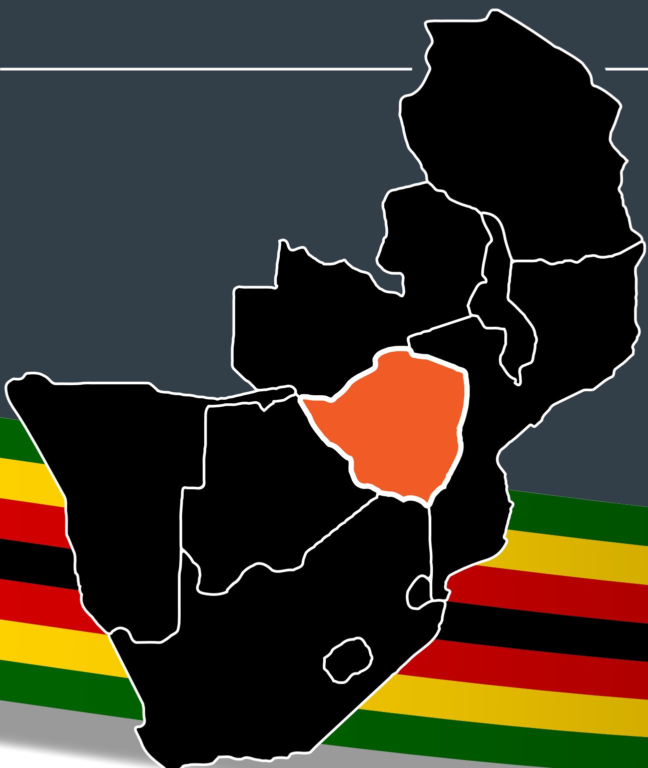
Understanding the Legal Framework for Philanthropy in Southern Africa



Zimbabwe Report

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ACKNOWLEDGEMENTS

SIVIO Institute extends its gratitude to the philanthropy organisations in Zimbabwe that took part in the survey. The outcome of the study was made possible because of their willingness to share their experiences and perceptions on their operating context.

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EXECUTIVE SUMMARY

Philanthropy in Zimbabwe has so far operated under the radar without strong legal oversight. At the point of writing, the Zimbabwean government is making strides to wrap up efforts made from 2021 to increase regulation of the non-profit sector by the introduction of the PVO Amendment Bill. The law, if enacted, has the potential to change how things are going to happen in this sector. This study seeks to understand the extent to which the existing laws and policies have a bearing on philanthropy practices in Zimbabwe.

The study aims to establish a baseline understanding of the legal operating environment for philanthropy in Southern Africa, particularly Zimbabwe, as well as influence policies that promote and nurture the practice of philanthropy in the region. The research focuses on six thematic areas which are i) Ease of registration, ii) Compliance processes and procedures, iii) Taxation regime and giving, iv) Existing incentives to promote growth and role of philanthropy in national development, v) Process in place for the movement of funds both across and within borders and vi) Ease of supporting advocacy-focused work.

The main objectives of the study are to:

(i) Identify and assess how existing laws and public policies impact practices of giving,
(ii) Raise awareness of the challenges confronting the philanthropy sector,and
(iii) Influence legal and policy reforms for an improved philanthropy environment.

The research was conducted by collecting both secondary and primary data. Perceptions of the operating environment were gathered from 16 philanthropy organisations while existing laws that affect philanthropy were gathered and reviewed by a panel of researchers. Results from the study show that Zimbabwe has seven laws that govern the operation of philanthropy organisations. Two of them govern the issues to do with registration, though the proposed PVO Bill of 2021 which is yet to be enacted promises to be a game changer when it comes to registration and governing the operations of philanthropy organisations.

Perceptions survey findings indicated that 50% of the surveyed organisations were community foundations, 43% were charity organisations and the rest were religious organisations. It also emerged that half the surveyed organisations had been in operation for over a decade. 14 of the 16 organisations were registered and registration as a PVO seemed to be a lot more demanding than registering as a Trust in terms of requirements and duration of the process. As a result, most of the organisations surveyed were registered as trusts. However, registering as a Trust led to speculations that some trusts were being used for criminal activities such as money laundering. The Deeds Registries Amendment Act of 2017 was passed to help monitor Trusts to prevent these criminal activities and to deregister any organisations found contravening the provisions of the Trusts Act. The proposed PVO bill is likely going to entail thorough monitoring of operations of philanthropy organisations based on its mandate.

When it came to the knowledge of the existence of laws that affect philanthropy entities under the six thematic areas, most respondents show little awareness of the laws. The general perception around registration was that it was not an easy process as respondents mostly use in-person facilities as opposed to online facilities which are not well developed and unpopular in Zimbabwe. Also, documentation for registration was deemed difficult to produce as well and the registration was generally costly. Registration laws also provide compliance guidelines for organisations to remain operational. Also under compliance issues, banking institutions stipulate their compliance requirements for organisations to have a bank account which is essential for philanthropic organisations' operations.

In general, philanthropy organisations are not exempted from income tax except churches which are exempted as far as offerings, tithes and donations. All other income is subject to income tax. Even the salaries of church organisation staff are subject to income tax. Philanthropy organisations are, however, exempted from paying Customs Duty and Value Added Tax (VAT) charged on the importation of donated goods. Perceptions survey results show that

56% indicated tax benefits in form of exemptions on Customs duty while 38% stated exemptions on Value Added Tax. When asked about provisions of the law for incentivising giving, 44% thought that there were incentives for giving even though research indicated that there were no such provisions.

Due to money laundering being a rising phenomenon in many countries, the Government of Zimbabwe has tightened its policies that pertain to sending money outside the country through the Exchange Control Act Chapter (22:05). This however stops people from paying money outside the country for good causes. Moving money inside the country is more flexible and easier especially with the introduction of mobile money platforms like Ecocash and others. Even receiving money from outside is easy. Responses also showed awareness of practitioners of the laws that govern the movement of money out of the country despite some indicating they did not know how many such laws were in existence. Those who indicated there were laws in place also felt that the laws were not flexible.

For local transfers, 94% of respondents indicated they were aware of the existence of laws governing the movement of funds though most did not know how many such laws existed. All respondents felt that the rates charged on local transfer of funds were exorbitant and unfair.

Although the desktop research indicated that there is no law restricting the support of funding of advocacy-focused work, there were many respondents who thought there were laws in place. Currently, there is no law which prohibits philanthropy from supporting governance and human rights-focused work in Zimbabwe.

The proposed PVO Bill will, however, make it difficult for some organisations who will want to support human rights and governance issues as it makes it clear that this will be illegal.

There is no philanthropy promotional agency in Zimbabwe currently although some practitioners thought it exists as some view some think tanks as such. However, based on the study showing limited knowledge of the operating environment by practitioners, recommendations would be for capacity-building initiatives to raise awareness on existing legal and policy provisions that affect their work to be put in place for improved awareness and advocacy for an enabling environment. On the state side, the Government of Zimbabwe should consider establishing a philanthropy promotional agency to be a custodian of philanthropy as a driver of national development and to foster philanthropy at grassroots levels.

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Acronyms

CEO	Chief Executive Officer
FATF	Financial Action Task Force
GoZ	Government of Zimbabwe
PVO	Private Voluntary Organisation
RTGS	Real Time Gross Settlement
VAT	Value Added Tax
ZIMRA	Zimbabwe Revenue Authority
ZWL	Zimbabwean dollar

1.0 INTRODUCTION

1.1 Background to the study

There are over 24 organisations that identify either as community foundations, community-based foundations or private foundations spread across Zimbabwe (Directory of Community Foundations 2022, Murisa. et al, 2022). The study seeks to understand the extent to which the existing laws and policies have a bearing on philanthropy practices in Zimbabwe. The sector has up until recently operated under the radar without a strong legal oversight. In many instances, those interested in pursuing charitable causes would register as a Trust. The majority of non-profits in Zimbabwe, including philanthropy-focused organisations, are registered as Trusts. The government of Zimbabwe has since 2021 been engaged in efforts to increase regulation of the non-profit sector through the introduction of a new law and a variety of other administrative measures.

1.2 Purpose and objective of the study

The study aims to establish a baseline understanding of the legal operating environment for philanthropy in Southern Africa as well as influence policies that promote and nurture the practice of philanthropy in the region. In order to have an understanding of the legal framework for philanthropy, the study is framed around 6 thematic areas which we developed after a careful and exhaustive review of existing literature. The thematic areas are: i) Ease of Registration; ii)

Compliance processes and procedures; iii) Tax Regimes; iv) Existing incentives to promote growth and role of philanthropy in national development; v) Process in place for the movement of funds both across and within borders and; vi) Ease of supporting advocacy-focused work.

Eventually we seek to nurture policy-focused discussions aimed at enhancing the growth of philanthropy in Zimbabwe as part of the wider regional goal. As already stated in the overview of the broader study, the overall goal is to influence the adoption of policies that enhance and promote philanthropy. The specific objectives of the study are to:

- Identify and assess how existing laws and public policies impact practices of giving.
- Raise awareness of the challenges confronting the philanthropy sector.
- Influence legal and policy reforms for an improved philanthropy environment.

1.3 Research methodology

The study combined both the collection of secondary and primary data. We carried out desktop research to establish a database of philanthropy organisations with the capacity to participate in the research. Together with an already existing database of community foundations, a database of 29 philanthropy organisations was established. Our questionnaire was administered using an online survey tool. The questionnaire gathered the perceptions of practitioners regarding the legal environment for philanthropy in Zimbabwe. Our goal was to secure 15 responses for a viable analysis. Secondary data was collected through a desktop review of the laws. A team of reviewers who constituted a legal expert assessed the impact of policies affecting philanthropy in Zimbabwe. Each policy was reviewed to ensure that it made reference to and aligned with the most recent enforced version of the law.

2.0 LEGISLATIVE ENVIRONMENT – REVIEW OF CURRENT LEGAL FRAMEWORK INFLUENCING PHILANTHROPY IN ZIMBABWE

The study results show that there are a total of seven (7) laws in place to regulate philanthropy practice in Zimbabwe. There are two (2) laws that govern registration of philanthropy organisations namely the Private Voluntary Organisations (PVO) Act Chapter 17:05 of 1967 and The Deeds Registries Act (20:05). However, there is a looming PVO Amendment Bill proposed in 2021 whose provisions for registration and operations for organisations is stringent. There is one (1) law that provides a framework for tax compliance for philanthropy organisations. Regarding the movement of funds within and outside the country, one (1) law exists. Currently, there is no law that regulates the support of governance and human rights-focused work but the proposed PVO bill, if passed, will establish a set of rules around governance-focused organisations. Also, there are no laws that make provisions for incentives to promote giving as part of national development through giving towards community development programs is done in the country.

At the time of writing this report, the PVO Amendment Bill of 2021 has yet to be enacted but it had passed the final round of National Assembly amendments and is due to be considered by the senate (Zimbabwe situation, January 2023). The provisions in the bill are set to regulate operations and require the registration of philanthropy organisations as PVOs should they wish to continue operating in Zimbabwe. When the bill comes into effect it will affect the ease of supporting governance and human rights-focused work because of the ambiguity around the restriction of activities of a 'political' nature. While the bill was under review, many organisations petitioned against the proposed amendments because of how it will hinder their operations in Zimbabwe (New Zimbabwe, August 2021). There is currently no transition clause in the proposed bill meaning that Civil Society Organisations (CSOs) are already having to take measures to ensure compliance such as revising their registration. Once this bill is enacted, it marks the start of Zimbabwe's government efforts to police civil society and will potentially negatively affect the philanthropy sector.

The next sections explore the current legislative environment and highlight the effects that the proposed bill will present for philanthropic organisations.

2.1 Ease of Registration

Most philanthropy organisations in Zimbabwe are charity organisations, religious organisations, corporate foundations and community foundations. These are registered as either trusts or private voluntary organisations. The PVO Act Chapter 17:05 of 1967 makes provisions for philanthropy practicing organisations to register and operate as PVOs. The process of registering under the act is deemed lengthy and characterized by bureaucratic inconsistencies and discretion. For instance, the requirements entail a lot of red-tape such as the requirement for an organisation to publish a notice of its lodged application in a national newspaper, secure endorsement letters of support from at least two (2) government ministries. It then must provide proof to the registrar of the notice publication. If anyone within the prescribed period lodges an objection with probable cause and after careful steps taken to validate the cause, the application registration is then denied. The law makes it imperious for every PVO to register before it commences its activities or seek any financial assistance from any source and any contravention of these provisions constitute a criminal offence punishable by a fine or imprisonment or both (Marume & Furidzo Legal Practitioners, 2019). Furthermore, the organisation is expected to register with a local district social welfare office and once the papers are lodged the organisation has to wait until the papers make it all the way to the provincial and then national office. Official registration is carried out by the PVO Board which meets twice a year.

The Deeds Registries Act (20:05) also governs philanthropy organisations and all organisations and companies in Zimbabwe. The requirement is that the founder settles certain property to the trustees, who will administer the trust property on behalf of the beneficiaries of the trust. In this case, the trustees are bound by the terms of the trust deed in executing their roles. Most of the philanthropy organisations register as trusts under this law as the process is deemed faster and less hectic compared to registering as a PVO. The registration process requires a philanthropy organisation to register at the Deeds registry through a notarial deed. A notary public prepares the notarial deed as directed by the founder(s). The founder(s), trustees and the notary public then sign the deed which is then submitted to the registrar (Marume & Furidzo Legal Practitioners, 2019). However, this form of registering philanthropy entities will become obsolete once the PVO Bill of 2021 is passed into law.

The PVO Bill, if effected will require all philanthropy organisations to be registered as PVOs else they will sign a sworn declaration that prohibits them from fundraising and collecting contributions from internal and external players, therefore, crippling philanthropy activities. The bill was proposed regardless of the passing of the Deeds Registries Amendment Act of 2017 which sort to curb some criminal activities done under the banner of “trust”.

2.2 State oversight and compliance to remain registered

The Deeds Registries Amendment Act of 2017 was passed after the realization of a notable increase in the number of trusts in Zimbabwe and a corresponding spate of abusive tactics related to trusts. Such criminal tactics included money laundering. Against that backdrop, to curb criminal activities, the government amended the Deeds Registries Act. The amendment is meant to ensure compliance in fostering transparency in the administration and registration of trusts. The Act requires for trustees to maintain up-to-date records of information relating to the identities and addresses of everyone involved in the trust. It also requires trusts to keep up to date information on every financial institution and every designated non-financial business or profession which is a service provider to the trust. Trustees are also required to notify the Registrar of Deeds of any changes to the particulars of directors or trustees, in writing within one month after the change has occurred.

The compliance requirements in the Deeds Registries Amendment Act were not as demanding and intrusive as the ones proposed in the PVO Amendment Bill of 2021. The compliance procedures and processes stated in the Bill require for philanthropy organisations operating as trusts to register under the proposed law to operate legally. Should an organisation not register as a PVO, it will be prohibited from fundraising and receiving funds from internal and external parties thus affecting philanthropy. To ensure compliance and remain registered, the Bill prohibits organisations from supporting political activities, though it does not fully clarify what political activities those are. The bill gives power to the government to dissolve any organisation it deems critical of the state. This poses a threat to the existence of organisations as power will be centralised around the Registrar through the relevant ministry which will oversee all PVO operations.

2.3 Taxation regime and giving

The Income Tax Act Chapter 23:06 is the governing law that provides tax provisions for different entities and individuals. Philanthropy organisations are not exempt from paying income tax. Religious organisations such as churches, are exempt from Income Tax only to the extent of donations, tithes, offerings or other contributions by its members. Incomes from other activities such as selling of items such as reading materials, renting out properties and others are subject to Income Tax. Employees of philanthropy organisations (religious philanthropy institutions included) are subject to income tax like any other organisation or company.

In contrast, charitable or welfare organisations may be exempted from Customs Duty and Value Added Tax (VAT) charged on the importation of donated goods which are approved by the Commissioner General of the Zimbabwe Revenue Authority (ZIMRA)[1]. The Customs and Excise Act Chapter 23:02, states that the Minister shall endeavour, so far as is practicable, to provide for appropriate suspensions, rebates, remission, or refunds of duty in respect of goods donated for welfare or relief purposes. Under this provision, philanthropy organisations are then exempted from Customs Duty on imported goods and donated goods towards the organisations' work. This promotes giving from across borders and provides for a better operating environment for philanthropy to thrive in the country. Additionally for ease of carrying out work for public good, PVOs are also exempted from stamp duty, carbon tax and withholding taxes.

1 https://www.zimra.co.zw/news/686:rebate-of-duty-on-goods-donated-to-charitable-orgarnisation

2.4 Resource mobilisation and movement of funds

Unfortunately, in most countries issues of money laundering are on the rise. In many instances organisations registered as trusts have been implicated in cases of tax evasion and money laundering. In light of the rising crimes of money laundering and terrorism financing, the Financial Action Task Force (FATF), an international organisation, was set up as a watchdog that sets international standards that aim to prevent these illegal activities and the harm they cause to society[2]. Zimbabwe was initially grey listed by the FATF for not having adequate measures in place to deal with money laundering and financing terrorism[3]. The government of Zimbabwe has made significant progress in coming up with measures to contain money laundering and financing terrorism. While battling with an unstable economy, poor performance of the currency coupled with sanctions, the government put measures to tighten movement of money within and across its borders. In order to retain foreign currency, the government placed strict policies on the movement of money out of the country. This is regulated through the Exchange Control Act Chapter (22:05). The law was enacted to regulate, impose duties and

2 https://www.fatf-gafi.org/en/home.html

3 https://newsday.co.zw/theindependent/opinion-038-analysis/article/200000272/new-perspectives-still-celebrating-zims-removal-from-greylist

restrictions in relation to currency, exchange transactions, payments and debts, and the import, export, transfer and settlement of property and other related issues. This however limits people from donating money outside the country for good causes due to the bureaucracy involved in transacting money out of the country. The country was removed from the list of non-compliant countries in 2022.

Because of the unstable Zimbabwean currency, the Reserve Bank of Zimbabwe Act [Chapter 22:15] requires the Governor of the Reserve Bank of Zimbabwe to issue a statement that evaluates prior period monetary policy measures. The governor of the Central Bank is expected to outline a new monetary policy stance and policies for the subsequent six months, including the motivation for any new policies. This has brought the use of the Zimbabwean dollar (ZWL) together with the United States Dollar as legal tenders to improve the circulation of money in the country. Due to the ongoing challenges, the government has also introduced the RTGS dollar which basically promotes the Real Time Gross Settlement (RTGS) transaction system. The RTGS was introduced to address cash shortages. Additionally, the introduction of various financial technology platforms like Mukuru, Innbucks, Ecocash, etc. are being used to efficiently transfer money from one place to another. All these efforts in place have served to ease the movement of funds in the country and facilitate efficient receipt of money from outside the country. The various systems have enabled people to respond to emergencies and mobilisation of funds for philanthropy activities. However, the cost of transacting is deemed high.

2.5 Supporting governance and human rights-focused work

Currently there is no law which prohibits philanthropy from supporting governance and human rights-focused work in Zimbabwe. Section 67 of the

Zimbabwean Constitution section 58 states that every person has the right to freedom of assembly and association also protecting the right to associate together and carry out activities in private voluntary organisations (PVOs), whether they are trusts, associations or non-profit companies (Veritas, August 2022). However, the proposed PVO Amendment Bill of 2021 infringes on this section. Clause 9B of the Bill will amend section 23 of the Act to make it a criminal offence for PVOs to support or oppose political parties or candidates in any election, which is not constitutional. This will put screws on some philanthropy organisations wishing to give towards the support of governance or human rights focused work.

3.0 SURVEY FINDINGS

A total of 16 organisations responded to the survey out of the database of 29 organisations. Respondents gave their perceptions of the legal operating environment for philanthropy based on their experiences. Responses varied due to the nature of the philanthropy organisation and based on uneven knowledge of the legal environment. The survey targeted decision-makers based on an assumption that they have to deal with compliance issues within their own organisations. Fifty-six per cent (56%) of the respondents were either the executive director or CEO of the organisation, while another 25% were either founder or programs manager.

3.1 Background of organisations surveyed

To some extent, the concept of community foundations is still being regarded as a foreign term. In Zimbabwe, “community foundation” is not a classification recognized at the deed’s registry and PVO board but charity organisations receive charitable status. Hence the survey provided the classification terms, charity organisation and community foundation, to provide an understanding of how organisations identify themselves and to what extent organisations accepted the term community foundations. Charity organisations focus on mobilising resources for a specific cause or initiative e.g. Save the Children while community foundations have a broad focus on mobilising resources and improving livelihoods of people in a defined geographical location. The study focused on philanthropy organisations which were identified as either regranting organisations, religious organisations, corporate foundations, charity organisations or community foundations. However, of the 16 organisations that participated in the study, most of the organisations, 50% (n=8) were community foundations. No regranting and corporate foundations responded to the survey.

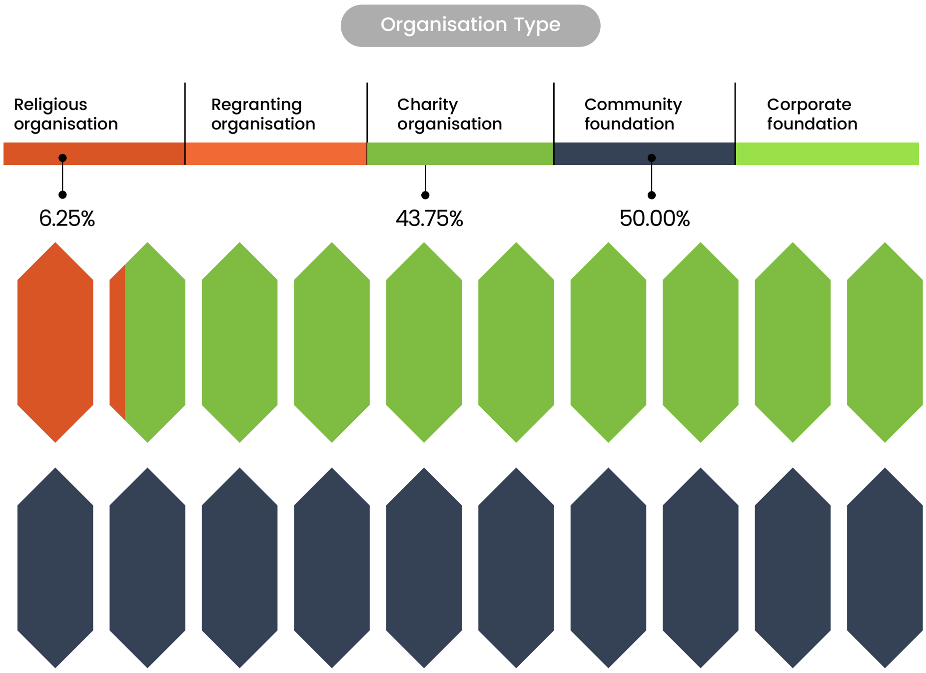

Figure 1: Type of philanthropy organisation

Most (50%) of the organisations indicated that they have been in operation for 10 or more years while one organisation (6%) has been in operation for less than a year. In terms of registration, 88% (n=14) of the organisations are already registered while the other two (2) organisations are not registered. One of the unregistered organisations is a religious organisation (these are not mandated to register) while the other one is a newly established organisation which has been in operation for less than a year.

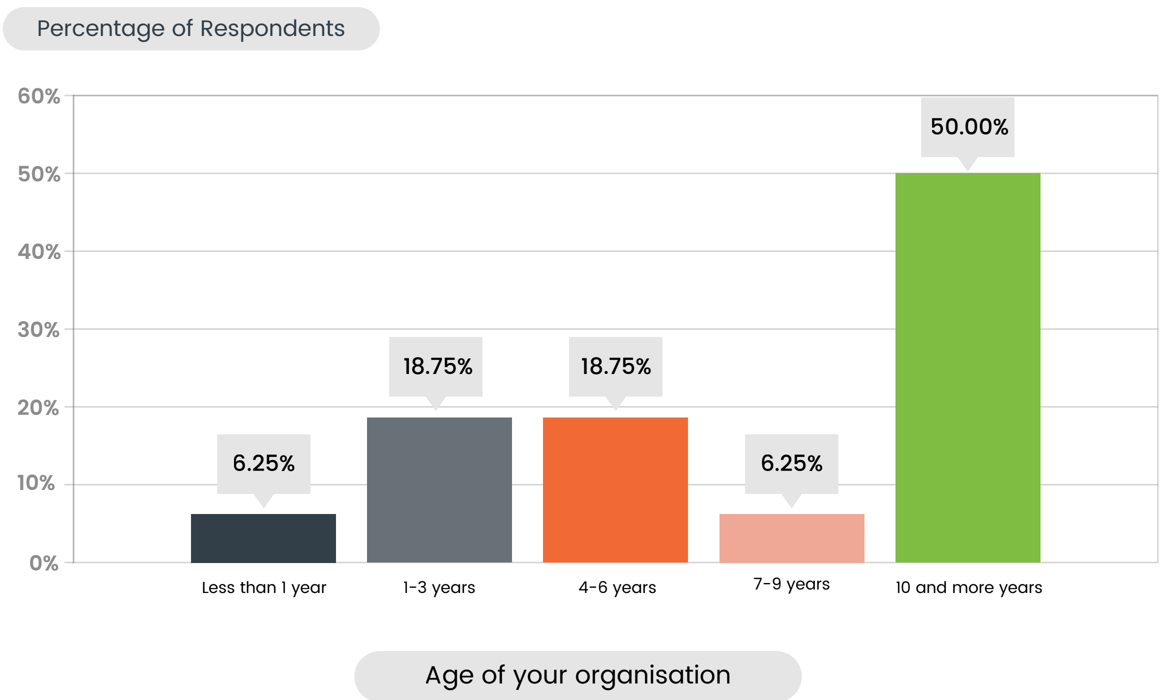

Figure 2: Age of organisation

3.2 Legal Perspective

For philanthropy organisations to operate legally they should also adhere to the legal operating environment in Zimbabwe. Respondents were asked to state the number of laws that affect each thematic area being studied in the survey. Just under half of the respondents (44%) indicated they either didn't know how many laws were there or were not even aware that there were laws for registration. Generally, a large number of respondents were not aware of the number of laws affecting other thematic areas: tax regimes (75%), movement of funds (81% for across borders and 69% for within the country) and support of political and human rights activities (63%). Table 1 shows the breakdown of responses to the knowledge of existence of laws.

Table 1: Respondents' knowledge of existence of laws breakdown

Thematic Area		No laws	1 Law	2 laws	3 laws	4 or more laws	Don't know how many laws	Don't know if there are laws
Ease of Registration		12.50%	12.50%	12.50%	12.50%	6.25%	25.00%	18.75%
Tax Regimes			12.50%		6.25%	6.25%	75.00%	
Movement of funds	Across borders	6.25%	6.25%			12.50%	68.75%	6.25%
	Within borders	6.25%	6.25%			6.25%	81.25%	
Ease of Supporting Advocacy-Focused work		18.75%	6.25%		6.25%		62.50%	6.25%

3.3 Navigation by organisations of registration and compliance processes

The 14 organisations that were already registered were asked to give their perspectives on the registration process in Zimbabwe. Fifty per cent (50%) of organisations reported that it took 3-6 months to register while 14%(n=2) indicated they took longer than 6 months. During the registration process, most organisations (79%) reported having produced 1-6 documents for registration and 64% stated that it is either difficult or very difficult to produce these documents. When asked their opinion of the cost of registration 64% felt it was costly while the other 36% said it was a reasonable fee.

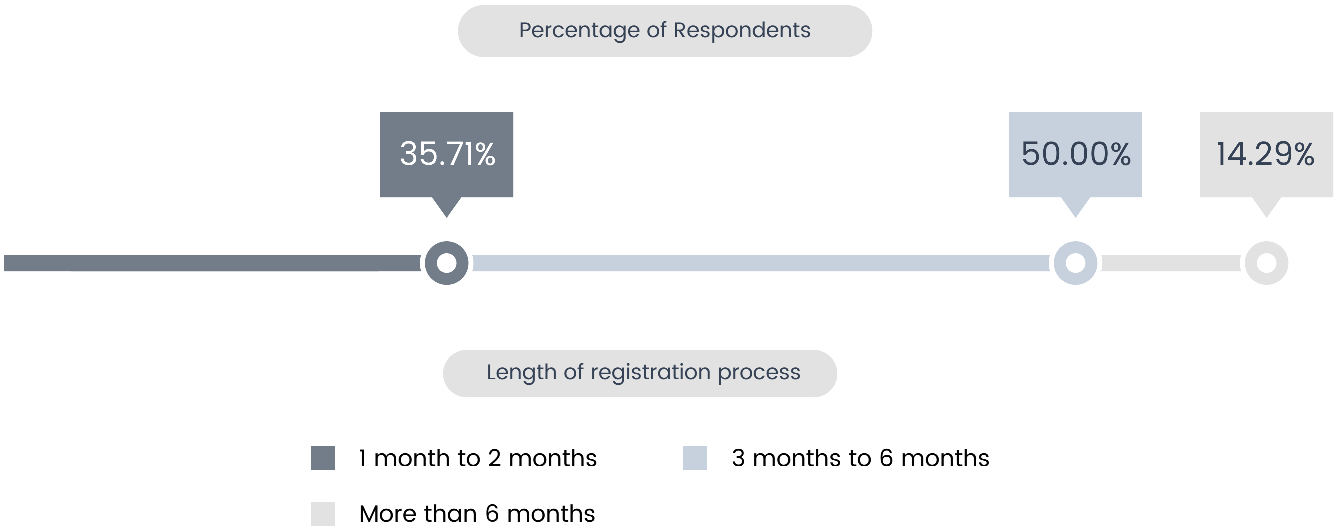

Figure 3: Length of registration process

With the growth of digitalisation, the study sought to find out if respondents were aware of the availability of an online based registration facility in Zimbabwe. 13 of the 14 organisations (93%) said that online registration was unavailable in Zimbabwe yet realistically online registration is available. The online route is very inefficient and underdeveloped hence its unpopularity. This means that most of the organisations registered in person and 63% found the process to be either inefficient or very inefficient when rated. Regarding decentralisation efforts to register organisations, 79% indicated that they had to travel to specific cities/towns to register while 21% indicated that it could be done at the local authority offices. However, in Zimbabwe, registration is not yet decentralised and the 21% that indicated it could be done at the local offices may be based in major cities and towns.

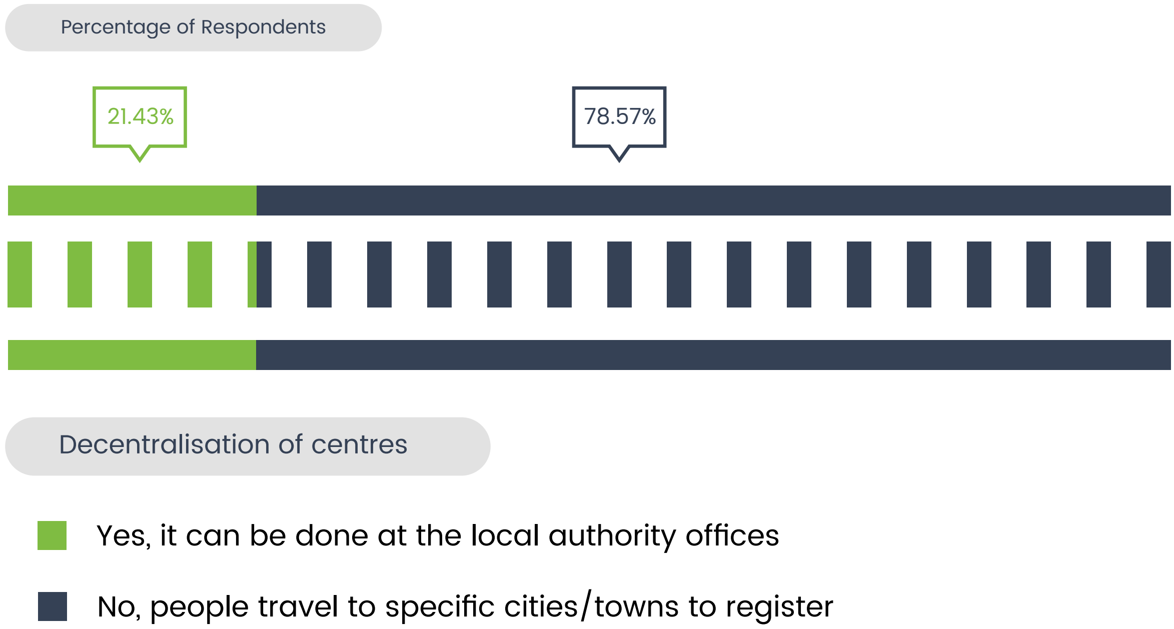

Figure 4: Respondents' perception of the decentralisation of registration centres

Prior to the proposed PVO Amendment Bill, no registration renewal was required for organisations. The Bill proposes that all organisations registered with the High Court without registering as PVO's will be essentially obsolete. Therefore, forcing organisations to renew their registration. This may affect two (2) organisations in the survey currently registered as trusts forcing them to reregister as a PVO.

The survey results also show that 10 organisations perceive that there is a regulatory body for philanthropy organisations in Zimbabwe. However, the results of the follow-up question asking the name of the regulatory body show that respondents perceive the various authorities they report to as philanthropy regulatory bodies as 70% (n=7) of respondents named the Ministry of Public Service, Labour and Social Welfare as a philanthropy regulatory body.

While organisations are mandated to comply with the laws set by various government departments, another dimension of compliance for ease of operations for organisations is noted with the banking sector. Results show that in Zimbabwe, most philanthropy organisations (94%) are required to have 3 or more signatories. Also, a greater percentage (81%) indicated they are obligated to declare their source of funds to open an organisation's bank account.

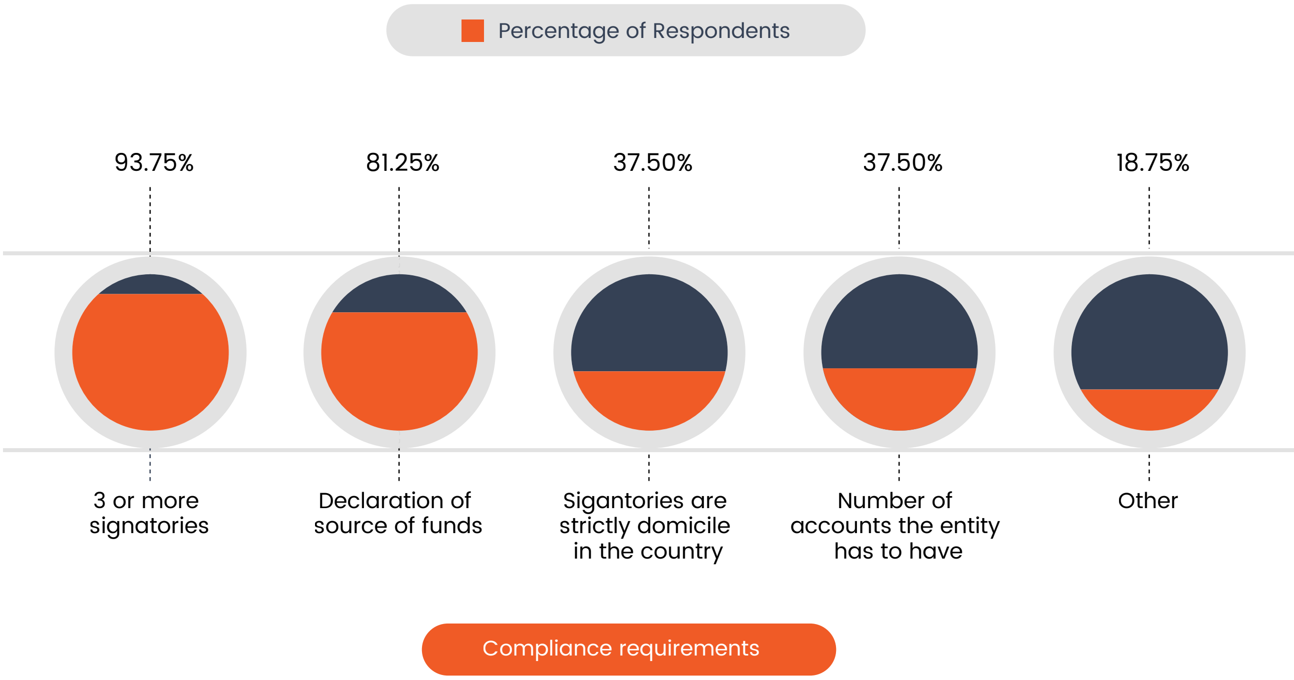

Figure 5: Compliance requirements with Banks

3.4 Taxation and incentives for giving

According to the Afrobarometer report of July 2021, the government of Zimbabwe relies to a substantial extent on tax revenues (13.62% of gross domestic product in 2018). Additionally, in 2018 the government introduced a 2 per cent tax on every dollar transferred using mobile-money platforms to catch up with competing socio-economic and infrastructure demands. Though the country is said to have an effective taxation system there is no specific tax code for the philanthropy sector to incentivise and promote giving in the country.

Contrary to the reality, 63% of the respondents indicated that there is a specific tax code for the philanthropy sector in Zimbabwe while 37% perceive otherwise.

When respondents were asked if there are any taxes they were exempted from, a majority (56%) of philanthropy organisations indicated they are exempted from customs duty.

Table 2: Respondents' perceptions on Tax Exemptions

Exemptions		
Tax Regime	# of respondents	%
Value Added Tax (VAT)	6	37.5%
Pay-As-You-Earn (PAYE)	2	12.5%
Customs duty	9	56%
Tax on transfers	4	25%
Income tax	3	19%

Regarding incentives for giving, the majority (63%) of respondents said there is a tax benefit for individuals and corporates who give to philanthropy organisations. In a multiple-response question, the respondents indicated that the tax benefits include tax exemptions on donations (80%), tax relief on gross income (50%) and a deduction on income tax (40%). For 70% of the respondents, these benefits have a limit. Respondents were asked if there is a policy on philanthropy and giving practices in Zimbabwe. Results show that 56% of respondents do not think there is such a policy. However, of the 44% who say there is a policy, 57% noted that the policy has provisions to create incentives for giving which is contrary to the legal provisions in the country. From the research on laws, no law was identified as having clearly stated provisions for incentivising giving.

3.5 Giving and wider national development

The majority (88%) of the respondents indicated that there is no philanthropy promotional agency in Zimbabwe. Respondents from two (2) organisations were of the opinion that there is such an agency and they listed SIVIO Institute, a think tank as the entity that promotes philanthropy.

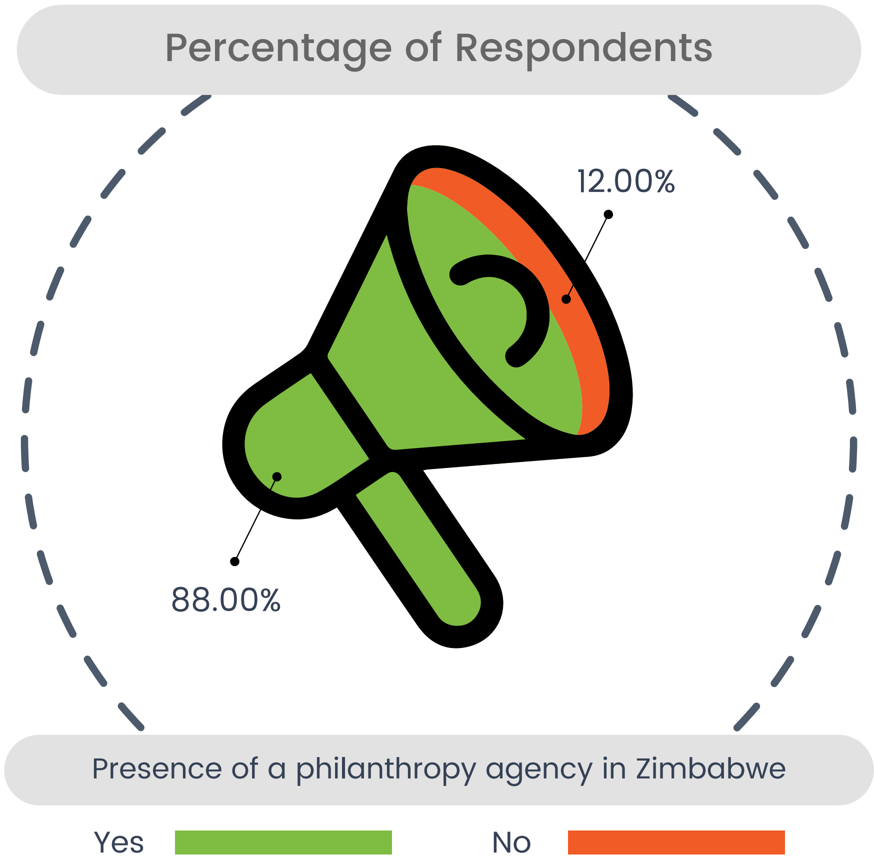

Figure 6: Perception on the existence of a philanthropy promotional agency

3.6 Raising and moving monetary resources

Since these organisations are non-profit in nature they rely mostly on external funding for their operations. A multiple response question sought to find out the various source of funding for these organisations. The question accommodated the fact that organisations may have multiple sources of funding and the results showed that indeed organisations receive funding from various sources. The highest number of organisations, 81%, indicated that they receive funding from individual donations, about half (50%) of the sample indicated that they receive contributions from members and grants from official development aid agencies. Notably, none of the organisations indicated they received funding from Private African Philanthropies

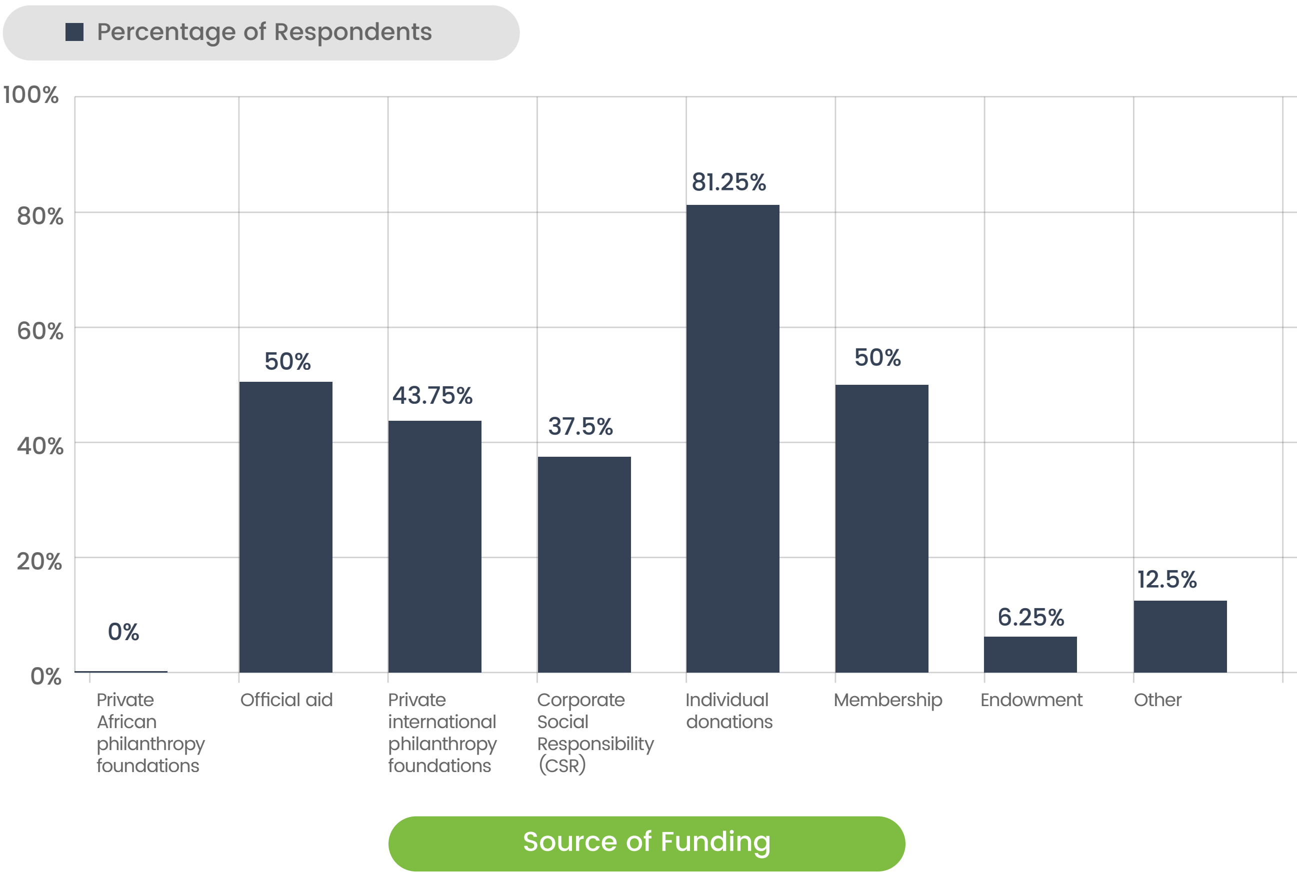

Figure 7: Philanthropy organisations' sources of funding

Since most organisations indicated that they receive funding from various sources, it is imperative that monetary donation transactions are efficient.

3.6.1 Movement of money across borders

When respondents were asked about their knowledge of laws in place for the movement of funds across borders, 88% (n=14) showed that they were at least aware of the existence of such laws. However, the majority, 69% of the respondents also indicated that while they are aware there are laws, they do not know how many they are. Also, of those who said there were laws, none of the respondents felt the laws were flexible in terms of moving funds across borders.

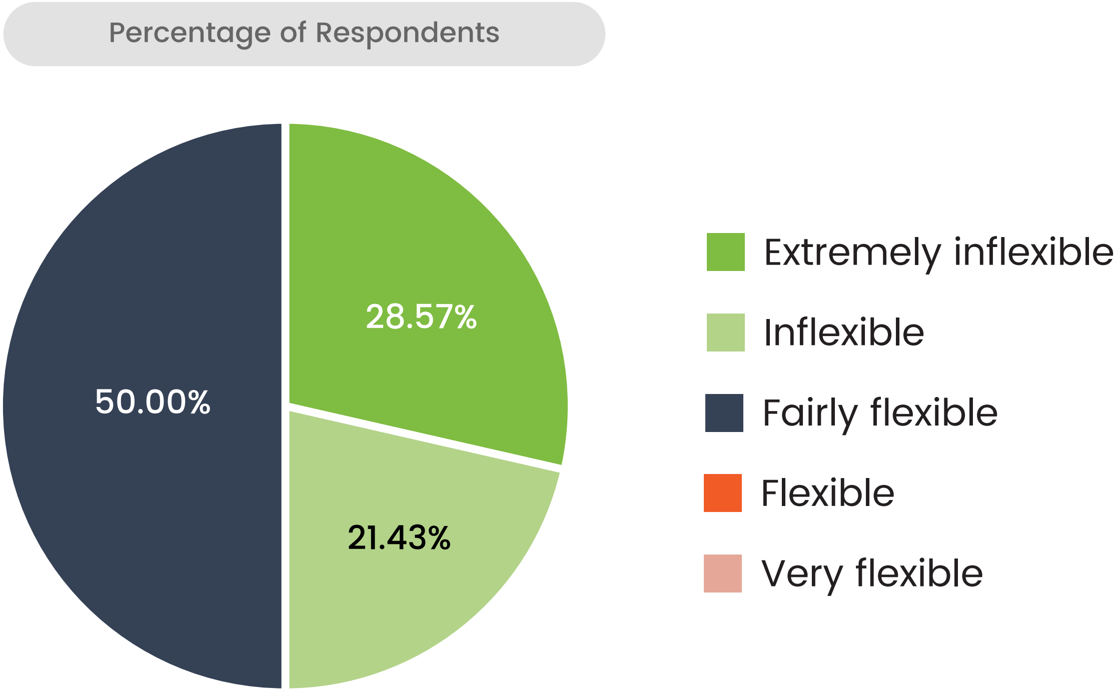

Figure 8: Perception of flexibility of laws restricting movement of money across borders

Upon assessing the extent of flexibility of the laws, none reported the laws to be flexible as 50% rated the laws to be fairly flexible while 29% and 21% felt that the laws were extremely inflexible and inflexible respectively. Additionally, regarding the rates charged for movement of funds across borders, most respondents, 88% (n=14) felt that the rates charged for transfers outside of the country were high.

3.6.2 Movement of money within Zimbabwe

Respondents were asked if they were aware of the laws regulating movement of funds within the country. A very high number (94%) of respondents had an idea of the existence of laws. However, 81% indicated that they were aware of the existence of the laws but do not know how many they are. One (1) respondent (6%) reported there are no laws regulating the movement of funds within Zimbabwe. 47% reported the laws were inflexible and extremely inflexible while 33% and 20%rated the laws fairly flexible and flexible respectively. On assessing the rates charged on transfers, 94% of respondents felt that the rates charged in Zimbabwe are high and none thought they were fair.

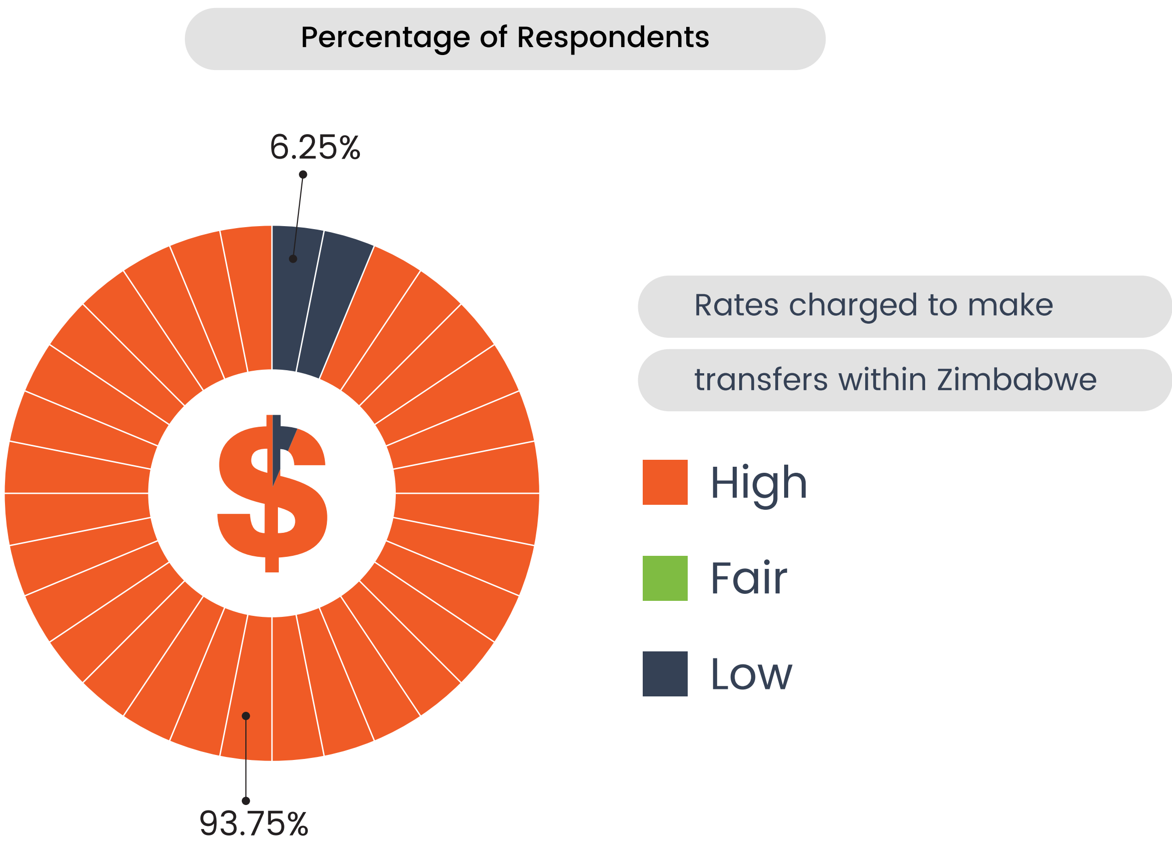

Figure 9: Perception of rates charged to make transfers within Zimbabwe

3.7 Supporting advocacy-focused work

The survey also sought perceptions on the freedoms of organisations in supporting advocacy-focused work. Most respondents, 63% (n=10), indicated that there are laws but were not sure how many while 3 respondents (19%) acknowledge that there are no laws restricting the support of funding of advocacy-focused work. During the desktop research, no enacted law was identified that restricted such practices but the fact that most respondents feel there must be a law perhaps suggests that there is a fear within philanthropy organisations to fund or support such work.

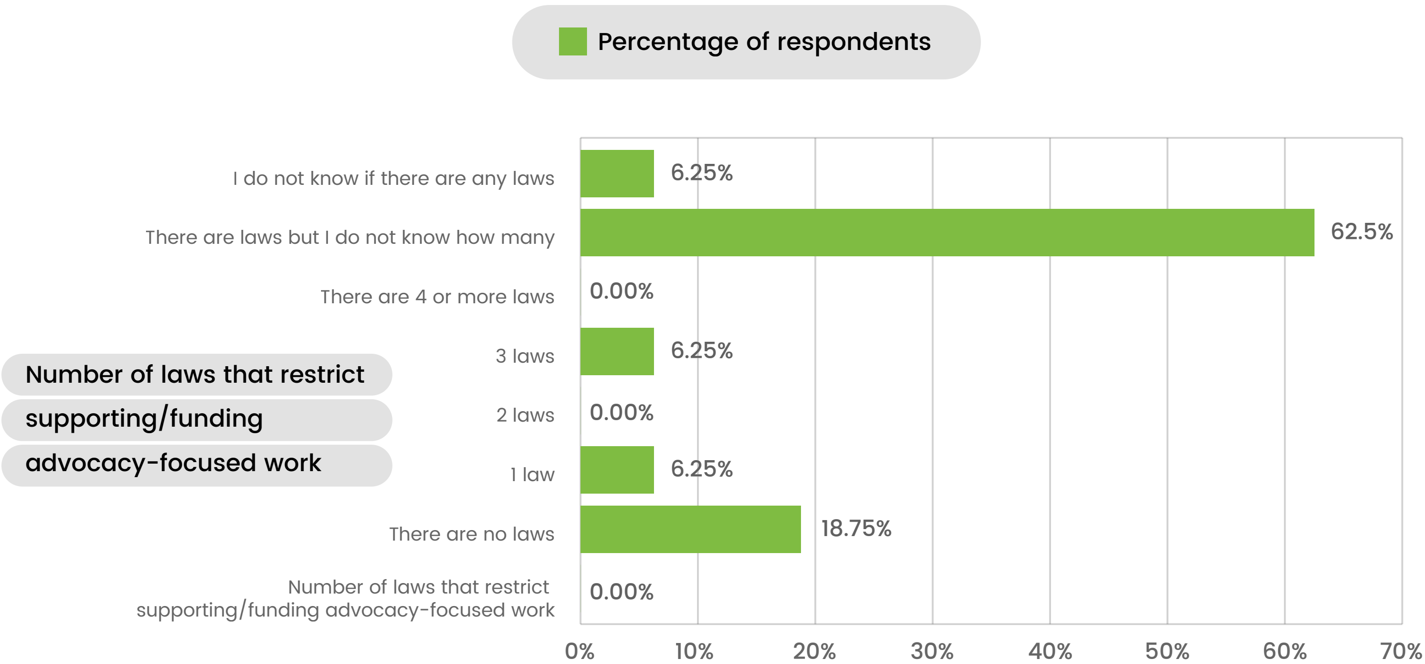

Figure 10: Perception on existence of laws that restrict supporting/funding advocacy focused work

4.0 CONCLUSION

A previous study conducted by Murisa et al. (2022) on community foundations demonstrated that organised forms of giving exist even at grassroots level. People have been known to give to various causes. For some, they prefer giving to formalised structures, hence the need for philanthropy initiatives to register and comply with legal provisions of the country. However, the current study has highlighted concerns about the operating environment, especially the pending PVO bill. If the proposed bill is enacted, it will require organisations registered as trusts to re-register by going through a very long bureaucratic process. Currently the country does not have a specific policy on philanthropy as well as a designated philanthropy regulatory body to create an enabling environment for the growth of the sector. The results also show that many practitioners are not aware of the legal philanthropy environment in which they operate in which calls for capacity building.

On taxes and incentives, to a larger extent the state does not have incentives in place to promote giving although there is a Customs Duty tax rebate on donated goods from outside of Zimbabwe and an income tax exemption on things like tithes and donations of welfare and ecclesiastical organisations but if they have employees, they still pay income tax. There is a need for tax incentives like individual and corporate tax credits awarded to those who donate to promote and encourage giving by individuals and organisations. Overall, the Zimbabwean government needs to revise the PVO bill for instance and enact favourable laws that create a conducive environment for philanthropy to thrive.

5.0 RECOMMENDATIONS

Practitioners should consider capacity-building initiatives to raise awareness on existing legal and policy provisions that affect their work for improved awareness and advocacy for an enabling environment.

The Government of Zimbabwe should consider establishing a philanthropy promotional agency to be a custodian of philanthropy as a driver of national development and to foster philanthropy at grassroots levels. Additionally a philanthropy promotional policy is also needed to allow flexibility in giving in times of catastrophic events like Covid-19 where giving initiatives sprouted.

The GoZ should consider creating incentives for giving such as tax rebates. Consistency in policymaking- it is necessary for the GoZ to ensure consistency around currency of use, freedom to keep bank balances in currency of choice without fear of liquidation and confidence of access to funds kept in banks Revisit the provisions in the proposed PVO Bill which violate basic tenet of philanthropic freedom- the choice of who/which organisation to fund without fear of recrimination.

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SIVIO INSTITUTE

About SIVIO Institute

SIVIO Institute (SI) is an independent organisation focused on ensuring that citizens are at the centre of processes of socioeconomic and policy change. It aims to contribute towards Africa's inclusive socio-economic transformation. It is borne out of a desire to enhance agency as a stimulus/catalyst for inclusive political and socio-economic transformation. SIVIO's work entails multi-disciplinary, cutting edge policy research, nurturing citizens' agency to be part of the change that they want to see and working with communities to mobilize their assets to resolve some of the immediate problems they face.

SIVIO institute has three centres/programs of work focused on; (i) civic engagement (ii) philanthropy and communities (ii) entrepreneurship and financial inclusion. In the process SI addresses the following problems:

» Inadequate performance of existing political and economic system
» Increasing poverty and inequality
» Limited coherence of policies across sectors
» Ineffectual participation in public processes by non-state actors
» Increased dependence on external resources and limited leveraging of local resources