

**DIGITAL FOR GOOD:**

# A Global Study on Emerging Ways of Giving

—  
Kenya



NOVEMBER 2022

## About the Global Study on Emerging Ways of Giving

The Indiana University Lilly Family School of Philanthropy (school) conducted the *Digital for Good: A Global Study on Emerging Ways of Giving* to explore the emerging vehicles of philanthropy, such as crowdfunding, online giving, mobile giving, workplace giving, online volunteering, and social impact initiatives.

Eight countries with significantly diverse cultures participated in this global study: Brazil, China, India, Kenya, Singapore, South Africa, South Korea, and the United Kingdom. For the study, the school worked closely with partner organizations and experts in these countries, from identifying relevant ways of giving and determining approaches of data collection to co-developing the tools for data collection and finalizing country reports to disseminating research findings locally as well as globally.

Findings from this global study are shared in a series of reports, including eight country reports and one global report. Five reports in the series have been published, discussing the emerging ways of giving in Brazil, South Africa, Singapore, South Korea, and United Kingdom, respectively.<sup>1</sup> The current report shares data and insights into the emerging ways of giving in Kenya.

With the *Digital for Good: A Global Study on Emerging Ways of Giving*, the school aims to promote the practice of philanthropy globally by enhancing the accessible information and public knowledge on the emerging forms of giving across the globe. These reports provide a deeper understanding of the concept and practice of new ways of philanthropic engagement in the eight participating countries, and offer new insights and tools for civil society leaders, philanthropists, industry regulators, scholars, and the public to understand and shape the development of philanthropy in the years to come.

<sup>1</sup>All reports published in this series can be downloaded at <https://globalindices.iupui.edu/additional-research/index.html>.

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## INTRODUCTION

At the heart of the Kenyan spirit, philanthropy has been found to play a very important role in communities. The ecosystem of nonprofit organizations, individual donors, and foundations has continuously supported endeavors in building community and love for humanity while contributing to the construction of a progressive society and to the development of the country, up to about 2.5 percent of Kenya's Gross Domestic Product (Ngondi-Houghton, 2004).

In Kenya, civil society organizations (CSOs)—among them philanthropic organizations (POs)—are understood as a form of non-market, non-state organizations outside of the family circle (blood and marriage ties) that provide services for the public good. They include, but are not limited to the following: foundations (grantmaking, operating, corporate, community, or government-sponsored/created), community-based organizations (CBOs) and village associations, professional associations, environmental groups, advocacy groups, co-operatives, charitable organizations, faith-based organizations, mutual entities, labor unions, societies, research institutes, guilds, diasporic organizations, online social-purpose portals, and transnational and cross-sectoral coalitions (KHRC, 2020).

Fueled by increased wealth among high net worth individuals (HNWIs), technology and the changing culture have also influenced the way givers support the less fortunate. Like any other industry, the technological shift has revolutionized the philanthropic sector by increasing its reach and impact. Acting as mediator, digital networks have unified fragmented and diverse givers to common platforms where they can contribute to a given cause through the process of crowdfunding. Notably, the term 'crowdfunding' is an umbrella concept reflecting the variety of fundraising models distinguished by the underlying logic of either intermediating investments or non-investment financing. This research is concerned with crowdfunding in which givers provide funding based on philanthropic motivations without expectations of monetary or material rewards.

While the concept and practice of giving are not new in the Kenyan context, crowdfunding is a new method through which giving is being organized. The crowdfunding model, which involves open calls online for small donations from the mass, can be linked to the Harambee spirit. Deeply rooted in Kenyan communities, *Harambee* means pulling together for the provision of goods through voluntary cooperation among community members (Wilson, 1992). Differentiated by the absence of a digital platform, crowdfunding's main ingredient—social reciprocity—

has long been practiced through the Harambee spirit of communal reciprocity as means of social solidarity.

The combined emergence of the Internet, crowdfunding platforms such as M-Changa, and mobile money transfer channels such as M-Pesa has catalyzed the Harambee spirit in Kenyans, especially among millennials and Generation Z (Dimock, 2019). Their giving potential earned Kenya the place of the third most generous country in the world (CAF, 2020). The ability to make contributions through the click of a button has diminished the small barriers of procrastination and avoidance, which have been cited as key behavioral biases that stand in the way of people making donations (Busara, 2018). Compared with traditional charitable giving, crowdfunding has proven that philanthropy does not need to be tied to a certain geographical location, as witnessed by increased diaspora contributions (Agrawal et al., 2015).

Another dynamic shift in Kenya's philanthropic sector is the emergence of workplace giving. Over time, the philanthropic landscape has developed and taken on new ways of doing good through a broad range of grant making entities such as private foundations, community foundations, and corporate social investment programs. This growth has necessitated innovative ways in which they can sustain their giving practices. The workplace giving model entails employees making financial donations in a myriad of ways, including payroll deductions, matched donations, volunteer grants, and participatory annual giving.

Although workplace giving has existed for a long time in Western countries such as the USA and the UK, it has just started to burgeon in Kenya. The prevalent form of workplace giving in Kenya is through employee projects, where employees come up with community projects and secure funding from colleagues and their companies to implement them. Several factors have largely contributed to the affinity toward workplace giving by employees. The rapidly evolving workplace culture has led organizations to structure workplace giving opportunities and campaigns, and a growing middle class is drawn to explore ways to be involved in philanthropy. An increase in awareness campaigns through social media have also largely informed people who were previously left out. Fostering a culture that is supportive of giving and volunteering has yielded the urge for employees to be included in providing philanthropic support.

Both donation-based crowdfunding and workplace giving are emerging philanthropic vehicles and ways of giving that are gaining traction in Kenya. This research seeks an in-depth situational analysis of their current usage and their expected future trajectory.



## Study Purpose, Process, and Methodologies

The East Africa Philanthropy Network (EAPN) conducted in-depth research on philanthropy to establish the giving trends and practices of the East African region (East Africa Philanthropy Network, 2021). Two of the most notable aspects that emerged from the research in the region were an increase in local giving and a diversification of channels of giving. These included but were not limited to crowdfunding, workplace giving, donor-advised funds, and newer models of impact investing. It can also be reliably claimed that institutionalized philanthropy in Africa, though relatively small, is diverse.<sup>2</sup> Its landscape comprises private, corporate, and family foundations, public trusts, corporate social responsibility units, community foundations, and intermediary agencies.

This study is a novel contribution towards building a literature base that begins to further the understanding of both the practice and the emerging trends of philanthropy in East Africa and the larger continent of Africa. The research aimed to establish the emerging ways of giving that inform the evolving philanthropic ecosystem in Kenya and to explore the extent to which philanthropic institutions are using these channels, the intentions guiding their choice of giving channels, and the sustainability of these giving practices.

The study design was participatory and entailed the active involvement of EAPN staff, board members, other POs, and key informants from Kenya. The study methodology included 20 Key Informant Interviews (KIIs) to gain in-depth insights into the use of emerging vehicles in fundraising, and secondary data collected separately. This report offers a synthesis of findings based on the primary and secondary data collected.

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<sup>2</sup>Ibid.

## KEY FINDINGS

Giving in East Africa is currently experiencing a visible period of change. The growing public awareness of philanthropy, including legislative and regulatory changes, has strengthened public grantmaking charities and promoted other forms of institutionalized giving in the region. The current giving ecosystem is comprised of CSOs, HNWLs, local communities, and corporate foundations. Philanthropy was, and continues to be, largely experienced through CSOs.<sup>3</sup> These include trusts, foundations, non-governmental organizations (NGOs),<sup>4</sup> and CBOs.<sup>5</sup> CSOs are recognized as the initiators of giving practices, based on their ability to mobilize resources to achieve the public good. They have been and continue to be intermediaries or conduits for givers to reach their targeted beneficiaries. Most CSOs have supported philanthropy efforts from international givers through grants and, more recently, through crowdfunding initiatives.

During the past five years, giving has grown through technology-based crowdfunding tools that help people across the world to meet a variety of financial needs. In the developing world, raising funds within the community is a critical insurance function that is significantly more important as households tend to rely on social networks (friends, colleagues, neighbors, and family) to cope with negative financial shocks through charitable contributions.

This pilot study on emerging ways of giving purposefully chose to focus on crowdfunding and workplace giving as new ways in which organizations have sought to increase their resource base to support the implementation of their interventions on the ground.

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<sup>3</sup> Civil society organizations (CSOs) bring together non-state entities registered in the country as vehicles of doing social work.

<sup>4</sup> NGOs are nonprofit, voluntary citizens' groups that are organized on a local, national, or international level. All NGOs operating in Kenya must be registered by the NGO Coordination Board in virtue of the NGO Coordination Act.

<sup>5</sup> CBOs are community-based organizations operating within a limited geographical area.





## **1. Crowdfunding and workplace giving increase fundraising accessibility for Kenyan organizations.**

From the findings, 11 of the 20 interviewed organizations indicated that they had been using crowdfunding to raise resources, while 7 organizations participated in workplace giving. Two participants attempted to use both. Among the motivations for adoption of these tools, interviewed organizations indicated that these methods are easier and faster compared to applying for grants, which involves developing concepts and theories of change, drafting proposals, and writing detailed reports.

Both vehicles presented friendlier approaches for organizations that are not able to meet stringent donor requirements to qualify for certain amounts of funding, e.g., requirements to have existed for more than three years, to have audited accounts, and to have a certain number of full-time staff. In addition, crowdfunding is more efficient because it does not limit the number of people one can reach out to because of the technology used. It is also cost-effective because one does not have to pay for advertisement, and campaigns or events can be freely promoted on social media.

## **2. Crowdfunding opens new avenues to support the sustainability of an organization's operations, while workplace giving instills a culture of giving and a sense of community among employees.**

The funds raised through crowdfunding are often unrestricted and can be used to take care of operational costs. There is a more simplified process of accounting for the funds received since one does not have to fill out complicated reports. The organization only needs to use the funds for what they had intended, and then inform the givers or donors. Crowdfunding can be adopted as a way of expanding funding to ensure the sustainability of an organization, especially with the donor space shrinking and the grant ecosystem shifting in the last five years. Crowdfunding opens up a new world to organizations. It enables interaction with new individual donors from all over the world and the creation of networks and relationships with donors and other like-minded organizations for future collaboration.



Regarding workplace giving, while it is still growing in Kenya, several benefits are already being realized. These include the motivational aspect and linkage to others to give because staff giving demonstrates their trust in the organizations' capacity to appropriately utilize the funds raised by the employees. The motivation around payroll giving is that an organization and its employees are demonstrating their beliefs in the organization they work for. Additionally, it introduces a culture of philanthropy among employees and extends the idea that structured giving can help strangers. Organizations are trying to get their employees to learn that they can do philanthropy and have a positive impact on the communities around them. Workplace giving creates a bond within the staff, thus generating a greater sense of being connected to their work.

### **3. Crowdfunding would immensely benefit from increased accountability, campaign creativity, and flexible regulations.**

Even though organizations can reach a wide and large range of people through online crowdfunding campaigns, they are not always able to raise enough funds to meet their stated goals. Sometimes donors over-promise and end up not fulfilling their pledges. There is a tendency for the community to bash organizational leaders on how they are using the resources accrued from crowdfunding. Similarly, issues of accounting for allocated resources arise often. There have been instances of donor fatigue, especially in cases of repeat campaigns that target the same constituency. To reduce donor fatigue due to an abundance of crowdfunding campaigns held close to each other, organizations need to be creative and space out campaigns.

The heavy dependence of crowdfunding on technology means that organizations have to ensure that they keep abreast with current trends and methods of organizing campaigns. At the same time, organizations have to invest in the latest technological gadgets to ensure the efficiency of campaigns. In the operating environment, there is a need for continuous vigilance of rising regulations that govern online engagement as well as the tendency of some governments, both local and national, to place restrictions or even taxes on online operations.



#### **4. The key to a successful employee giving program is balancing expectations and trust around donations. A supportive regulatory environment and sound policies would also boost workplace giving.**

Workplace giving is new and growing in Kenya. It holds the potential to grow and impact the giving landscape in ways that will entrench employee ownership in unique ways. There is a clear need to develop necessary legislation to support this emerging vehicle of giving but also to nurture an environment for it to thrive.

Organizations that practice workplace giving can get corporates or other partners to provide funds or other in-kind support to match employee contributions. Accountability of funds raised and their utilization are critical in building trust and continued giving. For workplace giving, there is a delicate balance to ensure that staff do not feel obligated or threatened if they do not give.

## **BACKGROUND**

Institutionalized philanthropy has been growing steadily across the African continent. While data is still scarce and has just started to emerge to chart this growth, it is borne out of those providing support on the ground; new institutions are emerging and reaching out to philanthropic actors each year. The pace of this growth, however, varies considerably across countries, with economic hubs in each region seeing the most activity. While some information exists on particular parts of the field in specific countries, no in-depth pan-African studies, analyses, or reviews of the field have been completed so far. The field is extremely diverse across the continent; there are strong and divergent views on many issues, making generalizations very difficult.

The spectrum of individuals and organizations that make up African philanthropy is much wider than what has been traditionally recognized. In addition to the smaller, more formal set of institutionalized philanthropy, there exists a much larger, more prevalent, and very diverse set of practices, mechanisms, and traditions of giving. These include:

- Merry-go-rounds (also known as rotating savings and/or credit associations);
- Communal asset-building mechanisms such as *Harambee*;
- Provision of assets such as oxen or farming equipment;
- Communal grain savings schemes for those who are in need;
- Burial associations; and
- Pooled support for educational opportunities to labor-intensive ventures.

These and other systems of mutuality and reciprocity are embedded in African societies, but, for the most part, have been ignored or deemed inconsequential and not seen as part of the mainstream philanthropy narrative. While there is some research on these, what exists has been carried out from sociological or anthropological perspectives, or from the view of community-based safety nets, and linkages to philanthropic discourse have been few and far between.

In a continent where faith plays an important role in people's lives, faith-based giving, both institutional and informal, is prevalent and long-standing; however, it has mainly been excluded from consideration by mainstream philanthropy. Moreover, faith-based POs have also tended to operate very separately from the broader sector. This is attributed partly to the puritan stance of some faith-based institutions that tended to exclude themselves from the rest of society and had disdainful attitudes toward the mundane activities of life.

## Crowdfunding

Over the past decade, crowdfunding has received significant attention from researchers, who have looked at many facets of this nascent field (Bajde, 2013). Coined by Michael Sullivan in 2006, crowdfunding originates from the application of crowdsourcing principles in fundraising, enabling community financing for projects that are humanitarian, social, political, commercial, technological, and environmental, among others (Shneor & Vik, 2020). Agrawal and et al. colleagues (2015) defined crowdfunding as a model of enabling “users to make investments in various types of projects and ventures, often in small amounts, outside of a regulated exchange, using online social media platforms that facilitate direct interaction between investors as well as with the individual(s) raising funds.”

Even though crowdfunding is a relatively new term, the concept of fundraising and the idea of drawing funds from a large pool of diverse donors can be dated back to the 18th century or even earlier (Indiana University Lilly Family School of Philanthropy, 2021). Africa's history and traditions, particularly its struggles for liberation, have shaped models of crowdsourcing based on the “peer-to-peer” solidarity-based model, and codified in *Ubuntu*, which is a Nguni Bantu term meaning humanity.



According to FSD Africa (2016), the largest source of growth in crowdfunding in East Africa is the donation and concessionary lending-based crowdfunding that flows from developed countries into East Africa, which represents 35 percent of the region's total crowdfunding volumes. Statistics show that donation-based crowdfunding (a.k.a. crowdgiving) grew 177 percent between 2015 and 2016, from USD 24.55 million to USD 67.98 million. This is a stark difference compared to global counterparts where peer-to-peer lending models (a.k.a. crowdlending) dominates the crowdfunding space. Donors and lenders from developed countries use platforms such as Watsi—an American 501(c)(3) nonprofit platform that lets anyone donate directly to fund surgical care for patients around the world—to crowdfund donations for healthcare in developing countries.

Africa's largest crowdfunding model is donation-based crowdfunding. Additionally, Chao et al. (2020) establish that there are hybrid forms of crowdfunding in Africa, as the vast majority of crowdfunding platforms operating in East Africa are headquartered in developed economies. Furthermore, many donation-based crowdfunding campaigns in the region are started by youth looking to go on mission trips and by nonprofit organizations (FSD Africa, 2016).

Crowdfunding in philanthropy can be examined through the donation-based crowdfunding model where individuals donate money to social causes, NGOs, and charity projects, among others. There is no expectation of a reward apart from the fulfillment of helping others in need. This form of crowdfunding represents the smallest volume of global crowdfunding contributions and is unique as it supports a wide range of social and charitable causes (Shneor & Vik, 2020). One of the key characteristics of donation-based crowdfunding is its link to traditional charitable giving, which donation-based crowdfunding extends through wider access and real-time interactions. Thus, it is more active in engaging potential donors as the model seeks opportunities. Similar to other crowdfunding models, it combines three key elements: fundraisers, contributors, and online platforms.

As the philanthropic sector continues to incorporate online fundraising activities, social media networks serve as key platforms where crowdfunding mobilization happens. Most crowdfunding activities have typically been initiated through social media fundraising campaigns such as #GivingTuesday, which raised USD 808 million in 2020 (Indiana University Lilly Family School of Philanthropy, 2021).

In 2015 and 2016, crowdfunding volume data published by Chao et al. (2020) indicated that the African diaspora represented about 89 percent of online donations earmarked to Africa, which reached USD 181.27 million in 2016. West Africa recorded the highest volumes, amounting to 41 percent of the total volume, followed by Southern Africa with 24 percent, East Africa with 24 percent, and North and Central Africa with 7 percent. Notably, the platforms they used, such as GoFundMe, were not local but rather headquartered in Europe or the United States. As Chao et al. (2020) noted, the rise of local crowdfunding platforms and familiarization of locals with crowdfunding coupled with favorable regulatory and legal frameworks is likely to increase local donors' and investors' appetite for local crowdfunding projects. However, low social trust towards crowdfunding platforms, poor information technology infrastructure, and a lack of enabling regulatory frameworks threaten crowdfunding prospects (Chao et al., 2020).

Evidence shows that drivers of donation-based crowdfunding include Information and Communications Technology (ICT) solutions that foster more efficient fundraising and impure altruism. Impure altruism implies a combination of pure altruism and warm glow or joy of giving, eliciting positive feelings for helping or guilt for not helping. This can occur both among donors at the individual, as well as at the social level, and the design of fundraisers, campaigns, and platforms (Shneor & Zhao, 2020).

ICT not only enhances donors' satisfaction from giving but provides interactive visualization and storytelling that captures the essence of the cause as well as evokes emotional cues to trigger empathy and unity with the movement. These elements are key to successful donation crowdfunding (Shneor & Vik, 2020). Ziegler et al. (2017) report that there is a need for industry actors and governments to work together in developing appropriate and proportionate regulatory frameworks that can support crowdfunding growth by ensuring fundraisers (donation collectors, borrowers, sellers, etc.) and funders (donors, buyers, lenders, etc.) are protected. Such regulations will help the crowdfunding industry continue to thrive globally.



## **Crowdfunding in Kenya**

Kenya's culture of soliciting funds for social support from social networks was popularized by Kenya's first President, Mzee Jomo Kenyatta (c. 1897–1978), with the slogan “Harambee” that is also the official motto of the country. He strongly advocated for harnessing community power for self-help to advance nation-building and promote togetherness among citizens. Over time, even though there is still the presence of physical *Harambee*, there has been increasing growth in using social media and crowdfunding platforms to raise funds.

In the transition to a more digital economy, the Kenyan consumer is becoming more tech-savvy: Kenya has an internet penetration of approximately 84 percent (Internet World Stats, 2022). In 2021, 87 percent of the country's population was connected to the internet, which is significantly higher than the percentages in the neighboring countries, such as Uganda (38%) and Tanzania (34%). With M-Pesa, Kenya also has one of the longest histories of mobile money, with approximately 29.1 million active subscribers. Kenya is therefore strategically positioned to promote donation crowdfunding. In a nutshell, it entails the leveraging of technology to enhance traditional fundraising by connecting fundraisers to a wider network of donors in a quick, easy, cheap, and more transparent manner.

Access to online fundraising platforms helps fundraisers reach a wider pool of potential donors and cut down on the logistical needs and costs associated with physical fundraising. Several crowdfunding platforms have emerged, each tailored to the kind of funding that they support. Donation-based crowdfunding platforms, such as M-Changa, Pesa Pesa, Changia Boresha, and Kickstarter Kenya, have been predominant for a while.

### ***M-Changa: A Kenyan story***

M-Changa is a local digital platform for online fundraising in Kenya. The Nairobi-based private company was founded in 2011 by Dave Mark and Kyai Mullei. M-Changa's users initiate and contribute to fundraising campaigns for charitable and humanitarian organizations, churches, and NGOs as well as for a variety of personal causes, including medical needs, ceremonies such as weddings and funerals, school fees, entrepreneurship, and local infrastructure projects. The M-Changa platform collects donations from different payment channels and shares fundraiser progress and information with participants. It offers secure, temporary digital storage of the amount raised and charges 4.25 percent of the total amount when funds are withdrawn.

While traditional fundraising involves face-to-face meetings, M-Changa users can start a fundraising campaign directly on the website or by sending an SMS (Short Message Service). They provide their name and personal details and invite friends or peers to support their cause by donating. These donors can donate via mobile money (M-Pesa and Airtel), as well as via PayPal or credit card. M-Changa's purpose is to make fundraising quick, easy, cheap, and transparent. By leveraging digital technology, M-Changa has the potential to enhance traditional fundraising by connecting fundraisers to a wider network of donors and increasing the chances to achieve their goals.

M-Changa has been successful among a primarily urban clientele. Since 2012, they have raised over USD 5 million through 28,000 fundraisers (Nandi, 2016). In 2015, the company began a project supported by the Bill & Melinda Gates Foundation to re-design the platform for a lower-income clientele. As the low-income sector comprises a large portion of Kenyan society, the goal of this initiative was also to develop a platform that would scale to a larger group of customers. An additional goal of the M-Changa redesign was therefore to explore ways to make informal fundraising more efficient or faster.

### ***Main causes for crowdfunding in Kenya***

Data collected by Busara (2018) indicated that the most common campaigns on the M-Changa platform were donation-based crowdfunding for medical procedures (18%), personal business (15%), and education (15%). Despite attracting fewer contributors (9 on average, compared to 81 for medical procedures), personal business was found to have an average donation amount of about Kshs (Kenyan shillings) 2,199 (equivalent to USD 26.11 in 2021, adjusted for inflation). The average contribution to NGOs and other POs was Kshs 1,457 (equivalent to USD 17.30 in 2021, adjusted for inflation).





### **Constraints of crowdfunding for philanthropy in Kenya**

The transition from traditional crowdfunding has not come without challenges. While crowdfunding platforms have offered a reprieve to donors through the easy transfer of money with the click of a button, sending money via M-Pesa remains the most preferred channel. M-Pesa is easy to use, and contributors generally value instant and personal recognition from the fundraisers. Likewise, recipients tend to prefer cash contributions because they do not want to pay crowdfunding commission fees. Crowdfunding commission fees are a major factor that a fundraiser considers when choosing which platform to use. Given the small amounts that organizations raise through some of these platforms, the commissions charged are a potentially strong hindrance factor.

Another concern is the widespread misconception of the role of crowdfunding platforms. For instance, Busara (2018) raised several pertinent issues:

- Some fundraisers thought that M-Changa would assume the responsibility of mobilizing active contributors and soliciting donations. The research indicated that this was the reason why several campaigns had remained dormant over time, since the fundraisers had not invited individuals to donate yet, possibly due to low digital literacy.
- Another challenge facing the use of crowdfunding platforms is that they do not offer an incentive for repeat contributions. Unlike in a physical *Harambee* where recognition increases with the amount contributed, on crowdfunding platforms, donors feel that they have done their part with one contribution and do not feel encouraged to make a repeat contribution.
- Crowdfunding is a phenomenon that is strongly correlated with the internet and relies on social media and online payment methods. This makes its rise difficult in circumstances where the internet and/or social media are underdeveloped or prohibited, as crowdfunding platforms are hosted online and projects are advertised on social media. This low level of internet penetration in some parts of the country and even in some other countries on the African continent is an obstacle that has been considered by new platforms such as Ghana's M-Changa branch, which uses SMS via mobile phone to present projects, instead of the usual pitches and videos used on other internet-based platforms and social media.
- Another important factor that explains the slow adoption of crowdfunding is the use of international online payment methods such as PayPal and credit cards. Many African entrepreneurs are unable to open a bank account due to their lack of a significant regular income, which excludes them from the official banking system.

## Workplace Giving: Types and Modalities in Kenya

Workplace giving is defined as “a company-sponsored program that provides its employees with the opportunity to financially support nonprofit organizations” (Weinger, 2016). Similarly, Workplace Giving Australia (2022) defines workplace giving as a “joint relationship between employers, employees, and charities” where individuals contribute a small portion of their pre-tax salary to charity.

The various ways of workplace giving outlined by Weinger (2016) are:

1. **Payroll deductions:** Payroll deductions are where employees automatically deduct a portion of their paycheck to a charity of their choice.
2. **Matched donations:** Matched donations are a form of workplace giving where companies financially match donations their employees make to nonprofits.
3. **Volunteer grants:** Volunteer grants are where employees donate their time and skills to a nonprofit, which is a good alternative for employees who would rather give non-financial support; the employee can submit a volunteer grant request to their company, and the nonprofit receives money based on the hours the employee volunteered.
4. **Participatory annual giving:** Participatory annual giving is a form of workplace giving where companies run their annual giving campaigns and encourage employees to participate, as well as match employee contributions.

### *History of workplace giving in Kenya*

There has been a shift in thinking around Corporate social responsibility (CSR) from a competitive lens of economic advantage for corporate agendas to a valuable addition model to society, as employee giving initiatives have started sprouting in Africa (FSD Africa, 2016). This shared value approach in Kenya was started by KenGen<sup>6</sup> in 2015. The KenGen initiative supports core pillar projects in areas aligned with the United Nations' Sustainable Development Goals, such as the environment, education, and water and sanitation, and suggests projects for co-financing to the KenGen Foundation. Then, the initiative builds the endowment fund and the Foundation's pooled fund (KenGen, 2016).

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<sup>6</sup>Kenya Electricity Generating Company PLC (KenGen) is the leading electric power generating company in East Africa.



Through the *Employee Giver Initiative*, KenGen Foundation has so far collected around 10 million Kenyan shillings (Kshs), planted about 7,000 trees and 24,000 seedlings across Kenya, installed 1,000 one-liter water tanks for 70 households, and supported 8 students through secondary schools (The Giver Magazine, 2019; KenGen Foundation, 2020). Similarly, through the *Employee Giver Initiative*, the Foundation has also extended into the gift of time and talent, as around 25 KenGen givers volunteer as mentors for students of the KenGen education scholarship programs.

To encourage employees to participate, some incentives offered under the employee giving subscriptions at KenGen are three subscription levels (Kshs 100, 500, and 2,000)<sup>7</sup> receiving various incentives, including membership certificates and badges, annual gifts, souvenirs, memorabilia, and recognition of membership on the foundation's website.

Going forward, the KenGen foundation aims to enlist 75 percent of its 2,500 staff into the Employee Giver Initiative to advance the program's revenue stream to be sustainable (The Giver Magazine, 2019).

### **Workplace giving at Safaricom**

Safaricom began the Pamoja staff initiative in 2017, which engaged their 6,000 employees in community development. Employees give financial support, volunteering hours, and their skills and expertise to projects they champion. So far, over 65 projects have been identified by the staff, who have contributed Kshs 5 million (equivalent to approximately USD 50,000 in 2021, adjusted for inflation) towards these projects (Safaricom, 2021). These contributions are inclusive of the match by both Safaricom and Vodafone UK to increase reach. Similarly, secondment is a practice where staff commit to provide expertise to charitable organizations; local organizations have benefitted from this mentorship and coaching approach through employee engagement. Safaricom donates the largest amounts from workplace giving in Kenya and runs a unique model of giving in the country.

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<sup>7</sup> Equivalent to USD ~1.12, ~5.59, and ~22.35 respectively in 2021, adjusted for inflation.

## EMERGING WAYS OF GIVING IN KENYA

Organizations in Kenya have employed several emerging vehicles of giving to mobilize resources. These vehicles include donor-advised funds (DAFs) and social impact investing. DAFs allow individuals, families, and businesses to make tax-deductible donations of cash, give gifts of publicly traded stocks, and, in some cases, give certain illiquid assets to a public charity that sponsors a DAF program. Impact investing is emerging as a new approach to international development, offering the promise of long-term sustainability (GSC & Intellectap, 2019). Impact investing has the potential to transform philanthropy as investors are looking to make socially responsible investments, which promote social good in addition to generating returns. Investing in companies that provide for the social good allows impact investing to assist in bettering the livelihoods of members in a community and to facilitate self-sufficiency independent of aid.

This study interviewed staff of 20 organizations that have a philanthropic presence in Kenya in early 2022 (see the full list in Appendix).<sup>8</sup> Among these 20 organizations, four are registered as a company limited by guarantee,<sup>9</sup> eight are registered as trust,<sup>10</sup> three as CBO, two as NGO, and three as both society and trust. Half of the organizations interviewed for the study are small and have no more than five full-time staff; the other 10 organizations have more than 20 full-time staff. Almost all organizations also have part-time staff and many volunteers who help to carry out their activities. The organizations interviewed work in various sectors, including education, energy, telecommunications, and community service. Three of the organizations—M-Changa, GlobalGiving, and Kenya Association of Fundraising Professionals—are platforms that support fundraising.

Most of the interviewed organizations have adopted the use of either crowdfunding or workplace giving as the primary channel for raising funds. Before the COVID-19 pandemic, most of these organizations used the traditional model of funding: applying for grants. At the onset of the pandemic, they resorted to crowdfunding and workplace giving as means of diversifying their financial base. Three organizations also attempted to use both channels of giving to help raise more funds (see Figure 1).

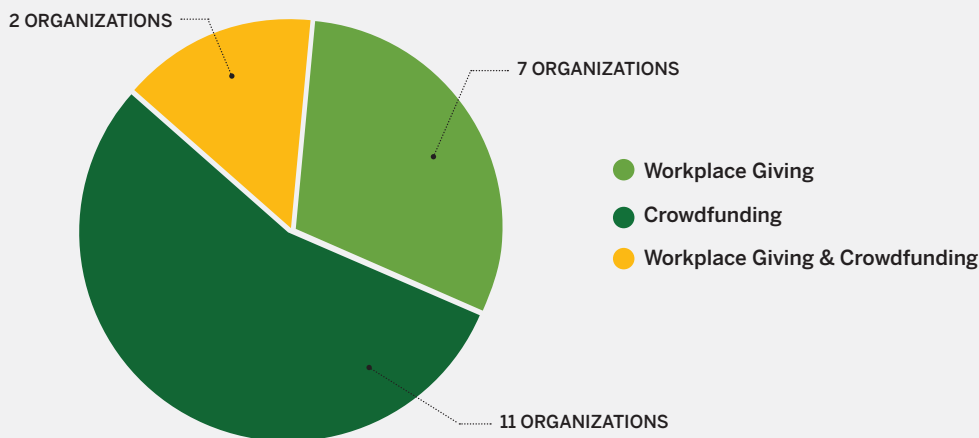
<sup>8</sup> In some organizations, senior staff were interviewed; while in others, staff in charge of the said programs were interviewed.

<sup>9</sup> Companies limited by guarantee in Kenya are mainly registered to operate nonprofit organizations that require a legal personality.

<sup>10</sup> Currently, Kenya does not have a specific law that governs the registration of POs in the form of foundations and trusts. Those seeking to register such entities have options to do so under the governing laws of the country in managing such bodies, which includes the Bureau of Registration of Societies (BRS) or the Attorney general's chambers.



**Figure 1. Giving vehicles used by the 20 interviewed organizations in 2021**



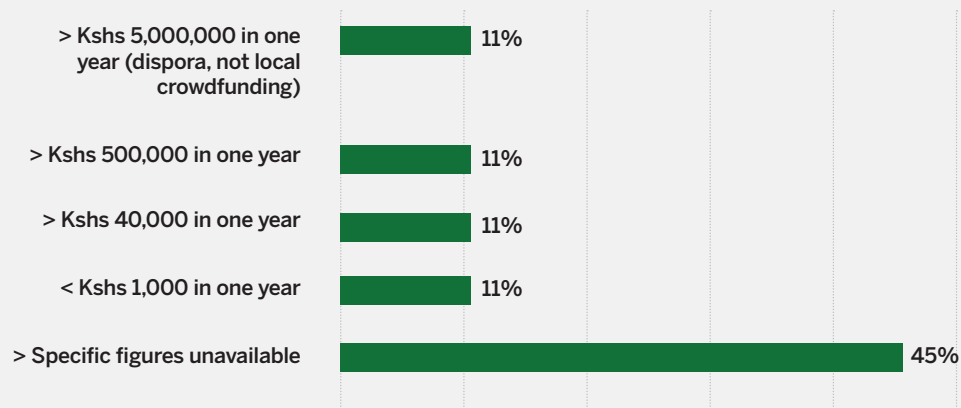
## Crowdfunding

An organization utilizing crowdfunding comes up with an online event or campaign to raise awareness for and support a certain cause. The campaigns may target potential individual donors (e.g., from an existing database) or they could be promoted to attract attention from the general public. Many campaigns also target anyone who is interested in supporting the organization's work or the specific issue/need that requires funding. Campaigns always attract new donors; some can become repeat donors, and some donate just once or a few times. Payment platforms such as GlobalGiving, M-Changa, and M-Pesa PayBill are used to channel the payments.

Seventeen of the organizations use crowdfunding for fundraising. Kenya Connect (with 40% of funding coming from crowdfunding) and Good Kenyan (with 15% of funding coming from crowdfunding) are the only ones who gave the figures of their income from crowdfunding. Figure 2 presents the amount of cash raised through crowdfunding in 2021 among the 13 interviewed organizations that used crowdfunding.

Some of the interviewed organizations received in-kind donations as part of their crowdfunding, including personal items for students like hygiene kits, books, and even bedding. In some cases, organizations got support in terms of technical input through volunteers who offered their time to support the programs run by the organizations.

**Figure 2. Financial resources channeled through crowdfunding among 13 interviewed organizations that used crowdfunding, 2021**



Note: The exchange rate between USD and Kshs has been fluctuating; USD 1 was equivalent to roughly Kshs 115-120 between January and June 2022.

The donors who gave through crowdfunding are diverse, though it was not possible to determine the ages of the givers from the current study. Over 50 percent are international donors, some are local (i.e., donors living in the same geographical area), and others belong to the diaspora (i.e., Kenyans living around the world). Many individual donors make anonymous donations, and their demographics therefore remain anonymous. Some donors gave to specific organizations' causes and activities that aligns with their values; for instance, some gave to support the cause of environmental conservation, while others gave to support education. Some of the organizations indicated that they made personal connections with some givers through a close link to the causes both parties deeply cared about. Donors across different demographics can come together over values and causes that align and often contribute randomly.

Additionally, the measurement of success through crowdfunding was one question raised during the interviews; none of the organizations could accurately indicate the extent of increase in fundraising support they received from using crowdfunding. All organizations indicated that they are learning the ropes, while the platforms exhibited a good grasp of the processes of supporting crowdfunding. One of the lessons learned was the need to properly plan and execute a campaign that will attract donors. At the same time, it was noted that acknowledging givers as well as the subject of accountability has to be properly handled for a good record to be kept between the organizations and their donors.



### ***Motivations and benefits of using crowdfunding***

The most frequently cited motivation for participating in crowdfunding was that it is easier and faster, compared to the process of applying for a grant, writing proposals, and completing detailed reports. It is also more user friendly for organizations that are not able to meet stringent donor requirements to qualify for certain amounts of funding (e.g., the organization has to have existed for more than three years, have audited accounts, and have a certain number of full-time staff).

Some organizations find crowdfunding more efficient than other ways of raising funds because it does not limit the number of people one can reach out to thanks to the technology used. It is also cost-effective because one does not have to pay for advertisement and can promote campaigns or events on social media for free.

Interviewed organizations also mentioned the following benefits of crowdfunding based on their experience:

- Payment platforms like GlobalGiving, M-Changa, and M-Pesa PayBill are safe and secure. Due diligence and proper vetting are done before an organization can be accepted onto the platforms, which makes these organizations appear trustworthy among potential donors. Donors receive 'thank you' messages with details of how much money has been raised.
- The funds raised are sometimes unrestricted and can be used to take care of operational costs.
- There are less stringent reporting demands since one does not have to fill out complicated reports. The organization only needs to use the funds for what they had intended and then inform the givers.
- Crowdfunding can be adopted as a way of expanding funding to ensure the sustainability of an organization, especially with donor pools shrinking and grant-giving shifting in the last five years.
- Crowdfunding opens up a new world for organizations. It enables interaction with new individuals from all over the world and the creation of networks and relationships with donors and other like-minded organizations for future collaboration.



## Limitations of crowdfunding

The interviewed organizations further shared several limitations that they experienced with crowdfunding:

- Even though organizations can reach a wide and large range of people through crowdfunding, they are not always able to raise enough funds. Sometimes potential contributors over-promise and end up not fulfilling their pledges.
- If crowdfunders fail to meet reporting for financial accountability on how the resources are being used, it may lead to public scrutiny if donors<sup>11</sup> are not satisfied and lose faith in the organization, which will lead to difficulty in getting support in subsequent campaigns. In many cases, organizations are required to account to the last coin what they received and explain how this fits into their original plans for raising funds.
- If an organization reaches out to the same network of donors or operates campaign events too close to each other, people can get tired and experience donor fatigue.

## Crowdfunding platforms

The main platforms mentioned by a majority of the organizations using crowdfunding for fundraising are GlobalGiving and M-Changa. Some organizations also use GoFundMe.

### **GlobalGiving**

GlobalGiving is a nonprofit organization that hosts an international crowdfunding platform. Its mission is to help other nonprofits by facilitating their fundraising process. The platform is currently focusing on equity for all stakeholders to be able to access the platform. Many African organizations faced challenges on-boarding the platform since the requirements were not equitable. Prior conditions required organizations to spend a minimum of USD 10 with the obligation to raise USD 5,000 and above in one cycle of campaigns, in addition to requiring debit and credit cards. Instead of these requirements, it now has a vetting process so that when approved, organizations can determine the threshold for what they can raise to join the platform.

The GlobalGiving platform has high standards of vetting following the UK standards<sup>12</sup> for nonprofits. Therefore, any donor coming on the platform knows that the projects being displayed are legitimate, and GlobalGiving takes

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<sup>11</sup> Some organizations have been flagged as untrustworthy; they put up campaigns for specific intentions and have been known not to account for the same.

<sup>12</sup> Namely financial accountability and the requirement to account for every coin collected from the platform, as well as rigorous due diligence.



responsibility if they are not. GlobalGiving has been able to incorporate the use of M-Pesa, so Kenyan organizations can fundraise in a means most comfortable for them. Currently, over 20 million Kenyans are registered on M-Pesa (Safaricom Foundation, 2021). GlobalGiving also arranges campaigns for its partners, such as GivingTuesday, so that partner organizations can take advantage of specific campaigns and tailor them to suit potential donors.

### ***M-Changa***

M-Changa is an online fundraising platform with the main objective to make *Harambee* easier to conduct. To make the crowdfunding process easier for users, it has options for writing a story as well as uploading videos and pictures. Since it is online, these avenues help fundraisers connect with donors and help create awareness for campaigns as donors can better relate with the causes.

M-Changa promises security for both the fundraiser and the donor. For the fundraiser to withdraw cash, verification and various documentation are required. Three treasurers must approve the withdrawal, coming from the idea that if an organization or individual is fundraising for something, at least three people should be aware. It is convenient since the creation, communication, and verification process can be done on a phone or laptop; one can upload their story that will support the process of raising funds, allowing them to express their needs for the funds. Once the funds have been donated, one can do partial withdrawals or full withdrawals. Additionally, there is the benefit of receiving money from various sources as part of the M-Changa offer; one can receive money through PayPal or a credit card.

M-Changa (online fundraising platform) has a partnership with GlobalGiving, which enables fundraisers to receive funds through M-Pesa (mobile money service) because GlobalGiving cannot process funding through M-Pesa directly. This means that donors can send in their contributions through M-Pesa which is compatible with M-Changa by virtue of their local connections in Kenya. Processing of the mobile money donations can go through M-Changa as the platform has registered their PayBill numbers with Safaricom (communications company). PayBill is a cash collection service that allows one's organization to collect money regularly from customers through M-Pesa.

### ***Setbacks encountered on M-Changa and GlobalGiving platforms***

There are complaints about the transaction fee (4.2% for M-Changa) charged upon withdrawal, which the platforms consider as the cost of running the systems and

ensuring that they work seamlessly. Credit card donation fraud is another concern. There were instances where some people indicated their interest in a given cause and indicated that they will use their credit cards to process donations for a cause, but in reality they did not make the actual donation. Now, systems are in place to identify fraudulent donations and go to the fundraiser for verification.

M-Changa does not have the capacity to do thorough due diligence on all campaigns hosted on the platform. While M-Changa attempts to verify the credibility of the appeals made by asking fundraisers for some form of documentation, this may not be enough as some people can falsify documents. M-Changa has over 40,000 fundraisers happening at the same time, so it has little control over the type of appeals made since they cannot visit each of them.

Even though M-Changa has made strides in creating awareness of the benefits of online fundraising, people still prefer traditional fundraising, like physical gatherings where people raise funds for a given cause such as school fees or even settling a hospital bill in the spirit of *Harambee*. Online event registration demands one to be tech-savvy, and donors need to have literacy in both digital technology and fundraising through crowdfunding. Organizations promote events and campaigns by sharing links on social media to make the process easier, but some donors who have limited digital literacy in social media may experience challenges. Lack of a reliable internet connection in some parts of the country, especially in the rural areas, can be a challenge, especially with online events. Digital giving, therefore, works better in urban areas than in some rural areas, and with donors who are more tech-savvy and open to giving through digital channels such as social media.

## Workplace giving

Workplace giving is voluntary, where employees are willing to contribute some amount from their salary regularly. The funds contributed are used on projects agreed upon by the employee's organization, within the parameters set by the organization. An example is the Strathmore University Foundation, where staff started a kitty (a cash pool) to help needy students with money for transport, food, accommodation, and other needs. The organization does not determine how much should be donated by staff or what projects should be funded, but most interviewed organizations carry out awareness activities for workplace giving regularly. Most of the interviewed organizations practicing workplace giving have not been able to match employee contributions due to a lack of partners to provide the necessary funds. One exception is Strathmore University, where the foundation developed a matching (1:3) program. There is also Rock Gives at the Rockefeller



Foundation, where if one donates USD 500, the Rockefeller Foundation will donate USD 1,500; this has been happening at their offices across the USA and is now being adopted in Kenya.

Among the 10 interviewed organizations that used workplace giving in 2021, around 50 percent of their eligible employees utilized it for their giving. For the other half, there were no records or available data on their own giving efforts. Other organizations using workplace giving for fundraising include the Jomo Kenyatta Foundation and Akili Dada, where employees are encouraged to give a day's worth of their salary. At the Rockefeller Foundation, all full-time employees are also eligible for their gifts to be matched. At Strathmore University, one of the core values is freedom, and they uphold the staff's right to give or not to give; however, they have more than 60 percent staff participation, with staff from departments like administration, housekeeping, and catering participating the most.

Workplace giving is growing in Kenya, but no specific patterns arose from the interviews conducted among the 10 organizations in this pilot study. The sizes of organizations differ, from those with a large number of employees to small CBOs operating directly within the community.

Among the organizations interviewed, only three have some form of matching program. Being an emerging vehicle of giving, this practice of matching cannot be termed as common. Lessons from those who have implemented workplace giving points to a growing interest among employees, who seem to be ready to take this to the next level.

### ***Motivations and benefits of using workplace giving***

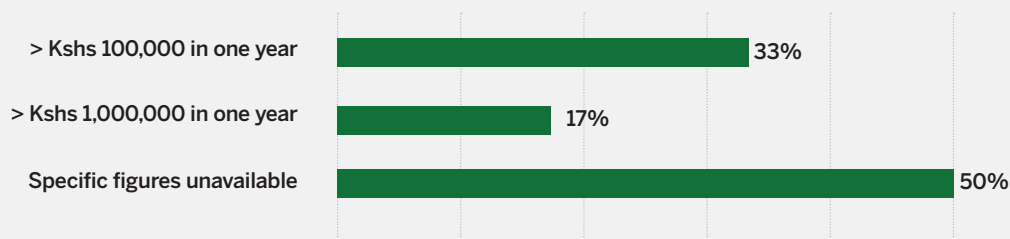
When an organization's staff is giving back, it is easy to get others to give as staff giving demonstrates faith in an organization. For instance, if an organization can demonstrate that their staff members have given Kshs 20 million (equivalent to approximately USD 176,750 in 2021, adjusted for inflation) in five years and helped over 200 students, donors will be more convinced to chip in the process—as is the case with Strathmore University Foundation. The motivation around payroll giving is that an organization and its employees are demonstrating their personal beliefs.

The practice of workplace giving introduces and strengthens a culture of philanthropy among staff and employees. Organizations are trying to motivate their employees to engage in philanthropy and have a positive impact on the communities around them. Workplace giving creates a bond between and across the staff network, as the staff feel increasingly connected to their work.

Employees do not feel like mere workers but like key contributors to the vision of the organization, and this motivates them. This strengthening of the belief systems makes employees pay more attention to accountability and feel a sense of ownership and belonging.

Among the 10 interviewed organizations that offered workplace giving, five organizations raised more than Kshs 1 million (equivalent to approximately USD 8,840 in 2021, adjusted for inflation) in 2021, three organizations raised between Kshs 100,000 (equivalent to approximately USD 884 in 2021, adjusted for inflation), while two organizations did not share specific data. Figure 3 presents a summary of the financial resources channeled through workplace giving to specific organizations where they work.

**Figure 3. Financial resources channeled through workplace giving, 2021**



Note: Kshs 100,000 is equivalent to approximately USD 884 in 2021 and Kshs 1,000,000 is equivalent to approximately USD 8,840 in 2021, adjusted for inflation.

### **Setbacks to workplace giving**

When employees set up and manage projects to be funded by workplace giving, staff in management or the human resources department may feel that this is taking employees away from their core business. Workplace giving may also fund projects that employees have a personal stake or benefit in. The issue of a conflict of interest is present here as organizations need to ensure they are not supporting side hustles that employees are pitching, and that projects do not compete with the employees' current responsibilities and roles at work.<sup>13</sup>

Reaching a consensus on how funds raised through workplace giving will be utilized can be challenging. For example, it may be hard to determine if they should pay school fees, or if they should go into the unrestricted fund. Due to the voluntary nature of workplace giving, this determination process can be long and quite challenging.

<sup>13</sup> Information from an interview with James Gatere, head of I&M Foundation in Kenya.



## IMPLICATIONS AND RECOMMENDATIONS

This study seeks to explore the emerging ways of giving in Kenya. It is clear that the growing trends among givers in the country point towards diversification in how givers are willing to engage. At the same time, the growing inclination towards the use of technology is increasing the number of young givers who are at ease with these tools.

While this study focused on Kenya, there is a clear linkage to the rest of the region, and there is a need for a database of all existing, regulator-acknowledged platforms for crowdfunding in Kenya and the region of East Africa. In addition, there should be encouragement to explore regulator engagement opportunities and the issue of tax being imposed on the use of mobile money transfers. There may be the need to bring together the Kenyan and East African crowdfunding industry, practitioners, experts, potential funders, and fundraisers to look a little deeper into the enablers of crowdfunding.

On the one hand, the rationale to develop a country and regional regulatory laboratory to guide crowdfunding businesses through the relevant regulatory processes and requirements can no longer be postponed. Regulators should encourage the Kenyan and East African crowdfunding platforms to build a regionally-focused industry association to undertake self-regulation and institute guidelines and principles to foster innovation while protecting investors. On the other hand, it is a good measure to acknowledge that there is a growing trend in corporate giving that involves pushing philanthropy beyond development into human rights, social justice, and governance. In Kenya, there are donors who are interested in business and investing in new frontiers from not only a developmental point of view but from a human rights and social justice stance as well.

The growing use of technology and penetration of the Internet into remote areas of the country and the region bring clear opportunities that need to be continually harnessed. The low uptake of the offer from Google—where Google gives away USD 1,000 to allow CSOs to advertise crowdfunding online—is partly because there is little technical knowledge on how to utilize this facility (Innova Global Technology, 2015).

Other fundraising tools include the WhatsApp and Facebook applications. Philanthropic actors are pushing for the use of WhatsApp as it works well for raising funds from friends and mobilizing resources for occasions of need. Those in alumni networks are using WhatsApp in a big way to pitch the causes

of their former schools. They are also deploying the use of Facebook for visibility of the projects they undertake with funds raised as well as to get traffic to an organization's website and to create awareness for campaigns. The downside is that the fundraising tool on Facebook is yet to be activated in Kenya.

Other vehicles of giving like impact investing, legacy giving, and endowment funds are areas that would benefit from increased research and data collection. To this end, recommendations point to the need to fill the knowledge gap in this field of emerging vehicles by expanding the study to not only cover the vehicles of crowdfunding and workplace giving comprehensively but also to include other vehicles with potential in the country and the larger East African region.





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<https://doi.org/10.1007/978-3-030-46309-0>

## APPENDIX

### List of Interviewed Organizations (June—October 2021)

1	Activate Action
2	Aga Khan Foundation-Kenya
3	Akili Dada
4	Allavida
5	Future First Kenya
6	GlobalGiving
7	Good Kenyan Foundation
8	I&M Foundation
9	Jomo Kenyatta Foundation
10	KenGen Foundation
11	Kenya Association of Fundraising Professionals
12	Kenya Community Development Foundation (KCDF)
13	Kenya Connect
14	M-Changa
15	Red Splash
16	Safaricom Foundation
17	Strathmore University Foundation
18	The Rockefeller Foundation: Kenya office
19	The Slumcode Group
20	Tin Roof Foundation



## **Researched by East Africa Philanthropy Network**

The East Africa Philanthropy Network is a voluntary membership organization that brings together local charitable trusts and foundations in East Africa with the primary aim of promoting and growing a culture of giving. Membership of the network is drawn from Family Trusts, Community Foundations, Corporate Foundations, Private Foundations and other types of grantmaking and non-grantmaking organizations interested in promoting philanthropy. The network's mission is to provide a collaborative platform that champions, connects and co-creates innovative solutions to advance philanthropy in East Africa. This aspect includes looking into the resource base, capacity, credibility and practices of various development actors and the extent to which the operational context supports thriving local giving and effective grant-making.



For more information, visit <https://www.eaphilanthropynetwork.org/>

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