



Global Philanthropy Tracker: Ghana

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Definitions

PHILANTHROPIC ORGANIZATIONS (POs): A form of non-market, non-state organizations outside of the family that provide services for the public good. It includes, but is not limited to, the following: foundations (grant-making, operating, corporate, community, or government sponsored/created), community-based organizations and village associations, professional associations, environmental groups, advocacy groups, co-operatives, charitable organizations, faith-based organizations, mutual entities, labor unions, societies, research institutes, diasporic organizations, online social-purpose portals, and transnational and cross-sectoral coalitions.

PHILANTHROPIC ACTIVITIES: Philanthropic activities are extremely diverse when considered at the global level. They include, but are not limited to, financial contributions, volunteering, collective action, advocacy, grassroots and direct giving and helping, and new methods such as crowdfunding and hybrid philanthropic activities (i.e., social impact bonds and social enterprises).

CROSS-BORDER PHILANTHROPY: Philanthropic activities in which the donor (individuals, foundations, corporations, or religious organizations) and the beneficiary (individuals, foreign POs, foreign intermediary organizations) are located in different countries. The term includes donations to domestic POs in a given country that focus on broad categories of international causes, such as foreign affairs, humanitarian assistance, international relations, promotion of international understanding, and international solidarity.

Overview of Cross-Border Resource Flows in Ghana

TRENDS IN CROSS-BORDER GIVING

The first trend in cross-border giving relates to increase in remittances as part of diaspora giving. In 2019, migrant remittance inflows to Ghana was estimated at USD 3.72 billion compared to USD 3.50 billion in 2018 (KNOMAD, 2019). Remittances to Ghana are expected to decline until 2021 due to the COVID-19 pandemic as the income of migrant workers has plummeted, especially for those in Organisation for Economic Co-operation and Development (OECD) member countries. The World Bank (2020) estimates that remittances to sub-Saharan Africa will decline by 21.3 percent and recover by 4.0 percent in 2021 (Ratha et al., 2020).

The second trend is the increasing use of technology in mobilizing cross-border giving. In particular, advancement in technology and digital platforms has become a mechanism for mobilizing cross-border giving through social media and crowdfunding platforms like Global Giving, GoFundMe and JustGiving. While this is a nascent phenomenon in Ghana, a number of CSOs—especially social enterprises—are utilizing such platforms, which allow individuals to give directly to them. Given the recent introduction of electronic payment technologies such as Mobile Money Interoperability and the Ghana Interbank Payment and Settlement System, it is expected that cross-border giving through crowdfunding will increase in the coming years.

Third, a trend in relation to the legal environment is the strict enforcement of financial regulations including the Anti-Money Laundering Act (*Act 749*), 2008, the Anti-Money Laundering Amendment Act (*Act 874*), 2014, and Anti-Terrorism Regulations (L.I. 2181), 2012. These regulations negatively affect the potential of philanthropic institutions to mobilize cross-border giving because they are considered susceptible to money laundering and terrorist financing. Between 2010 and 2018, 22 suspicious transactions were filed by banks on nonprofit organizations (Government of Ghana, 2020). Financial institutions are therefore mandated by law to scrutinize transactions of nonprofit organizations to prevent terrorist financing.

Lastly, an observable trend is that multi-donor pooled funding models for philanthropic institutions are becoming common in Ghana. For example, STAR-Ghana transitioned from a multi-donor pooled funding mechanism by DANIDA, DFID, USAID, and the European Commission to become a national entity for philanthropy. The rationale for multi-donor pooled funding included the need for better harmonization, collaboration, and greater impact among philanthropic institutions.

PROPORTION OF CROSS-BORDER GIVING DIRECTED TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Although comprehensive data on cross-border giving for the SDGs is lacking, SDGfunders.org estimates that the share of total foundation funding for the SDGs in Ghana between 2016 and 2018 was about USD 140 million (Candid, 2020). Among the priority areas for cross-border giving are quality education (SDG 4), gender equality (SDG 5), and clean water and sanitation (SDG 6).

Similarly, about USD 36.2 million has been provided by foundations between 2015 and 2019 toward SDG 6 in Ghana (WASHfunders, 2020). In addition, in 2019, the Mastercard Foundation launched the Young Africa Works in Ghana Initiative with an initial funding of USD 200 million aimed at job creation through digital technology (Mastercard Foundation, 2019). This has the potential of contributing towards advancing the goals of no poverty (SDG 1) and decent work and economic growth (SDG 8).

PROPORTION OF DOMESTIC GIVING DIRECTED TOWARD INTERNATIONAL ACTIVITIES

Data on domestic giving toward international activities is not available. However, in 2019, the Government of Ghana donated some relief items to flood victims in Mozambique, Zambia, and Zimbabwe following Cyclone Idai (Daily Guide Network, 2019, March 22). Similarly, in 2010, the government donated USD 3 million to Haiti in response to the earthquake disaster (Ghanaian Times, 2010). In addition, there is documented evidence highlighting reverse remittances by family members of the Ghanaian diaspora who mobilize domestic (financial and non-financial) resources to support those in the diaspora (Yeboah, Boamah, & Appai, 2021). It is important to mention that no recent data are available on reverse remittances because they are mostly not transferred through official channels and therefore it is difficult to estimate their monetary value.

Overview of the Philanthropic Environment in Ghana

The philanthropic sector in Ghana is comprised of horizontal, vertical, and hybrid philanthropy. Horizontal philanthropy involves direct giver-to-recipient relationships undertaken through indigenous vehicles like self-help groups, community security groups (*Asafo*), cooperative labor (*Nnobo*) and rotating savings (*Susu*). It includes individual donations, volunteering, and religious giving. Although horizontal philanthropy is the dominant form of giving in Ghana, there is no comprehensive data on the amount of giving because it is considered a private affair.

On the other hand, vertical philanthropy involves individuals and organizations giving to support the poor through intermediaries such as private and corporate foundations and family trusts. Vertical philanthropy in Ghana is largely dominated by local and foreign philanthropic foundations. Recent available data estimates that between 2002 and 2012, foreign foundations provided USD 499 million to Ghana. Of that amount, between 2011 and 2015, funding from U.S.-based foundations was about USD 263.5 million (Foundation Center & the Council on Foundations, 2018).

DOMESTIC PHILANTHROPY SOURCES

For local corporate foundations, while no available data exists, anecdotal evidence suggests that in 2018, MTN Ghana Foundation invested over GH¢ 32 million (USD 5.93 million) in 142 projects (MTN Ghana, 2019). Similarly, the ENI-Ghana Foundation donated about EUR 8 million between 2012 and 2017 as part of its corporate social responsibility (CSR) (ENI Foundation, 2017). Philanthropic donations are used in complementing government's service

delivery roles through poverty reduction and food security initiatives, provision of access to education and health facilities as well as promoting women's economic empowerment.

Hybrid philanthropy includes social enterprises and impact investments. There are an estimated 26,000 social enterprises and 32 active investors with an investment portfolio of about USD 1.7 billion operating in Ghana (British Council, 2020). Philanthropic contributions from social enterprises are used in creating jobs, building and empowering women's capacity.

Local philanthropic actors are structured into formal or professionalized substantive philanthropies (e.g., high net-worth individuals (HNWIs), foundations etc.), infrastructure or support organizations (e.g., grant-making organizations, academic institutions) and philanthropic networks (e.g., town or diaspora associations) (UNDP, 2017).

In terms of formal or professionalized substantive philanthropies, the number of HNWIs has been increasing in recent years. In 2019, it was estimated that the country had about 29,000 HNWIs, 120 multi-millionaires and 4 centi-millionaires (AfriAsia Bank, 2019). The majority of HNWIs focus their philanthropic initiatives in health, education, youth empowerment, and sports. HNWIs undertake their philanthropic activities through their private/family foundations (e.g., Sam Jonah Endowment Fund, McDan Foundation and Osei-Kusi Foundation).

Local and multinational corporate organizations undertake their CSR through their established foundations. The CSR initiatives have sector-specific foci. For example, companies in the extractive sector focus on the environment, community development, health and education while telecommunications companies focus on empowerment, health and education. They also undertake corporate volunteering as part of their CSR. Geographically, CSR initiatives have national and regional focus.

As philanthropic actors, the structure of social enterprises and impact investors ranges from business support organizations, workspaces, innovation hubs, early-stage funding and support providers. Examples include Growth Mosaic, AgDevCo, Social Enterprise Ghana and Reach for Change. Social enterprises work at the regional and national levels with the majority operating as subsidiary organizations.

On the other hand, faith-based organizations (FBOs) such as Roman Catholic, Pentecost, Assemblies of God, Presbyterian, and Methodist churches undertake philanthropic activities through their respective relief agencies. Islamic institutions also use instruments like *zakat*, *Zakat al-fitr*, *Waqf* and *Kurban* to undertake their philanthropic activities.

However, there is no aggregate data on religious giving in Ghana because of non-disclosure of information. The non-disclosure of information is due to the failure of the Department of Social Welfare (DSW), the government agency responsible which is responsible for regulating the activities of CSOs, to enforce strict reporting requirements. Although CSOs including FBOs are

required by the *Companies Code of 1963 (Act 179)* to submit their annual financial report, many fail to do so because of the weak capacity of the DSW.

In terms of support organizations, they perform grant making and intermediary functions in the Ghanaian philanthropic space. Examples include the African Women's Development Fund (AWDF) and the Strengthening Transparency, Accountability and Responsiveness (STAR)-Ghana Foundation. These philanthropic actors perform grant making and capacity building functions for civil society organizations (CSOs) in governance, leadership, women's economic security, gender and social inclusion and human rights. For instance, in 2017, STAR-Ghana Foundation provided about GH¢ 14.1 million to 33 CSOs to undertake anti-corruption related projects (STAR-Ghana Foundation, 2020). STAR-Ghana Foundation has a national focus while AWDF extends its work beyond to other African countries.

There are also philanthropic network actors such as the National Philanthropic Forum and the Sustainable Development Goal Philanthropic Platform (SDGPP) that bring together different stakeholders to share experiences, lessons and best practices in the Ghanaian philanthropic sector.

PHILANTHROPIC RESPONSES TO COVID-19

The Government of Ghana passed the *COVID-19 National Trust Fund Bill, 2020* on April 3, 2020. The Trust seeks to complement government's efforts by mobilizing domestic donations in the fight against COVID-19. As of 23rd April 2020, the Trust had received GH¢ 34 million (USD 6.30 million) (Citi Newsroom, 2020). This does not include donations (e.g., medical supplies, personal protective equipment, food items etc.) made by some corporate organizations, religious organizations and individuals.

For instance, the Ghana National Petroleum Commission donated USD 1 million, Bank of Ghana contributed GH¢ 10 million (USD 1.9 million), Ghana Chamber of Mines donated GH¢ 11.5 million (USD 2.12 million) and MTN Ghana Foundation gave GH¢ 5 million (USD 909,090) (for details of some donations, see Joy Online, 2020, April 8; Arhinful, 2020; Dapatem, 2020; and Graphic Online, 2020).

As of 31st May, 2020, the Trust had received an amount of GH¢ 51.54 million (USD 9.56 million) of which in-kind amounted to GH¢ 3.22 million (USD 597,402.59). The private sector has also established the Ghana COVID-19 Private Sector Fund and constructed a 100-bed infectious disease centre to help in the fight against the pandemic (Kwasin, 2020).

Similarly, the Civil Society Platform on SDGs has set up CSOs-COVID-19 Response Fund to mobilize cash and in-kind donations. Religious institutions have also made donations to the COVID-19 National Trust Fund. For instance, as of April 30, 2020, the Ghanaian Muslim Community had donated GH¢ 130,000 (USD 24,000) to the fund while the Church of Pentecost has also released its 250-acre Convention Centre to the government to be used as an isolation

centre for COVID-19 patients (Daily Guide Network, April 30, 2020; Joy Online, April 23, 2020). In March 2020, the Church of Pentecost donated 10 vans to the National Commission for Civic Education (NCCE) to help with public education on the pandemic (Joy Online, March 24, 2020).

RECOMMENDATIONS FOR THE DEVELOPMENT OF THE PHILANTHROPIC SECTOR

First, there is a need to create an enabling environment through legal and policy frameworks that promote the development of the philanthropic sector. At the moment, no legal and regulatory frameworks specifically targeted at the philanthropic sector exist. This creates definitional challenges for the sector because there is no distinction in the different forms of CSOs. The current registration process is limiting because all CSOs are registered as Companies Limited by Guarantee under the *Companies Code 1963 (Act 179)*. Also, policies on tax regimes and subsidy for domestic philanthropy is lacking. Therefore, creating tax regimes that encourage giving by HNWIs, impact investors, religious institutions, and corporate organizations is much needed.

In addition, the government should formulate policies that allow philanthropic institutions to engage in income-generating activities, which will give struggling social enterprises the opportunity to obtain grant funding and access to capital to raise their own funds. Therefore, changing policies that facilitate diversified sources of funding will create opportunities for emerging social enterprises and impact investments to flourish and contribute to national development.

Third, there is a need for multi-stakeholder collaborations, especially between government, philanthropic organizations, and academic institutions. This will help in documenting the challenges and contributions of the philanthropic sector to national development. Multi-stakeholder collaboration will also facilitate information sharing, which is crucial for generating data on the philanthropic sector which is currently lacking.

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