



The Pulse of Online Fundraising in South Africa

Lessons & Challenges

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July 2003

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1. Introduction

This report establishes the pulse of online fundraising in South Africa (SA) and forms part of a wider study undertaken by the Southern African NGO Network's (SANGONeT) Thusanang Project in collaboration with the Charities Aid Foundation Southern Africa (CAFSA). The study was undertaken to take the pulse of on-line fundraising in SA and determine the feasibility of establishing an online fundraising facility for the non-profit sector in SA with the prospect of regional expansion at a later date.

The field of Internet fundraising in SA has largely been overlooked by research making this study a groundbreaking local inquiry. The study identifies the key mechanisms used by non-profit organisations (NPOs) to fundraise through the Internet and provides an eye opening account of the challenges and opportunities faced by organisations already in the field. Finally, it offers some insights into how NPOs can best position themselves to take advantage of this opportunity provided by modern technology.

2. A Note on Research Methodology

Given that this is an Internet research project, a significant amount of data was collected through web research. This was complemented by a paper-based literature review and interviews with particular audiences such as fundraising and development experts, information technology (IT) specialists and representatives from donation portals as well as NPOs with online fundraising facilities. A consultation meeting with the key project stakeholders halfway through the study also sharpened its focus.

Given the short time span of the study (roughly two months) it was not possible to develop a comprehensive primary data collection methodology to inform its outcomes. The study largely depends on secondary research and personal interviews. However, this in itself presented a challenge as there is insufficient data on the number of NPOs that raise money online, including how much is raised and from whom. The local NPO sector in general is not well documented. This has been a challenge for many non-profit studies, including the eminent recently completed study, "The Size and Scope of the Non-profit Sector In South Africa", which is one of the first studies undertaken to define the extent of the local non-profit sector¹. In this study it is argued that the entire South African NPO regulatory framework is expanding in the absence of sufficient empirical and quantitative knowledge about the sector.

Accordingly, this study offers anecdotal evidence deduced from interviews with NPOs that have online fundraising facilities. Moreover, it draws heavily on the experience and institutional knowledge of development and fundraising experts and on a limited range of international non-profit studies in the online fundraising field.

One of the main problems in the initial design of the research process was that the broad definition of online fundraising techniques (see section 4.1 of the report) was used to target NPO interviewees. This provided sketchy feedback about trends as their online fundraising techniques were varied. Later in the study an attempt was made to get more quantitative data specifically from NPOs that have automated credit card fundraising facilities as it was realised that this would add the greatest value to the report. In spite of this effort, it was discovered that there are indeed very few NPOs with online credit card fundraising facilities in SA and that those who make use of this technique very often belong to donation portals or have only recently installed the system. Thus, the sample size and related feedback is limited. As a result, it can be argued that what we have arrived at is not a clear picture, but an "impression" of online fundraising in SA.

¹ Swilling, M. & Russel, B. (2002). "The Size And Scope of the Non-Profit Sector in South Africa". Graduate School of Public and Development Management, University of the Witwatersrand & the Centre for Civil Society, University of Natal.

3. The Experience of Online Fundraising in SA

A general comment that can be made about online fundraising is that it is rarely the sole method of fundraising that NPOs engage in. Online fundraising is usually part of a comprehensive resource mobilisation strategy that involves both traditional and non-traditional methods of fundraising. For organisations with online fundraising facilities, the Internet is used as one of many streams to draw money into their organisations.

Online fundraising in SA is in its infancy and trends are difficult to discern. Indeed, it is an emerging field, which presents the picture of a sector still taking “baby steps”. Current successes are limited and highly dependent on the visibility of the NPOs and their causes.

In addition to the case studies documented in section 5, organisations such as Child Line, Ikamva Labantu and The Red Cross Children’s Hospital were consulted to specifically determine the success of their online credit card fundraising facilities. A common finding from many of these organisations was that their online facilities had only been available for a very short time. Both Ikamva Labantu and Child Line are recent initiates, their credit card fundraising facilities being just weeks old. In fact, at the time of being consulted, Lee Ann Kinghorn, Child Line’s fundraiser, admitted that the organisation had not received a single online donation. Most of the organisations consulted had had their facility for a year or less.

Volumes of donations on these facilities are generally very low – in the order of 5 donations a month. The monthly amount gathered ranges from R500-R1,000. These amounts constitute between 2 and 10 per cent of the total monthly income garnered from individual donors.

Successful online fundraising appears to be closely linked to increased public profile. Gail Johnson of the Nkosi Johnson Aids Foundation stated that she detected an increase in donations whenever the Foundation was mentioned on international news networks. (See section 5.1.5.2 of this report.)

This study uncovered only one major online fundraising success story in SA, the South African Foundation for the Conservation of Coastal Birds (SANCCOB), which is documented in section 5 of this report. This is the unique case of a cause, which was able to raise 80% of the funds required for a specific campaign through the Internet. This case is an exception to the general rule. The important point that must be raised in relation to this success story is that the media, similar to Johnson’s experience, played an important part in promoting the organisation’s cause and driving online donors to its website. Thus, the media and other forms of public outreach are critically important to the success of online fundraising.

To view this phenomenon from a different perspective, the Johannesburg (JHB) Child Welfare Society, also documented in section 5.1.4 of this report, currently raises a mere 0.3% of its annual budget online. A limited public profile appears to be hampering the Society’s potential success. Brenda Taylor, the Society’s assistant director, contends that its popularity and related ability to raise funds overall is being eclipsed by a similar NPO that has a much stronger public profile. As a result, the JHB Child Welfare Society has created a television advertisement as part of its future marketing campaign.

The picture that is emerging of the cyber fundraising community is one of a “global soup kitchen”². The international trend is that “(most) money raised online is for disasters”³. Having examined the NPOs listed on local donation portals and generally seeking out other local organisations with online fundraising facilities, it was discovered that the local non-profit online fundraising community is led by the welfare sector followed by lifestyle, conservation and relief organisations.

² Habib A. & Kotze, H. (2002). “Civil Society, Governance and Development in an Era of Globalisation: The South African Case”. Paper presented at Workshop on Globalisation and the Challenges of Governance in Post Apartheid South Africa. 26 September 2002. Graduate School of Public and Development Management, University of the Witwatersrand.

³ Boeder, P. (2001). “Non-Profits on E: How Non-Profit Organisations are Using the Internet for Communication, Fundraising, and Community Building”. This paper is based on a dissertation submitted in partial fulfilment of the requirements for the MA in Journalism Studies degree at Cardiff University.

In this study the “welfare sector” largely refers to the basket of organisations that operate within the sphere of the social services sector. These include traditional welfare organisations. However, when referring to “welfare type” organisations this study broadens its definition to include organisations taking up the social obligations of a shrinking state in the face of market expansion and domination, which in the developing world has resulted in more job losses and poverty⁴. This includes organisations positioned centre left on the welfare/development spectrum.

The following table shows the broad categories for which funds are raised by the local donation portals, Givengain, eBucks, and Isisa. Section 5.2 of this report contains case studies of each of these organisations.

Causes	eBucks	Givengain	Isisa
Welfare/Social Services	●	●	●
Lifestyle/Sports/Recreation	●	●	●
Conservation/Wild Life	●		●
Disaster Relief/ Emergency Services		●	●
Education		●	●
HIV/Aids	●	●	
Community Development	●	●	
Religion/Spirituality		●	
Politics/advocacy		●	
Other			●

Table 1: Nature of causes on local donation portals

In general, it can be argued that the welfare or social services categories listed above broadly cover organisations with a focus on:

- Children
- Hunger/Food
- The Aged
- HIV/Aids
- Physically challenged

The HIV/Aids and education categories in the above table also include many organisations with a focus on children. The hungry, homeless Aids orphan/baby has justifiably captured the sympathy of the local and international public. As such, it can largely be concluded that issues affecting children appear to have mass appeal and this study detected that children’s NPOs were most likely to have a donation button on their websites.

To provide a brief breakdown of the other categories in the above table, it can be submitted that the community development category largely includes organisations working on skills development and/or income generation projects. The politics and advocacy category captures many branches of a particular Christian political party listed on the Givengain website (a faith-based donation portal). Ministries and churches are included in the religion/spirituality category, while the “other” category refers to two international agencies, including Amnesty International.

The vast majority of these welfare-type online fundraising NPOs are fairly sophisticated organisations operating in the urban realm at a national level. In deconstructing their definition of the local non-profit sector, Swilling and Russel describe welfare organisations as historically “racially exclusive” and “central to the social structure of white society”⁵. This is an important observation to consider when one examines the linkages between the types of organisations that are raising funds on the Internet and their existing online support base. The

⁴ Habib A. & Kotze, H., op.cit.

⁵ Swilling, M. & Russel, B. op.cit.

link appears analogous between those that are giving online and the middle class white South African community, especially those living abroad in the English-speaking first world.

While these welfare-type organisations are at present largely not servicing an exclusively white beneficiary group, what is important to note is the historical advantage they have, which has significantly boosted their human and financial resources, as well as their public profile. Swilling and Russel contend that for much of the last century and particularly during the era of exclusive white democracy in SA, these organisations enjoyed a special relationship with the apartheid state, which promoted their sustainability. A visible link has emerged between the number of organisationally mature welfare NPOs that have online fundraising facilities and their historical legacy, which has left them financially better off and with a stronger skills base than their peers that have their roots in black communities.

Finally, NPOs with online fundraising facilities do not necessarily demonstrate a high level of expertise with respect to computer technology. They generally have their websites developed and managed by information technology (IT) companies on a pro bono basis or by individual volunteers. Experiences vary and are quite anomalous. For example, FeedSA, which has a tiny annual budget of R200 000, has engaged the pro bono services of an IT company that hosts and manages its website. On the other hand, the JHB Child Welfare Society, with an annual budget of a whopping R6.5 million, depends on the generosity of a board member's son who voluntarily updates their site.

4. Online Fundraising Mechanisms

A web scan of a number of online NPOs and interviews with a select range of NPOs revealed that there are many techniques employed to solicit funds online and that these are complemented by an equally diverse range of payment options.

4.1. Techniques

- **Online transactions.** One of a number of mechanisms is used to allow a user to transfer funds directly from an account belonging to them into an NPO's account. The most common method is probably online credit card payment. For example, see the JHB Child Welfare Society case study discussed in section 5.1.4 (<http://www.jhbchildwelfare.org.za>).
- **Online product purchasing.** The user purchases a product sold by an NPO (such as a branded toy or T-shirt). The product is then shipped to the user via standard fulfilment channels. One local NPO that has this facility is Ikamva Labantu (<http://www.ikamva.com>).
- **Sponsored Clicking.** An innovative method of online fundraising as it does not require that the online donor actually part with any money. The NPO website has a link that is sponsored by one or more local corporates. Clicking on this link automatically triggers a micro donation from the sponsors to the NPO. The user may be taken through to a page giving more information about the sponsors. A local example of this is the FeedSA website (<http://www.FeedSA.co.za>), which is documented in section 5.1.2 of this report. For an example of a donation portal that handles free donations see "Quick Donations" (<http://www.quickdonations.com>).
- **Online shopping sponsorship.** Relationships are set up with online retailers. Users are referred through from the shopping sponsorship site, and the retailers donate a small percentage of any profits from such referrals to one or more causes. An example of this approach is the BuyForCharity website: (<http://www.buyforcharity.com>).
- **Supplying offline details.** Here the NPO website acts as an information portal only. The "donate" page simply supplies the NPO's bank account details, print-out fax-in form or e-mail pledge sheet. An example of this is the National Institute for Crime Prevention and Reintegration of Offenders (NICRO) (<http://www.nicro.org.za>). Using this technique, an innovative way of asking for funds has been for NPOs to present a wish list of things needed by the organisation. In this manner, donors are able to specify quite narrowly the activities or equipment they wish to fund. The Project Literacy (<http://projectliteracy.co.za>) case study in section 5.1.3 elaborates on this method of online fundraising.

4.2. *Payment Mechanisms*

- **Credit Card Processing.** This is the most common technique, both locally and worldwide. The user's credit card details are solicited online and the payment is processed via an Internet payment gateway such as "VV" (<http://www.vcs.co.za>) or "Paygate" (<http://www.paygate.co.za>). The donation can be made in a matter of minutes and it does not require any face-to-face contact between the donor and the beneficiary. In this case, the obvious concern for the donor is the release of credit/debit card and personal details into the cyber world. In order to address this concern, the website facility must provide safe, encrypted transaction processing. (There is a range of local and international service providers that offer this facility. Moreover, an online privacy policy usually informs the donor of the manner in which his/her personal information will be treated.
- **Direct Debit.** In the technically simplest instance of this, the NPO supplies their banking details online and encourages users to add these details to their online banking profile. If a close relationship with a bank is developed, it might be possible to set up an EFT (electronic funds transfer) facility, whereby the NPO website gathers these details and debits the bank account from their side with a batch.
- **e-Currencies.** With the growth of the Internet, several online currencies have sprung up in SA. For example, eBucks and Blue Bean are online currencies linked to First National Bank and Standard Bank, respectively.
- **SMS.** This is an interesting new development pioneered in the recent VirginActive Challenge For Children campaign. A cell phone user simply sends an SMS to a given cell phone number and quotes a keyword ("children" in this case), and a small donation (R10 in this case) is automatically deducted from their cell phone account (either contract or pay-as-you-go.) and credited to the sponsored NPO.

It would appear that the bulk of online transactions in South Africa are still performed by credit card. The table below gives a rough indication of the chosen payment mechanism for purchases made on the Kalahari.net e-commerce website⁶.

Mechanism	Percentage usage
Credit Card	75%
Direct bank deposit	15%
Other	10%

Table 2: Payment mechanism usage on kalahari.net

5. Case Studies of Online Fundraising

5.1. *Individual NPOs*

The following four case studies demonstrate the varied experiences of online fundraising in SA. These examples encompass credit card donations, sponsored clicking and online requests for funding by supplying offline details.

5.1.1. **The SANCCOB Experience: (<http://www.sanccob.co.za>)**

Three years ago, an oil tanker, the Treasure, sank off the coast of Cape Town causing a huge oil spill of 1 000 tonnes of heavy fuel that threatened to kill the marine and bird life in the area, including 41% of the world's penguin population⁷. The South African Foundation for the Conservation of Coastal Birds (SANCCOB) rescued 19 500 penguins by removing them from the sea and washing them down. An equal number were rescued from the small islands off

⁶ Source: Andre de la Harpe, IIC, Kalahari.net.

⁷ "Operation Rescue: The Fight to Save Penguins from South African Oil Spill". See http://abcnews.go.com/onair/WorldNewsSaturday/wnt000701_penguin_feature.html.

the Cape coast and driven up the coast to Port Elizabeth where they were released into the sea. The price tag for this operation stood at R7 million.

The crisis made news headlines internationally as the spill was even bigger than the well-known Exxon Valdez disaster. This resulted in a great deal of public interest. Fortunately, the organisation had a website that was at some point voluntarily developed by one of its member's teenage sons. As a result, it was possible for the international media to direct the international public to a website for more information. E-mail messages of support flowed in to SANCCOB from around the world - people wanted to help in any way that they could. At the same time, SANCCOB contacted a professional fundraiser⁸ to help them raise the R7 million that was needed to save the penguins. All the e-mails were redirected to the fundraiser who immediately contacted Mark Shuttleworth, requesting that he install his safe encryption software on SANCCOB's website to enable the organisation to receive online credit card donations. Shuttleworth, who had just become a new millionaire due to his IT entrepreneurialism, provided this service for free.

As a result of SANCCOB's exposure and more specifically the plight of the penguins on almost every major news network internationally, the organisation was able to raise all the funds it required for the rescue operation. 80% was raised online and most of it came from the international first world community. Nevertheless, the Taiwanese Bird Club was one of the biggest donors with a donation of US\$100 000. Not surprisingly, interest in the organisation has dwindled after the media moved on to another hot news item. It is interesting to note that the organisation no longer has the credit card fundraising facility on its website. Now donors are asked to submit e-mails to the organisation in order to make a donation. The site does however have a currency calculator to facilitate international donations.

5.1.2. The FeedSA Experience: (<http://www.feedsa.co.za>)

FeedSA is a small organisation comprising three part-time staff and an annual budget of R200 000. It feeds 4 000 hungry mouths a month in Soweto and targets children and the aged⁹.

FeedSA is an example of an organisation that attracts corporate sponsorships in exchange for corporate advertising to the public. On its website, online donors are encouraged to click on a donation button in the shape of a plate that takes the donor to a corporate advertising page. The online donor is also encouraged (but not forced) to visit the websites of corporate sponsors. To buy space on this page, the corporate pays a fee of R5 000 per month. In addition to this fee, the corporate also pays a nominal amount for each click that the organisation receives on its online donation button.

FeedSA claims that it receives in the region of 80 000 clicks on its donation plate on a monthly basis. The high volume of traffic to this site must be attributable to the fact that donors do not actually have to part with their own money. However, the organisation's managing director argues that the high traffic is also due to the fact that every effort has been made to list the organisation on as many search engines as possible. Whilst a facility also exists for credit card donations, FeedSA did not indicate that this was successful in directly attracting funds to the organisation.

Most of FeedSA's donors are from the US, Canada and the UK. However, the organisation's communications manager also observed that a significant number of donors hail from West Africa, particularly Ghana - as is gleaned from e-mail messages of support from that country. This is an unanticipated phenomenon considering that there are only 8 telecommunications lines per 1 000 people in Ghana¹⁰. But it does point to the fact that the corporate sponsored "free donations" fundraising method has the ability to build a large and diverse base of community support that is not necessarily hindered by its economic status.

⁸ The information for this case study was provided by the professional fundraiser Jill Ritchie who assisted SANCCOB to raise the money for the penguin crisis. Information was also compiled from the SANCCOB website.

⁹ Information for this case study was compiled from an interview with FeedSA's managing director, Lisa Jehoshafat, and its communications manager, Heather Burger. Information was also gleaned from the organisation's website.

¹⁰ "Can Africa Bridge the Digital Divide?" Accra Mail. <http://allafrica.com>.

Similar to other NPOs with online fundraising facilities, FeedSA has a fairly diverse resource mobilisation strategy. A visit to the thank-you page of their website shows that almost everything right down to the office stationery is either donated or sponsored. What is unique about the organisation, however, is that unlike other NPOs that embarked on online fundraising after pursuing more traditional methods of fundraising, FeedSA actually started out by trying to solicit funds through the Internet before diversifying into other resource mobilisation strategies.

FeedSA's website was designed and is hosted by an IT company called I*group. In addition, the company is responsible for all FeedSA's e-commerce. All these services are provided for free. Finally, Nedbank and Iveri sponsored the payment gateway.

5.1.3. The Project Literacy Experience (<http://www.projectliteracy.org.za>)

Project Literacy is a big adult literacy organisation with eight offices around SA. It has an annual budget running into the tens of millions of Rand and a multi-faceted fundraising strategy. Project Literacy, which has been in existence since 1973, is an example of a traditional development organisation that has recently started soliciting funds via its website by posting a wish list of needs and asking donors to directly contact the organisation in order to fund the items on the list¹¹. The organisation enjoys American 501 (c) 3 tax-deductible status, signalling the importance of the American donor community.

The wish list is quite unique in that it does not comprise a shopping list of equipment such as computers and fax machines, which as much as they are needed to support the operationalisation of programmes and projects, are items that donors are reluctant to fund. Responding to the donor preference for project and programme funding, Project Literacy has compiled a wish list of specific project requirements. For example, they ask donors to cover the cost of purchasing copies of an HIV/Aids information booklet that will be distributed through its public learning centres.

Also unique to this wish list is that it is visibly linked to the mission of the organisation. The organisation's mission aptly serves as a preamble to the wish list on the website, demonstrating the close connection between the organisation's activities, values and overall goal to the donor.

Despite trying to demonstrate to the donor that funds will have a direct impact on the ground level of work, this online fundraising strategy has not been a success. According to Project Literacy's chief executive officer, it is not evident that this method of fundraising has been successful as no clear link can be established between the online wish list and actual funds that come into the organisation. This is in spite of the fact that the organisation's website has, in his view, a reasonable number of people visiting it.

5.1.4. Johannesburg Child Welfare Society (<http://www.jhbchildwelfare.org.za>)

Founded in 1909, the JHB Child Welfare Society (hereafter referred to as the Society) is the biggest children's NGO in SA¹². It has a range of programmes that include adoptions, foster care and child abuse, to name but a few. The organisation, which has a huge annual budget of R6.5 million, has a dedicated fundraising staff complement that implements a diverse fundraising strategy.

Most of the organisation's funds are raised from the corporate sector and trusts and foundations. However, funds are also generated through bequests, schools and private individuals as well as a special fund where donors make donations in memory of people. The society is also part of CAF's "Give As You Earn" scheme.

¹¹ Information for this case study was compiled from an interview with Project Literacy's CEO, Andrew Miller, and information gleaned from the organisation's website.

¹² The Johannesburg Child Welfare Society website. See <http://www.jhbchildwelfare.org.za/aboutus.htm>.

Part of the funds that are generated from individuals comes from online fundraising using the automated credit card payment mechanism. Brenda Taylor, the Society's assistant director, reported that the organisation has been raising funds online for approximately two years.¹³ According to her, online fundraising brings in between R15 000 – R20 000 per annum. This is roughly 8% of the annual income generated from individual donors and a mere fraction of the annual budget.

On average, the society receives between 3-4 online donations per month and there appears to be a 50/50 split between international and local donors. A surprisingly high amount of international donors are from the Asian world, who largely make donations while making adoption queries. Most of the donations are small, i.e. about R50. However, there has been the occasional large donation ranging between R500-R1 000 and sometimes even more.

Online fundraising has not significantly increased the Society's administration burden because of the low volume of donors. In general, thank-you letters are sent to the online donors and they are then listed on the organisation's individual donor database. Thus, marketing the online fundraising facility and engaging the online donor is incorporated in the organisation's general fundraising cycle under the individual donor category. This seems to have happened by default rather than by design. In general, this cycle includes re/solicitations, thank-you's and information blitzes.

The current mailing campaign has included a special mailshot to the Jewish community during Rosh Hashanah. Thus, the local Jewish community appears to be a significant source of support. Recent reviews of the organisation's individual donor database reveal that the schedule is shrinking as a result of emigration. According to Taylor, the Society is losing a lot of its Jewish donors. In the future, attempts will be made to organise mail campaigns around other religious festivals such as Christmas and so on.

The Society's donors receive information about the organisation at least every three months. For the smaller donors this may be in the form of a statistics sheet showing the organisation's recent progress and for the larger donors it is usually a more detailed report.

According to Taylor, the website has not received special marketing attention because it is dated. It is currently being revised by the son of a board member who is volunteering his services. However, the Society's web address is contained in all its paper based promotional material. Finally, Taylor contends that a similar NPO may be eclipsing the Society in popularity due to its high public profile. As a result, it has embarked on a new overall marketing strategy that includes a television advertisement, which will be flighted for free.

5.1.5. Quick profiles

In addition to the above in-depth case studies, a series of targeted telephonic interviews were undertaken in order to broaden the base of data for evaluating the local online fundraising sector. These were compiled into the following quick profiles.

5.1.5.1 Cotlands

Cotlands is a child welfare organisation that has been in operation since 1936.

The organisation's website has had facilities for online giving and online purchasing of merchandise since September 2002. Donations are denominated in US Dollars, with Rand translations. (However, a local payment gateway is used and currency conversions are performed internally on the website. The donation functionality is not easy to use: technically, it is treated as just another form of merchandise, with the result that the potential donor is presented with a donation form that somewhat startlingly asks them what colour they wish their donation to be.

Cotlands receives funding primarily from corporates, but individual donations make up around 30% of total funding. Monthly individual donations are around R25 000 to R30 000 per month.

¹³ Information for this case study was compiled from an interview with the assistant director of JHB Child Welfare Society, Brenda Taylor, and information gleaned from the organisation's website.

Of this, between R500 and R1 000 per month are raised online. The average online donation size is around R100, and there are 3-10 donors a month. Most donors are local, but there have been a few expatriates.

Website content is updated frequently. The Cotlands website address is printed on all letterheads, business cards, correspondence and newsletters. In addition, people who phone for information are often directed to the Cotlands website. E-mail is not yet used to send out newsletters, etc.

Cotlands garners much of its publicity using a multi-pronged offline media drive, including radio and television slots and pro bono advertising developed by professional agencies. There has as yet been little attempt to reach international donors.

Donor details are recorded when a donation is made, and an automated thank-you mail is sent.

5.1.5.2 The Nkosi Johnson Aids Foundation

The Nkosi Johnson Aids Foundation focuses on a number of Aids-related causes. It was set up by Gail Johnson in memory of Nkosi Johnson, her adopted son who died of Aids-related illnesses.

The organisation's website has an online fundraising facility that has been active since September 2001. It links directly to a bank payment gateway. The website accepts funds in Rands but includes a link to the xe.com website to allow foreign donors to perform currency conversions.

The foundation primarily receives funding from corporates. Individual donations amount to about R10 000 per month, of which perhaps 10% (R1 000 per month) comes via the website. The average size of an online donation is around US\$20 to US\$30.

Donation volumes are irregular, and tend to spike whenever the Nkosi Johnson story receives international publicity (such as on the anniversary of his death).

Website content is updated once or twice a month with fresh information. The website address is not specifically printed on the organisation's stationery, but is included at the bottom of e-mails sent out from the organisation. However, the website features high on search engines thanks to publicity generated from the Nkosi Johnson story.

Donor details are recorded when a donation is made, but no automated thank-you letter is sent out when a donation is received. This is handled by an offline manual process occurring at intervals on a volunteer basis.

5.1.5.3 Habitat for Humanity

Habitat for Humanity is an international NPO with a strong South African presence. Its mission is to create infrastructure and encourage self-sufficiency by funding and fostering local housing development projects. Volunteerism forms an important part of this strategy.

The international website has a dedicated online fundraising facility. Locally, the South African website put up a Givengain facility around September 2002. This was set up for the local Jimmy Carter project, which marshalled around 7 000 volunteers from around the world. The Givengain facility allowed Habitat for Humanity to receive registration fees for this project from these volunteers.

Habitat for Humanity in South Africa receives the bulk of its funding from its parent organisation. However, around R4.8 million (US\$600 000) per year is raised locally, most of it from corporates. At most, 10% comes from individual donations. Currently, very little is coming from donations on the local website: generally less than R1 000 per month.

The website address is published in all brochures, but the website is primarily seen as an informational tool. Website donations (and even individual donations in general) are not a

strategic focus, and the online giving facility is not specifically publicised. Marcel Hackman, the director of the local operation, states that he would rather use payroll deductions as a mechanism for gathering individual donations.

Interestingly, the local organisation does receive some funds via the international website. This website allows donors to specify the target country or even the target project in that country when they donate. Thus international donors who have been brought in by South African fundraisers are given a code to enter when they make their donation. Their gift is then flagged as locally fundraised in the database, and Habitat for Humanity international does not deduct fundraising fees from this donation.

5.2. Online Donation Portals

5.2.1. eBucks (<http://www.ebucks.com>)

eBucks is First National Bank's (FNB) e-currency initiative. It is open to FNB, WesBank and MTN customers, and is essentially a cross between an online payment platform and a loyalty scheme. eBucks members can transfer funds from their FNB bank account into a special eBucks account, where funds are denominated in the eBucks currency. In addition, users can supplement their eBucks balance through classic loyalty-scheme incentives such as opening a new account with FNB, or transacting via existing accounts. eBucks cannot be transferred back out of the account; they can only be spent. Many local online stores offer the option of making payments in eBucks.

The eBucks website operates as a sort of shopping portal. Certain products are sold from the site itself (the eBucks store). Over and above this, the site keeps a directory of validated commerce partners that accept payments in eBucks.

eBucks is allied with NPO initiatives in a number of ways:

- The Isisa site (see below) is featured in the directory of validated merchants, allowing eBucks visitors to click through to this site and make donations.
- The eBucks store itself offers the facility to donate to a range of NPOs. There are currently 11 NPOs making use of this facility.

eBucks lends sophisticated support to particular appeals through a variety of promotional strategies. eBucks will generally pick at least one appeal a month to promote. This NPO will be profiled on the website to raise awareness and particular urgent needs identified. For instance, if a fundraising dinner is being held by an approved NPO, the eBucks online shopping portal might offer members the opportunity to buy the bouquet for a table. The bouquet would be supplied by one of the eBucks commerce partners, and the purchase would be made in eBucks. There will often be an arrangement with the merchant (e-commerce partner) whereby purchases are matched, or where the merchant undertakes to supply the stock if insufficient quantities are sponsored by members. All of these promotional campaigns are managed using a campaign management tool that has been developed in-house by the eBucks team.

eBucks can obviously only draw their donor pool from a subset of the South African online community – eBucks members. Nonetheless, there are a total of 575 000 eBucks members – an incredible tally, given that the total number of South African online users is only around 3 million (1 in 14 South Africans)¹⁴.

During the 2003-04 financial year, excluding the months of May and June, eBucks received 682 donations totalling R73 000. The volumes and exact numbers of donations per charity were not obtainable.

The portal is not actively marketed to NPOs in order to encourage them to come on board. Cobus Verster, relationship manager of the eBucks website, uses his discretion to approach

¹⁴ Goldstuck, A. (2002). "Internet Access in South Africa". Study produced by World Wide Worx.

particular NPOs, and is amenable to approaches from NPOs. Verster states that NPOs are not charged any transaction fees for eBucks donations made to them.

5.2.2. Isisa (<http://www.isisa.co.za>)

Isisa (Xhosa for “to give freely”) is one of the oldest donation portals in the country (started in 1996)¹⁵. It was set up by a local technology company, candor.com, who initially used it as a pilot site for their online credit card transaction technology.

The Isisa website accepts donations by the following mechanisms:

- Secure credit card transactions.
- Insecure credit card transactions. These operate in the same way as above, but over an unencrypted connection. It is surprising that this option is offered, given the prevalence of Internet fraud, and the fact that virtually all web browsers in current use are capable of making encrypted connections.
- eBucks.
- A print-out fax-in form.

Payments are accepted in South African currency only.

The website has attracted some twenty NPOs, across a wide spectrum of causes. It is interesting to note that many of the donors are expatriate South Africans who make credit card transactions from overseas.

Candor.com have put a hold on accepting new NPOs, and are not actively marketing the site. Although NPOs are charged an unspecified commission on the transactions that pass through Isisa, the website has not proved to be self-sustaining over its lifespan¹⁶.

5.2.3. Givengain (<http://www.Givengain.com>)

The Givengain website is a large-scale well-designed initiative. It has been set up by a group of local and expatriate South Africans with a strong background in information technology ventures. The initial version of the website serviced the local market, but in May 2003 an international version was launched that accepts payment in British Pounds and Euros.

This initiative is faith-based: its founders are committed Christians, and the NPOs that have been brought on board are generally Christian in orientation. However, Givengain does not wish to restrict itself to such NPOs and hopes to broaden its scope. Its focus is small-to-medium size NPOs that are looking to outsource their online donation processing.

The Givengain website accepts donations by the following mechanisms:

- Secure credit/debit card transactions.
- Direct debits set up on the Givengain website.
- Regular donation via batch EFT (electronic funds transfer).
- Paper-based is also accepted.

Givengain does not undertake promotion of their service, and relies on the NPOs themselves to publicise their donation facility. Potential donors go to the website for a cause and from there are referred to the Givengain donation facility. Donors have a facility to send an e-mail to friends and family telling them about the service.

The website has signed up 146 NPOs, and has a total of 4431 registered donors.

¹⁵ The Isisa website. See <http://www.isisa.co.za>.

¹⁶ Source: Wido Schnabel, candor.com.

6. Profile of NPO Best Positioned for Online Fundraising

From the experiences of online fundraising described in section 3 and the case studies presented in section 5 of this report, it is evident that welfare-type organisations appear to be best positioned to raise money online. Developmental organisations, particularly those that sprung up directly in response to the apartheid struggle and those working at the policy advocacy level, do not appear to be soliciting funds online. There may be many reasons for this, but a likely one is that these organisations continue to view international aid agencies, trusts and foundations as a key source of income. This is in spite of the fact that support from these quarters is progressively dwindling post-democracy.

Moreover, the above case studies demonstrate that there is little correlation between the size of an organisation, its budget, its programmes and its ability to attract funds online. Bigger, more formal entities do not necessarily attract greater online support, although “big brand” organisations such as the Red Cross do appear to be more successful online fundraisers because they are in the public eye.

The following criteria consistently emerged for the majority of NPOs that raise funds online successfully:

- **Name awareness.** This is similar to the business concept of the “brand.” Examples of local NPOs that have achieved this are the Nkosi Johnson Aids Foundation and Cotlands.
- **Active marketing.** In order to maintain and build name awareness and attract donors, the organisation must have a track record of promoting its work through a variety of media. Cotlands, for example, publicises its work on both television and radio.
- **Promotion of causes with public appeal.** The critical success factor for online fundraising appears to be cause related. This is not surprising given that supporting “charities” is a highly emotive individual choice. For example, the American Red Cross received a flood of donations in the aftermath of the events in the US on 11 September 2001²¹. Indeed the international trend is that “(most) money raised online is for disasters²²”. According to Ann Bown, chair of the Southern Africa Institute of Fundraising (SAIF) Education and Training Division, the public tends not to support organisations whose mission is seen as primarily a government function. Thus, NPOs already working in cause-related fields with great public appeal such as those identified in section 3 of this report, stand a greater chance of succeeding with online fundraising.
- **Effective communication of impact.** The impact or perceived impact of an NPO’s work on the ground is highly important in generating and holding donor support. Bown argues that effective and regular communication to the online donor is an important way to hold donor interest. International studies also show that organisations which have devised tools to communicate regularly to online donors are more likely to continue receiving support from them²³. This is also borne out by the experience of the JHB Child Welfare society that regularly sends out information to its donors on a quarterly basis. Thus, organisations with well-structured communications strategies that include regular internal and external reporting mechanisms are well positioned to make the transition to online fundraising.
- **Annual Report.** NPOs that are able to meet their objectives efficiently and competently communicate this impact to the outside world are even stronger contenders for online fundraising. One such channel for communication is the annual report. The significance of the annual report in the Internet fundraising world is such that the American donation portal “CharityWave” makes it compulsory for NPOs registering on its site to produce these documents (See: <http://prodpub.wavesys.com/cw/criteria.asp>). Moreover, most of

¹⁷ See note 4.

¹⁸ Boeder, P., op.cit.

¹⁹ See note 4.

²⁰ “Red Cross Begins Resoliciting e-Donors via e-Mail”. See <http://www.npadvisors.com/NewContent/100201.asp>

²¹ See note 4.

²² Boeder, P., op.cit.

²³ See note 4.

the NPOs documented in section 5.1 of this report had electronic copies of their annual reports on their websites.

- **Effective engagement with the media as a partner to promote a cause.** SANCCOB, the JHB Child Welfare Society and the Nkosi Johnson Aids Foundation all demonstrate the importance of engaging the mainstream media to promote one's cause and also drive donors to one's website.
- **Dynamic, interactive, informative website.** It is not a prerequisite for organisations who wish to engage in online fundraising to actually have a website. An NPO may register with a fundraising portal that fulfils the online fundraising function and passes funds on to the organisation. However, NPOs that possess dynamic, interactive informative websites are more likely to succeed at online fundraising because inasmuch as the online donor makes a donation at lightning speed with the mere click of a button, in return, the donor also demands instantaneous additional information about the organisation. It has been cautioned that organisations with static websites that are no more than an extension of their written communications materials are likely to perform poorly in attracting online donors.
- **Experience of managing relationships with individual donors.** NPOs that have the experience of working with, reporting to and generally managing relationships with individual donors are also well positioned to succeed with online fundraising. After all, it is the individual that sits before the computer. NPOs that are accustomed to serving the needs of individual donors already have a good insight into "what makes people give". As noted in the JHB Child Welfare Society case study in section 5, the society's online donors are incorporated in their individual donor outreach programme.
- **Experience of direct mailing campaigns.** Sheila McCallum of Downs Murray International, a fundraising consultancy, argues that in order for online fundraising to work, it is important to drive donors to websites and one way of promoting websites is through direct mail campaigns. While this can be conducted through the traditional "snail mail" method, the international trend is for mail campaigns to be conducted through the electronic medium. The significance of this type of outreach is such that the American Red Cross has employed a "direct response (advertising) agency Huntsinger & Jeffer to manage (its) permission e-marketing program" in order to "re-solicit" funds from its existing donor base²⁴.
- **Public benefit organisation with donor deductible status.** In SA, organisations that are classified as public benefit organisations in terms of the Taxation Laws Amendment Act No. 30 of 2000 and which qualify for donor deductible status under section 18A are also good candidates for online fundraising. In this case, individual donors are given an incentive to donate because they are allowed to deduct the value of limited donations from their taxable income. Some organisations such as Project Literacy have taken it a step further by acquiring the American 501 (c) 3 tax-deductible status, thus opening up an even wider donor market.
- **Mature organisation.** Many organisations with online fundraising facilities have been in operation for decades, some such as Cotlands having been in operation since 1936. The maturity of these organisations appears to have a positive relationship with their ability to attract donor support online. These NPOs have been working in the public realm for many generations and one outcome of this long-term presence is that a level of trust has been established between themselves and the general public (the NPO's "brand").
- **Assurance of privacy of information.** The anonymity of the Internet makes it easy for unauthorised persons to make online purchases without being in physical possession of the credit card. This has given a boost to the flourishing industry dealing in stolen credit card numbers. Thus, the need to protect credit card information and personal details gathered from Internet donors remains as strong as ever. Organisations that develop and strictly adhere to a policy regarding the privacy of donor information, as well as effectively communicate this policy to donors stand a better chance of winning over the trust of donors and reducing fraud.
- **Special Software to Prevent Credit Card Fraud.** Finally, NPOs that take special measures to reduce the probability of online fraud demonstrate to donors that they are responsible organisations. Some of the technological measures that can be taken to

²⁴ "Red Cross Begins Resoliciting e-Donors via e-Mail". See <http://www.npadvisors.com/NewContent/100201.asp>

reduce the likelihood of online fraud include: Ensuring that all transactions take place over a secure, encrypted link. Installing firewalls to prevent access to confidential information or restricted operations. Allowing only password-protected access to sensitive areas of the site. Using fraud shield software that verifies credit cards against an electronic hot list updated daily by the banks. Conducting additional offline checks and balances. Making donors aware of all measures taken and informing them of their role in ensuring security.

7. Conclusion

Online fundraising will never completely replace other fundraising techniques. However, online fundraising is important for two significant reasons. Firstly, it is a critical intervention in keeping the non-profit sector abreast of technological developments and in making IT work for development. Secondly, and more importantly, it opens up the sector to an enormous, universal donor audience, providing it with a potential market of limitless boundaries.

Given the emerging nature of this field, it can safely be argued that online fundraisers are on a steep learning curve. This is true the world over and many international commentators have observed that the non-profit sector has only scratched the surface of fundraising through the Internet. Developing online fundraising demands a serious commitment to meeting the various challenges outlined in earlier sections of this report. For development organisations, the challenge is to put themselves on the online fundraising map. For the non-profit sector on the whole, the imperative is to enrich the public's perception of its impact and generate online support for it.

Last but not least, a complex but necessary intervention for the success of Internet fundraising is integrating the use of the Internet into all non-profit programmes such that people are compelled to use the medium more and more in their general interface with the sector.

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8. Appendix A: Interviewees

The following people were either interviewed or consulted by way of face-to-face interviews, telephone calls or via e-mail.

Development and Fundraising Experts

1. Ann Bown, Chairperson of the Southern African Institute of Fundraisers Education and Training Division
2. Jill Ritchie, Professional Fundraiser and director of Papillon Press
3. Sheila McCallum of Downs Murray International, a fundraising consultancy that specialises in direct mailing campaigns
4. Ashraf Patel, Programme Officer Information and Communication Technology. Open Society Initiative of Southern Africa

Non-Profit Organisations

5. Andrew Miller, Project Literacy
6. Brenda Taylor, the Johannesburg Child Welfare Society
7. Heather Burger and Lisa Jehoshafat, FeedSA
8. Lee Ann Kinghorn, Childline
9. Tanya Bason, The Red Cross Children's Hospital
10. Gail Johnson, Nkosi Johnson Aids Foundation
11. Marcel Hackman, Habitat for Humanity
12. Joanne Tuling, Cotlands

Service Providers

13. Karen Lade, Givenow, The Charities Aid Foundation in the United Kingdom.
14. Cobus Verster, Relationship Manager, eBucks
15. Wido Schnabel, Isisa
16. Johannes van Eeden, Givengain

IT Specialists

17. Arthur Goldstuck, World Wide Worx

Other

18. Colin Beck, Bluebean, Standard Bank
19. Andre de la Harpe, IIC, Kalahari.net