Democracy and Governance

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A STUDY ON THE EXTENT AND ACTIVITIES OF FAMILY FOUNDATIONS IN SOUTH AFRICA

Final Report

Prepared for the
Southern African Grantmakers Association
(SAGA)

Submitted by Democracy and Governance (D&G)
(HSRC)

August 2005

List of case studies:

Muslim: The Bismillah Charitable Trust
Janet Cherry

Afrikaner: The David Graaff Foundation
Vino Naidoo

Jewish: The Ackerman Family Foundation and MAID
Merle Favis (independent consultant)

Post-1994:   The Shuttleworth Foundation
Shai Makgoba

Scoping Exercise: Arlene Grossberg and Vino Naidoo

Synthesis Report: Merle Favis and Maxine Reitzes

Project Manager: Maxine Reitzes

Chapter 1

Introduction

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1.1. Scoping

The scoping exercise proved to be far more extensive than anticipated. Possible sources of information which were targeted included the Southern African Grantmaking Association (SAGA), the Department of Social Development, the Masters of the High Court, the Department of Trade and Industry, the South African Receiver of Revenue and banks and financial houses, such as ABSA and Investec.

The South African Receiver of Revenue, the Department of Trade and Industry and the banks and financial houses did not participate. Our main sources of information were SAGA, the Masters of the High Court, and the Department of Social Development.

A number of problems were encountered : firstly, family foundations are registered either as trusts, or as Section 21 Companies. In terms of how they are registered, family foundations are not identified as a distinct category. It would therefore be necessary to access the records of each Section 21 company and each trust, in order to determine whether or not they are a Family Foundation. We began populating a data-base of family foundations, but were forced to abandon this exercise when it became clear that the time needed far exceeded that allowed for by the timeframe of the project.

The material which we did source, and the beginnings of a Family Foundation data base constitute a separate volume of the project.

1.2. Case Studies

We were confronted with a number of challenges in identifying and accessing Family Foundations, both in terms of the manner in which we had selected them, and in general. The methods employed ranged from networking and discussions with members of specific communities; conducting web searches; and contacting specialists in the field of grantmaking and organisations involved in social giving.

The very nature of a Family Foundation is that it is situated in the private sphere, and usually its members are fiercely protective of their privacy and information which they wish to keep confidential, (although there are exceptions to this rule). Thus, many foundations which we approached, politely refused to participate in the study. This

was in spite of numerous introductory phone calls, letters of introduction produced by researchers, and interventions by the project manager.

Another obstacle, which is also an interesting finding of the study, is that although charity is enshrined in Islamic law, the same law strictly forbids Muslims to advertise their philanthropic activities. However, a Muslim family foundation did generously agreed to participate in the study on the condition that the family does not receive publicity and remains anonymous.

We were unable to find a Christian Family Foundation. In our attempts to do so, we conducted multiple web sites, including those of all Christian denominational groups. We identified a number of religious organisations, such as churches and religion-based community organisations. We then telephoned these organisations, explained the purpose of the project, and requested them to direct us to Christian Family Foundations. None could help us. We surmise that this is because the Christian community in South Africa is in the majority, and has no need to establish foundations which respond to specifically Christian issues and concerns. Christian-based organisations do not reside within the private family realm, and churches and other organisations involved in social giving support issues which transcend Christian identity, such as orphanages, hospices, HIV/AIDS related projects, and so on.

We were also unsuccessful in studying a black African family foundation. Some are defunct, such as the Miriam Makeba and Gibson Kente Foundations, and the ones we attempted to target, including the Patrice Motsepe Family Foundation, the Tokyo Sexwale Foundation and the Jomo Sono Foundation, were inaccessible, in spite of extensive efforts made to engage them, including telephone calls, emails, and networking. There are also relatively few black African family foundations, possibly because financial security and sustainability are necessary conditions for their establishment, and these have not yet been achieved among the majority of black African families. Those families that have the necessary financial resources also may not have the skills and knowledge required to constitute a foundation, or may engage in community giving in other ways. In addition, some Black Economic Empowerment companies have corporate social responsibility programmes, but not family foundations. The issue of black African family foundations is critical, and requires further research.

In order to meet our obligation of studying five family foundations, we investigated an additional Jewish foundation in a comparative study, and the Mark Shuttleworth Foundation. The latter was chosen as a new, first generation, post-apartheid organisation, emerging from opportunities which a non-racial, post-1994 South Africa opened up for young entrepreneurs.

On completion of the case studies, the research team held a workshop in order to develop an analysis of the findings, based on the following framework :

1. A description of the general nature of family foundations and the conditions under which they emerge;
2. An interrogation of the assumptions informing the selection of the case studies;
3. The motivation for the genesis of each family foundation, within the context in which it was initiated. Why do people set up a legal entity, when, as individuals, they could also give money if and when they pleased;
4. The institutional structure of the Foundation, the decision-making processes and policies; and the extent to which these are a function of its genesis.
5. Policy recommendations.

The results of the workshop and this analysis are contained in the synthesis report.

Chapter 2

The Bismillah Charitable Trust: A case study of a Muslim family foundation

2.1. Introduction

It is only possible to understand the workings of a Muslim family foundation within the context of Islamic law and the notion of charity as inscribed in this law. The case study that follows offers some insight into the working of one particular family foundation operating in the Nelson Mandela Metropolitan Municipality in the Eastern Cape province. While it is not possible to generalize from this particular study to reach findings about all Muslim family foundations, it can be concluded that it is in some respects representative of such foundations, given the religious context within which such foundations operate. In the description that follows, some attempt will be made to indicate where the operations of this particular foundation are typical of, or distinct from, other similar foundations.

2.2. Methodology

The case study was selected through a process of consultation with prominent members of the Muslim community as well as other businessmen and social workers in the Port Elizabeth-Uitenhage area. As the Muslim community in this area is relatively small, there are few prominent families and fewer still who have established family foundations engaged in public giving. Hence it was a relatively simple process to identify the family foundation concerned. Two family members were approached and the researcher then obtained an interview with the head of the foundation, who co-operated fully with the research project, with the proviso that this is a research report and not intended to provide publicity to the family concerned (see under 'Profile' below). Beneficiaries of the foundation, including the local SANZAF office, were then contacted and site visits were made to conduct further interviews and see first-hand what contribution the foundation has made to the community. Advice on Islamic law and the history of the Muslim community was obtained from local leaders in the Muslim community. The role of the foundation was then analysed within the frameworks of development work and organizational practice, as well as within the context of Islamic teachings.

2.3. Background: The Muslim community in the Nelson Mandela Metropole

The Islamic faith has between half a million and a million adherents in South Africa; the 2001 Population Census gives a figure of 650 000, with the largest number living in the Western Cape, Gauteng and KwaZulu-Natal provinces. The 2001 Census gives a count of just under 20 000 Muslims for the whole Eastern Cape province;(Statistics SA; Khan p 4 Graph 1) it is likely, however, that this is a significant underestimate. The total population of the Nelson Mandela Metropolitan Municipality is just over one million; SANZAF estimates that the Muslim population in Port Elizabeth is between 15 and 20 000 families; other authorities within the Muslim community estimate the population to be between 45 and 50 000. The Muslim population is growing, with immigrants from other countries as well as a greater number of adherents of Islam within the black (African) population. A reasonably

accurate estimate of the total Muslim population of the Metro is thus 50 000 individuals.

The Muslim community in the Eastern Cape has an interesting history; the first Muslims were of Malay origin, who moved east from Cape Town 'for a number of reasons' including avoiding military duty and traveling with trekboers. (Agherdien 1997:4) In the first half of the nineteenth century, Malays moved to first Uitenhage and then Port Elizabeth; by 1849 there were mosques in both towns. In the second half of the nineteenth century, Indian immigrants to South Africa moved to Port Elizabeth, and joined the Muslim community living in South End; the Malays who were living in the Malay Quarter in the city centre were moved at this time to South End as well.

South End was a mixed-race residential area near the city centre, similar to District Six in Cape Town. As the Muslim population grew, two mosques were built at the turn of the century. The Masjied Ul Abraar in Rudolf Street was completed in 1894, and the Masjied Ul Aziz in Pier Street was opened in July 1901. In addition, a Muslim Movement Hall provided a place for Madressa classes and other community functions. After decades of contributing to a vibrant and tolerant community with their professional, business and craft skills, the Muslim residents of South End were forced to disperse. All 'non-white' residents of South End were forcibly moved in the late 1960s and 1970s, and under the Group Areas Act legislation, Indians were required to live in Malabar, while those classified 'coloured' were moved to Salt Lake, Helenvale, Gelvandale, Salsoneville and West End. Extensive protests, including meetings of the Group Areas Action Committee in the Madrassa Hall, came to naught. The economic and social impact on Muslims in Port Elizabeth was devastating.

Both South End mosques were destined for destruction under the Group Areas Act, but intervention by Islamic countries in the United Nations, and an appeal to the Supreme Court, resulted in their being allowed to remain standing. Both are still in use by Muslims in Port Elizabeth on a daily basis, and according to the South End museum, "Both mosques still stand today as proud symbols of resistance to the unjust system of the forced removal of people of colour under the apartheid regime. "

"Despite retaining their mosques the Muslim community still suffered much pain and suffering from having to leave behind familiar surroundings and neighbours whom they and their forefathers got to know over a period of more than 125 years." (Agherdien 2003:41). As no mosques had been built in the new townships to which they were moved, and public transport to South End was difficult, Muslims had to establish temporary places of worship in private homes and training centres in Gelvandale. Gradually funds were raised and mosques built in the new 'group areas' of Gelvan Park and Malabar, with the Malabar Masjid Ul Fuqara being consecrated in 1972.

Given this historical background, it is likely that the dispersal and consequent suffering of the Muslim community in the Metro resulted in the strengthening of ties among those of the same faith. Spiritual and material support for those of the same faith enabled the Muslim community to survive and re-establish itself in various parts of the 'Northern areas' of the Metro.

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This history of survival of a 'faith community' is integrally related to the notions of community and charity which are inscribed in the Islamic faith. The principal form of charity in Islam is *Zakaat*, the 'cleansing of the money' which is compulsory for all Muslims, forming one of the five pillars of Islam and consisting of 2% of annual assets which every family is required to donate to the needy according to Islamic law. "Since the act of giving is religiously mandatory for all Muslims with financial means and is one of the central article of faith, it constitutes a self-regulating institution comprising those that give, receive and administer charity." (Khan: 2005: 2) In South Africa, as in other non-Islamic states where Muslims constitute a minority, *Zakaat* is administered not by the state but by a private charity, which in South Africa is the SANZAF. This *zakaat* is used for the poor within the Muslim community, on the understanding that those who are wealthy should ensure that nobody goes hungry. "He is not a believer who eats his fill when his neighbour beside him is hungry" (The Prophet Muhammed, www.studyislam.com). SANZAF maintains a record of recipients of *zakaat*, and ensures that donations are evenly distributed.

While this can be understood simply as an act of charity, it forms part of a mechanism for the redistribution of wealth within the Muslim community, and is an integral part of Muslim belief and practice. The Islamic faith does encourage other forms of charity besides *Zakaat*, both within and beyond the Muslim community. Some forms of charity are given directly to mosques; others are given beyond the Muslim community to other causes. There are various categories of distribution of charity:

- to the poor
- to those in need in particular circumstances
- to travelers (including temporary refugees)
- to those in need of reconciliation and counselling
- to debtors (interest is prohibited in the Quran)
- to victims of warfare or natural disasters ('In the Path of God')

As explained by Sheikh Shamiel Panday, according to Islam, in all cases charity is given for the glory of Allah and reward in the afterlife, and not for personal benefit or public acknowledgement in any way. It is within this religious framework that Muslim family foundations must be understood; the motive for establishing such a foundation cannot be, as in many other family foundations, a way of promoting and upholding the family name as philanthropists in the public eye.

Despite their necessary lack of public profile, the existence of family foundations or trusts is not uncommon among the more affluent Muslim families in South Africa. Such trusts do not usually take the form of large foundations engaged in extensive public charity or development work. In many cases they are formed for the purpose of providing security for members of the extended family, to regulate inheritance and prevent conflict among the beneficiaries of the estate in the event of the death of the head of the family. Such family trusts may also allow for donations to be made by various members of the family to be used for charitable causes, including religious projects such as the building of mosques or *madrassahs*, or charity projects such as feeding schemes for the poor. Consultation with the local Muslim religious leadership ensures that the workings of such trusts conform to the principles of Islam.

In addition to family trusts, there are also public benefit trusts within the Muslim community; one example in the Nelson Mandela Metropole is the Malabar Educational Trust. Such a trust is based not in a private family but in the congregation of the Malabar mosque, who donate to the mosque fund and such

funds are then distributed to educational and social projects within the community. Such public benefit trusts receive tax concessions from the Receiver of Revenue.

Some of the larger and wealthier Muslim families in South Africa have established family trusts which are engaged in public charity and development work. In such cases, one family member (father or brother) collects from all members of the extended family and ensures that the funds are properly used for charity. Such trusts may have a 'dual account', with some funds donated to *lillah* or *sadaqah* (general charity), for the building of mosques, schools, or bursaries or for projects outside the Muslim community, and other funds donated as *zakaat* for poverty relief within the Muslim community. Examples given of such families are the Kalla and Joosub families in Pretoria, and the Tayob family in Johannesburg which has established JOCOD (Johannesburg Council of the Disabled). Dr Haroun Tayob is chairperson of JOCOD, now a self-sustaining NGO in Lenasia, employing disabled people and engaged in a variety of business initiatives, including vegetable growing and detergent-making.(www. lenzinfo.org.za) In the Nelson Mandela Metropole, however, there are few Muslim families with resources sufficient to engage in such extensive public benefit work. One of the few such family foundations, if not the only one in the area, is the Bismillah Charitable Trust which was established by the Jeeva family.

Integral to Islamic law is the concept of individual responsibility for upholding the law through *zakaat* and other forms of giving; hence it was explained by Sheikh Essop that one of the dangers of family trusts is that if they are used incorrectly, they can result in 'indiscriminate charity'; however, the fact that it is distributed by a family trust does not exonerate the individual from his responsibility; if the money does not reach the intended beneficiaries because of the organisations' corruption or theft, the individual donor is still accountable before God for that donation. From this explanation, it would seem reasonable to assume that a Muslim family foundation must function in a 'tight-knit' way with each member of the family who is a trustee or donor having full confidence in the management of the Trust.

Another facet of Islamic law which relates to the formation of a family foundation is the prohibition on the earning of interest. In this regard, a family business may find it viable to donate interest and a percentage of profit from the business into a fund which is allocated to solely to charitable causes. This is not only consistent with Islamic law but also enables the business to benefit from tax relief granted to businesses making charitable donations.

2.5. The Bismillah Charitable Trust: Basic specs

- The Jeeva family foundation is called the Bismillah Charitable Trust, and is registered as a trust with the Master of the High Court.
- The Bismillah Charitable Trust was registered with the Master of the High Court in Grahamstown in 1992, with the trust number TM3861.
- The scope of the foundation is charitable and development work in both Muslim and non-Muslim communities in the Port Elizabeth-Uitenhage area.
- The Trust aims to allocate a total sum of R 1 million per annum; it has allocated between R 600 000 and R 1 million per annum over the past ten years.
- The Trust obtains all its funds from the Jeeva family businesses. The Trust is a shareholder in each of the businesses, and each business contributes to the trust on a monthly basis, being required to contribute R50 – R 60 000 per month to the Trust fund.

- The Trust operates on a mixture of proactive and reactive funding
- It has not been as active in the past twelve months as in previous years, as there is a process of restructuring underway and the social worker who retired has not yet been replaced.

2.6. Context of the emergence of the Bismillah Charitable Trust

The motivation for the establishment of a family foundation by the Jeeva family can be understood as a complex combination of philanthropy within the context of religious faith, and protection and use of family business assets. The nature of the faith community and the requirements of charitable work within the Islamic faith, as well as the role of prominent business leaders within that community and the family nature of the business enterprises, are compatible with the establishment of a family foundation. It may well be that there are business advantages (such as tax concessions) to establishing a trust as a means of disbursing charity according to Islamic law.

The Jeeva family is arguably one of the most prominent Muslim families in the Eastern Cape. The older generations of the family established their businesses in Uitenhage some decades ago, and maintain a prominent presence in the Uitenhage business community. Mr Yusuf Jeeva has expanded the family business interests substantially, and now owns and runs various businesses which operate in the whole Nelson Mandela Metropolitan Municipal area and in some surrounding rural towns. A well-known office block in the centre of Port Elizabeth, next to the City Hall, has been acquired by the family, refurbished and renamed Kwantu Towers. This block now serves as headquarters for the Jeeva property development company, Afri-Corp Properties; Yusuf Jeeva intends to become involved in the redevelopment of the city centre of Port Elizabeth which has been proposed by the Metro Municipality. The 'development arm' of the Metro, the Mandela Bay Development Agency, recently had an application to the national treasury approved for the CBD to be declared an 'urban development zone', which will involve 'huge tax incentives' for private developers and property owners in the area. The MBDA offices are also situated in Kwantu Towers. (Matavire, 9 June 2005). Another of the Jeeva companies is the Kwantu Game Reserve, a private reserve on the Paterson road which is run according to Islamic principles and has been hailed in the Eastern Cape as an example of black-owned eco-tourism business as well as 'the first Muslim game reserve' in South Africa. The third Jeeva business is the wholesale/retail company Afri-Save Cash and Carry, based in Uitenhage. All these three companies are completely owned by the Jeeva family. A fourth company, Unique Mbane, has other shareholders although the Jeeva family is the majority shareholder. Unique Mbane is involved in the provision of hardware for two-way electricity communication. This involves a new kind of meter for water and electricity (AMR – Automotive Metre Reading) Collectric System, which is being sold to public utilities (including the Nelson Mandela Metropolitan Municipality).

Mr Adam Jeeva, uncle of Yusuf Jeeva, is also a prominent businessman in Uitenhage; according to Yusuf Jeeva his uncle has, over the years, given 'millions' to various charitable causes, although in an informal way. Mr Goolam Jeeva, brother of Yusuf Jeeva, is also involved with business in the town of Uitenhage. Informants in Uitenhage confirmed that members of the Jeeva family are often approached informally for assistance with, for example, loans for study.

Yusuf Jeeva stressed that the establishment of the Jeeva family's trust is in no way unique; that there are many instances of Muslim families involvement in such trusts and charitable works; and that charity is for Muslims a duty, a requirement of their

religious faith. Moreover, he stressed, this kind of charitable work was not his initiative: it had been done by his father, and by his father's father before him. Yusuf Jeeva explained that his father had given extensively to many people and projects in Uitenhage, and that his own concern has been to 'look at what my father did, twenty years ago, and improve upon it'. He (Yusuf Jeeva) had found that many charities and projects supported by his father had not been sustainable; he thus decided to formalize his father's charity work by forming a trust. This was done over ten years ago, when the Bismillah Charitable Trust was formed. Thus, although Yusuf Jeeva is the person who has taken the initiative in forming a family foundation, he does not take credit for it alone but sees it instead as a logical extension of the approach that his family has had for generations, and as an integral part of their religious duty as relatively privileged members of the Muslim community.

The relationship of the Jeeva family businesses to the Trust, and the fact that the Trustees are all family members or close business associates, indicates that this is essentially a family foundation; it is embedded in the business and religious interests and culture of the family, including networks based on patriarchy and patronage. In addition, however, the foresight of Mr Yusuf Jeeva has been to respond to broader debates on development, and to formalize family charitable giving through a Trust which attempts to support sustainable, local projects. Although the religious motive for giving is integral to the work of the Trust, it is not confined to the Muslim community and concerned primarily with the survival of that community; instead, it embraces a more wide-reaching notion of development. The beneficiary community is thus defined broadly as those in need, including the destitute in all parts of the Metro; those with special needs in education; and micro-businesses/development projects. It may be understood that charity that used to be given primarily within the Muslim community, to ensure the survival of that community through a strongly culturally embedded and relatively 'closed' form of philanthropy, has changed. Over the past ten years, with the construction of the 'new South Africa' and a discourse of development and democracy, this Trust has become responsive to the needs of the broader society and is not as inward-looking as such a Trust might have been thirty years ago. However, it is not clearly enough focused to be understood as a 'development' Trust in the usual sense of the word, with on balance most funding still going to 'charity' rather than to 'development'; and the majority of beneficiaries probably still being within the Muslim community.

The annual budget of the Trust (between R 600 000 and R 1 million per annum) over a ten-year period would seem to indicate that the Trust is sustainable, based on the resilience of the family businesses which contribute to it. The size of the budget is impressive given that these are small, local businesses which are not in the same league as many of the national family businesses (eg Pick N Pay) which establish family foundations. However, as the Trust has only been in existence for ten years and one generation within the family, it remains to be seen as to whether it is sustainable in the long term, whether it is a vehicle for family unity, and whether it is able to become more developmentally oriented.

2.7. Objectives

According to the Deed of Trust, the objects of the trust "shall be to invest the capital of the Trust and to apply the income therefrom for the establishment and support of such charitable, welfare, ecclesiastical and educational bodies or organizations of a public nature within the Republic of South Africa. Any beneficiary from the income of the Trust must operate within the Republic of South Africa and themselves must be exempt from the payment of income tax and donations tax."

While this would seem to be a general legal statement of objectives common to many such trusts, Yusuf Jeeva explained that there are no more specific formally written objectives, as the activities of the Bismillah Charitable Trust are governed solely by the principles of Islam. According to the Islamic faith, various forms of charitable giving are compulsory, including *zakaat* (for Muslims); other forms of charity including providing shelter and food for visiting Muslims; and charity for the broader community. The Bismillah Trust is concerned not only with the Muslim community, but with serving the poor and underprivileged in many communities in the Port Elizabeth-Uitenhage area. Moreover, it is clear that Mr Jeeva's approach is to try and encourage sustainable projects and small businesses, rather than simply give charitable donations – in other words, he adopts a progressive and developmental approach to the work of the Trust, although this is difficult to implement in practice, as will be seen below. The policy of the Trust is to give assistance to anything that is 'of benefit to the community'. He explains that when identifying projects to assist, he looks at sustainability and the potential for lasting empowerment of those involved as key criteria.

2.8. Structure

The Bismillah Charitable Trust is a small organisation with a simple structure. It has a Board of Trustees with four members, being Yusuf Jeeva (the Chairman), his wife Faieza Ali Jeeva, family member Nadir Jeeva, and financial director Goolam Mohammed.[1] Mr Siraj Desai acts as consultant and advisor to the Trust. Mufti Siraj Desai is the advisor on Islamic law, being the head of research for the Jamiatul Ulama (Council of Muslim Theologians) in the Eastern Cape. He is also the Director of the Malabar Educational Trust and the Dar Uluum in Malabar.

The Trust operates from the offices of Africorp Proporties in Kwantu Towers, and has no separate offices or administrative space of its own. Secretaries and administrative staff employed by the companies, as well as Mr Mohammed, assist with administration of the trust. Mr Jeeva also involves many of his business connections in the Muslim community to assist in various ways, for example with the provision of services (electricity), maintenance of buildings, paint and carpeting, and supplies of food. His own children (he has three children who are students at the NMMU) are

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[1] The original 1992 Deed of Trust listed the members as Yusuf Jeeva, Adam Jeeva, Ayoob Ismail Jeeva, Goolam Musa, Faizel Musa and Ebrahim Moosa. The following year, in 1993, these members of the Board resigned (with the exception of Yusuf Jeeva) and the three members noted in the main text were authorized to act as Trustees. Yusuf Jeeva notes that the original trustees who resigned 'have in fact not contributed to the business of the Trust' (private correspondence with the author, 22 June 2005). While reasons for the change of trustees were not given to the researcher, it should be noted that both original and current trustees are members of the extended Jeeva and Moosa families. The Trust was, and is, thus clearly envisaged as a family foundation, closely tied to the business interests of the family as a whole. Reasons for the change can be speculated as being either due to divisions within the family, and/or reasons related to business or tax problems which necessitated the change in trust structure. It can be noted that some of the businesses of Adam Jeeva and the Moosa family in Uitenhage were involved in controversial business deals including the supply of tents and toilets to the Uitenhage/KwaNobuhle municipalities for the removal of Kabah location in 1986, which resulted in a court case between the SARS and the municipality (Supreme Court of Appeal as noted in references below). Mr Jeeva clarified to the author that the Spilkin/Walad businesses mentioned in the court case 'have never had any relationship of any sort' with the Bismillah Charitable Trust (private correspondence with the author, 22 June 2005).

'trained' to become involved in charity work, through visiting old age homes, assisting in painting a community building in Walmer township; and so on. The Trust employed a full-time social worker up until about a year ago, when the social worker retired. She has not yet been replaced, but the intention is to employ two full-time social workers from September this year. [2]

2.9. Grantmaking process

The Trust operates on a mixture of proactive and reactive funding; in some cases the trustees actively identify projects to support, such as old-age homes; in other cases, such as the example of the Nasradien School described below, they are approached with a request by the institution or project concerned. Sometimes approaches are made through Sheikhs and other members of the religious community; other times school principals or mothers of children needing bursaries approach Mr Yusuf Jeeva directly. Many approaches are made by people who hear of his assistance through 'word of mouth'. Mr Jeeva explained that many people who are 'chancers' approach him for assistance; he is concerned that the Trust only support those who are genuinely worthy of assistance; preferably those projects which are developmental or have the potential to become self-sustaining projects or businesses.

The social worker employed by the Trust is the person who interacts directly with the beneficiaries. (Hence the relatively low level of activitiy of the trust since the retirement of the social worker last year). Mr Goolam Mohammed, as the financial director of the Jeeva businesses, is also the Trustee who deals directly with beneficiaries in terms of grants and financial monitoring. This division of labour among the trustees ensures that Mr Yusuf Jeeva and his family members are not seen as publicly benefiting from the giving of charitable donations, which would be contrary to Islam.

2.10. Decision-making

It seems that decision-making is an informal process in which Mr Yusuf Jeeva, as the head of the family and the Trust, plays the decisive role. As much of the work of the Trust is done by word of mouth and personal contacts, the role of Mr Jeeva is crucial. His role should also be understood within the context of the role of adult men within Muslim society, where the male head of the family has considerable authority. He is assisted by the other members of the family who are on the Board of Trustees, as well as by Mr Mohammed.

2.11. Beneficiaries

A written list of beneficiaries was not provided, but the following examples/categories of beneficiaries were given:

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[2] Mr Jeeva also expressed his wishes that the NMMU social work department be approached to provide students to serve as volunteers/interns as part of their university course should this be viable. The Trust would supply office space and transport for the students, who would assist the trust by visiting old age homes and other projects; among other things they would monitor the use of funds by these projects and ensure that there is no abuse of funds, and that the funds do in fact reach those people who are meant to be the direct beneficiaries - the old age pensioners. At present, it is hard for him and other trustees to monitor all beneficiaries effectively and ensure that no abuse of funds occurs.

- Food parcels and vouchers. These are at present distributed through Sheikh Shamiel Panday of SANZAF, to avoid duplication between different providers of food parcels. See beneficiary case study below.
- Food projects. The Trust supported the establishment of ten 'food projects' which involved supplying each group with a gas stove, a freezer and a few hundred rands' worth of stock. With this they were to make pies, *koeksusters*, *samoosas* and other foodstuffs for sale, with the aim of becoming self-sustaining micro-enterprises, able to reinvest their profit in buying more materials with which they could then increase their production and sales.[3]
- Schools. The Trust has recently (May 2005) used R 40 000 for the acquisition of additional land from the Metro Council for the Nasradien School. The Trust works on the basis that it will acquire property or land and pay bills (eg services, electricity), do maintenance etc, but that the community in which the project is based is meant to manage it.
- Bursaries. Individuals or families approach the Trust for assistance with school fees or university or college expenses. The Trust supports children attending religious (Muslim) schools as well as tertiary academic studies at university or college. Assistance is given on a 'once-off' basis (ie not spread over a number of years of study) and students must reapply annually if they need further assistance.
- Outings. The Bismillah Trust owns a bus and some combis, with which it arranges transport and outings for old age pensioners and school children from underprivileged areas, to the beach or to other places of public interest.
- Quest School for Autism. See beneficiary case study below.
- Walmer township project. This project, which is still in progress, is being provided with a stove, carpets, paint and assistance with painting, and an electrician to 'fix things up'.
- Assistance to travelers. Islamic law requires that help (food, shelter, transport) is given to Muslims in need. Hence when such people come to PE and approach the Imam, they have the right to be given shelter and subsistence for three days. The Trust assists in such cases in providing bus tickets (which they buy directly) and food vouchers.

Other forms of assistance are given directly by the businesses concerned, and do not go through the Bismillah Trust as a structure:

- The East Cape Choir was recently sponsored in a trip to the Kwantu Game Reserve.
- The Malabar Old-Age Home was given a trip to the Kwantu Game Reserve.
- Kwantu Game Reserve has a section which is reserved for pensioners and underprivileged schoolchildren. Such groups are not charged; they are given meals, game drives and special care and attention by the staff; they use facilities like the function room which are usually rented out.
- Afrisave Cash and Carry is involved in the provision of food to communities during disasters.

2.12. Examples of beneficiaries:

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[3] Mr Jeeva noted that of the ten, four had succeeded. I noted this as a reasonable success rate for small projects, but Mr Jeeva would have been happier if all ten had succeeded!

In order to assess the effectiveness of the work done by the Bismillah Charitable Trust, and to obtain information and opinions from beneficiaries of the Trust, two visits were paid to beneficiary organizations.

2.12.1 ANZAF, West End, Port Elizabeth: 18 May 2005

Mr Jeeva explained that food parcels and vouchers are distributed by the Trust to many poverty-stricken communities in Port Elizabeth and Uitenhage, including Gelvandale, Korsten, New Brighton and KwaNobuhle – in Mr Jeeva's words, 'way beyond the Muslim community'.(Gelvandale and Korsten are old 'coloured' Group Areas of Port Elizabeth where there may be some Muslim population; New Brighton and KwaNobuhle are former African townships of Port Elizabeth and Uitenhage). The Bismillah Charitable Trust prints books of food vouchers (each book has a total value of R 7 500) and the vouchers are redeemable at Korsten Wholesalers, as the Trust has confidence that they will be redeemed for basic foodstuffs only (thus avoiding abuse of the vouchers by those who don't really need them).

One of the beneficiary communities of the Trust is the Muslim community of West End. Members of this community who are in need approach the local office of SANZAF for assistance. A narrow flight of concrete steps leads up to the modest offices of SANZAF in West End, Port Elizabeth. The offices are small, clean but worn; there are carpets and tiling on the floors of the offices in use, but a minimum of furniture, and no posters or other adornments. Boxes of used clothing from where people in need can look for something that fits, stand in one room; a filing cabinet stands in another room where records of the clients are kept. The offices are orderly and quiet, though I am informed that it is unusually quiet; there are often forty or more clients coming in one morning.

SANZAF co-ordinates the receipt and distribution of zakaat from Muslim families. In Port Elizabeth, there are approximately 400 client families, 300 served by their main office in Parkside, another 100 in West End. Most support for the poor takes the form of food parcels or food vouchers; some shops donate groceries directly to SANZAF as their form of zakaat. The needy come in to the SANZAF offices to collect parcels or food vouchers. While I am there, there is a steady stream of individuals who come to collect food vouchers: SANZAF has vouchers to the value of R 50, which are redeemable at the Hyper Valley Supermarket; but this morning they are giving people vouchers from the Bismillah Charitable Trust, each voucher to the value of R 150. SANZAF use about 75 of these vouchers per month; while I am there, fourteen are distributed and the book is finished; the SANZAF staff member hopes they will get more from the Bismillah Trust next week. The vouchers are redeemable at Korsten Wholesalers in Durban Road; the only problem is that some people are so poor that they don't have busfare to go to Korsten to redeem the vouchers. These vouchers are given once a month to families or individuals in need; each client must bring their ID document, and the voucher they receive is checked off in their file. They can only be assisted once per month; and staff note that R 50 is very little help for a family in need. Each week different clients come in to collect vouchers; SANZAF will keep supporting them for as long as they are poor and without income; their social worker will visit the clients' homes to assess whether they are still in need. Donations of clothing are also made to SANZAF as sadaqa; clothes are brought in to the offices and those who are without can select what clothing they need.

As regards the collection of zakaat, the majority of Muslims in the community pay their contributions directly to SANZAF, either through a monthly stoporder or through another means of payment. Some, like Mr Jeeva, divide their zakaat and pay some

to SANZAF and some privately. Muslims are not obliged to pay *zakaat* to SANZAF, but it is encouraged as instead of going to one person (who may be a relative of the giver) it avoids duplication and ensures that it goes to those who need it most. Sheikh Shamiel Panday explained that if all Muslims in PE gave their *zakaat* to SANZAF, they would be able to increase the size of the vouchers.

The relationship of SANZAF to the Bismillah Charitable Trust works as follows: Mr Jeeva gives books of vouchers from his trust to SANZAF as a part of his *zakaat*. Each book of vouchers consists of 50 vouchers to the value of R 150, a total value of R 7 500; SANZAF is expected to distribute around 75 vouchers per month, ie one and a half books, around R 11 250 per month.

According to Sheikh Shamiel, it is unusual for a Muslim family to set up a trust as Mr Jeeva has done, and pay *zakaat* through this trust – as the idea behind *zakaat* is that once it is paid, it is out of your individual control and belongs to the poor. It is obligatory and unconditional and goes directly to the poor (usually via SANZAF). Mufti Siraj Desai, advisor to the Trust, concurs that the Bismillah Charitable Trust is somewhat unusual; it is more usual for a Muslim family to establish a trust solely for the purpose of providing security for family members and facilitate the winding up of estates. However, he notes that in the case of *zakaat*, individuals may have a personal preference. as to how it is distributed, and thus it is consistent with Islamic law for a trust to be used in this way for the disbursement of *zakaat*. Both Sheikh Shamiel and Siraj Desai agreed that the Bismillah trust is somewhat unusual, although it may be explained at least partially by the fact that in the Nelson Mandela Metro there are few wealthy Muslim families; while there may be other Muslim family trusts which are set up for their own reasons, they are not often the vehicle for charity in this way.

2.12. 2. Quest School for Children with Autism: 16 May 2005

This school is the only one of its kind in the whole Eastern Cape. There are currently fifty-one pupils at the school, of all different races and religious backgrounds. They are in eight classes with approximately six pupils per class; because of the nature of the pupils' learning abilities, intensive individual tuition in small classes is necessary. Teaching is in Xhosa, English and Afrikaans. There is an art teacher who is a local artist, and there are also computer facilities which have been donated by Round Table. Vehicles have been bought with the assistance of the Nelson Mandela Metropolitan Municipality.

Marietjie Slabbert is the financial and administrative manager of the school. She has been involved with the school since its inception, ten years ago; in fact she was one of the motivators and founders of the school, which opened its doors in July 1995 in Uitenhage with six pupils. When the need for such a school became apparent, she had come into contact with Mr Yusuf Jeeva through her husband, who works at Nestle, and he was a business connection and friend. Mr Jeeva donated an old church building in Uitenhage for use by the school, and then bought the house next door for the purpose of establishing a hostel for some of the scholars. He had the buildings renovated, with toilets and other facilities provided, so that they met the requirements of the Department of Health. As Mrs Slabbert said, 'Without him and his Trust, I can't think how we would have started the school.'

About three years ago, the Quest school had expanded and then moved into new premises in Port Elizabeth, an old school building owned by the Department of Education. Meanwhile, the old building in Uitenhage has been taken over by another school for children with special needs, the Sunshine Special School, with the support

of Mr Jeeva. In addition, the Department of Education apparently also rents some buildings in Uitenhage from Mr Jeeva. While the Quest school is now supported by the Department of Education, it has for much of its life relied on charity and on the commitment of volunteers; it is registered as a Public Benefit Organisation and obtains support from other charitable institutions such as Round Table (which provided computers) as well as the Metro council (which assisted with the purchase of vehicles).

Mr Jeeva explained that the Trust had withdrawn from extensive support for the school once other funding had been secured, on the principal that it can then spread its funding to other needy projects and allow the state to take over its responsibility. However, Mrs Slabbert was appreciative of the ongoing support of the Trust, even if more limited, and explained that support from the Bismillah Trust did not end with the moving of the school to Port Elizabeth: "He has never stopped supporting us" she said, demonstrating this by showing me the improvements to the building. Mr Jeeva has been involved in the renovation of the old school building so that it can also provide temporary hostel dwelling for some of the pupils from out of town or from Uitenhage. This renovation has involved fixing up the bathrooms, tiling, painting and plumbing so as to make them suitable for the children. Such renovations are not provided in the form of monetary assistance; instead, Mr Jeeva arranges for donations in kind and of services, such as plumbing and tiling, which he arranges through his own business connections. He has also arranged the donation of furniture, including a number of chairs and tables for the staff and meeting rooms of the school. Additional assistance has taken the form of paying salaries for teachers when there has been a departmental delay in funding for additional teachers (because of the nature of the children attending the school, they are required to have a teacher and an assistant for each group of six learners; in one case, when they needed to take in an additional six pupils, Mr Jeeva arranged for the payment of the salaries of the additional teachers).

As beneficiaries of the Bismillah Charitable Trust, the Quest school board is supposed to have regular meetings with the Trust. On an annual basis they report their progress and their needs to Mr Jeeva, who then includes the Quest school in his budget for the year. There is little in the way of formal applications through filling in forms, and very little red tape involved; relationships between the Trust and its beneficiaries are personal and informal. Most communication is carried out directly between Mrs Slabbert and Mr Jeeva. She is able to phone or fax him if there is a particular need that the school has. Mr Jeeva has been co-opted onto the governing body of the school, and is listed on the school's website as the 'benefactor.' Although he does not often attend meetings, Mrs Slabbert sends him the minutes of the meetings, through which he is able to identify their needs. She also reports to him on progress, on all expenditure, and accounts for funds used through receipts etc where necessary. He usually attends the end of year dinner at the school with his family.

The Trust has asked for little from the school in return for its support; financial accounting and the basic observance of Islamic dietary laws are what the school gives in return. Thus, although the school was not established for the Muslim community, at the request of Mr Jeeva they do not have pork or alcohol on the premises, according to Islamic law. The Bismillah Trust also arranged and paid for the *halaal* catering on the occasion of the official opening of the school. Outside the school building, an Afrisave Cash and Carry banner is affixed to the fence.

It is clear that the school is professionally run and is an excellent educational facility for children with special needs. The staff are very grateful to the Bismillah Charitable Trust for its support, and continue to enjoy a good relationship with the Jeeva family.

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They expressed the view that the Jeeva family are one of the wealthiest families in Uitenhage, if not in the whole of the Metro; and feel that Mr Jeeva is a committed religious man whose religious belief involves generous giving not only to the Muslim community, but to all in need. Mrs Slabbert also stressed, when I made the appointment as well as during the interview, that she is hesitant to speak of Mr Jeeva by name as he has made it clear that he does not want to benefit from publicity associated with his donations.

2.13. Profile

It was stressed by Mr Jeeva himself, as well as his advisors and beneficiaries, that he cannot, according to Islamic Law, benefit in any way from publicity. It is for this reason that the Trust maintains a low profile and he does not interact directly with the beneficiaries. This role is carried out by the social worker, thus avoiding the idea of dependence on, or patronage from, Mr Jeeva himself.

2.14. Conclusion

The Bismillah Charitable Trust serves as an interesting example of how a local Muslim family of businessmen have understood their obligations to society. While it cannot be considered a truly 'developmental' organization, the Bismillah Charitable Trust is engaged in a range of activities which are defined by the family's commitment to upholding Islamic law and sharing their wealth with those less fortunate than themselves. In some instances this takes the form of food vouchers which constitute zakaat, the obligatory donation to the poor within the Muslim community. In others, it involves a more continuous involvement with a particular institution, such as a school for the mentally disabled. There is a willingness on the part of the Trust to engage in more sustainable development and entrepreneurial projects, although this kind of involvement is limited at present.

The Trust works on the basis of a minimum of bureaucracy, and through an extensive network of personal and business connections, as well as connections with local government institutions, other charities and religious institutions. In accordance to Islamic law, it does not advertise its work or give charity in order to obtain public recognition for the Jeeva family.

From this case study, it is difficult to say whether the Bismillah Charitable Trust is typical in any way of a 'Muslim family foundation'. However, it is understood that such foundations are usually established by only the most affluent and influential businessmen in the Muslim community. While there may be indirect benefits to the business concerns in the way of business connections or tax breaks, it is clear that according to Islamic law, such charity is given for religious reasons, and not for personal gain. The Bismillah Charitable Trust meets all the above criteria.

Chapter 3

The David Graaff Foundation

3.1. Introduction

The decision to stratify this study of family foundations by South African cultural communities was taken largely in the interests of drawing comparative insights, as well as testing the credibility of perceptions about the exclusivist ethno-linguistic giving motivations of these organisations [4]. To what extent are these perceptions accurate and valid? How subtle are the distinctions in the activities family foundations choose to support, and their reasons for so doing? How do we determine the reality of this perception concerning the "cultural" motivations of private family giving? Although ethno-linguistic interests are evident in South Africa, and in the case of Afrikaner "interests" may be more visibly contained in the approach to certain issues taken up for example by the F W de Klerk Foundation [5], there are many instances where this is not evidently the case, such as the Charl van der Merwe Foundation, the Douglas Jooste Trust, and many others. If anything, the ethno-linguistic stratification of the research was employed in order to test the reality, significance and validity of public perceptions, while at the same time providing a clearer picture of the extent of private family philanthropic giving in South Africa.

3.2. Background: Philanthropy within the Afrikaner Community

Documented evidence on Afrikaner family philanthropic giving proved frustratingly elusive in comparison with the extensive documentation on group initiatives from the early twentieth century onwards. Documentary research on the latter yielded fairly consistent observations of a melding of Christian-Nationalist ideologies in support of a more coherent White Afrikaner identity, which began to take root during the time of the Anglo-Boer War. The philanthropic forerunners of this development included organisations such as the South African Christian Women's Society (ZACVV) [6] and the South African Women's Federation (ZAVF), who mobilised what was termed "bread and butter philanthropy" to provide basic subsistence support to the community of "poor whites" rendered economically marginalised by war and economic changes in agriculture which led to some social dislocation (du Toit 1996: 92-93; 266). This communitarian philanthropy represented in effect the seeds of an increasingly co-ordinated effort to foster White Afrikaner identity and to improve the material circumstances of the *volk*. In this regard the creation of the Afrikaner Broederbond (Afrikaner Brotherhood) in 1918 emphasised some movement away

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[4] See for example CORE (2005) Civil Society and Governance: The Case of South Africa. Available from: http://nt1.ids.ac.uk/ids/civsoc/docs/southafrica1.doc (Accessed 13 July 2005).

[5] Funds research and dialogue on inter-community relations, inter-group conflict, and respect between ethnic, linguistic and religious communities. The Foundation submitted formal opinions and facilitated dialogue on issues sensitive to the Afrikaner community in particular, such as the renaming of Pretoria, and the status of Afrikaans mother-tongue instruction in schools.

[6] Later became the Afrikaans Christian Women's Organisation

from exclusively charitable activities to acquiring for the Afrikaner community greater control and power over political and economic institutions (Bloomberg 1989: 36, 60).[7]

The Broederbond as a type of umbrella body was thus influential in encouraging a mixture of cultural and economic empowerment amongst Afrikaners through various organisations, including the Federasie van Afrikaanse Kultuurverenigings (FAK). Some of these included the Spoorbond (Rail Bond), intended as a mass Afrikaner nationalist body for Afrikaner railwaymen; and the Afrikaans Language and Culture Bond (ATKB), a cultural organisation for Afrikaners in the Department of Posts and Telegraphs. Bloomberg referred to one of the aims of the latter as being that of encouraging Afrikaners to patronise their own businesses and financial institutions(1989: 57). In addition to these, various other initiatives were established to mobilise savings for productive investment, render assistance to Afrikaners in the establishment of businesses, and provide finance (funding) to Afrikaner businessmen (ibid: 61).[8] This ethno-linguistic project was further developed with the introduction of the Apartheid policy in 1948, where, as O'Meara observed, the supervision and control of capitalism under the state was viewed as being instrumental to servicing the *volk* (1983: 162).

Given the dearth of literature on Afrikaner private philanthropic giving, the challenge for this case study has been to discern, from the largely consistent literature on the cohesive evolution of Afrikaner ethno-linguistic identity, evidence that private family philanthropic giving would have largely coincided with this community impetus, i.e. largely cultural, linguistic, educational and later business pursuits. It would certainly not be a stretch to surmise that the modest philanthropic roots of Afrikaner giving in the beginning of the twentieth century, sustained by a Christian-Nationalist impetus to protect and promote the ethno-religious integrity and economic foundation of the community, would have influenced private philanthropic giving sympathetic to such causes. This in particular as individual Afrikaners gradually began to benefit economically.

3.3. Research Method

An objective of this case study then is to empirically test the hypothesis that Afrikaner family philanthropic activity tended to favour support to "Afrikaner" charitable causes, as the historical evolution of Afrikaner group cultural philanthropy may have been said to so do. Charitable giving in the interests of Afrikaners is probably most popularly associated with the work of the FAK and the Afrikaner Broederbond, organisations with a long history dedicated to furthering the cultural, economic, and political interests of the Afrikaner community. The search for an "Afrikaner" family foundation, as distinct from the well-documented history of non-family specific Afrikaner cultural organisations proved to be more difficult than initially expected, given the lack of publicly available documentary evidence

Interestingly, the F. W. de Klerk Foundation seemed to straddle both of these domains, by representing a prominent member of the Afrikaner community promoting the kind of post-apartheid cultural preservation and socio-cultural reconciliation adopted by the New National Party after 1994. The de Klerk Foundation is however not principally a grant maker and does not define itself as a traditional family

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[7] According to Bloomberg (1989: 59) by 1930 about a third of Arikanerdom was classified as being "poor white", with almost two thirds being in English-speaking employ.
[8] Amongst these initiatives were those aimed at youth and students (Voortrekkers-boy scouts, Studentbond), and Institute for Christian National Education (Bloomberg 1989: 44)

philanthropic organisation, explaining that it does not primarily promote the interests or charitable objectives of the FW de Klerk family. On the practical side, a survey of foundations and trusts represented in Master of the High Court registries showed a plethora of organisations associated with Afrikaner individuals and families, which simply could not at a glance render general conclusions about their beneficiary orientation. Compounding this was a hesitation by some Foundations associated with Afrikaner families to convey much detail about their activities, and in other cases preferring not to reveal any information, which turned out to be a general rather than cultural obstacle when researching private philanthropic entities.

Various written requests were sent to relevant foundations and trusts as well as cultural organisations associated with the Afrikaner community, and were generally met with either polite unwillingness to participate, or non-responses. Success was achieved with the David (de Villiers) Graaff Foundation, which also appeared on the original list of family foundations provided to us by SAGA. This Foundation was receptive to meeting and making a contribution to the general objectives of this study, as it appeared to have some awareness of the role of SAGA. In terms of method, the case study employed a fairly routine combination of documentary, key-informant and corroboration interviews with the David Graaff Foundation and a small sample of charities being funded by it.

3.4. Background: The David Graaff Foundation

There is little documented biographical information on the donor, David (Dawie) Pieter de Villiers Graaff, as compared with his more well-known brother (Sir de Villiers Graaff-United Party Politician) and father David Graaff (Politician and prominent Cape Town businessperson). It is known that Dawie served in World War Two, suffered from bouts of illness during the campaign, that he never married and preferred a less profiled career in business and law to that of his father and elder brother. The de Villiers Graaff family is one of Cape Town's most prominent families, with the father and then brother of David becoming extensively involved in the more moderate strand of local and national politics. David Graaff Senior was the city's youngest Mayor, who together with his brother built a successful and lucrative meat and cold storage business, supplying the British government during the Anglo Boer War and World War One. [9] Interestingly, it was also noted that David Graaff Senior and his wife remained members of the Afrikaner bond and the Dutch Reformed Church, and were actively involved in helping Boer women and children interned in English prisoner camps with medical and other basic supplies (Barnard and Kriek 1990: 2). Although Graaff Senior initially declined a nomination for a Baronetcy from the British Crown, his son later recounted that he was persuaded to accept it, which in part acknowledged his "tireless efforts to bring about reconciliation between English and Afrikaans speaking people" (de Villiers Graaff 1993: 12).

This theme of reconciliation and a more inclusive brand of consolidating European Western traditions was characteristic of Graaff politics and business, as well as in its philanthropic activities. These included support by Lady Graaff (wife of David Graaff Senior) to the Girl Guides of Cape Province, and support to the South African Red Cross Society by Sir de Villiers Graaf (ibid: 140).

The David Graaff Foundation, founded by and in the name of Dawie shortly before his death in 1972, has been in operation for over thirty years. Public records indicate that the Trust was created by David Pieter de Villiers Graaf, under a deed of Trust

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[9] These assets also included extensive property interests in Cape Town.

executed on 29 October 1971, and registered in December of 1976 (Master of the High Court, Cape Town public records). The terms of the Trust, as explained in the Deed of Donation and Trust, noted that the donor desired creating a Trust for the benefit of "such charitable, educational or ecclesiastical institutions in the Republic of South Africa or South West Africa [Namibia], whose operations are in the intention of the public". The most interesting aspect of the motivational phrasing of Dawie was that it did not formally stipulate that support was to be directed at any particular cultural community amongst the public, which was perhaps consistent with his family history mentioned above. In discussions with the Foundation, it was unfortunately not possible to obtain details of its past giving profile, prior to 1994. The only information that could be retrieved around the time of the political changeover revealed little to suggest that the Foundation deliberately oriented its funding to "Afrikaner" charitable interests as such.

An overview of the Foundation's recent funding profile (2004/5) shows a deliberate attempt at "general" disbursements, or in other words, funding for a diverse set of charitable causes with amounts as small as R3000 to as much as R25 000. It was noted that the Patron at the Trust's inception supported this general orientation, which at least does not contradict the essence of the original Deed of Donation and Trust wording.

The Trust's most recent funding cycle showed that just over R1 million in funding was disbursed to over ninety charities, with over twenty-five students receiving bursary/grants ranging from a few thousand Rands to an upper amount of R10 000. The Foundation's beneficiary profile therefore is divided into a diverse charitable portfolio and bursary/grant portfolio for secondary and post-secondary students. The great majority of funds (over 80%) are disbursed to charitable organisations. In the case of bursaries, funding is channelled to institutions at which students are studying, as well as directly to students by way of a cheque.

3.5. Profile of Beneficiaries

The profile of the Foundation's beneficiaries is limited primarily to the Western Cape, with a distinctive Cape Town flavour. This seems in keeping with the de Villiers Graaff family's longstanding and firmly established presence in the area. The diversity of causes supported by the Foundation includes long-standing Cape Town cultural activities in the theatrical, orchestral and fine art exhibitions; support to prominent universities such as the University of Cape Town, University of the Western Cape and Rhodes University; environmental and health issues such as wildlife conservation; donations to ecclesiastical bodies engaged in social and educational activities; health infrastructure and child welfare; as well as services that have become particularly prominent under the post-apartheid Government's administration. These include healthcare-HIV/AIDS related charities (i.e. counselling), hospital services, mental health care and related services for abused women and rape crisis, as well as the support of an organisation specialising in training and mentoring individuals to improve their leadership and fundraising abilities. What was not evident amongst the charities was an overtly "Afrikaner" orientation. The Foundation's funding profile therefore represents an assortment of established and emerging social, economic and cultural issues in the Western Cape region.

Given the diversity of the Foundation's funding profile, it was not apparent that a particular "target/beneficiary group" was being responded to. The only discernible ethno-religious interest emanating from the Foundation's funding profile was interestingly a group of ecclesiastical Jewish charities, which was explained as

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having been particularly close to one of the Foundation's past trustees. It was further conveyed that this secular ethno-religious component constituted an area of giving that might in future diminish in importance, relative to the majority of recipients who generally represent a broad mixture of social and economic issues. It is somewhat ironic to have come across this collection of Jewish charities supported by a Foundation established by an Afrikaner South African, which in this case simply reinforced the need to appreciate historical and latent donor motivations, as well as the significance of trusteeship operating within relatively broad and open-ended funding criteria.

A more detailed examination of the Foundation's funding or target group within its broad thematic categories illustrates some sensitivity towards emerging social and economic issues facing particular segments of South African society. This is clearly evident in its bursary programme, where the majority of recipients come from previously disadvantaged backgrounds (Black students). In its charities' component, the profile of the beneficiaries was more diverse and not overtly oriented to any particular ethno-linguistic population segment. A range of health-related charities and projects that cut across ethnic groupings, including paediatric and adult cancer, leukaemia, muscular dystrophy, rehabilitation, the Blind, and HIV and AIDS, supports this point. To what extent individuals of a particular ethno-linguistic grouping benefit disproportionately from charities dealing with these and other issues, and by association then from the Graaff Foundation, while a valid inquiry, is not one that can be definitively or persuasively dealt with here. Furthermore, it has not been the intention of this exercise to compare and comment on family foundation giving against some ideal ethno-linguistic spread, but rather to identify whether 'family' foundations of a particular ethno-linguistic extraction tend to prefer supporting charities and individuals of similar extraction. This has not been observed in the case of the David Graaff Foundation.

3.6. Mechanics of Giving

The Foundation operates an administratively modest and flexible giving infrastructure, with donations usually provided in the form of grants. The current year's disbursement quoted at just over R1 million was considered normal and indeed may rise as more monies are freed up for general giving within the current portfolio.

The David Graaff Foundation's giving could be considered somewhere in between proactive and reactive. The generally modest and unremarkable business-like surroundings and articulation of the Foundation's activities was, in this regard, perhaps consistent with its being primarily a receiver of requests for support from charities, who appear to have heard about the Foundation through word of mouth and networking. Indeed the broad social, economic and cultural profile of the Foundation's giving does not suggest that it is either hesitant to fund or rigid about the kinds of charities it chooses to fund. In this instance it prefers less publicity and more discretion guiding its reaction to issues in need of support, whilst demonstrating pro-activity in recognising and allocating funding to an array of established and emergent social, economic and cultural issues.

This pro-activity did not as a matter of practice appear to extend to the provision of pre-, during or post-giving assistance to charities and bursary recipients, given that the charities were largely formally established and the type of support provided was limited to financial grants. The Foundation, in keeping with its mode of giving, i.e. financial grants, along with its administrative set-up, did not therefore provide

resources-in kind, or engage in direct skills development, information-provision, or facilitate networking.

A body of trustees makes Grant decisions for the Foundation, based on an initial vetting of requests and recommendations by the trust administrator. Reporting and follow-up was generally informal, consisting mostly of attendances at special events organised by charities to publicise their activities and present annual reports. The informality of this approach was also evident in the Administrator of the Foundation, who conveyed a more relaxed approach to reporting requirements. In this regard the ability of charitable organisations to demonstrate a legitimate need and detail their proposed use for funding was a key factor in securing the Foundation's trust, prompting it to consider favourably a giving request. This was also seen in the bursary component, where it was typical to provide partial funding linked to encouraging and indeed expecting recipients to source additional funds from elsewhere. Given these conditions, the Foundation did not wish to attach overly cumbersome (relative to its operational size) administrative procedures, targets, and milestones to manage its funding, such as a special funding cycle as opposed to activities being reported in accordance with a standard financial year cycle.

3.7. Internal Governing Processes

At present there are three Trustees overseeing the activities of the David Graaff Foundation, in addition to three administrative staff (Trust Administrator, Bookkeeper and a Administrative Assistant). It was also reported that no members of the de Villiers Graaff family, as related to the patron, are involved in the direct running of the Foundation, nor was this the case at its inception. We also know that Dawie did not marry, and probably did not have any children. This set of circumstances, together with the open-ended phrasing of donor intentions at the Foundation's inception, relatively informal processing and monitoring procedures and a small administrative staff, would seem to indicate that the discretion retained by trustees and the Trust administrator is probably quite influential in practice (for example, the Jewish charities mentioned earlier). Generally speaking though, the diversity of charitable causes represented amongst the Foundation's beneficiaries does seem to reflect the broad-based intentions of the patron.

3.8. Involvement in Fundraising Networking

As a service provider to the donor community, SAGA is interested to learn about the involvement of donors in organisational development, networking and research. Given their generally more discrete *modus operandi*, we did not expect that local private philanthropic organisations would be able to convey to us much about SAGA. This was in fact the case with the David Graaff Foundation. The Foundation stated that it did not usually involve itself in the philanthropic "industry" as such. It was more typical for it to encounter other public giving organisations, including other private family foundations, while attending events hosted by beneficiaries. The Foundation did indicate some interest in research on the functioning of charitable organisations, and charitable support (or lack thereof) for particular issues. This kind of information is in keeping with its inclination to receive information through newsletters, as well as improving its own ability to scrutinise emergent charitable issues and evaluate, organisationally, those charities requesting funding from it.

Further related to the Foundation's interest in research is its concern for ensuring that it carefully managed the administrative interface between its financial holding and the

mushrooming of social, economic and cultural issues in post-apartheid South Africa. Key indicators of this included a preference for a lower public profile in communicating with and publicising its association (i.e. through Foundation newsletters, formal and regular interactions with other family foundations) with recipients of funding.

3.9. Beneficiary Observations

Insights from some of the David Graaff Foundation's beneficiaries (three in particular) perhaps confirm that a basis of trust, and in addition confidence, feature highly when soliciting the continued support of the Foundation. Given that these observations from charities were largely consistent with each other, together with the fact that the Foundation preferred not to get too involved in the activities pursued by its beneficiaries, it was decided to simply convey these observations as a consolidated whole. As indicated, obtaining the trust and confidence of the Foundation featured prominently in acquiring its support. When met, this did not seem to require detailed ongoing proposals but an ability to communicate clear and specific needs in relation to activities (sometimes by simple means of a letter), followed by beneficiaries proactively disseminating their own reporting literature on the progress of activities. In such cases funding from the Foundation simply continued year on year. In one particular case, an administrator of trusts and bequests at a beneficiary charity was not immediately able to recall the Foundation's annual donation.

3.10. Conclusion

Although it is probably the rule that family foundations, regardless of their resource pool, tend towards more moderate executive and administrative behaviour, this should not *ipso facto* be linked with ethno-linguistic conservatism in that it is regarded as an inherent feature of a family's ethno-linguistic identity. At least, this was observed in the case of the David Graaff Foundation. It was stated in section two of this case study that the sheer number of Afrikaner families engaging in charitable giving, when compared with the scope of work of this study, did not make it possible to offer generalised insights into the motivations of Afrikaner family foundations. Observing the legal foundations, societal observations and practical functioning of this particular case would seem to suggest that it is in fact more complex to arrive at the conclusion that charitable giving associated with members of a particular ethno-linguistic extraction, is correspondingly directed or oriented towards that particular community. If anything, the de Villiers Graaff family history was one that, although embedded in structures within the Afrikaner community, demonstrated a more inclusive socio-political vision. This vision appears to have infused the thinking of Dawie, if we consider the profile of charities being funded by his Foundation.

Chapter 4

Jewish Family Foundations: Two Case Studies

4.1. Introduction

An assumption was made at the outset of this study that, as agencies of philanthropic giving, family foundations are more likely to reflect cultural identity linked characteristics bestowed upon them by their founders than do other larger, institutionally based giving agencies. Similarly, these agencies are said to be particularly close to the priorities and needs of the immediate cultural communities from whence founder families originate. Hence, the thinking goes, by looking at family foundations with a range of identity bases, we would be in a good position to understand what is generic to these bodies as family foundations and what is identity-specific.

This study focuses on two family foundations whose founders come from a Jewish background. We ask the question whether being Jewish predisposes givers from this community to establish formal giving entities, or whether factors other than cultural and religious dynamics lead them down this road. Conversely, do the resulting family foundations establish Jewish welfare and community building causes as the centre of their rationale for existing?

The South African Jewish community comprises a small, insular, relatively affluent minority with a strongly cohesive ethnic identity. The rate of philanthropic giving in the Jewish community has been found to be significantly higher than that of the general population in South Africa[10]. Moreover,

> 'Jewish communal organisations are able to mobilise significant financial resources from a community that willingly gives. These resources are very largely directed towards the Jewish needy and the building of communal institutions that aim to strengthen Jewish identity and provide continuity'[11].

Family foundations are a comparatively common phenomenon in the community - unsurprising given the cultural giving propensity within the community and the fact that family foundations nearly always emerge in financially well established families. In Cape Town alone, more than 20 such trusts/foundations have been formed in the small Jewish community of about 30 000[12]. It is likely that factors such as the size of the community, coupled with patterns of emigration from South Africa that have left the older generations to fend for themselves, have persuaded Jewish communal and welfare leadership to look to funding mechanisms such as family foundations as a means of promoting financial stability and sustainability. Well-off families have responded positively to the call to set up foundations that cater for Jewish and other welfare needs.

The selection of the Cape Town-based Ackerman Family Foundation as a case study was largely fortuitous. A key consultant to the Foundation and former chairperson of

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[10] Favis M, *The State of Giving in the South African Jewish Community*, Centre for Civil Society, 2004, p11
[11] Favis M, *The State of Giving in the South African Jewish Community*, p 40
[12] Favis M, *The State of Giving in the South African Jewish Community*, p17

the Southern African Grantmakers Association (SAGA), Anne Emmett, came to know of the Family Foundations research project and requested SAGA to put forward the Ackerman Family Foundation as a possible case study. The motive for so-doing related to a desire to learn more about other family foundations in the field, which might be facilitated by being linked to the research process.

Prior to launching this research, assumptions were made that the Ackerman Family Foundation fitted into the mould of a typical well-established Jewish family foundation. It quickly became clear to the researcher that these assumptions were incorrect: firstly, the Foundation was in its early set-up phase and had yet to even finalise its policy framework, let alone disburse funds. Secondly, it became clear that the Foundation had no or minimal links with the Jewish establishment, neither had its members any stated intention of dedicating the Foundation's resources to Jewish causes.

In spite of these early discoveries, the research team decided to persist with the Ackerman Family Foundation as a case study on the grounds that it provided an opportunity to test the hypothesis that there is a close link between family foundations and the ethnic/cultural roots of its members. Also, it was felt that it would be useful to look at a family foundation in the very early stages of its development.

Given the nature of the Ackerman Foundation, the researcher decided to select an additional 'mini' case study that would allow the team to explore the dynamics of a more typical Jewish family foundation. This was no easy task: Jewish foundations are not prone to advertising themselves, since most have a direct relationship with Jewish welfare and communal beneficiaries and do not wish to extend their outreach far beyond these horizons. A partial listing of these foundations was available. However, few provided contact details and of those that did, none was willing to take part in this study for fear of 'undue publicity'.

After many outreach attempts one Jewish family foundation by the name of 'Making an Immediate Difference' (MAID) agreed to participate in the research on the basis that the particular family involved would remain anonymous. The reason given for this was the desire of the founder to maintain a low giving profile. While MAID does contribute to individual Jewish causes on an ongoing basis, it does not have any relationship with centralized co-ordinating bodies in the Jewish community, as do many of the other, particularly Cape Town-based, Jewish family foundations.

The two cases studies provide a basis for comparison with regard to the key ingredients that combine to give the family foundations their respective characters: purpose, objectives, giving policy and procedures and structure.

4.2. It's all in the beginnings...

What could possibly motivate a well resourced family to take the rather arduous step of setting up a legal entity in the form of a family foundation? Would it not be far simpler for family members to continue giving on an individual and informal basis to their preferred causes? These questions were fundamental to the research process. We needed to find out what was the *drive* behind establishing the family foundation. By addressing this issue, we would be in a good position to understand the inner dynamics of the family foundation phenomenon and recommend ways of engaging with such bodies.

4.2.1. The Ackerman Family Foundation

To appreciate the thinking behind the formation of the Ackerman Family Foundation, we need to follow the somewhat complex evolution of the family business, the giant retail chain, Pick 'n Pay along with its founder and current Chairman, Raymond Ackerman.

Pick 'n Pay was established in 1967 when Raymond Ackerman – a young man with management experience and interests in the retail field – went out on a limb to purchase a small chain of four supermarkets. Driven by the vision and energy of its founder, the Pick 'n Pay Group has since grown to embrace some 590 stores across Southern Africa and Australia. It is essentially a family business, with all six immediate members of the Ackerman family involved in one or other capacity in the business. As such, Pick 'n Pay is one of very few large listed family businesses in South Africa[13].

The company has been built on the model of 'the four legs of the table': an approach that balances four factors: administration, merchandise, promotions/social responsibility and people (employees), all unified by a value-based commitment to the 'sovereign customer' as the focus of all endeavour. The founder himself explains the thinking underlying the model:

> 'Each leg is vital to maintaining a healthy balance but the consumer atop the table and the principles of consumer sovereignty are always paramount, always providing the *reason* for the existence of the structure below'[14],

and,

> 'Although each of the four legs comprise a number of individual components, each (is) inextricably linked to the performance and wellbeing of the others'.[15]

By definition, this approach to building a massive retail chain requires, at its heart, an ability to communicate with the public with a view to reaching and attracting the paying customer. Consequently, marketing plays a pivotal role in Pick 'n Pay's strategy. From the outset, the Group has adopted a marketing approach aimed at persuading customers that the company cares for them and their communities. This is illustrated by the actual *coupling* of promotion and social responsibility as one of the 'legs of the table'. In terms of this approach, making a contribution to society is as much a part of Pick n Pay's operation as ensuring that its stores are well run. By implication, 'the policy of caring' is fully integrated into the core business of the Group[16].

Taking the concept of 'doing good is good business' and building it into every facet of the Pick 'n Pay enterprise has been a key task.[17] In the chairman's own words,

> 'I have always thought that the policy of caring is, in itself, a good one. I made a vow on the first day of owning Pick 'n Pay that I would never be above the

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[13] Others being companies run by the Oppenheimer and Rupert families respectively

[14] Prichard D, *Hearing grasshoppers jump: The story of Raymond Ackerman as told to Denise Prichard.* Cape Town, David Philip, 2001, p.62.

[15] Prichard D, *The Four Legs of the Table.* Cape Town, David Philip, 2005, p.32.

[16] Friedman S, Hudson J and Mackay S, *Like Chalk, Like Cheese?:* Professionalism and Whim in Corporate Giving at Anglo Gold Ashanti and Pick 'n Pay, unpublished paper, p14

[17] Prichard, *The Four Legs of the Table,* p150

ordinary concerns of people. This has advantages just as great for me as for them. Showing concern over the marriage problems of an employee, or the health of someone's child, or the plight of any section of society, is also enlightened self-interest, because the people you have cared for will, in turn care better for you. I have always fostered this philosophy within Pick 'n Pay.'[18]

Consequently,

'social responsibility ranks among the most revered of the core values on which Pick 'n Pay has been built and on which the company is sustained.'[19]

Enlightened self interest has thus informed the long tradition of open-ended and responsive giving on the part of the Ackermans, firstly undertaken on an informal basis and then, later on, given formal expression through two separate family (husband and wife) foundations: the RDA (Raymond) and WA (Wendy) Foundations respectively. By formalising their giving activities through these foundations, the Ackermans were making a public statement about their long term commitment to the betterment of society, while allowing themselves to develop their own separate and direct relationship with individually selected projects. In the late 1990's the company went a step further by setting up the Pick 'n Pay Foundation, the Group's formal corporate social investment (CSI) arm.

A common theme which threads its way across all these initiatives is a concern to reach out to ordinary grassroots people and communities. The range of projects chosen focus on small scale welfare initiatives, disaster relief (the Ackermans pride themselves on being the first to offer help where it is needed), caring for the environment and promoting self help projects. Raymond Ackerman is proud of this track record:

'There is no human need, no category of education and training, no medical condition or handicap relating to any age group, either gender or major religious belief that has not at some time or another...received support.'[20]

In short, the Ackermans have ensured that both their private and corporate philanthropic resources reach into the very heart of communities and that ordinary people know that Pick 'n Pay and its founders contribute to their needs. The philosophy that social responsibility is a core value was introduced to the Ackermans' four children at a young age. Against this background of this culture, the chances that they, as individuals would be predisposed to social giving activities were, of course, very strong.

There is another critical set of factors that influenced the thinking behind the establishment of the newest Ackerman Foundation. Because Pick 'n Pay was developed as a *family business*, there has always been a need to give attention to issues of *family relationships* within the business context. The first generation founders have been acutely aware of the importance of keeping the family together within the framework of the business – no easy task, given the stresses and pressures of running a giant retail chain. There have also been questions of longer term continuity of legacy and inheritance: a concern to see that the children have the

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[18] Prichard 'Hearing grasshoppers jump', p.92
[19] Prichard, *The Four Legs of the Table*, p 148
[20] Prichard, *The Four Legs of the Table*, p 147-8

possibility of careers within the company and a means of ensuring succession from one generation to the next. Raymond Ackerman firmly holds the belief that

> 'Family-controlled enterprises that endure, do so when the family is focused on the continuity of its legacy and its core values.'[21]

It was in this context that the idea of establishing a family foundation comprising the four children, their spouses and children was gradually nurtured. During the late 1990's the overseas consultants to the Pick 'n Pay Group, Genus, suggested that the Ackerman family look at setting up a foundation as a vehicle for binding the family together 'in ways that being together in a business could not achieve'[22].

However, the timing for such an initiative was not right. There are two indispensable prerequisites for establishing a philanthropic foundation: firstly, that funds should be available for this purpose and, secondly, that the donors are convinced that there will continue to be a steady stream of funding in future years. At the time, neither of these prerequisites were in place. In fact, apart from the individual giving that took place through the RDA and WA Foundations respectively (*need to check when these were formed?*) the Ackermans had relatively thin experience in the formal grantmaking field. It was only some time after the Pick 'n Pay Foundation had been in operation that the potential inherent in a fully established family foundation became apparent: there developed a growing awareness of various social giving possibilities amongst individual family members. Their thinking drew significantly from the Group's CSI experience through its foundation. However, they were also aware that their own giving needs could not necessarily be delivered by a corporate foundation.[23]

By 2004 financial conditions within the Group had changed sufficiently to make possible the establishment of the new foundation. Raymond and Wendy Ackerman initiated the idea of their children formalising their existing individual giving activities. They saw the family foundation as an important vehicle for family unity and as a mechanism for passing on aspects of the Ackerman legacy to the second and third generations. Having initiated the notion, they stepped aside and allowed their sons and daughters to run with the idea in whatever way they saw fit. In 2004, the Family Council[24] agreed to the formation of the Ackerman Family Foundation with approximately R3m from Pikwik (Pick 'n Pay) shares.[25]

Thereafter, the family drew in the professional skills and experience of a consultant, Anne Emmett, who has played a key role in the development of the Pick 'n Pay Foundation. Emmett initiated a family consultation process aimed at soliciting all the siblings' views on the direction to be taken by the Family Foundation. She drew up and completed a rigorous questionnaire covering a broad range of subjects including governance, policy and procedural issues. At the time of writing, the information was being collated, analysed and drafted into a report to be presented at a family workshop.

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[21] Prichard, *The Four Legs of the Table*, p 178
[22] Interview, Kathy Ackerman Robins
[23] Interview, Kathy Ackerman Robins
[24] The legally constituted governance body of the Ackerman family business
[25] Annual capital for the Ackerman Family Foundation and the three other Foundations derive, in specified proportions, from 7.5 percent of value of Pikwick shares.

The Foundation has already registered as a Public Benefit Organisation and intends to register as a Non Profit Organisation once there is agreement on its policy and operational framework.

4.2.2. Making an Immediate Difference (MAID)[26]

The second of our family foundations had starkly different beginnings. MAID also emerges out of a business context, although not a family business *per se.* The head of the family is a well established business man, owner of a large national (*international?*) company in the service sector. The family itself is well known in Jewish circles, particularly for their individual members' contributions to community building and welfare causes in the community. Most of the immediate family members now live abroad, but retain local financial and property bases. Only one of the offspring continues to reside in the country and he is seen as the 'family representative in South Africa'.

MAID was established in 2004 to commemorate the 70th birthdays of the family head and his wife. Friends and family were asked to make a contribution in lieu of gifts to help start a family foundation. This (unspecified) sum of money served to kick off the work of the Foundation.

Unlike the Ackerman Family Foundation, it is more difficult to pin down a clear motivation for establishing MAID, since no set of reasons were expressed at the time. Hence, some of the underlying reasons outlined below are somewhat speculative in nature[27].

Seemingly, one of the motives for starting the family foundation was the fact that the founder was continuously being approached by Jewish causes all over the country and gave 'whenever people ask (if he is in the mood)'. His impulse was to continue to give to these charities, but wished to channel requests in a more formal manner, partly because of the nuisance value of being constantly approached and partly to ensure that more attention was given to these requests by way of assessing 'whether they were *really* capable of making a difference'. The existence of a foundation would potentially allow him to deal with requests by referring these to the foundation's manager. In addition, it seems that the founder, who is out of the country much of the time, wanted someone else to take responsibility for the more consistent handling of requests by liaising with prospective recipients, assessing their circumstances and administering the disbursement of funds. He, himself, according to his son, had neither time nor inclination to carry out this work[28].

Thus in 2004, MAID came into being: a low profile vehicle for social giving based in Cape Town, managed exclusively by the one son who had remained in South Africa and was available to take on the job. The other siblings are abroad and are not involved in any way in the workings of the foundation. The activities of MAID appear to be quite detached from the business and there is no indication of any intent to use it as a vehicle to foster family unity. MAID is there to disburse funds for the achievement of immediate social benefits.

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[26] All information on MAID was sourced through an interview with its manager and a document describing its funding beneficiaries.

[27] Unfortunately it was not possible to interview the founder of MAID, who resides abroad

[28] The founder's company does not have a corporate social investment (CSI) arm and therefore there is no apparent experience in this field that could be drawn on in setting up the family foundation

4.3. Family Foundation Structure and Objectives

4.3.1. Ackerman Family Foundation

The motivation behind the establishment of a family foundation is inevitably going to be reflected one way or another in the policies and structure of the giving entity. This is certainly true of the proposed structure of the Ackerman Family Foundation. Given that a key motivation for setting up the foundation is to strengthen family unity and sense of purpose, it comes as no surprise that a great deal of thought has been given to adopting a structure that facilitates this purpose.

From the outset, members of the Ackerman family applied their minds to the apparent dilemma presented by the diversity of thinking within their ranks. Family foundation consultant, Anne Emmett commented that within the second generation there are members who are 'fierce individuals', but they also simultaneously constitute a 'fierce unity'. Kathy Ackerman Robins[29] stated the problem succinctly:

> 'We are part of a whole, but we are also very different. We did not want to 'sit for four years trying to get together an agreed upon mission statement.'

The problem is that there are, not unexpectedly[30], real differences in the nature of the giving impulse from one family member to the next: some are inclined towards traditional charitable giving – responding to immediate needs; others lean more towards projects selected for their developmental and strategic impact[31]. There is a strong tradition in the family of tabling difficult matters for resolution at the Family Council, rather than 'pushing things under the carpet'[32] So, while it is not likely that outright friction would emerge around differences of approach — it was necessary that the structure of the foundation should accommodate the existing spectrum of thinking in the family.

Once a decision had been taken to establish the foundation, Robins undertook some global research on the options open to the Ackerman siblings. Inspired by Flora Foundation set up by the Hewlett[33] family in Ireland, she introduced its structural model to the rest of the family. They have now accepted in principle a fund structure that accommodates the differences of approach and inclination within the wider family.

The model looks something like this: the total fund amount will be divided into six equal portions: one for each of the four family units of the Ackerman siblings and two portions for a joint fund to be controlled by the family as a whole[34]. Each family unit will be entitled to take their own decisions about the expenditure of their respective portions in accordance with their own preferences. Each will report back to the Family Council on allocations made. Decisions concerning the joint fund must be agreed upon by all parties. At the time of writing it, was not clear whether a specific

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[29] Kathy Ackerman Robins has overall responsibility for philanthropy activities in the family. She heads up the philanthropy sub-committee of the Family Council which comprises the chairpersons of the four existing foundations and the financial manager.
[30] This is inevitable in a context where individuals are bound together by family ties, rather than commitment to a common institutional mission or approach.
[31] Interview with grantmaking consultant, Anne Emmett
[32] Interview with Kathy Ackerman Robins
[33] Of Hewlett Packard fame
[34] Ie. the second and third generations of the Ackerman family

policy/mission framework would apply to this joint fund, or whether the criteria for joint projects would be left loosely defined. Any portion not spent by a family unit will revert to the common pot for joint projects.

Theoretically this innovative structural solution introduced by Robins should accommodate the diversity of interests, passions and approach amongst Family Foundation participants, whilst making possible the expression of family unity through the giving process.

Interestingly, when members of the Family Foundation were asked whether any particular vision was driving the formation of the foundation, no one theme emerged as being dominant. Robins feels that at the moment the foundation does not embody any one individual member's personal dream or vision. Rather, it is the actual *process* of forging family unity and acting in the spirit of the family legacy that serves as the driving force of the Foundation. In addition to providing a vehicle for the siblings' spouses to get more involved in the formal Ackerman family activities, some of the family units are exploring the option of involving their children, the third generation in the foundation's activities:

> 'The possibility of giving the kids a small amount to invest in a project of choice provides a great opportunity for this new generation to learn about giving and creates wonderful possibilities for cross generational activities.'[35]

Robins believes that the individual passions and dreams will evolve over time through the experience of working with the foundation.

On the other hand, eldest son, Gareth Ackerman, who heads up the Pick 'n Pay holding company, feels that there is a common thrust behind the move to set up the Foundation:

> 'As a family we have got a lot out of this country. We need to plough back, to uplift the community to help us be sustainable in our existing lifestyle.'[36]

At the time of writing, the specific objectives of the Ackerman Foundation (joint fund) had still to fully crystalise, yet there were already a number of themes that had come to the fore during preliminary discussions. These include fairly general ideas about supporting children, the environment, the fight against HIV/Aids, as well as individuals who have played a helpful role in their own lives. As far as the joint project is concerned, a commonly agreed upon focus on the arts and entrepreneurship seems to be emerging.

Regarding other policy factors, it seems that there will be an openness to funding operational costs. In some cases, the Foundation may choose to make available 'in kind' contributions or payment for materials sourced through the business.
It is also envisaged that the Foundation will be flexible enough to cover both proactive and reactive funding. Indeed, flexibility appears to be a key to the Foundation, not just because of existing ambiguities about policy, but because family members need to keep their options open to enable them to respond to interesting and creative projects as these arise. It is likely that the direct participation of family members in project selection will result in the Foundation taking on a largely proactive funding character. And, given their direct involvement, it is also likely that

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[35] Interview with Kathy Ackerman Robins
[36] Interview with Gareth Ackerman

the Foundation will end up supporting largely Western Cape projects, since the whole family is based in this region.

In contrast to the prevailing uncertainty about the preferred direction of the Foundation, Gareth Ackerman has firm convictions regarding the kinds of projects that should be supported. He is inspired by the entrepreneurial vision of Pick 'n Pay's BEE programme that aims to help develop small scale potential suppliers to the retail chain by giving them special access and support:

> 'We won't give unless it creates a surplus: the project must be income generating and sustainable in the long term.'

Whatever direction policy takes, one thing is certain: that unlike the first generation who tend to 'give little bits everywhere,' this second generation is preoccupied with wanting to make the giving experience more meaningful in terms of its overall impact[37].

4.3.2. MAID

Since MAID was set up as a fairly basic mechanism for social giving, which does not have to navigate the choppy waters of family differences, its structure and policies are accordingly quite straightforward. The Foundation has been established as a single purpose Section 21 Company without intention to fund raise, derive any tax benefits or garner publicity.

Allocation decisions are made by MAID's manager, who reports back to the founder once a year when the family gets together for an annual holiday. The nature of this meeting is informal; there are no committees or minutes. Broader policy decisions are the preserve of the founder, although the manager's recommendations form the basis of the discussion. In the past year, items for discussion have included evaluative issues concerning the desirability and impact of current policy, such as whether to continue funding one-off projects and expand into new areas.

In terms of policy only one dominant theme has emerged: the founder has strong views about grants getting unnecessarily caught up in the bureaucracy of the recipient organisations before being used. As a result, he believes 'the impetus for the money is killed'. It appears that, previously, he has had some frustrating experiences where donated funds were getting 'lost in the wash'. He consequently wanted to free up funding for immediate usage and produce specific outcomes, rather than support core costs. The maxim is to 'get it out there: money is there to be used, use it!'

MAID has no other specified policy components or focus area themes, although Jewish causes and tennis and music development clearly have a strong resonance with the founder. The manager expressed the view that he has no preconceived ideas about what MAID should be funding and is open minded about the possibilities. However, he responds positively to HIV/Aids and child-related causes, as well as situations where someone has taken the lead in an initiative. There is no specific vision for the future for the fund, except possibly that the amount available will gradually increase and enable the foundation to give more and spread its benefits.

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[37] Interview with Kathy Ackerman Robins

4.4. Grantmaking procedures

In MAID's case, it is clear that both the founder (possibly together with his wife) and the manager/son play a role in selecting projects for support. The founder has a long term commitment to funding certain Jewish causes, but also seems to pick up other projects from time to time. Seemingly, strong mindedness and impulsiveness are key to his thinking and actions in this regard. Otherwise, most new projects are selected by the manager. His approach is to seek out new funding opportunities through his immediate personal contacts or through exposure to causes profiled in the media. He is 'always on the lookout for things, especially small giving opportunities.'

Once appropriate projects are identified, It seems that in-principle decisions to fund are taken and – particularly with the multiyear recipients – this is followed by some negotiation around how the money should be spent given MAID's policy framework. However, in some cases, MAID might not insist that the funding purpose be specified, especially where the recipient is well known to the family and, if it is considered a 'low risk' operation. 'Money is sometimes given on trust. Knowing the beneficiary helps.'

The manager himself disburses the funds since he has signing power on the account. He does not make use of application, assessment, monitoring or reporting tools and assessment and monitoring site visits are not undertaken as a matter of course. MAID simply requests a letter specifying how the money was spent and a photograph reflecting progress. The Foundation is not in a position to introduce complex procedures as its manager is only in a position to spend about 10% of his time on MAID work.

The Ackerman Foundation's grantmaking procedures are presently being designed. Like MAID, it is also likely to steer away from a bureaucratic approach to grantmaking. Nevertheless, it is probable that its informal methods will not exclude site visits:

> 'I believe in site visits. It is important not to shoot from the hip. Site visits also help us to go beyond the 'ag shame' response.'[38]

Moreover, pointed out Robins, the site visits are also very educational for the family and offers very valuable exposure for third generation members of the family.

It is envisaged that there will be two levels of decision making: firstly, family unit decisions, which will take place informally. This is seen as being important to allow for informality in the family context, so that the work of the Foundation can be integrated organically into family interaction, thereby resulting in unifying and educational impacts on members. Secondly, for the jointly approved projects, there will be a more formal decision making process. The Family Council will be the vehicle for this. The Council is likely to consider Family Foundation issues twice a year, and it is hoped that these meetings will take place over long weekends to enable the extended family to come together to spend relaxing time as well as engage in formal decision making activities.

The Foundation's consultant believes that should the family want to use more formal application, assessment, monitoring and reporting tools, it will be possible to modify the existing Pick 'n Pay Foundation formats for greater simplicity and ease of use. With regard to administrative procedures, the family will again have the opportunity of

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[38] Interview with Kathy Ackerman Robins

drawing on the Pick 'n Pay Foundation's infrastructure and it is envisaged that the existing administrator will disburse cheques and covering letters to beneficiaries. A six monthly report covering all Foundation activities will be submitted to the Family Council. It is anticipated that all this will be supported by a grants management system, similar to that which is in use at the Pick 'n Pay Foundation. The system will facilitate centralised management and administration of the Foundation.

4.5. Beneficiaries

At the time of writing, the Ackerman Family Foundation had yet to disburse any of its original grant budget. Kathy Robins had initially expected that decisions concerning joint projects would gradually pick up steam at a later stage once the individual family units had started to tackle their own projects. Without specifically seeking a grant partner, however, the Ackerman family recently came into contact with a project whose aims are to promote skills training in the arts and in enterprise development. The project's vision had immediate resonance with the whole family and the Foundation is currently exploring the possibility of helping the organisation to acquire a building. As Robins says,

> 'Informally, without first meeting, the family very quickly and easily agreed on in-principle support for this project. This has been somewhat surprising, I thought it would take longer to evolve, but this project has emerged as an extension of the joint vision of the family. It has been a very binding experience so far.'

Robins is confident that this experience will lay a solid foundation for the continued development of the Foundation.

MAID, on the other hand, has had the benefit of a full year's operation and has already disbursed funds to some 14 beneficiaries, divided into a number of categories: HIV/Aids-related, music development, medical causes, Jewish causes and two individuals who needed funds to pursue their studies and design a plan to start a business. The average grant size is R60 000, but some are smaller and some get monthly allocations.

There are no particular themes binding the choice of these beneficiaries and it is clear that MAID wants to retain a high level of flexibility in order to respond to needs as these become known[39].

4.6 Jewish Giving

While MAID and the Ackerman Family Foundation demonstrate a shared value in flexibility in giving policy, they are very far apart on the question of Jewish giving. The intent to contribute to Jewish causes has yet to feature as part of the thinking or motivation for the Ackerman Foundation, even though family members have, in their individual capacity, contributed to such causes. For example, head of the family, Raymond Ackerman has responded to requests for assistance when asked and has been cautious to ensure that he is not seen to be favouring any one particular cause

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[39] An example of this is the home based care project whose co-ordinator's story was heard on a Radio 702 interview highlighting 'ordinary' people doing extraordinary things.

over another[40]. This, in itself, probably indicates that within the family, Jewish giving has not been a driving passion or concern.

In contrast, the founder of MAID is clearly more integrally involved with Jewish welfare and community building causes. Five key beneficiaries can be said to be Jewish organisations, and while information relating to the size of their MAID grants was not made available[41], they all constitute multi-year recipients, as opposed to most of the other (non-Jewish) beneficiaries. It seems that most of these are organisations with which MAID's founder has had a long term relationship. They are largely are Jewish institutions for special groups (the elderly, disabled etc.) based in Johannesburg and MAID is contributing to budgets for infrastructural improvements and occasionally running costs.

But over and above MAID funding for Jewish causes, the founder retains his own direct relationship to other Jewish bodies and funds these separately from MAID. 'He still wants to use his own discretion in funding', commented his son. It seems that there are high expectations of the family to contribute to Jewish causes, particularly in Johannesburg, where the family was initially based. Indeed, the establishment of MAID was not a result of the Cape Town Jewish community's thrust to establish family foundations as one means of increasing the sustainability prospects of local Jewish institutions. 'There was no push from the Jewish mainstream to go in this direction'. In fact, at this early stage in MAID's development, the local Jewish establishment does not seem to have registered MAID's existence. It is possible that its continued low profile may, in the short term, shield the foundation from pressure to respond to Jewish charitable needs.

Short of interviewing the founder of MAID, there can be no clarity about why the foundation's funding outreach does indeed go beyond Jewish causes. The son/manager speculated that it might be because of 'the need' and the fact that 'there is also more money available'.

4.7. Family Foundations: a media opportunity?

If family foundations subsist in the intersection between the private and public spheres, how do they tackle the issue of profile? On the one hand, the family resides within the realm of 'the private', its dynamics generally unexposed to the glare of the wider community. On the other hand, by entering into a formal giving operation, at some level, the family is inevitably projecting itself into the public arena. How is this dichotomy managed? Our two case studies cast interesting light on these issues.

The Ackerman Family Foundation has emerged from a culture where publicity has been wielded as a major resource for the Pick 'n Pay Group.

> 'The key goal of its CSI seems to build a relationship with the shopping public, to raise its profile with consumers and to project a caring image to enhance consumer awareness of and affection for its stores.'[42]

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[40] Interview with Kathy Ackerman Robins
[41] Given the emphasis on Jewish causes in MAID's portfolio, it would not be surprising if these recipients were receiving higher than average grants from MAID
[42] Friedman S, Hudson J and Mackay S, *Like Chalk, Like Cheese?*: Professionalism and Whim in Corporate Giving at Anglo Gold Ashanti and Pick 'n Pay, unpublished paper, p20

Raymond Ackerman himself acknowledges the importance of publicity and image in his business context:

> 'It is true that I have always used media opportunity to promote our principles as a company and my principles as an individual'.[43]

The Ackerman Family Foundation has yet to formally address the matter of its public profile and there were very different immediate responses to this issue on the part of those interviewed. Gareth Ackerman pointed out that the family *already* has a high profile: 'People *know* that we are a family of means'. As such, it is important that the family be *seen* to be giving back independently of Pick 'n Pay. This approach would lead to the Foundation adopting a relatively public position with regard to its activities, which would certainly counter any subtle pressure on the family from associates.

There is, however, also a down side to this approach. Robins points out that

> 'Too much publicity could cause an avalanche of funding requests, whereas, we need space for our own ideas to emerge at our own pace. Also, some of the beneficiaries might receive multiyear funding, which means that there may not be enormous latitude for taking on new projects. We should at least be more circumspect until we find our footing.'

Here, in addition to the practical concerns of managing a well known funding facility, there is an inherent awareness that the very soul of a family foundation – its organic growth as an expression of its members' intent – should be protected. By developing a high profile, a foundation is automatically inviting requests for support, to which members will undoubtedly feel some obligation to respond. In this way, a family foundation could easily become a purely reactive funding vehicle – responding to applications and proposals – rather than a means of stimulating the proactive commitment of family members to causes and projects that inspire them. If a family foundation chose to go the high profile route, it would need to protect itself by developing a rigorous policy framework, a set of eligibility criteria and procedures according to which applications could be rejected or approved. The profile of a funding facility can certainly change its character in a fundamental fashion.

But there are also other issues concerning profile: Robins expresses some disquiet about being a high key family that dispenses funds:

> 'There are personal dangers inherent in publicly profiling your family's wealth.'

Similar thinking seems to be behind the chosen profile of MAID. Anonymity and being a low key operation is very important to the founder in particular, who maintains that 'it is important for us to be able to call the shots'. But there are generational differences here: his son acknowledges that if the family foundation were willing to take on a higher profile 'it could maybe do more things'. Presumably, having more exposure would bring in potentially interesting additional projects and funding prospects. Certainly, in as much as its existence is known, the family foundation deflects potential criticism from both within the broader family and the wider community about being a wealthy family in a context of social need.

Profile for family foundations is clearly a tricky question of balance.

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[43] Prichard 'Hearing grasshoppers jump' p.85

4.8. Institutional development

In spite of their engagement in the public realm, it is possible for family foundations to exist in isolation - within their own silos - irrespective of broader social dynamics. Families are, after all, not accountable to external parties for their giving activities, as indeed are other funding agencies, be these corporate, statutory or non-governmental.

One of the issues this study concerned itself with was the extent to which family foundations open themselves to input from the outside world thereby encouraging change and development within their own institutional context. There are three key ways in which this is likely to happen: firstly, through the experience of supporting beneficiaries, particularly where things go wrong in the process of funding. Secondly, by bringing in external expertise and resources, family foundations use new knowledge to further develop their practice and thirdly, information exchange and sharing with peer organisations and networks can produce similar results.

While the Ackerman Family Foundation has yet to accumulate much practical giving experience, the members have consciously drawn on the lessons that have flowed from the work of the Pick 'n Pay Foundation and, to a lesser extent, the other foundations associated with the company. It seems that the experience of the former, in particular, has a key role in shaping both the policy and the tools to be adopted by the Family Foundation. This includes an openness to the developmental approach embraced by the Pick 'n Pay Foundation. The family's intent to build on the strengths of previous experience is underscored by the
fact that they brought in the Pick 'n Pay Foundation consultant to set up the Family Foundation. Family members were very quick to see that the CSI grantmaking contribution and experience could be transferred to their foundation.

> 'The corporate foundation experience will help us to short circuit some things and learn lessons more quickly.'[44]

There are other examples of how the Ackerman family members have always looked to external experience and guidance in their approach to both business and giving. In the process of establishing the Foundation, they have taken advice from their overseas consultants, Genus; researched other family foundation practice with the assistance of international NGO, Synergos, and adopted methodology piloted by the Flora Foundation in Ireland.

In contrast to the Ackerman Foundation, MAID has been concerned about drawing on external experience as a guide to its practice. However, there are signs that internal reflection, driven by negative giving experiences may help MAID to develop its approach to funding. An example of this is to be found in MAID's support of two individuals in their efforts to develop skills and set up a business. Seemingly, the initial grant raised expectations on the part of the beneficiaries, as a result of which, MAID has been under pressure from these individuals to pay for ongoing costs of living and other incidental expenses. These negative (and, indeed, other positive) experiences could be a valuable driver of internal evaluation in MAID.

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[44] Interview with Kathy Ackerman Robins

4.9. Conclusion

The two case studies focusing on foundations established by Jewish families have highlighted less about the cultural and ethnic roots of these organisations, than about how the business context of the founder influences the character and evolution of family foundations.

In the case of the Ackerman family, the genesis of their foundation is integrally connected with the character and growth of the Pick 'n Pay Group, which is the quintessential family business. The experience of running a business as a family with all its benefits, difficulties and challenges appears to have flowed over into the family foundation context in numerous ways. To begin with, the Foundation operates within a cohesive network of family structures dealing with the continued generation, management and disbursal of family wealth. Therefore, even if the giving facility, as a non-profit entity, differs fundamentally from the corporation, it is somehow continuous with its larger purpose. Moreover, the Family Foundation mirrors the corporation as a vehicle that facilitates maximum participation and joint collaboration of family members, while simultaneously encouraging their development as individuals. It also reflects a similar sophistication in approach to governance issues, with a high degree of planning and rigour applied to questions of structure, policy and process.

On the other hand, our second case study, MAID, did not spring from a family business context. Although it derives its funds from the proceeds of a business headed up by the founder, the company itself cannot be said to be a *family* business *per se*, nor has the foundation any association or connection with the company. Similarly, family participation in the foundation is highly circumscribed and external to its fundamental purpose: which is to effectively expend the money in a socially beneficial manner.

In neither of our case studies is it clear that the drive to establish the family foundation emerges from the particular culture of giving prevalent in the wider South African Jewish community. It is possible, of course, that MAID's establishment may well be partially influenced by giving patterns and expectations in the Jewish community, although the fact that the foundation has remained so low profile with respect to this community seems to go against this assumption. Additional exposure to MAID and, in particular, the thinking of its founder would be necessary to clarify these issues.

We are able to conclude that the institutionalizing of individual giving within the framework of a family foundation entity may be influenced by a variety of factors, including ethno-cultural expectations, peer pressures, and family and business considerations. It would be interesting to explore how the mix of ingredients impacts on the long-term sustainability of family foundations. But this is the subject of another study.

Chapter 5

The Shuttleworth Foundation: A post-apartheid foundation

5.1. Introduction

The rationale for selecting the Shuttleworth Foundation was that it is a post-apartheid foundation, established by an individual entrepreneur, who became an overnight success. Given the vast differentiation between foundations in terms of their motivation, structures, policies and procedures, it was anticipated that this foundation may represent new developments in the dynamics of post-apartheid family foundations, which were worth investigating.

5.2. Research Method

A letter addressed to the Chief Executive Officer, requesting access to the Foundation and their participation in this study, was sent to the Foundation. Permission was granted, and all members of the foundation identified by the researcher for in-depth discussion offered their utmost co-operation. In addition, a substantial number of documents including financial statements and board meetings minutes were made available. A list of the foundation beneficiaries was provided and three beneficiaries were interviewed for the study.

5.3. Background to the Shuttleworth Foundation

The Shuttleworth Foundation established in October 2000, is registered as a trust with the Master of the High Court. The Foundation operates from its head office in Durbanville in the Western Cape. Mark Shuttleworth established the Foundation after selling his Internet Company and becoming an instant billionaire. Mark attributes his success partly to his educational background, particularly in maths and science.[45] A number of reasons and motives were listed for the establishment of the foundation. The post-apartheid environment had expanded business opportunities, both locally and globally. Much emphasis was placed on the importance of science and technology education by government, the private sector and civil society. This presented an opportunity for Mark to demonstrate to the youth of the country the importance of these subjects in building a successful future.[46]

When the Foundation was established it had four staff members, none of whom had experience in the formal grantmaking field. As a result, the Foundation sought assistance, on an informal basis, from other well-established family foundations. The Foundation was and continues to be particularly interested in the work of well-known national and international (family) foundations such as Mott and Ford.[47] Over the last few years the Foundation has become professionalised and is now managed more as a corporate entity that distributes money to worthy causes. The Foundation is staffed by approxiametly 30 highly qualified full-time staff members and has an impressive administrative structure that makes it a 'mini' corporate. While not

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[45] Interview with CEO of the Foundation, Vicky Shaw. 4, July 2005.
[46] Interview with CEO of the Foundation, Vicky Shaw. 4, July 2005.
[47] Interview with Marketing Manager, Chris de Wet, 5 July 2005.

involved in the day-to-day operations of the Foundation, Mark as the founder and patron, has been instrumental in formulating the vision and direction of the Foundation and is a trustee. Although he lives in London, he maintains a strong presence in all his business activities in South Africa and the activities of the Foundation.[48]

5.4. Internal governing process and information management

Ms Vicky Shaw is the CEO and a trustee of the foundation. As the CEO, Vicky is responsible for the day-to-day administration and management of the Foundation. Vicky not only manages the day-to-day operations of the Foundation, which includes strategy and funding decisions, but also plays an advisory role as a trustee. She has a range of experience, having worked in companies involved in recruitment, electronics, property development and IT over the last 15 years. She was the CEO of Thawte, the company Mark Shuttleworth sold to U.S. competitor VeriSign.[49] The Foundation has four members comprising the board of trustees. Ms Lynne Matthews who is chairperson of the board of brings to the Foundation valuable experience and has a background in teaching and student finance, as well as experience in the project management of a number of corporate, social and investment programmes. Stuart Kirkman, a Chartered Accountant supervises the Foundation's financial administrative functions on a part-time basis since he is also involved in Mark's other business interests. Mark completes the board of trustees.[50]

The lines of accountability are clear in the Foundation. The CEO is responsible for the overall day-to-day management of the Foundation and all staff members, including project managers, report to the CEO on an informal and formal basis. Project leaders report informally through telephonic discussions, e-mail or when the need arises, and formally through monthly or bi-monthly reports, depending on the nature of their projects. The relationship between the CEO and the patron of the Foundation allows for continual informal reporting and accountability. However, to ensure that reporting is formalized, the CEO reports to the Board of Trustees on a quarterly basis or when necessary. The Board of Trustees makes all funding and grant decisions.

As a relatively new grantmaking organization, the Foundation actively seeks to establish not only what is happening nationally but also internationally in the grant-making arena. As a result a number of family foundations were informally consulted to learn more about grantmaking, and also a relationship with the South African Grantmakers' Association has been initiated to learn more about philanthropic ventures. The Foundation even hosted a SAGA workshop. While the Foundation sees itself as a young organization eager to learn from well-established family foundations, it also believes in being the pioneer in the grantmaking field. In line with the principles of good governance and trying to encourage other family foundations to be transparent in their philanthropic ventures, the Foundation has decided to publish its annual financial statements in a number of local and national daily newspapers.[51]

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[48] Interview with CEO of the Foundation, Vicky Shaw. 4, July 2005.
[49] http://www.shuttleworthfoundation.com/index.php
[50] http://www.shuttleworthfoundation.com/index.php
[51] According to Stuat Kirkman (5 July 2005) an English and an Afrikaans daily newspapers had been identified. Business Day largely for its target market and the Die Burger and Beeld (both not national newspapers) had been identified as the possible targets for the Afrikaans target market.

The Foundation has an extensive public profile that emanates largely from Mark Shuttleworth's success as an information technology billionaire.

5.5. Sectoral focus and policies of the Foundation

The work of the Foundation can generally be divided into three main activities: the education projects, the open source software project and the Hip2Bsquare brand. These emphasise the promotion of science, technology, entrepreneurship and maths education.

5.5.1. Education

"If we are to lift Africa from her current circumstances, we will need a generation of learners that are gifted with curiosity about the world in which they live, and the tools to understand and shape that world"[52] This statement by Mark Shuttleworth encapsulates what the Foundation represents. It is aware that improving education for the youth is undoubtedly one of the most crucial challenges facing the South African society. Without an effective education system the country will not be in position to equip its people with the skills needed to contribute to the development of the country. In light of these challenges the Foundation's education team has been tasked to lead science, technology, entrepreneurship and maths education through innovative partnerships and transparent social investment. The Foundation is committed to the improvement of education, within the specific areas of science, technology, entrepreneurship and maths at school-level for Grades 4 to 9. The Foundation also supports activities that encourage excitement and activity around science, technology, entrepreneurship and maths in school education.[53] The overall aim is to enhance the popularity of maths, science and technology as subject choices, not only for learners, but also for further education training, by funding and initiating new research and interventions. The Foundation endeavours to support projects that seek to pilot more effective ways of using existing resources in education. The Foundation aims to create strong platforms for child development through early intervention. The philosophy of the Foundation's education team is that it is easier to identify and remedy any major shortcomings in a learner's development at an early stage rather than later on in life. These products should pilot and test new ideas, methods, utilisation or resources and techniques in the hope of providing workable and sustainable solutions for the problems and weaknesses in the current education system.[54]

The Foundation hopes that increasing the interest and excitement of learners and educators around science, technology, entrepreneurship and maths will increase the number of learners who select these subjects in the further education and training phase and in tertiary education.[55] Maths gives learners the ability to analyse a challenge and break an impossibly large problem into logical pieces that can be addressed in a constructive fashion. Science gives learners the ability to enquire into the way the world works and discover new truths and new technologies. Technology gives learners the ability to use the world's best tools to ensure that they are as productive and competitive as possible, and entrepreneurship gives those learners

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[52] http://www.shuttleworthfoundation.com/index.php
[53] Interview with Zeenat Patel-Kasker, 5 July 2005.
[54] See Shuttleworth Foundation: Consolidated toolkit for the Shuttleworth Foundation.
[55] Interview with Zeenat Patel-Kasker, 5 July 2005.

the ability to build economic powerhouses from their knowledge, creating employment and wealth in the process.[56]

Other in-house projects are Giving Exchange 2005 and the Code Breaker projects. The Giving Exchange 2005 project is aimed at providing a platform for funders to interact with a select group of organizations. The Foundation has joined forces with Greater Good South Africa one of the country's leading non-profit database and communications portal to provide a unique web-based interchange that facilitates easy and mutually-satisfying support for the wide variety of non profit organisations working for the greater good of South Africa. This partnership will culminate with the giving exchange, a two-day event to be held in Cape Town and Johannesburg in September 2005.[57] Code Breaker is a media-based competition run over a minimum of 9 weeks, where cryptic clues and riddles to be decoded are presented weekly within the format of a story via Media 24's national weekly magazines (You, Huisgenoot and Drum). Correctly solving the riddles and decoding the message each week stands the contestant in line for weekly prizes, and for the overall grand prize at the end of 9 weeks.[58] Answers are sent in via SMS, email or phone.

5.5.2. Open source focus areas[59]

The term "open source" refers to computer software that has been built by a global community of volunteers who make the source code freely available on the Internet for anyone in the world to download and use. Unlike the more widely known proprietary software model, whereby a software product is owned by a single company and users pay license fees to use it, open source gives users a freedom that no proprietary software offers, including the freedom to obtain, modify and distribute the software.[60] Open source software embraces the philosophy of sharing. The Foundation established the open source team to unite the South African open source community and provide a resource for showcasing the numerous South African open source projects and activities.

5.5.2.1. Mission and objectives of the open source focus areas

The Foundation believes that the use of open source software will provide effective and economical access to information and communication technology. It aims to facilitate, support and fund initiatives on a corporate, private and government level that lead to the awareness, uptake and growth of open source in South Africa.[61] With open source, piracy is not a problem. In fact, users are encouraged to share and spread open source software as much as possible. This provides users with a freedom not obtainable from proprietary software and creates tremendous opportunities for businesses and entrepreneurs around the world, especially in developing countries.[62]

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[56] See Shuttleworth Foundation: Consolidated toolkit for the Shuttleworth Foundation.
[57] A complete list of the Foundation's projects are available on http://www.shuttleworthfoundation.com/index.php?option=content&task=blogsection&id=10&Itemid
[58] Information drawn from a guide-pack prepared for the researcher.
[59] Guide pack/information prepared for the researcher by the Shuttleworth Foundation.
[60] Guide pack/information prepared for the researcher by the Shuttleworth Foundation.
[61] www.shuttleworthfoundation.org/osp
[62] Guide pack/information prepared for the researcher by the Shuttlewoth Foundation.

5.5.2.2. Open Source Mandate

While the Foundation has a core mission of transforming lives through inspired learning, a number of key open source outcomes have been identified which it believes need to be met before large-scale open source adoption can become a reality in South Africa. These are:

5.5.2.3. Increased awareness of open source software

Although this software is freely available on the Internet for anyone in the world to simply download and use, the broader community is largely unaware of it because open source has no marketing team since it is financially difficult to market a free product. Also, given the current climate of proprietary software acceptance, users tend to be sceptical about free products. It is the Foundation's goal to raise awareness, challenge perceptions and form the 'marketing division' of open source in South Africa.

5.5.2.4. Increased usage of open source software

Through increased awareness the Foundation hopes to encourage more people to experiment with open source software. It is only through experimentation and testing that the potential of open source software will be realised. The vision of the Foundation is to see South Africa adopting open source as the technology standard, where solutions are first sought within open source and proprietary software only used as a last resort.

5.5.2.5. Increased open source skills development

The philosophy underpinning open source software is that the greater the number of skilled users, the greater the usage of open source software. As a result, increased access to open source skills means increased usage, which in turn drives a demand for training. The Foundation wants to raise the profile of training as well as to make sure that access to such training is affordable. Creating increased access will grow the number of South Africans skilled in the use of open source.[63]

The open source team implements its mandate by promoting open source software in a variety of ways. For example, members of the open source team strive to be experts in their respective fields, ranging from the very technical, to marketing and communication. The Foundation has had great success in operating as a knowledge resource, providing insight, advice and support to projects that they believe would benefit from open source software.

5.5.2.6. Facilitating partnerships

Wherever possible, the Foundation aims to encourage partnerships between appropriate stakeholders to increase the impact and efficiency of projects. As a non-profit organisation, the Foundation is perfectly placed to promote these kinds of alliances.

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[63] Guide pack/information prepared for the researcher by the Shuttleworth Foundation.

5.5.2.7 Funding innovative open source projects

The Foundation is also proactive in initiating internal projects. The Foundation considers this activity their most successful promotional method. All pilot projects are documented, and information is made freely available so that others can adopt successful lessons and models. Not surprisingly, most projects are situated within an educational context, as this is an area the Foundation believes it can benefit most from open source software.

5.5.2.8. Initiating internal projects

The Foundation funds projects that are perceived to serve as pilots for proving that open source technology can be highly effective. The Foundation fully documents these pilots and makes the information freely available so that lessons can be learned and other people can adopt the models already proven. Many of the projects have been within an educational context as this is an area where the Foundation believes it can benefit most from open source software. This has been the most successful promotion method the Foundation has had so far.[64]

5.5.3. Hip2BSquare Brand

It aims to communicate the message that knowledge is power. The brand is built on the belief that dreams can be realised by anybody with energy and the willingness to invest in their education early on. Coupled with this is the willingness to work hard at school and make smart decisions about one's life.[65] The Foundation aims to make the brand memorable by generating a huge wave of appreciation and support. The brand's sustainability is ensured by endorsing "cool" products like designer clothing, digital watches and cameras. To get the branded products onto the street, the foundation has teamed up with two retail outlets, Kalahari.net and Waltons. Kalahari.net is South Africa's leading online retailer. It sells everything from books, CDs, DVDs, games, software and wine, to movie tickets, airtime, and magazines. Waltons, on the other hand, is one of the most successful stationary and office equipment retailers. While a formal relationship has been established with these two retailers other have been keen to partner the brand.[66]

The Foundation is aware that the success of the brand will be determined by the values it represents. As a result, the brand represents the values of education, motivation, social responsibility and entrepreneurship. The Foundation believes that education plays a central role in one's life. In fact, the Foundation believes in this so strongly that they are spreading this message through a national publication and a television show on SABC.[67]

The brand manager has a passion for brand identity and has spent most of her working career in marketing, locally and internationally. She brings to the Foundation strategy, structure and brand awareness. It is her personal mission to make the Foundation's core values of education synonymous with the brand and what HIP2B^2 stands for. A team consisting of a brand co-ordinator and two assistants assist the brand manager. Although in the short-term, the Brand will be relying on funding from

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[64] Guide pack/information prepared for the researcher by the Shuttleworth Foundation.
[65] Interview with Marketing Manager, Chris de Wet, 5 July 2005.
[66] Interview with HIP2B^2 Brand Manager, Laura Hallam, 5 July 2005.
[67] Interview with HIP2B^2 Brand Manager, Laura Hallam, 5 July 2005.

the patron, the ultimate objective for HIP2B² is to be self-sustainable while keeping in line with the Foundation's overall commitment to science, technology, entrepreneurship and maths education.[68]

5.6. Grantmaking procedure(s)

Depending on the nature of the project there are clear guidelines that are followed in the grantmaking process. The Foundation is involved in both proactive and reactive funding; it funds both in-house projects and external projects. Internal projects are those that are determined by the Foundation and are intended to make significant social changes. External projects are those that beneficiaries have initiated. The foundation actively and specifically seeks to fund high risk and pilot proposals. Innovative projects, in particular those that test new concepts in improving the teaching and learning of maths, science and technology in schools, are prioritised. Projects that promote creative thinking are also important. In addition, projects must incorporate developmental principles such as sustainability, monitoring and evaluation. The Foundation emphasises "actual development" in projects and favours those that concentrate on programmatic approaches to enhancing education.[69]

The Foundation also funds studies and research to ascertain the relevance and impact of existing projects. Funding is also made available for fun activities such as workshops, competitions, promotions and interactive gatherings that promote and encourage an interest in the four key areas.

The Foundation generally does not make loans and does not provide funding for operational expenses and phases of established programs, existing deficits, capital purposes, computer equipment (except as part of a programmatic effort).[70]

The Foundation initially commits to funding projects for a 3-year trial period, no longer than three years. It is believed that within a year, or first trial period, sufficient knowledge would have been obtained to determine the success of an idea. At times, the foundation will attempt, through its grant-making networks and co-funding partnerships, to continue to fund the project beyond the first year/phase or trail period, but with a determined view to encouraging sustainability. Projects that are funded are expected to be curriculum aligned.

Organisations are encouraged to submit proposals not exceeding twelve pages and must have a comprehensive budget. Personal visits are discouraged before the first round. This is done on the assumption that it would be unfair for organisations outside the Western Cape who are unable to afford to travel to make a personal presentation. An acknowledgement is sent out for all proposals that have been received. In line with the philosophy of the foundation of sharing knowledge and expertise the foundation undertakes to communicate the successes of the projects that are funded and the lessons learned from the ones that were not successful so that others can learn from

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[68] Additional information sources from http://www.hip2b2.com
[69] Interview with Kim Vosse, 5 July 2005.
[70] Personal interviews with members of the Shuttleworth foundation.

those experiences. The Foundation has decided to make a call for proposals informed by the organisation's overall strategy on a quarterly basis (four times a year). The long-term objective of the call for proposals is to yield quality proposals that result in the generation of innovative ideas/projects in science, technology, entrepreneurship and mathematics. The call for proposals primarily focuses on the latest key findings and other key issues in the area of science, technology, entrepreneurship and mathematics education in schools. The Foundation makes concerted efforts to keep informed about the lasted developments in this field so as to ensure that it keeps abreast of developments in these fields by encouraging innovation. Each call for proposals is targeted at specific audiences through different forms of media. This call for proposals is particularly important since the foundation has decided to focus more on projects being funded as opposed to the foundation itself.[71]

Where proposals fall outside the scope of the mandate, the foundation might seek partners to co-fund these areas. However, due to the number of proposals received this is limited to a select number of proposals. It is the long-term ideal of the Foundation to be recognised as the facilitator between national and international funders and fund seekers in South Africa. As a result, the foundation encourages other funding bodies seeking to co-sponsor innovative, new and exciting projects to contact them for information.

5.7. Steps in the funding cycle of projects[72]

The Foundation operates as a funding agency that supports projects that offer unique and innovative, albeit high-risk, solutions to educational challenges in an African society, focussing on the areas of science, technology, entrepreneurship and maths in education. The Shuttleworth foundation understands that grantmaking is an activity that stems from value bases. Therefore, the foundation has modelled its guidelines in line with those of the South African Grant Makers Association (SAGA) for good grantmaking. SAGA's principles on eight guiding principles, have been distilled. These include: contributing to positive social change; working in partnerships; cultivating mutual respect; being open and accessible; championing accountability; being consistent; adopting professional and effective approaches, and reflecting and nurturing diversity. Also through a process of internal evaluation, the foundation has found that without a sound framework for decision-making, there is always the danger of supporting projects for the wrong reason, for example, providing grants out of pity, or funding projects in order to be seen as influential in civil society. To deal with these concerns, the Foundation has transformed to become more professional in its grantmaking practices. Distinct tools are used to manage the work of the Foundation. These involve:

- An application form for funding.
- A check list to guide project assessment and monitoring.

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[71] According to Vicky Shaw, Chris de Wet, Stuart Kirkman and Zeenat Patel-Kasker the Foundation is concerned about the media attention that tends to focus more on either Mark or the Foundation at the expense of projects that are funded. It was explained that while the foundation is Mark Shuttleworth's creation emphasis should be on the work of the foundation not the man or his overnight success. However, there is also the realisation that the foundation would not have a huge public profile without Mark's involvement. Therefore, at times he is called to promote the foundation.

[72] Information is largely drawn from the Shuttelworth foundation steps in the funding cycle document and supplemented by interviews from the foundation's members.

- a format to guide project partners in reporting to the foundation,
- a standard memorandum of understanding,
- formats to help practitioners keep track of where their projects are in the process of the funding cycle.

These tools relate to the single common framework of the Foundation and are key in creating a more structured and transparent relationship between the Foundation and project partners. The Shuttleworth funding cycle is divided into nine steps. The first is the application for funds and involves the provision of both an application form and useful information about the funding procedures and policies to would be applicants. All applications must be in the Foundation's recommended format to ensure consistency and fairness. This also ensures that the application screening process is comprehensive and thorough. The second, submission, entails capturing and logging information about the organization applying onto the project tracking system. The third, screening, results in applications being divided into those that fall within the policy mandate and framework and are eligible for follow-up. Applications that are outside the policy framework are declined and a response is sent to the applicant. The fourth, project assessment, involves a more in-depth evaluation of the application with possible telephone contact with queries and possible revision for the proposal. Proposals that require more in-depth technical assessments are referred to the advisory panel of the Foundation. The fifth is decision-making, and entails the sector leader presenting to the funding committee for approval. This step involves three distinct phases. Round one is the initial presentation to the committee and project approval if the criteria are met and the amount requested is less than R300 000. For approval to be granted at least one trustee and two project coordinators must agree on the project being funded.[73] Complex projects that meet all the requirements but require further clarification are referred to the next stage. The second round projects are represented until funding approval is granted. Once again the project will be approved if the funding request is R300 000 and there is approval from at least one Trustee and two project coordinators. A second round project of which the amount requested exceeds R300 000 will need to be written up into the trustee approval template. The third round requires trustee approval. The document will be submitted in the board pack and presented at the next trustee meeting or alternatively sent to all trustees electronically for approval. At least three of the four trustees must agree to the funding for the project to be approved.

The sixth step, contracting, involves a positive decision to provide funding to the applicant. A written contract and a memorandum of understanding that outline the agreement between the two bodies and provide a framework for the respective expectations, must be agreed upon. The terms of the Memorandum of Understanding (MOU) may take into account specific needs and circumstances about the project to be funded. The MOU will include standardised information including milestones, deliverables and timeframes with reporting to deadlines for the project. Part of the MOU relates to promotion and advertising, which entitles the foundation to publicise the project, its successes and challenges, without having to consult with the partner. This undertaking relates to the foundations philosophy and mandate of piloting new ideas and methodologies with the aim of sharing so that other can learn from the experience(s).[74]

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[73] It was mentioned during the interviews that Mark Shuttleworth depending on his availability prefers to get involved in projects exceeding over R300 000. However, it sometimes happens that his schedule and commitment does not allow.

[74] Memorandum of understanding for the Shuttleworth foundation.

The seventh step involves at least one site visit; the review of project reports and other documentation, and a possible formal evaluation process. With this process the funder aims to build a picture of the overall impact of its support to the project partner, as well as the general progress of the organisation and the project. This is where learning about what does and does not work at the field level takes place. The Foundation also identifies potential opportunities for communicating objectives to the broader community. All projects over R300 000 undergo an independent evaluation.

The penultimate step, withdrawal, is ideally a mutually planned process, with both the funder and project partner agreeing to the principle of developing the project to specific levels of sustainability within the specified time frame, after which the funder will withdraw from the funding relationship. An exit strategy ensures consistency and transparency during the process and needs to be communicated upon contracting with the project in step seven to ensure that all parties are aware of the context of the relationship.

The ninth and final step, policy development, is an on-going process designed to ensure that Foundation's policies are in step with changes that occur in the environment. This ensures that policies remain relevant and coherent. The most effective means of policy development is to use monitoring and evaluation activities to determine what does and does not work in the field. The lessons are then used as a guide to developing new policies. Policy development is viewed by the Foundation as integral to the overall funding cycle. The idea is to replicate the project in other areas or share learning with other interested stakeholders and publish outcomes on the foundation's website.

5.8. Development of the Foundation

The Foundation has undergone a process of development since its inception in 2000. Initially, the aim was to fund as many deserving projects as possible, in the maths, science and technology arena. However, the focus has shifted to a small number of proposals that are funded over a number of years. The turn around time of proposals has also improved. The Foundation also makes use of an internal advisory panel for both internal and external projects. The panel is made up of a number of experts in the science, maths and technology fields. The work of the panel is invaluable since it provides the Trustee members with insight into complex projects that might not be easily understood. However, there is a realisation that the panel is not fully representative, as it is male dominated and representatives come exclusively from the Western Cape. The next panel to be appointed with more representative, diverse and nationally representative to ensure that it reflects the demographics of the country.

The foundation offers grants only to non-profit organisations or individuals whose objectives and proposed projects meet the foundation's mandate. Grants are allocated according to milestones and clear deliverables. Organisations' or individuals' proposals that do not meet the foundation's mandate are sometimes referred to other relevant foundations. However, due to the number of projects or proposals that are received, it is not possible to refer all to the relevant organisations. The Foundation considers all proposals that are received. Owing to its location in the Western Cape, many of the proposals received are from the Western Cape followed by Gauteng.

5.9. Beneficiaries

A list of list of ten beneficiaries was made available by the Foundation. Three beneficiaries from the education project, two from the open source software project and one from the Hip2b2 brand were contacted for interviews.[75]

The first organisation contacted was listed under the Leadership and Management programme. According to Julian Hewwit, founding director of the Twenty 30, a non-profit organisation based in Johannesburg, this project (Leadership and Management), aims to identify and place young professionals in schools to assist them to identify their challenges through a consulting process that helps to address leadership and management needs in schools. The project was initiated after the realisation that South African schools are severely under resourced in areas of skills, management and capacity and this affects academic performance. Many young professionals are often prepared to donate personal time and resources, but few clear and focused opportunities exist for them to do so. This project aims to bring the two together by identifying and placing young professionals in schools to assist them with identifying their challenges, and, through a consulting process, help address leadership and management needs at the school. The pilot is implemented over 10 months in 10 schools with 30 volunteers. The Foundation, in collaboration with Twenty 30, is funding the project in order to pilot and test the model as one possible way of directly addressing the leadership and management needs of the schools in a more effective and efficient way.

5.10. Selected projects undertaken by the Foundation

5.10.1. tuXlabs

This project was initiated to bring knowledge and computing power to learners in South African schools. At the same time, it would be used as a way to actively promote the use of open source software as a computer lab solution for schools. Through the tuXlab project the Foundation has installed 110 tuXlabs in the Western Cape since August 2003, 25 labs in the Eastern Cape since February 2005 and 19 labs in the Limpopo since March 2005. Through the project over 100 000 learners have been exposed to open source computing. The Foundation strongly believes that open source software should be the preferred choice of software for schooling in South Africa since it provides users with the freedom to obtain, use, modify and distribute the software. The Linux thin client technology with diskless refurbished pentium hardware was utilised to establish a viable economical solution for South African schools. Two schools, Nooitgedacht Primary School and Hyde Park Primary School, were selected for the pilot. Nooitgedacht did not have a computer laboratory. Hyde Park offered a good computer literacy skills base and had a Microsoft computer network for two years. In both schools, teachers and learners participated in establishing the laboratories, which ranged from initial infrastructure planning to installing networking cables and setting up of computer hardware and the open source software. This skills transfer methodology created a level of self-sustainability and internal capacity for on-site support. During both installations, volunteers were invited to assist with the skills transfer process as well as creating an informal support structure for schools. The pilot was a success and the goals of delivering

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[75] The beneficiaries telephonically contacted are John Hendricks, Mr Braam Mhom, Julian Hewitt, Lesley Bishop, Warren Handel and Mr Jaco Kroon.

accessible information and education to the learners at these two schools were met. In addition, open source software has proven to be a viable and economical solution for these computer centres. Based on the success of the pilot and volunteer project, the Foundation established the tuXlab Program, with the ambitious ideal of establishing a further 80 centres in the Western Cape over a period of a year and a half. The tuXlabs has also been extended to Eastern Cape and Limpopo. The initiation of this project provided employment opportunities for several of the volunteers that had participated in the project to date. About 6 000 learners in Cape Town and surrounding areas, on June 16 in 2004, benefited from the installation of 10 open source computer labs. Over 200 computers were configured, server software and 210 computer network points, were installed in just over 3 hours. Again on June 16 in 2005, the Foundation embarked on the challenge of repeating last year's feat by installing another 10 tuXlabs in 2 hours.[76]

The beneficiary organisations contacted all became aware of the Foundation either through word of mouth or read about the Foundation in the media. All these organisations attested to the professionalism of the processing of their applications. Some expressed surprise at the effectiveness and quick response.[77] Depending on the nature of the project (education or open source software) applications seemed to have been processed differently. In the case of one beneficiary organisation (University of Pretoria) no application was submitted. The University was provided with a machine to write software. The Foundation was contacted telephonically and electronically to outline the needs of the University. The Foundation's project managers or coordinators explained in great detail the priorities of the organisation. Therefore, all beneficiaries were well informed about the decision-making process that is followed once applications have been received and acknowledged. Communication with all the beneficiaries was maintained throughout the decision-making process either through e-mails, telephone calls or written correspondence. The Foundation was found to be very flexible in terms of how the beneficiaries' needs could be addressed. Also, where the Foundation did not fully understand the needs of the beneficiary, workshops or stakeholders meeting were arranged. At no stage did the Foundation dictate to the beneficiaries how their needs should be addressed. Where there were differences of opinion, these were addressed through consultation and consensus. Computer laboratories or grants, where appropriate, were provided in terms of the pre-determined milestones and deliverables. For technical projects consultants and advisors were provided at the cost of the Foundation to assist. It would seem the Foundation was flexible in meeting the needs of beneficiary organisations but very strict in how the grants were to be used. None of the beneficiary organisation had received funding exceeding R300 000.

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[76] According to Hilton Theunissen (www.shuttleworthfoundation.com) the success of last year's Youth Day installation convinced the Foundation that this should become an annual event. Once again, the tuXlab team are geared to showcase how open source can be used in the school environment to provide cost effective and innovative computer access as well curriculum delivery tools to learners, teachers and the community.

[77] One beneficiary organisation felt that initially when their proposal/application was considered the Foundation was slow to respond, but upon further enquiry it was established that the official responsible had resigned. The new official who took over was very effective and made sure that the beneficiary organisation application was fast tracked. Thereby making up for the initial delay.

5.11. Funding the Foundation

During the 2004 financial year, the Foundation's patron allocated R25, 5 million to the Foundation. A significant share of this amount (over R11 million) was allocated to the open source programme and R7 million was made available to external projects. The rest of the money was allocated to the education project, Hip2b2 brand and operational expenses. In total 78 projects were funded with an average allocation of R263 791. The funding period ranges from 2 months to 3 years. The budget for this year (2005) is expected to be around R32 million. This represents a significant investment by the patron to his lifelong dream of improving science, technology, maths and entrepreneurship.

5.12. Profile of the Foundation

Not surprisingly the Shuttleworth Foundation has a huge public profile. This is attributed largely to the success of the Foundation's patron. By becoming an instant billionaire and the first African in space this generated media interest of unparallelled proportions. Mark Shuttleworth is an inspiration to many. The Foundation is eager to master the art of grantmaking by learning as much as possible from well-established grantmaking organisations. However, there has been a concerted effort to place much more public attention on the projects of the Foundation rather than the Foundation itself. The Foundation realizes that it can achieve more with access to more funding. As a result it has appointed an international liaison officer to be based in London. Her job description will include improving the profile of the foundation and fund raising.[78]

5.13. Conclusion

There is no question that the Shuttleworth Foundation is in a league of its own. A combination of substantial resources; a firm belief in promoting education in science and technology; and the desire of the patron to give were identified as the reasons for the establishment of Foundation. It is clear that these factors are not the only motivators of the patron. By the end of 2005, the financial allocations made by the patron would exceed R100 million. The commitment of the patron to improving and making a significant difference to the future of science, technology, maths and entrepreneurship is commendable. The Foundation's impressive organisational structure, management and more importantly the art of giving express this. Although from the outside the Foundation could be perceived as part of Mark Shuttleworth's corporate social investment and responsibility programmes, the general feeling from the Foundation's members and its mandate, suggests that the Foundation advances beyond corporate social responsibility. The Foundation represents Mark's nature of giving and lifelong ambition to promote science and technology as a catalyst for making a significant positive difference to people's lives.

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[78] Interview with Vicky Shaw, 4 July 2005.

Chapter 6

Synthesis Report

6.1. Introduction

How significant is the phenomenon of family foundations as a vehicle for giving in South Africa? We know that elsewhere in the grantmaking world, family foundations predominate as agencies dedicated to the mobilisation and allocation of resources for social causes. In North America alone, there are over 40 000 giving entities, with about US$ 175 billion in assets and disbursing more than US$ 8 billion in grants. per annum.[79] This makes family philanthropy one of the largest and growing sources of giving in the region.

In South Africa, our understanding of the basic nature and workings of family foundations is very scanty. Are these agencies an emerging answer to the development resource requirements of civil society organisations in the country, with the potential of replacing dwindling foreign funding and failed government grant initiatives? Or do local conditions work against the emergence of family foundations? Questions such as these prompted this study, which is an initial attempt to construct a picture of this phenomenon in South Africa.

A well-known South African philanthropist, Hylton Appelbaum, has commented on the weakness of the family foundation sector in the country:

> ...South African culture, with its legacy of apartheid, doesn't encourage broad-based giving. "Our society is racially, linguistically, culturally, and politically divided" Mr. Appelbaum observes... "negatives include strife, insularity and suspicion. Many people focus only on their own communities.[80]"

The conceptual framework developed for the synthesis report addresses five primary conceptual areas:

1. A description of the general nature of family foundations and the conditions under which they emerge
2. An interrogation of the assumptions informing the selection of the case studies;
3. The motivation for the genesis of each family foundation, within the context in which it was initiated. Why do people set up a legal entity, when, as individuals, they could also give money if and when they pleased.
4. The institutional structure of the Foundation, the decision-making processes and policies; and the extent to which these are a function of its genesis. This is discussed descriptively and technically, but also in terms of the political dynamics of the foundations relating to who makes what decisions, on the basis of what criteria, and in whose interests. What dynamics are brought into play around the family? Does it consist of one person, or current generation family members, or does it have a generational aspect? . We explore the

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[79] 'Generations of Giving: Leadership and Continuity in Family Philanthropy', in Passages, Vol 5 No. 2, National Centre for Family Philanthropy, p1
[80] 'Philanthropy in South Africa: Real Family Affairs', a feature article in Global Giving Matters, October – November 2002, Synergos Institute

extent to which issues (2) and (3) impact on the sustainability of the foundations.

5. Finally, family foundations are explored in terms of the extent to which they are vehicles for developmental engagement. This includes whether or not they learn from their mistakes; whether they network and learn from others; whether they are open or closed to broader outside processes, and whether peer learning occurs.

6.2. What are family foundations?

Family foundations are legal entities, which are registered under relevant pieces of legislation. In terms of the 2001 amendments to the Income Tax Act, foundations are a sub-set of Pubic Benefit Organisations. Foundations, as Public Benefit Organisations, can be constituted as trusts or Section 21 Companies. They can also be registered as Non-profit Organisations. Section 21 Companies are registered in terms of Section 21 of the Companies Act; Trusts are regulated partly by the common law, and partly by statutory law in terms of the Trust Property Control Act of 1988. Nonprofit Organisations under the Nonprofit Orgniasations Act, which established a register of non-profit organisations in the Department of Welfare. The ninth schedule, Section 30 of the Income Tax Act, sets out which activities are eligible for tax exemptions. Section 18A of the Income Tax Act also provides tax deductions for donations, if made for the purpose of supporting one or more of the these activities, which include : Welfare and Humanitarian; Health Care; Land and Housing; Education and Development; Religion, Belief or Philosophy; Cultural; Conservation, Environment and Animal Welfare; Research and Consumer Rights; Sport; Providing of funds, assets or other resources; and a broad category of "general". Each of these eleven broad categories is further sub-divided into more specific issues.

It is interesting that family foundations are situated at the interface between the private and public realms. On the one hand, the nature of the family and its dynamics are private matters, where no formal accountability is owed to society. Families typically wish to guard their privacy and protect their lives from the public glare. On the other hand, the establishment of a legal entity for the purposes of social giving immediately creates an interface with the public arena: family foundations are essentially institutions and as such are placed under a certain amount of public scrutiny; they are under distinct pressures to account for their policies and their decisions.

The uniqueness of family foundations as an extension of the private realm is illustrated by the process which typically leads to the formation of such foundations. There is likely to be an interesting organic process within a wealthy, income generating family that leads to the 'institutionalisation' of what is ultimately a deeply *personal* giving process[81]:

People with newfound means start off by 'putting spare change into tins' and making small donations to causes which resonate with them. There is a good feeling about doing this. As entrepreneurs grow in their business activities, they find that they have income flow that allows them to contribute more meaningfully to good causes, resulting in a growing sense of self-fulfillment over time.

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[81] Interview with Marc Lubner, philanthropist

If an entrepreneur becomes really well established in business, with very predictable, minimum income flows – usually later in life - he or she is likely to be making regular contributions to good causes. As the profile of such donors grows within the community, they will probably find themselves targeted for potential contributions by charities and other causes. In time, the donor may begin to associate or identify with some of these causes (and their organisational embodiment). Thus, the act of giving takes on an increasingly satisfying personal dimension for the giver and stimulates continued giving over a period of time. It is possible that at this point, the question of sharing this experience in a family context is raised, which leads to the formation of the family foundation.

The birth of a family foundation – the institutionalization of the personal giving process – creates a framework for the involvement of more than one family member. It is very likely that, once established, the family foundation gains a life and momentum of its own that far exceeds the initial driver or intent. The very process of creating an organisational framework for the individual practice of giving brings about a range of long term benefits and opportunities that are unlikely to have been anticipated at the outset. These include:

- the possibility of establishing long term relationships with grantees / partners which go beyond relationships based on patronage;
- providing a set of limits and criteria for grantmaking and a given set of standard procedures for decision making – which allows the giver to direct requests through formal channels, thereby removing him/herself from having to make potentially embarrassing 'on the spot' decisions/responses;
- providing an avenue to establish public profile for the entrepreneur, particularly where there is public pressure for entrepreneurs to demonstrate their commitment to social causes, (for example in the case of high profile beneficiaries of BEE processes in South Africa)

The above scenario depicting the birth and development of a family foundation may accord with a classical model, but is in many ways atypical of the case studies selected. Apart from the Ackerman Foundation which illustrates this process rather well, the other case studies have had very different trajectories.

6.3. Assumptions informing the selection of the case studies

Why did we employ the methodology of selecting family foundations as case studies, along the lines of identity?

In terms of its practical implications, and responding to SAGA's brief, this method was used, as, arguably, the extent to which organisations are embedded in particular cultural, religious and linguistic identities, will inform the ways in which SAGA intervenes. For example, if a foundation is inextricably tied to a particular identity, it may be less likely to engage with other foundations, networking, and more closed to considering new ways of operational functioning.

The methodology was informed by the assumption that communities and families "look after their own"; in other words, that "like gives to like" and that giving is premised on the basis of identity. The assumption further stems from the history of apartheid, which was largely characterised by divisions embedded along ethno-cultural, racial, linguistic and religious cleavages. Therefore, families which formed foundations and were involved in giving for public good, would give only within their

own communities. In a post-apartheid society, does giving cross identity boundaries in order to address more pervasive problems in our society? To what extent is this true if the foundation emerged during the apartheid era; and, if so, has there been a transcendence of identities post-apartheid which has encouraged giving on a broader basis. There is some evidence of the latter taking place. Three of the five case studies only emerged after 1994: the Ackerman's and Shuttleworth's do not subscribe to identity-based giving, while MAID has a mixed portfolio of both identity-based projects and causes which respond to the broader needs of society. Of the remaining two, the Bismillah Trust, formerly embedded purely within the bounds of a single community, has since extended its giving into diverse developmental projects.

Our failure to identify a Christian foundation which subscribed to giving on the basis of identity, seems to suggest that the Christian community itself is not bound by exclusively Christian criteria which inform giving; but rather targets issues which effect all communities, such as HIV/AIDS, orphans, etc. This also points to the fact that identities are not homogenous, but heterogenous and diverse; that certain criteria predominantly define a community, whilst others are secondary; and that large, inclusive and multi-denominational communities do not feel threatened in terms of their identity. Again, this is only partially correct, as Christian Nationalism constituted a very specific identity. Historically, in this instance, individuals and families, would give to communities, thereby creating a hybridisation between individual and family giving along a continuum. However, in general, Christianity is, as it were, a broad church, and historically, Afrikaner nationalism and Christianity were wedded under apartheid, protecting the majority of whites in terms of their social, political and economic status. Christians and Afrikaners were in the majority, and therefore could afford to give beyond their peculiar identities. This is in stark contrast to, for example, the Indian community, which was a minority under threat during apartheid.

Another issue which informs identity-based giving is the ability of particular groups to mobilise and accumulate capital over time. This is evinced by our failure to engage with an African family foundation which has benefited from black economic empowerment. To the extent that there are a few such success stories, they are relatively new, have not necessarily defined their family giving agendas, and are suspicious of being investigated. Moreover, within the African community, the concept of family foundations itself, is relatively new. Whereas under apartheid, individual and community based giving came largely from poor people to other poor people in the interests of survival, a family foundation is far more formally established vehicle economically. Preliminary research suggests that many BEE corporates, founded by newly wealthy Africans entrepreneurs, tend to have social investment programmes, whereby community development is promoted. Very often this is based on the fortune of one individual, rather than a family. Furthermore, are first generation entrepreneurs. It is more likely that successive generations will feel increasingly secure and stable in their material situation and will be able to more easily consider institutionalised giving as a way of disbursing their wealth. Attempts to identify African foundations, for example those funding the promotion of black artists, such as the Miriam Makeba Foundation, or the Gibson Kente Foundation, proved futile, presumably because their fortunes were transient, and they are now defunct. Many exist in name only.

We now turn to the testing of assumptions relating to our specific case studies.

6.3.1. The Bismillah Charitable Trust.

Muslim foundations are generally involved in giving in a very closed and inward looking way as a function of their religion. However, in terms of the Bismillah Charitable Trust, this has changed post-apartheid, and as a result of a development discourse. Their giving now transcends Muslim-based giving. Muslims are, however, again under threat because of the global context For example, they used to give extensively to overseas Muslim initiatives, but with the introduction of the Financial Intelligence Centre Act (FICA), this has now been curtailed. Arguably, this may result in a sense of growing vulnerability and insecurity within the community, the consequence of which may be to contract their extent of giving beyond the boundaries of their identity, and to turn inward, yet again.

Muslim giving is also very much embedded within the doctrine of religious obligation. In addition, it stems from their history under apartheid, where giving to the broader Muslim community was a matter of survival, as the state did not guarantee or protect their social and economic rights. Thus giving was not only a religious necessity but also a social and political imperative.[82]

This case study suggests that our assumptions were correct, in so far as Muslim giving is significantly identity- based, but that, post-apartheid, the reach of the Bismillah Foundation extends to developmental giving beyond the immediate community.

6.3.2 The Shuttleworth Foundation

The foundation does not subscribe to any type of identity-based giving. It was chosen for the purposes of this study as a post-apartheid, overnight success story, in order to investigate its motivation, structure, procedures and policies, and orientate its giving.

6.3.3. Jewish Family Foundations : the Ackerman Family Foundation and MAID:

Generally, there is a very strong connection between the majority of Jewish foundations and Jewish giving. Many have been set up post-1994, in response to feelings of insecurity, based on an understanding that the government would reorientate policies to focus on the welfare of black the majority, as apposed to established white minorities. There was a growing awareness that, in terms of their own standards, they would have to rely more on their own internal resources, in order to ensure the survival of the community They are actively moving towards more identity-based giving, in order to ensure that existing Jewish institutions continue to survive, especially those concerned with welfare and education.

The policies of the Ackerman Family Foundation are not related to Jewish community giving, refuting the assumption of identity-based giving. The other, MAID , is more aligned with Jewish giving but has not been structurally linked to the Jewish community, and remains largely undiscovered. Interviews suggest that they disburse at least half of their funds to Jewish institutions. The founder of the foundation is a leading businessman, and various family members play a leading role in the Jewish community.

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[82] This is also very important within the Jewish community.

Evidence from the Jewish case studies suggests that there is no direct relationship between Jewish Foundations and identity-based giving. It would appear that some foundations are more likely to fund Jewish causes in the face of perceived threats to community survival; whereas others, such as the Ackermans, do not relate giving to Jewish identity.

6.3.4. Afrikaner Family Foundations : The David Graaff Foundation.

The David Graaff Foundation totally transcends identity giving. It is divorced from the Afrikaner community in terms of its beneficiaries and projects, which are wide-ranging and multi-denominational.

6.4. The Motivation for the genesis of each Family Foundation

The question of what motivates the establishment of family foundations is a key one from SAGA's point of view as it has a direct bearing on the possibility of SAGA working with such foundations. Motivation is also a critical determinant of foundation structure, policy and procedures.

6.4.1 The Bismillah Charitable Trust.

There were multiple reasons for the establishment of this Trust. A primary impetus was generational continuity in giving to the Muslim community. The father of the founder had given extensively to the community, and the formation of the Trust was seen as a logical extension and institutionalisation of this work. Inextricably linked to this, is the religious duty of Muslim giving. Another motivation is related to the fact that it was founded by prominent individuals who wanted to be seen as public figures with a broader influence within the Nelson Mandela Metro, responding to a development discourse. Finally, the family businesses are highly profitable, and can benefit from tax breaks by allocating money to the Trust. As giving is in any event a religious requirement, benefiting from tax incentives makes sense.[83]

Thus, in this case, the motivation to establish the Trust is partly related to identity, insofar as a central tenet of the Muslim canon is charitable giving.

6.4.2. The Shuttleworth Foundation

The foundation was established for two reasons: Mark Shuttleworth became extremely wealthy, almost overnight. And although each employee was given a R1million handshake, he felt a need to go further than that, realising that the development of science and technology were important for the countries' future.

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[83] This was not made explicit by the interviewee, and we do not know whether this was a motive. It is pure speculation on our part. Nevertheless, family businesses do benefit from giving money to a registered charitable trust, as this is tax deductible, and would raise their profit margin.

6.4.3. The Ackerman Foundation and MAID

The motivation for founding the Ackerman Family Foundation has nothing to do with identity, but everything to do with the family's desire to ensure succession and a career path for future generations. It is deeply embedded in the ethos of family and family values.

The establishment of MAID derived from the need of the family to respond to peer pressure and requests for giving from Jewish communities.

6.4.4. The David Graaff Foundation

The foundation was established by Dawie's will, and generates the existence of the trust, in perpetuity. No specific motivation for the Trust was evident in the research. David did not marry, nor did he have any children. He did, however, come from a very wealthy family, and so it may have seemed logical for him to leave his money to worthwhile social causes.

6.5. Policy and Procedures

Unlike many other donor agencies, be they corporate, NGO or government, family foundations tend towards a relatively loose giving framework in order to accommodate the individual and indeed, changing, philanthropic inclinations of their members. The Shuttleworth Foundation is an exception as it operates as a highly professionalised outfit with a very clear-cut and definitive policy framework that is restricted to science and technology education. All the other case studies were shown, to one degree or other, have loose and broadly focused policy frameworks.
On the one side of the spectrum there are the foundations that are oriented towards focussing on a small number specific areas, such as Graaff (health, welfare and education) and Ackerman (art and entrepreneurship). On the other side of the spectrum as is the case with MAID and Bismillah, family foundations are far entirely open-ended and tend to support charitable needs as these arise.

Nevertheless, within this flexibility there can exist a range of different underlying approaches to the giving process. Here, our case studies are mainly very different. MAID's policy is driven by whether a grant makes an 'immediate difference' to the beneficiaries as against Shuttleworth's focus on the potential large scale impact of innovative initiatives; Bismillah has at its roots a patronage approach to giving; Graaff is concerned with the breadth of its outreach; Ackerman emphasises the process side of things.

Similarly, the foundation's beneficiaries and target groups tend to vary just as widely: Bismillah and MAID share the common characteristic of targeting a mixture of religious-based causes and 'the poor'; Graaff support reaches largely established charities; and Shuttleworth targets organisations with the capacity to pilot new ideas for the long term benefit of those who would not otherwise have access to education. It is too early to gauge where the Ackerman Foundation will place its emphasis.

The one clear thread that winds its way through the family foundation policy context is that while a foundation may have particular preferences or orientations, they largely need to retain their character as a flexible giving vehicle where members have wide and unrestricted choice of beneficiaries.

The value attached to flexibility is mirrored in the nature of the procedures adopted by family foundations. Three of the five case studies exhibited low or negligible concern about project assessment, decision-making and monitoring procedures, preferring to rely on 'gut feel' and impressionistic views. In part, this relates back to the fact that most family foundations have very little human resource capacity available for these grantmaking functions. But, mainly, the rigorous application of procedures is seen as being unnecessary. This is certainly the case with Bismillah, MAID, Graaff and the individual family units of the Ackerman Foundation.

The latter is typical of many foundations where decision-making is largely informal, rather than structured, and ideas for new projects are raised around the dinner table, where children can be included. This process is educational and participatory for all family members, and ought to engender family continuity within the Foundation. The personal dimension of the family giving that enables family members to pursue their personal passions and be proactive rather than reactive potentially leads to greater sustainability of the foundation itself.

The other two foundations, Shuttleworth and the Ackerman's joint project fund are strongly influenced by professional and corporate models. To varying degrees they incorporate (or intend to do so in the Ackerman case) formal giving procedures, including site visit assessments, monitoring and evaluation. In both these cases, it is clear that the foundations are influenced by business / professional development culture.

6.6. Structure

Family foundations are highly differentiated, and their structures range from "classical"; to hybrids of corporate social investment initiatives and family-based giving; to highly professionalised. The diversity of structures can be understood as a function of a number of variables, including:

- the nature of inter-personal relationships within specific cultures;
- the amount of money which the foundation manages;
- the relationship between the foundation and the broader society;
- the extent of the involvement of family members themselves, and the roles which they play;
- the interests of family members, and the extent to which these converge or diverge;
- the relationship, if any, of the foundation with an associated family business, the structure of which can also range from personalised to professionalised;
- the age of the foundation, as structures are dynamic and evolve over time.

These criteria are not necessarily relevant to the structure of all foundations, and some are more determining factors than others.

The Bismillah Charitable Trust is the most "classical' example of a family foundation. It is characterised by family relationships which are predicated on Muslim religion and traditional culture. These relationships are highly gendered. The founder and head of the Trust is also the patriarch and his management is largely autocratic. This is evinced not only in terms of his position and role in the Trust, but in ways in which he relates to the Muslim community in which the Trust is embedded, and beneficiaries of the Trust. Giving is predicated largely on patronage and religious networks within the Muslim community.

The family owns three businesses, and a fourth in part. One of the business offices is used to administer the Trust; a business bookkeeper is also responsible for the finances of the Trust; the head of the Trust and his wife administer the Trust. All trustees are family members.

In stark contrast, is the structure of the Shuttleworth Foundation, which resembles a "mini-corporate". It is highly professionalised, with a CEO, CA and a board constituted of professionals in various fields related to aspects of the Foundation's work. The reasons for this are arguably a result of the large amounts of money which the Foundation manages; the diversity of its projects; and the 'over night' success of an individual, who is minimally involved in the running of the Foundation. There is clearly no generational continuity here, and little family involvement. The Foundation was established by an individual with a large fortune, which he personally decided to invest in developmental initiatives.

As previously noted, the Foundation embraces requests from all constituencies, and giving is based on strategic and pragmatic criteria. The Foundation thus engages with South African society at large, rather than with any particular group. However, the structure of the organisation precludes direct access to the founder.

The Jewish foundations present yet other structural configurations.

The second generation of Ackermans founded the Ackerman Family Foundation. Raymond Ackerman, the father, is a highly successful businessman, and Pick 'n Pay was developed as a family business. Embedded in this business ethos, the family is run as a business, having a family council and constitution. The business empire, the family and the foundation are all partly personalised and partly professionalised, leading to a hybridisation of personal and professional life. Similar to the Shuttleworth Foundation, the Ackerman Foundation is situated in a corporate context. However, unlike the Shuttleworth Foundation, the nature and extent of family involvement is integral to the shape and form assumed by the Ackerman Foundation. And although family involvement is central, as it is in the Bismillah Charitable Trust, its nature is fundamentally different.

The biggest issue which the Ackerman Foundation sought to address was the accommodation of the diverse interests of the siblings, their spouses and children within the foundation, and the building of a coherent structure. One of the challenges facing classical family foundations is precisely the resolution of conflict resulting from heterogeneous giving interests, which can undermine the sustainability of the institution.

The solution came in the form of a creative structure that enables each of the four sibling family units to make their own giving decisions in respect of equal portions of Foundation money, while a larger joint fund involves collaborative and consensual decision making. Each family unit reports to the Family Council on allocations made.

MAID, on the other hand, is constituted as a formal channel to address public demands, and protect the sole family member responsible for the Foundation from having to deal directly with the public. It thus provides a conduit which organises and formalises the relationship between the public and private. The founder' son manages the fund, which has no formal decision-making procedures or policies. Allocation decisions are made by MAID's manager, who reports to the founder once a year during the family's annual holiday. No monitoring or site visits occur, thus obviating the need for additional staff and costs.

Clearly MAID is largely removed from direct engagement with society, and the purpose of the structure seems to be precisely to shield the founder from public pressure. The David Graaff Foundation seems to be even further removed from direct engagement with social dynamics, and is characterised by operational conservatism. No family member is involved. The organisation is small, decision-making is informal and largely based on the perceived trustworthiness of beneficiaries. Giving is usually continuous to the same high profile, established beneficiaries, who have a long history of receiving from the Foundation.

The amount of money disbursed by the Foundation is relatively small, and is donated in small amounts to small organisations. The largest annual grant is R25 000,00. Much time is therefore devoted to processing grant applications.

6.7. Public Profile of Family Foundations

We have argued above that family foundations are situated at the interface between the private and public realms and that a tension between these two realms appears to be an integral aspect of formal family giving. On the one hand, the social standing and financial interests of the various families often propels them towards greater public profile, particularly where there are public expectations that such families 'should' be making significant contributions to the community.

Yet simultaneously, family foundations also tend to avoid the limelight. This was clearly evident in most of the case studies undertaken. The majority of foundations 'resisted' publicity, preferring to remain low profile. For example, one of the pervasive concerns mentioned by various case study foundations related to 'being overrun' by requests from the public and this often motivated the low profile maintained by foundations. The fact that family foundations rarely have (or see the need to develop) the necessary human resource capacity to deal with the public also feeds into this concern.

In this regard, family foundations are fundamentally different from other types of giving structures which exist solely in the public realm. Grantmaking support agencies therefore need to take the 'personal and the private' into account when designing capacity building interventions and initiatives with family foundations.

The tendency for family foundations to keep their profile within certain limited bounds also has a potentially negative effect on the foundation's ability to engage openly within society. This issue, in turn, has indirect implications for the developmental potential of family foundations: an issue which we now turn to discuss.

6.8. Family Foundations and Development

To what extent is does the family foundation offer potential resources for development? Here a distinction is being made between money flowing to charitable causes for welfare / humanitarian purposes and development funding which results in sustainable social change and development. Development funding requires a concerted, long-term approach to addressing often complex, inter-related social problems. It requires endurance, a preparedness to take funding risks and sometimes even the stomach for social confrontation.

As an *unmediated* and short term reaction to social ills, it is very unlikely that family foundations will take on a developmental character, particularly in a setting such as South Africa where these foundations remain largely hidden from public view. Family foundations understandably thrive on 'gut feel' and whim which, as drivers of grant disbursement do not in themselves promote development. This is not to say that family foundations do not have the potential to evolve as developmental vehicles. But this is unlikely to occur without certain influences.

There are three key ways in which a developmental response is likely to be stimulated in a family foundation context: firstly, through the experience of learning through communities and stakeholders in the process of monitoring the progress made by beneficiaries as a consequence of receiving funds. In particular, this may occur where there have been negative funding experiences regarding sustainability that happen to provide best principle lessons for future grantmaking practice. Secondly, by bringing in external expertise, training and resources, family foundations are able to absorb new knowledge to further develop their practice and thirdly, information exchange and sharing with peer organisations and networks can produce similar results. All these influences require openness to a process of reflecting on the overall impact of the grantmaking experience and a preparedness to engage with society, learn from experience and commit to the long haul that defines the development course. Family foundations that are not embedded in a '*community*' of beneficiaries are unlikely to be open to such influences.

An analysis of the case study foundations reveals different degrees of potential regarding openness to evolve in a developmental direction. As a professional agency, employing many experienced development specialists, the Shuttleworth Foundation has perhaps progressed furthest along the development road. It is committed to finding and nurturing innovative solutions to specific educational problems in the country.

The Ackerman Family Foundation, although recently established, shows an interest in development. Family members have made a point of absorbing both the positive and negative lessons of the Pick 'n Pay Foundation, their corporate foundation and have already begun to engage in debates around sustainability and impact. Like the Shuttleworth Foundation, the Ackermans are open to being exposed to outside development inputs and indeed seek external assistance and advice in this regard.

Perhaps a more 'typical' family foundation experience is represented by the Bismillah Charitable Trust and MAID, who are unlikely to seek external development input, but who may take on board valuable lessons drawn from their own successes and failures.

However, in general terms family foundations do not seem like an obvious vehicle for development funding: giving for development carries higher risks and family foundations tend to prefer funding known quantities that do not extend them beyond their comfort zones; they are unlikely to have the staying power and commitment to engage in the long term process which is development. Moreover, without an external environment that promotes a family-giving *milieu* which includes a vibrant development funding discourse, it is hard to envisage family foundations responding to the developmental challenges of the day in any systematic or deliberate manner.

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