

THE ITHUBA TRUST



ROLE AND ACHIEVEMENTS SINCE 1989

1. HISTORICAL PERSPECTIVE

Ithuba (a Zulu and Xhosa word meaning “**opportunity**”) was formed in 1989 as a Sustainable Development funding conduit, in order to allocate funds amongst disadvantaged groups and communities via grass-roots and community-based organizations. The objective was to render services in the fields of Health; Welfare; Education and Sustainable Development.

Ithuba was the brainchild of a creative and innovative thinker, namely Gareth Pyne-James, whose dream was to develop a fundraising mechanism that would capture both the imagination of the South African public and simultaneously raise substantial funds for people in need. Armed with this vision, Gareth managed to persuade First National Bank to provide a loan of R400,000 with which the Ithuba initiative was launched. Ithuba also managed to secure a rent-free office in Braamfontien and additionally negotiated with the computer and motor trade to donate equipment and vehicles to the Ithuba initiative.

The Ithuba fundraising strategy was based on the significant role that the media, particularly the electronic media, plays in general fundraising. The first part of the strategy was to secure air-time on SABC national television for the televised national telethon, in which the South Africa public was invited to call in with financial pledges.

Ithuba secured the support of a variety of high profile South Africans, mostly from the sporting and entertainment sectors, to participate (free of charge) in a variety of fundraising and promotional activities in various centers around the country. The full-day televised program, unparalleled in South Africa to this

day, showed all events occurring country-wide, whilst simultaneously reporting on the progress of funds being pledged.

Additionally, Ithuba recognized the need to involve the corporate sector, which has remained a significant role-player in the development of the Ithuba initiative. In return for any corporate sponsorship (which was utilized to fund operations) companies such as Pick n Pay received substantial air-time during the televised telethon to expose their corporate profile. The value of such air-time was in excess of any corporate sponsorship. This arrangement proved to be a win-win scenario.

2. MISSION

“The Ithuba Trust is a dynamic, innovative human development initiative which seeks to empower disadvantaged groups and communities through the Republic of South Africa, by enhancing the quality of human life and by the alleviation of human suffering; through the power of opportunity, and via the creation of a multiplier effect.”

3. SOURCE OF FUNDS

(A) DONATIONS

During the period 1989-1992, the Ithuba initiative had two primary sources of funding:

- The Corporate Sector

Corporate donations secured from business, in return for airtime on SABC Television, were utilized to fund operational and infra-

structure costs of the Ithuba initiative, in keeping with Ithuba's philosophy of allocating one hundred percent of all funds pledged to sustainable development.

- The South African public

As has been noted, this support was secured via the annual televised "**Ithuba Day**" telethon which interestingly (and in most instances) yielded in excess of a 100% payment ratio in relation to the amount pledged.

(B) SCRATCHCARDS

In the early 90's, with an ailing economy, a crippling drought and political uncertainty in South Africa, Ithuba identified the need to critically re-examine its fundraising techniques. Extensive research was conducted, both locally and abroad, the results of which clearly indicated that by far the most efficient and effective mechanism for raising substantial funds for so-called "good causes" was via the marketing and sale as scratch-cards. Simultaneously, international experience dictated the need for mass media (electronic) involvement, i.e. television game shows, to coincide with a scratch-card operation.

Additionally, the research indicated that the precursor of National Electronic Lotteries, worldwide, were the launch of a scratchcard operation. This has come to pass in South Africa.

In 1991, the Ithuba Trust's professional fund-raising wing, Games Africa (Pty) Ltd was formed. This commercial venture was launched by shareholders (both foreign and local) who invested some R12 million, and the services of the US-based Lottery Support Group were engaged to set up the operation.

Within a period of six months of commencing scratch-card sales, R22 million was raised for allocation via the Ithuba Trust to the "sustainable development". Likewise, the weekly television game show "**Win 'n Spin**" was launched simultaneously and continued to enjoy spiraling Audience Ratings (A.R.'s), thus ensuring that the Ithuba brand remained a house-hold name. To date, the Ithuba Games initiative has raised in excess of **R200 million** for the South African welfare and sustainable development sector.

4. BENEFICIARIES

The focus of the Ithuba Trust continues to remain that of empowering grassroots, community-based organizations that render services to disadvantaged groups and communities involved in sustainable development.

5. OUTSTANDING ACHIEVEMENTS

From humble beginnings, the Ithuba Trust has made significant gains, some of which are highlighted below:

(A) INNOVATIVE FUNDRAISING TECHNIQUES

Mindful of the scarcity of resources, Ithuba has consistently engaged in creative fundraising approaches. The Annual televised telethon was noted as unparalleled in South Africa and captured the hearts and the imagination of the South African public. Likewise, Ithuba anticipated the need for a critical re-evaluation of existing fundraising approaches and consequently embarked upon a journey into the initially unknown territory of lotteries and scratch-cards.

The “Ithuba Games” initiative was so successful, that research indicated a 98% brand-awareness level in South African households. Additionally, Ithuba is one of the largest not-for-profit funding initiatives, with no foreign or state funding being received, yet having distributed a staggering R200 plus million to date.

(B) EXTENSIVE NETWORK

Implicit in the operating philosophy of the Ithuba Trust is the notion of **partnerships**, and thus communicating with such partners and stakeholders has remained a constant feature within Ithuba. This has resulted in Ithuba being widely known as “community-orientated” and easily accessible, despite being based in Johannesburg.

The Ithuba Trust has maintained consistent communication with the following groups:

- Government- Departments of Social Development, Inland Revenue, Trade and Industry; Justice etc
- Para-Statals – for example, the National Development Agency

- The Corporate Sector – via forums such as The South African Grant-Makers Association
- The Welfare and Social Development Sector – via “Ithuba Calling”, the Trust’s newsletter mechanism, etc.

6. CURRENT AND PENDING LEGISLATION

Ithuba has maintained a constant vigil regarding the legislative framework within which it operates. Representing a substantial proportion of civil society, the Trust has utilized all opportunities to make representations regarding legislation for the ultimate benefit of its stakeholders.

Ithuba has made significant representations vis-à-vis the following pieces of legislation:

- The Fundraising Act, 1978 (Act of 1978)
- The White Paper for Social Welfare (Government Gazette, 1996/ 02/ 02)
- The Social Welfare Action Plan (SWAP) (1996) Department of Welfare)
- Not-for-Profit Organisations Bill (1997)
- The Katz Commission (1997)
- The Howard Commission (1992)
- The Wiehann Commission (1994)
- Poverty Hearings convened by SANGOCO, the Human Rights Commission and the South African Council of Churches
- The Lotteries and Gambling Bill (1997)

7. RESEARCH

The Ithuba Games initiative based its operations (both in terms of fundraising and fund-distribution) on solid international and local research. Additionally, the Ithuba Trust has contributed to a new body of knowledge (one of the core-goals of research) via a Research Study in association with the:

Graduate School of Public and Development Management

Faculty of Management, University of the Witwatersrand.

The study, a Masters Degree Thesis entitled “Funding Crisis in the Welfare Sector” attracted the attention of the Washington-based Johns Hopkins University, which is conducting an international study on “not-for-profit” sectors, world-wide. The Ithuba Research project will form a substantial basis of the South African chapter of the international program, which is being managed and coordinated by the University of the Witwatersrand.

The Ithuba Trust has received substantial recognition for this contribution which, it is anticipated, will translate into meaningful gains for “not-for-profit” sectors world-wide.

8. MANAGEMENT, LEADERSHIP AND AFFIRMATIVE ACTION

The Ithuba Trust has consistently re-invented itself in order to remain at the cutting edge of socio-political developments within a country engaged in a process of dynamic transition. Recognizing that it is a microcosm of broader society, the Ithuba Trust itself has undergone significant, appropriate and

necessary transformation in order to facilitate a continued meaningful role as a significant partner within the sustainable development sector.

A substantial strategic planning exercise resulted in a transformed initiative with a strong focus on the following issues:

- Accountable and solid leadership
- Empowerment
- Re-dressing management inequities inherited from the apartheid era
- Participatory management
- Fiscal management and accountability
- Corruption-free governance
- Equitable allocation and management policy and procedures

9. THE UBUNTU NATIONAL WELFARE AND DEVELOPMENT TRUST

In response to the rapid developments within the gaming and gambling industry, and in accordance with various provisions within the Lotteries Bill, the most relevant in this instance being the appointment of Distribution Agents (for the allocation of funds raised) within civil society, the Ithuba Trust spearheaded the launch of the Ubuntu Trust, to be appointed as the distribution agency for charities.

The name “Ubuntu” was deliberately and carefully selected and whilst there appeared to be no direct English translation, the principle which forms the basic of the term relates to that of “humanity”. The Ubuntu Trust was a strategic alliance of stake-holders, all of whom had an interest in the so-called

“good causes” aspect of the scratch-card industry. The various members of the Ubuntu Trust are the following:

- The Ithuba Trust
- The Viva Trust
- The Kagiso Trust
- The South African Red Cross Society
- The World Wide Fund for Nature (WWF-SA)
- The Sports Council (N.S.C)
- The Community Chest
- The Non-Profit Partnership
- South African Non-Government Organisations Coalition
- The Welfare Forum

The Lotteries bill stipulates that potential Distribution Agencies must represent and act for and on behalf of civil society. Additionally they must meet the following criteria:

- Track record and appropriate experience in fund-distribution on a national basis,
- Capacity to monitor fund allocation (to ensure efficiency and effectiveness in utilization of funds);
- Self-regulation through stringent administrative procedures and management skills,
- Marketing and promotional capabilities to be supplied in support of the national lottery.

It is appropriate to note that the Ithuba Trust, both independently and within the Ubuntu Trust, satisfied all these requirements. Although the Ubuntu Trust was unsuccessful in securing the appointment as a distributing agency for National Lottery, the Chief Executive Officer of Ithuba Trust was appointed by the Minister of Trade and Industry, Alec Irwin, to serve on the Distribution Agency for charities.

10. ITHUBA TRUST INVESTMENTS (PTY) LTD

Mindful of its responsibility to assist the sustainable development sector and likewise in accordance with recent trends vis-à-vis marrying commercialism with the “not-for-profit” sector, the Ithuba Trust launched its commercial wing, known as **Ithuba Trust Investments (Pty) Ltd**, (trading as Ithuba Holdings). The rationale underlying this strategic decision was that of ensuring a flow of funds for the sustainable development sector in the face of the cessation of the scratch-card industry.

This is likewise in keeping with current trends of “not for profit” entities engaging in income-generating activities. As the funding crisis within the South African NGO sector deepens, NGOs are increasingly taking the initiative to generate their own funds which are ploughed back into sustainable development projects.

Ithuba Trust Investments (Pty) Ltd is aimed at promoting sustainability in both the operational infra-structure of the Ithuba Trust, as well as in the continued generation and allocation of funds for the sustainable development sector.

11. THE FUTURE

The South African “not-for-profit” sector currently faces a funding crisis of substantial proportions. Over recent years, there has been a steady decline of income from donors (both foreign and local), substantial government subsidy cuts, rising levels of poverty, population growth and crime and violence, with a concomitant increase in demand for services. Increasing pressure is being placed upon ailing resources and infra-structure. There is no doubt that this combination of factors is a recipe for certain financial disaster and that unless **broad-based empowerment initiatives** such as Ithuba can be found, the South African welfare and sustainable development sector face collapse.

Ithuba will continue to remain the voice of civil society and continues to be deeply committed to sustainable development, the alleviation of human suffering and the enhancement of the quality of human life.