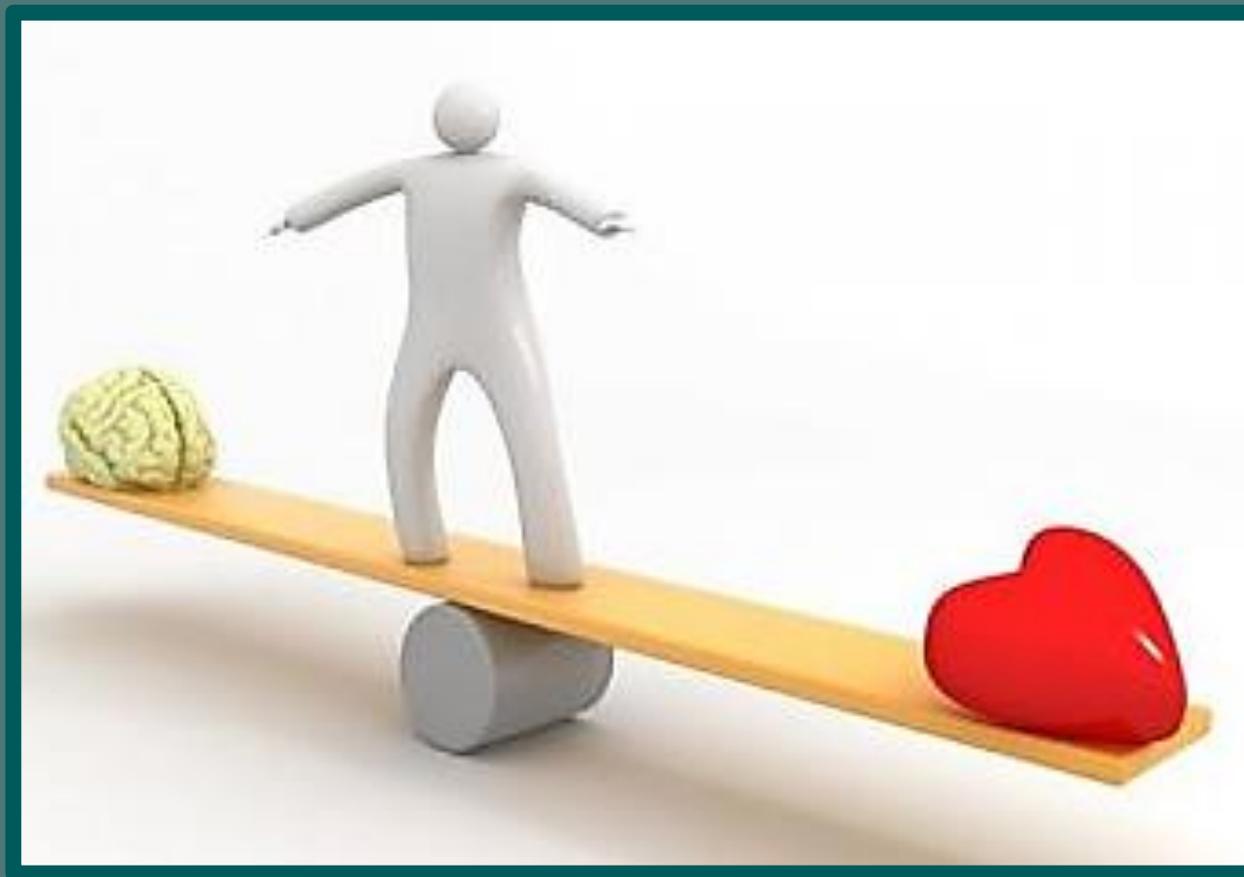
- Behavioural science tells that humans rely on a wide range of external cues when deciding how to act in any given situation
- Because we are social creatures, people tend to observe what others are doing and do the same—especially if they identify with the larger group



Emotions

- People often make decisions based on their positive or negative feelings toward a subject rather than on objective analysis. Different kinds of information evoke varying degrees of emotion, and strong positive emotions seem to encourage prosocial behaviour
- Thus, people appear to be "*distorted altruists*"— they care about welfare maximisation, but without clear information to make comparisons, they rely on their feelings to guide choice (Loewenstein & Small, 2007; Slovic, 2007)

Balancing Act: Head and Heart



Removing emotional blindness

- For our clients' **subjective preferences and norms** to be normatively appropriate, in choosing where and how much to donate, will require that clients are provided with effective information that helps them to make **informed decisions** about their giving
- This require advisors to understand and appreciate the clients **values** and **emotional bias** on matters that are closest to the heart.
- It enable you as an advisor to provide guidance that acknowledge these biases whilst ensuring they not only consulting one's feelings, when deciding where to donate their money, but you help them apply **expected value maximisation**. Just as an investor aims to maximise the financial return of each Rand invested, donors should aim to maximise the social returns of each Rand donated
- Research in **behavioural science** argues that individuals gain value from committing instances of generous acts, but are insensitive to the benefits created by the acts (Andreoni, 1990). They argue that one reason individuals are insensitive to the magnitude of benefits is due to how they construe charity, believing it is a relatively subjective decision and not one that should be made by also consulting the numbers
- Philanthropy efforts must have a **desire for impact**
- A **sense of stewardship** – the responsibility and accountability to ensure capital is deployed effectively

Six step strategic plan

We have adopted six strategic steps that will help to optimise our clients philanthropy.



Locating giving within a legacy plan

- As advisers, our role is to guide our clients to understand their philanthropy stance, within the context of their overall Legacy planning and make their giving as an investment category
- In doing so it require that we Help our clients the formulated giving strategy that desire to create impact having considered *Giving while I am alive and Giving when I am no longer alive*

● Even more important when the clients want to involve family, in formulating strategy - consider:

- ❖ The family values that allows engagement with the next generation
- ❖ Next generation have a strong influence in the sustainable investment space, and they are also set to significantly affect philanthropic giving.
- ❖ The benefits of family philanthropy in wealth transfer and succession planning - include allowing clients to address some of the world's greatest problems, and philanthropy can be an excellent way of maintaining inter-generational cohesion by tackling contemporary issues that affect as a family.
- ❖ Family philanthropic action can have many benefits: from enhancing family leadership and governance, to defining a family's long-term identity through creating purposeful family legacies.



Summary

- We need to understand our clients values, norms, beliefs, and matters closed to their hear to appropriately guide them through their philanthropy stance.
- We need to help them locate their philanthropy within the context of their overall Legacy planning and make their giving as an investment category
- Help our clients the formulated giving strategy that desire to create impact having considered *Giving while I am alive and Giving when I am no longer alive*
- Even more important that we encourage our clients to involve family, in formulating their philanthropy strategy – family philanthropy has a great in creating legacy and transferring family values to the next generation.

FNB Philanthropy Centre

At the core of our business, we believe that **HELP** is at the heart of human greatness

The FNB Philanthropy Centre **links** clients, non-profits and communities, by providing context-based advisory, solutions and support that creates measurable impact

Offering ***tailor-made structures*** and frameworks to help our clients achieve their social investment goals



