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## **Philanthropy as an Emerging Contributor to Development Cooperation**

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**Heather Grady, Independent Philanthropy Advisor**

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## **I. Executive Summary**

The world is at a pivotal moment for global development cooperation. While many stakeholders are brought increasingly into international development processes, philanthropy stands apart, despite the scale, ambition and potential of philanthropy's contributions to international development. Its resources are growing as a proportion of total Official Development Assistance (ODA), and in 2011 philanthropic North-South flows from OECD DAC donors alone was at least US\$59 billion. But philanthropy should not be viewed principally as a "gap filler" for ODA. Instead, and crucially, philanthropy brings a complementary and beneficial set of new actors, approaches, and types of funding. Most philanthropy is directed to supporting individual and collective human initiative and ingenuity, an expression of belief that the answers to societies' toughest challenges lie not in one institution or set of actors, but in the vast array of individuals and institutions who make up those societies, who represent different beliefs and perspectives, and approach the same problems with different solutions. The value of a philanthropic portfolio is that it enables one institution, even with modest resources, to simultaneously, and over time, test and support disparate organizations and interventions. *This is an essential contribution to the immense undertaking of development.* And given the growing importance and enthusiasm around South-South cooperation and linkages, the burgeoning philanthropy originating in the Global South, which has not been well-documented, is particularly important to explore and analyze.

A range of issues and recommendations are raised in this report. Philanthropy's contributions to international development should be better measured, and there is a need for a stronger emphasis on better data overall in terms of both measuring progress, and enabling a better understanding of the range of potential grantees working on development themes. There is a need to build trust not only in the role of philanthropic institutions, but in civil society more broadly. In countries across all the world's regions, today's landscape, even if constrained by social or political factors, poses enormous possibilities in terms of finding partners for official development cooperation. As governments engage in global and national planning for the Post-2015 Agenda, successors to the Millennium Development Goals, and other national planning processes, involving the substantial philanthropic sector in the process will be of lasting value – for their own voice, and even more so, to amplify the voices of their grantees and partners. Moreover, philanthropic institutions need to understand that their own aims of reaching greater scale, achieving deeper results, and financial sustainability can be furthered by collaborating with – and leveraging their resources towards - the ODA community. And the increase of official aid to developing countries from emerging markets themselves has not yet been accompanied by an encouragement to domestic foundations to do the same, even though this will be beneficial.

Differences in the norms and practices of the ODA and philanthropy sectors, described in detail in the paper, must be addressed: how strategy is formulated; how success is measured; and the drivers of accountability and transparency. More superficial differences in the sectors, such as the size of resources, should not obscure these dimensions. If the differences are acknowledged and embraced, collaboration can help enrich the landscape and bring the benefits of complementarity; if ignored, they will constrain effective collaboration. There are a host of untapped opportunities, as well as enduring challenges, for philanthropists – particularly those from the South - to create more linkages and collaboration with official development cooperation structures to achieve greater impact together. Despite different starting points, strategic approaches, and accountability mechanisms, there can be more effective, systematic collaboration and partnerships. Progress is likely to come faster, and with greater depth and breadth, by relying on networked approaches and supporting institutions that serve as hubs for building capacity and sharing information. Specific recommendations describe how change must be catalyzed within the multilateral system, governments, and philanthropy itself.

*Recommendations to the Multilateral System:* Create systematic entry points and partnership processes that encourage and engage with philanthropy networks, at the country and global levels;

incorporate explicit support for an enabling environment for philanthropy and broader civil society as a key component of effective development cooperation at the national and global levels; appoint philanthropy liaison staff and include the sector on UN websites; aim partnerships at achieving specific Post-2015 Agenda goals and targets, rather than one broad Partnership goal, and encourage more intentional planning and monitoring around the goals; document and learn from efforts already underway across the multilateral system. A major shift will be to move from one-off meetings and discussions to consistent, meaningful engagement. This means conceiving of philanthropy's role not as an afterthought, but as routine, bearing in mind that they are but one set of non-state actors whose legitimacy and quality must be demonstrated through genuine accountability mechanisms.

*Recommendations to Governments:* Create an enabling environment for both domestic and international philanthropy so that this sector can flourish and contribute to its maximum potential, and work to build trust in the sector and in philanthropic giving. Government development agencies should become more familiar with domestic and international philanthropy and civil society in country; ensure data on philanthropy is accessible; ensure policies and legislation encourage domestic philanthropy and civil society more broadly; institute tax policies that encourage an expansion of domestic philanthropic giving; and foster openness toward international philanthropic contributions to complement government resources and ODA.

*Recommendations to the philanthropy sector:* Become informed about relevant global and national development goals and targets, both to understand the external context better, and to unlock opportunities for leverage; use philanthropy networks or affinity groups to join UN and government processes; expand grantmaking to support a vibrant civil society, which will be even more important to the Post-2015 Agenda than it was for the MDGs; report programmatic spending as much as possible against national and global development goals and share information transparently; and include development cooperation experts at philanthropy events and on Boards and Advisory Groups.

Philanthropy resists easy definition and categorization. That has made it difficult to track its contribution to specific development goals. But it need not impede philanthropy's ascent into deep engagement with others in international development cooperation. Philanthropy, no matter where it originates, is driven by the imperative to meet human needs, alleviate suffering, and tackle the systemic challenges that prevent human development and progress. On one end of the spectrum it can be pathbreaking, supporting innovation, field building, first movers and fast movers - and at the other, it provides patient capital for long-term challenges that require painstaking efforts that go beyond political winds and shorter-term business interests. Philanthropy needs to leverage the larger resources and expertise of official development cooperation actors. And governments and the UN system need to leverage the insights, innovations and more nimble approaches of philanthropy and those organizations who the sector supports. Philanthropy reaches across borders and silos to create a better and safer world for all. The power of joining the forces of official development cooperation and philanthropy in the service of the new international, universal development goals will make a substantial difference. But this will require new mindsets, partnerships and forms of collaboration amongst the UN system, governments and the philanthropic sector alike. The challenge is worth surmounting for the leverage and greater impact it will bring.

## **II. Background and Introduction**

The world is at a pivotal moment for global cooperation. Planning for the Post-2015 Development Agenda and Sustainable Development Goals (SDGs) is well underway. The High Level Panel of Eminent Persons on the Post-2015 Development Agenda, the UN Commission on Sustainable Development, and the Open Working Group on the Sustainable Development Goals have each brought governments and other stakeholders together to craft a global framework by September 2015.<sup>1</sup>

All of these processes, like the formulation of the Millennium Development Goals (MDGs) at their launch, are led by UN Member States and multilateral agencies. Other crucially important stakeholders, notably civil society organizations<sup>2</sup> and the business sector, have gradually established their roles and are acknowledged as non-state actors who should at times be included. The Global Partnership for Effective Development Cooperation has recognized this, aiming to help bring governments, the private sector, civil society and others together to ensure funding, knowledge and policy produce maximum impact for development.<sup>3</sup> And the recent High-level Meeting in Mexico endorsed wider stakeholder engagement.<sup>4</sup> But one distinct set of actors – those in the philanthropy sector - are rarely engaged.

Philanthropy is literally "love of humanity." Philanthropy enhances what it is to be human through the process of giving and receiving - private giving for the betterment of others.<sup>5</sup> It gives to society in many ways, and sometimes its contributions are making up for the failure of governments or the marketplace.<sup>6</sup> Most philanthropy is directed to supporting individual and collective human initiative and ingenuity, an expression of belief that the answers to societies' toughest challenges lie not in one institution or set of actors, but in the vast array of individuals and institutions who make up those societies, who represent different beliefs and perspectives and approach the same problems with different solutions. The value of a philanthropic portfolio is that it enables one institution, even with modest resources, to simultaneously, and over time, test and support disparate organizations and interventions. *This is an essential contribution to the immense undertaking of development.* But philanthropy as a sector receives scant attention in the processes and documents described above, and in turn does little to engage actively with them.<sup>7</sup> There are exceptions, but they are very few relative to the scale, ambition and potential of philanthropy's contributions to international development.

Much data about philanthropy is difficult to compile, and most philanthropy around the world is not planned, monitored or reported according to global development frameworks like the MDGs, or global reporting standards like the International Aid Transparency Initiative (IATI). Philanthropic funding is, nonetheless, contributing enormously to the MDGs outcomes. The US Foundation Center data shows, for example, that in 2011 alone, at least 300 US foundations contributed over \$770 million towards MDG Goal 1 of eradicating extreme poverty and hunger. To help address this reporting gap, the Foundation Center is in the process of beginning to both expand and refine its data on giving related to the MDGs and, eventually, the SDGs.<sup>8</sup> They created the table below to show the range of contributions from just a selection of US foundations, very few of whom report toward the MDGs, but whose contributions can be ascribed to one or more of them.

**Foundation Giving for Programs Related to the Millennium Development Goals, 2011**

Millennium Development Goals	Amount	No. of Grants	No. of Fdns.
Goal 1: Eradicate extreme poverty & hunger	\$770,761,183	1,663	318
Goal 2: Achieve universal primary education	42,756,909	294	80
Goal 3: Promote gender equality & empower women	223,768,315	312	56
Goal 4: Reduce child mortality	456,276,756	337	54
Goal 5: Improve maternal health	211,008,135	215	38
Goal 6: Combat HIV/AIDS, malaria & other diseases	1,572,823,543	426	48
Goal 7: Ensure environmental sustainability	534,927,086	1,747	224
Goal 8: Develop a global partnership for development <sup>1</sup>	278,124,929	363	109

A key preoccupation for many in the international development field today is how the Post-2015 Agenda will be funded. In 2013, official development aid (ODA) from all OECD DAC nations (Organization for Economic Cooperation and Development's Development Assistance Committee) reached US\$134.8 billion.<sup>9</sup> Development aid, and more broadly international public finance for sustainable development, will remain essential in the decades to come. But more attention and analysis

is going to the shrinking proportion of ODA within total financial flows to the South. At the same time, private flows have grown significantly. The largest proportion comes from foreign direct investment, portfolio and equity flows; the second largest is remittances; and the third is private philanthropy. All three of these can contribute to philanthropic outcomes, but philanthropy, if deployed well, can be particularly strategic and additive. The opportunity is enormous, since a broader range of philanthropists is emerging and becoming engaged in international giving, and domestic giving within developing countries itself is increasing.

But the emergence of philanthropy should not be viewed principally as a “gap filler” for ODA. Instead, and crucially, philanthropy brings a complementary and beneficial set of new actors, approaches, and types of funding. Philanthropy often supports under-funded sectors like social inclusion, human rights, and gender equality. It has often supported grantees and partners at the nexus of different disciplines and approaches, thereby creating new fields that are then taken up by the official donor community – such as community-based natural resource management, land rights for the poor, and urban climate change resilience. Moreover, *a distinctive added value of philanthropy to the non-profit sector is through the creation of grantmaking portfolios that help build communities of practice, disciplinary fields, and social movements for positive change.* Throughout this report this distinction will be highlighted, as the nurturing of civil society is in itself a crucial contribution that philanthropy can make to development – and one that its role is unique in supporting. Moreover, given the growing importance and enthusiasm around South-South cooperation and linkages, the burgeoning philanthropy originating in the global South, which has not been well-documented, is particularly important to explore and analyze.

### **III. Resourcing Development and the Changing Shape of Global Financial Flows**

Today, so-called developing countries (in this paper referred to as the global South) are driving global economic growth, principally but not only in middle-income countries. The 2013 Human Development Report *The Rise of the South: Human Progress in a Diverse World*, notes that for the first time in 150 years, the combined GDP of the three largest economies of the South – China, India and Brazil – almost equals the combined GDP of the longstanding industrialized powers of the North (Canada, France, Germany, Italy, UK and the US).<sup>10</sup> The power and influence of these countries has grown, accompanied by independence from traditional multilateral and bilateral aid donors. Each year more middle-income countries become donors (even as they continue to receive aid from wealthier countries), to the point where the boundary of giver and receiver is blurred. Within aid a portion relatively increasing is concessional flows from emerging economies to low-income countries, which the World Bank estimated in 2011 were already between US\$12 and 15 billion.<sup>11</sup>

An analysis of four significant players – Brazil, India, China and South Africa – illustrates the scale of the shift.<sup>12</sup> Brazil’s ODA amounted to \$362 million in 2009, going mostly to Lusaphone countries.<sup>13</sup> In 2011, China’s overseas assistance amounted to \$2.47 billion, although reportedly not all of this falls under the OECD DAC categories of ODA.<sup>17</sup> This flows to 123 countries across the globe, with the largest portion going to Africa.<sup>18</sup> India’s ODA in 2011 amounted to \$731 million, with most going to its neighbors but increasing amounts to Africa, especially for agriculture and infrastructure projects.<sup>13</sup> The OECD reported that South African ODA amounted to \$95 million in 2011. These trends, as well as the intention of the Post-2015 successor goals to be universal, means that international cooperation will look very different in a decade than it does today.

#### **IV. The Expansion of Private Flows and Philanthropy's Contribution to Global Development**

Private flows from North to South have increased enormously in recent years. In 2011, private capital investment, remittances and philanthropy from the 23 developed donor country DAC members amounted to about \$577 billion, over four times larger than official flows that year. Private capital flows remained largest at \$322 billion, and remittances from all DAC donors to the developing world were \$196 billion, a slight increase from \$190 billion in 2010. Total philanthropy from all DAC donors was reported to be \$59 billion in 2011, though the Hudson Institute, a leading analyst of such data, considers this underreported.<sup>14</sup>

Two of the institutions that have done detailed studies of giving in rapidly-growing economies are the Hudson Institute's Center for Global Prosperity and WINGS. The Hudson Institute has begun an in-depth analysis and comparison of Brazil, China, India and South Africa. These four nations have become deeply involved in foreign assistance not only through government aid but also through private investment, philanthropy, and remittances. Compared to their ODA-type flows which reached a maximum estimate of \$3.7 billion, according to World Bank data, remittances from these countries to developing countries amounted to \$14.2 billion in 2011. And the Center for Global Prosperity estimates another \$366 million was philanthropic contributions to international causes in the developing world.<sup>15</sup>

The estimated figures for philanthropy are particularly difficult to accurately measure. The Hudson Institute has spent years developing partnerships and methodologies to capture it as accurately as possible for at least a target number of key countries.<sup>16</sup> Official statistics reported to the OECD consistently underreport philanthropy and other private flows (some countries do not measure private giving at all, and others underestimate the level). To illustrate this, according to the Hudson Institute, Japan's private philanthropy to international development causes amounted to \$5.51 billion in 2010, the most recent year data is available, a value significantly greater than the \$467 million reported by the Japanese government to the OECD. *Since more effective coordination rests in part on accuracy of data, philanthropy's contributions to international development should be better measured; and thus the work being done now by Japanese researchers to fully capture private international giving is potentially a model for other countries to follow.*

#### **Philanthropy as a Sector**

The figures above include all private giving including that directly from citizens to NGOs. Philanthropy as *organized giving through a legal and organizational "home"* is a subset of that, and the most common institutional structure for philanthropy is foundations.<sup>17</sup> In the US, which has the highest level of giving domestically and internationally, there are 90,000 foundations registered, with the top 1,122 foundations accounting for nearly half of all foundation giving.<sup>18</sup> Total US foundation giving is now about \$51 billion per annum, with endowments valued around \$670 billion (most of these funds are not used toward charitable purposes).<sup>19</sup> International giving constitutes about 25% of total US giving (combining grants made to U.S. organizations for international programs as well as grants made to organizations in other countries).<sup>20</sup> While U.S. foundations must publicly disclose grant-level information about their giving, that information is often incomplete and requires further cleaning and research before it is truly useful. *In most other countries, foundations are not required to disclose such information, making the challenge of collecting it even greater.*

## **Remittances**

Remittances are sometimes considered a form of philanthropy and form a large share of today's private flows. In 2013 over 230 million people were living outside their countries of birth (another 700 million or more were internal migrants).<sup>21</sup> Officially recorded remittances to developing countries alone were estimated at \$404 billion in 2013, and expected to reach \$436 in 2014. The result - remittances sent home by migrants to developing countries are equivalent to more than three times the size of ODA.<sup>22</sup> Remittances contribute greatly to developing economies through income transfers that reduce poverty, increasing health and education expenditures at the household level, enabling families to expand their linkages into the formal financial sector, reducing the need for child labor, building financial and social resilience to household- or community-level stresses and shocks, and improving access to information and communications. They generate knowledge, skills and expertise in the individuals who move, with the diaspora community representing an important course of knowledge, trade and other benefits for the sending the receiving country.<sup>23</sup> In 2013, India was the top destination country for officially recorded remittances (\$70 billion), with the next three highest being China (\$60 billion), the Philippines (\$25 billion), and Mexico (\$22 billion). Remittances are often a larger share of national GDP, though, in smaller and lower income countries, such as Tajikistan (52%), Kyrgyz Republic (31%), Nepal and Moldova (both 25%), and Samoa and Lesotho (both 23%). In terms of where funds originated, the largest sending country is the US, with about 23% of the total.<sup>24</sup>

## **Building Trust and Effectiveness of Philanthropy and Civil Society**

As official development actors take stock of their achievements and lessons learned in implementing the MDGs, an entirely separate process of analysis and reflection is taking place across hundreds of institutions made up of, and supporting, philanthropy. For example, the Global Philanthropy Leadership Initiative (GPLI) launched by three partners - the US-based Council on Foundations, the WINGS network (Worldwide Initiative for Grantmaker Support), and the European Foundation Center (EFC) – has developed new models of cross-border collaboration, a framework towards strengthening partnerships between foundations and multilateral organizations, and a project to address regulatory obstacles to cross-border philanthropy. The EFC and Council on Foundations developed two sets of guidelines aimed at informing foundations' international work: *Disaster Grantmaking: A Practical Guide for Foundations and Corporations* and *Principles of Accountability for International Philanthropy*. The Charities Aid Foundation (CAF) advises on and distributes charitable funds around the world, with offices in nine countries.<sup>25</sup> These initiatives highlight a steady growth of foundation involvement in international development and increasing interest in engaging with multilateral organizations and bilateral donors around shaping long-terms policies, providing input on the design of development programmes, testing ways to leverage each other's comparative advantages vis-à-vis governments, and identifying opportunities for scaling up successful initiatives and innovations on the ground.

*An ingredient of enabling philanthropy to engage more meaningfully in development cooperation is the need to build trust not only in the role of philanthropic institutions, but in civil society more broadly.* The Hudson Institute in 2013 completed a pilot study of 13 countries' philanthropic freedom or ease of giving, demonstrating that ease of giving can be successfully measured, and countries ranked and compared on their philanthropic freedom.<sup>26</sup> There must be trust that civil society is a force for good in society and that individual organizations are worth funding, making good use of money and achieving their stated goals. Building trust in civil society is, importantly, part of the role of government, not just the role of civil society organizations and philanthropy, who must share data transparently and hold themselves accountable to public scrutiny. Such trust must be earned. Governments have a key role to play by helping civil society to earn that trust from society, but not by excessive regulation, registration, and reporting requirements, which can be counterproductive. Excessive control has been shown to discourage philanthropic giving, both domestically and across borders. The more governments exert control, the more suspicious the public becomes. *Where governments create an enabling environment for civil society by establishing a regulatory environment that is clear, accessible, impartial, and not overly burdensome, philanthropy and civil*

*society can become true partners in the development of prosperous and inclusive societies.*

### **The Role of Philanthropy in Emerging Markets**

Philanthropy as an expression of human generosity exists in every culture, and is reflected in most of the world's cultures and religions. It is not dependent on wealth or institutional structures, but greater wealth has inevitably led to expanding levels and types of philanthropy. Jenny Hodgson of the Global Fund for Community Foundations has noted that the growth of local philanthropy is not just a response to tighter North-South aid flows, but also a recognition of the shortcomings of mainstream development, with its issue-based silos, short-term project horizons, and upward accountability to external donors. She notes that locally-funded initiatives can “take more holistic, long-term and flexible approaches that can develop community resilience and social cohesion.”<sup>27</sup> Given the focus of this paper on philanthropy playing a growing role in development cooperation, the sections below focus on *organized and registered philanthropy* as it exists across the global South.

Over 80 countries have doubled their per capita growth rates in the 2000s compared to only 12 countries doubling in the 1990s, according to the OECD.<sup>28</sup> The number of middle-class people globally is projected to grow by 165% between now and 2030, the anticipated period of the Sustainable Development Goals, with their spending power growing by an estimated 161%.<sup>29</sup> About 70% of this growth is expected to occur in countries outside the US and Europe. After emphasizing the importance of building trust within societies, the Charities Aid Foundation has noted that, were the middle classes to donate an average of 1% of their annual spending to charity by 2030, they would contribute an estimated \$550 billion to civil society per year.<sup>30</sup>

### **Key Philanthropic Institutional Actors in the South**

In many developing countries the existence of an organized charitable sector, not just philanthropy, is relatively new. It varies widely across developing regions. The fast-paced growth of wealth across the developing world has enabled accumulation by individuals and corporations who are now giving back through organized philanthropy, moving from what was very common personalized giving (to family, religious institutions or the local poor) to more formalized structures of giving. The most common form, as in high-GDP countries, is foundations. The term foundations generally refers to not-for-profit organizations that are asset-based and have a stated purpose, with an established income source, usually either endowed with a corpus which is used for grantmaking or operational programs, or income that combines public fundraising with some level of endowment or earned income.<sup>31</sup> Foundations can be private, public, family-run, corporate, or community foundations; and other philanthropy vehicles include donor-advised funds, direct giving, impact investing, giving circles, family governed operating organizations and social enterprises, planned giving instruments, and corporate giving by a family business.

One category is **corporate foundations**, generally established by the corporate entity or the corporation's founder, often with a blurred line between the institution and the individual or family. Some countries' philanthropic landscape is dominated by such foundations.

A second category is **private foundations**, which may have endowments or raise and spend funds by replenishing their assets over time. In some cases, while technically separate from the founder's corporation, some are governed by corporate employees close to the founder and the founder's family.

A third category is **community foundations**. Community foundations provide an interesting example of how a model structure can be adopted and evolve across the world. The first community foundation was created in the US (in Cleveland, Ohio) exactly a century ago, in 1914. Today there are



reported to be more than 1900 community foundations around the world, only about 700 of which are located in the US.<sup>32</sup> This evolution was North-North as well as North-South, with expansion to countries from Europe to South Africa to Australia. The Charles Stewart Mott Foundation, King Baudouin Foundation, and Charities Aid Foundation (CAF) are three institutions that have helped nurture the field across the world. Several were established in Eastern and Central Europe in the mid-1990s; Russia's first community foundation was launched in 1998; South Africa's first established around 2000; and Mexico's started up between 1998 and 2001. Arguably community foundations have been overlooked as development partners even though they are a compelling phenomenon as institutions of the local community, and for the local community, through which a wide swath of community members can work together to create long-term strategies and solutions to develop vibrant, sustainable communities.<sup>33</sup>

#### **Community Foundations as Development Partners**

Community foundations can play a growing role in leveraging official development resources to address local or national challenges. One important example of its infrastructure growing in size and capacity is the Global Fund for Community Foundations. Incorporated in 2009, and now based in South Africa, the Fund started as a three-year pilot project in 2006 as a joint initiative of the World Bank, the Ford Foundation, the Charles Stewart Mott Foundation and WINGS (Worldwide Initiatives for Grantmaker Support). Designed to support the development of community foundations in transitioning and developing countries, since the launch of its grantmaking program in June 2006, the Fund has made grants amounting to US \$3 million to 153 organizations in 51 countries. Grant destinations in 2014 included the Bolu Community Foundation in Turkey, the Tuzla Community Foundation in Bosnia, the Waqfeyat al Maadi Community Foundation in Egypt, and Tewa in Nepal.<sup>34</sup>

Notable as well is the broader field of **community philanthropy**, of which community foundations are one part, defined as organized and structured, self-directed, functioning as open architecture, using local money and assets, building civil society, and seeking an inclusive and equitable society.<sup>35</sup> The field of community philanthropy is receiving support from other parts of the philanthropic community; nevertheless it will take time to assess how this sector can best engage with official development cooperation processes.

#### **High Net Worth Individuals and their expressions of giving**

A substantial and burgeoning source of wealth for development comes from high-net worth individuals from the global south.<sup>36</sup> Some give informally, while *more and more are channeling private wealth transparently, on public record, which will make it easier to collaborate with official development cooperation partners*. Just one barometer, The Giving Pledge, launched by Bill Gates and Warren Buffett, now has members from a range of countries such as India (Manoj Bhargava), South Africa (Patrice and Precious Motsepe), Ukraine (Victor Pinchuk) and Malaysia (Vincent Tan Chee Yioun).<sup>37</sup> The imperatives behind their giving are no different from the industrialists of the US and Europe a century ago: some combination of wanting to "give back" to those less fortunate, to gain public prestige and social standing, to legitimize the accumulation of wealth, to establish an enduring legacy, and to play a greater role in shaping their nation's futures.<sup>38</sup> Mirroring a trend amongst the newly rich in the US, their giving is most often addressing social needs like poverty, education and health rather than challenging the status quo in terms of economic or political structures.

#### **Impact Investing and Building an Impact Economy**

Impact investing and impact economy initiatives are ways for those with investment capital to generate social and/or environmental impact as well as earning a financial return. Impact investing is already making contributions to development outcomes, but has connected relatively little with official development processes, similar to the situation with the field of social enterprise. The practice is growing amongst donors from the South: one indicator is the growing number of members of the Global Impact Investing Network (GIIN) from emerging markets.<sup>39</sup> A round of impact investing

platforms were launched in 2012-13 in Africa, South Asia, East Asia and Latin America to both build impact investing infrastructure globally and to spur greater investment.<sup>40</sup> Collaborating partners included Hong Kong's Asia Community Ventures, the Tony Elumelu Foundation in Nigeria, and Fundacion Avina. Regional events like the annual Asian Venture Philanthropy Forum incorporate impact investing and related development investment activities. The publication *Investing for Impact: A Strategy of Choice for African Policymakers*, by AVCA and Bridges Ventures, makes recommendations on how to scale up investment both into, and within, the African continent.<sup>41</sup> But much work needs to be done to bridge not only the existing gap between investors and worthy development projects, but between the whole field of impact investing and official development cooperation agencies.<sup>42</sup>

### **Online and Telephony-enabled Giving**

These fundraising methods are expanding around the world. US organizations like Kiva have done global giving from the start. Given that tech is evolving even faster in many emerging markets, this method of fundraising could be combined with the popularization of future development goals. But caution should be taken with keeping resources in-country (international NGOs have received some criticism for tapping emerging markets for their funds and not spending in-country), and with an understanding of very different national contexts. In Turkey there is some online giving, but there are legal restrictions that have hampered the ability of NGOs to raise online extensively, and impeded success. Online giving is possible in Brazil, and “give now” buttons are much more common than before, but SMS giving is still to be developed, and there are no big websites for giving in Brazil. #GivingTuesday Brazil will have its first national edition in December 2014. In the Arab region social media plays an important role in philanthropy, with more initiatives based on crowd-sourcing to raise funds, and texting to meet practical and short-term needs. In Russia a number of foundations are increasing their use of these methods, including Charities Aid Foundation ([www.blago.ru](http://www.blago.ru)), which facilitates giving to a variety of NGOs from credit cards. Russia's number of such initiatives is growing as well as the amounts given online. In India online giving processes have been utilized mainly in two ways: 1) individual organizations use online payment systems on their websites, and 2) GiveIndia.org, which has also been catalytic in increasing payroll giving. CAF has recently partnered with Truist for employee giving programs that are likely to be international.

### **The Geographic Diversity of Philanthropy**

The following sections, given space limitations, simply provide illustrative examples of philanthropy's scope and characteristics.

The regional landscape of philanthropy in Asia is extremely diverse, as is its cultural and linguistic makeup. The so-called Tiger Economies like South Korea and Singapore were early creators of a growing new middle class and, more recently, the super-wealthy (South Korea now has 30 billionaires).<sup>43</sup> But philanthropists in Asia still tend to limit their giving almost exclusively to domestic causes. The following section focuses on the two Asian giants who already provide ODA to lower-income countries and includes highlights of their philanthropic activity.

#### **China**

Chinese philanthropy is of particular interest because of the country's size, skyrocketing generation of wealth, and its growing global footprint in terms of business and development assistance. The Hurun Research Institute in Shanghai estimates that China had more than 230 billionaires by 2012.<sup>44</sup> In China, as elsewhere, philanthropy has a long history. Rockefeller family historian Mary Bullock Brown located an archival document describing John D. Rockefeller's 1921 encounter with the Chinese business community's Chamber of Commerce, in which relating his own growing philanthropy in China spurred each of them to describe their many contributions to local schools and hospitals.<sup>45</sup> But even today

international philanthropy is restricted in its scope, with only 18 foundations formally registered today. They have made an impact on the non-profit and philanthropy sectors nonetheless, as has the generosity of Hong Kong entrepreneurs like Li Ka-shing. His 2006 commitment to give one third of his wealth to his foundations is an inspiration for a growing number of Chinese philanthropists.

The Chinese government's approach to philanthropy and civil society has generally been to control it, and scandals over the years have tarnished the reputation of the sector. Most substantial charitable entities that receive donations are likely to be government-operated or –affiliated NGOs, and independent grassroots NGOs are often not registered, small in scale, and lacking in established management systems and/or transparency. This not only inhibits philanthropy, but leads many donors with significant resources to operate their own programs. Nevertheless, the leadership today, while carefully monitoring civil society activity, has accepted that philanthropy has an important role to play in the nation and internationally. In 2004 the first regulations on foundations came into being and provided for the establishment of private foundations (including family, corporate, and endowed), most of them government controlled. Around 2007 a philanthropic boom began, and private initiative in the social sector has grown, just as it had in the economic sector. A modern-day “golden age” has been launched, in the worlds of *China Development Brief's* Chen Yimei. This growth is attributed by a range of sources to the impact of the Sichuan earthquake of 2008, which led many potential donors to view privately-governed entities as more accountable and effective than government-operated organizations. Large and reputable foundations like the Narada Foundation, Kaifeng Foundation, One Foundation, China Social Enterprise Foundation, and the Vantone Foundation are coveted partners for civil society, business and international philanthropy alike. More recently the main founder of e-commerce group Ali Baba, Jack Ma, has pledged US\$3 billion to set up his new foundation. At the other end of the spectrum, very localized people-to-people lending and bottom-up philanthropy is also growing, enabled by companies such as CreditEase.

According to the China Foundation Center, there were over 3,600 foundations in China by the end of 2013. About 1300 of these are non-governmental in origin.<sup>46</sup> Less than 200 have their own endowments. The rest receive funding from the government, or raise and spend money from the public on an ongoing basis. It is estimated that only 50-100 are actual, pure grantmaking organizations who accept applications and fund a variety of grantees. About 600 of China's foundations are corporate and family foundations which give grants to others, but this generally represents a conduit to the same organization(s) year after year or are used implement projects of government origin, often in traditional areas like schools and hospitals.

China learns philanthropic practice through constant international exchange visits, advisory services, formal courses and curricula, and the internet, and is in some ways leapfrogging in practice. Of note - after learning about and creating a partnership with the US Foundation Center, within a year the newly-established China Foundation Center had used their software to amass 90% of the data on Chinese philanthropy. Their website is an authoritative and comprehensive source of information on philanthropy in China.<sup>47</sup> *Expanding such databases in other countries will be important in registering philanthropy's contributions to global and national development goals.*

There is also a shared sense of changes needed in the sector, summarized by Xu Yongguang as a diversification of the sector for the benefit of public welfare, a weakening of the state monopoly on charitable resources, and greater transparency across the field.<sup>48</sup> The China Foundation Center's Transparency Index will nurture this trend. The last Party Congress made an enormously important shift when it formally separated the notions of government and society, just as it had years ago separated government and the economy. The implications for domestic philanthropy are important, as it shifts the role of government and the Party to that of *monitoring* the social sectors rather than *controlling* them.<sup>49</sup> This bodes well for more space to develop partnerships across a range of issues, not

least the Post-2015 Agenda, if they can be translated into locally relevant targets and activities to which a multiplicity of stakeholders can contribute. Areas like livelihoods, environment and health are enormous challenges that philanthropy can work with governments to address. Most China philanthropy watchers eagerly anticipate the ability of philanthropy to enable a more effective and innovative NGO sector. *So today's landscape, even if constrained, poses enormous possibilities in terms of finding partners for official development cooperation.*

According to the China Foundation Center's information on **Chinese giving across borders**, about 50 Chinese foundations provide grants to other countries, generally in Asia and Africa. Many coordinate with the government of China or are government-affiliated foundations. For example, the Paichou Foundation provides foundation funding in North Africa to countries where their parent state-owned enterprise has oil drilling operations. Chinese foundations operating abroad are likely to coordinate with the national or local government, even if they eventually choose to fund local NGOs.

One example of a Chinese foundation partnering with official development partners is the Hainan Airlines Foundation, which in May 2013 announced a contribution to the World Food Program (WFP) of 10 million Yuan (about US\$1.6 million) over 10 years. This funds the Take Home Rations project, part of a Ghana school feeding program. This followed earlier contributions from the Hainan Airlines Foundation to projects in Zimbabwe, Malawi and Mozambique providing free eye surgery.<sup>50</sup> In 2013 it pledged 10 million Yuan over five years for UNICEF's Change for Good program.<sup>51</sup> These contributions reflect the fact that HNA Group provided the investment capital for the establishment of Africa World Airlines in Ghana in 2012, the first African civil airline to be invested in by a Chinese company.

Chinese philanthropy experts note that China's investments in Africa, and benefits that come from natural resources there, should, and will, be accompanied by a philanthropic component to bolster responsible investing. The benefits of growing international philanthropy is undoubtedly the minority view in China given the country's own needs. *But expectations on China's philanthropy sector to grow their international giving are inevitable. Inclusion in broader multistakeholder partnership processes that build long-term engagements would be an innovative future step.*

#### **Conservation beyond Borders**

An entirely different example is a recent donation from a group of Chinese philanthropists toward what grantee The Nature Conservancy (TNC) calls a new era of conservation philanthropy.<sup>52</sup> The China Global Conservation Fund, initiated by Jack Ma and other members of the Conservancy's China Board of Trustees, is part of a cross-regional initiative, Conservation Beyond Borders, which will connect development projects in Africa, Latin America, and Asia Pacific with Chinese businesses, banks and agencies to find solutions that better balance development and conservation. A budget of \$500,000 aims to save the endangered hirola antelope and help efforts to hone and perfect a model of community-led conservation for future expansion to other priority landscapes in Africa. Local partners are the Northern Rangelands Trust, the Kenya Wildlife Service and Fauna & Flora International. TNC notes that environmental problems no longer stop at political borders. Ma himself said, "We are now all part of a global economy, and China's economic rise has created an opportunity and also a responsibility for the Chinese people to play a leading role in helping address the world's environmental problems."

#### **India**

International philanthropy in India, as in China, has a long and valued tradition, with foundations like Ford, MacArthur, and Gates providing significant resources for local initiatives in remote locations, scaling up successful programs, tackling controversial issues (like domestic violence and human rights), and playing a role in building civil society-government dialogue. Philanthropic giving by Indians has an even longer tradition, and an early example is the Tata family, whose legendary generosity grew soon after their industrial wealth did. Like China, India's economic growth in the last 15 years has been swift

and has produced thousands of high net worth individuals, estimated at the third highest number in developing countries.<sup>53</sup>

India leads amongst countries in the South in their level of charitable giving, which grows sharply each year. By 2012 it reached 0.3-0.4% of GDP, valued at between US\$5-6 billion per annum.<sup>54</sup> Philanthropy is still principally focused on spiritual and religious causes, and self-managed philanthropy is constituted mainly of support to hospitals, schools and local areas of business operation. Many newly-endowed foundations are being established, many of which have a focus on bridging the social divides and socioeconomic disparities in India through supporting education. Such a rich philanthropy landscape is the topic of extensive studies, including the annual India Philanthropy Report.<sup>55</sup> It also benefits from an expanding philanthropy infrastructure.

*An organization called Dasra exemplifies such assistance and could be a model for other countries.* Dasra, founded in 1999, works with philanthropists and social entrepreneurs to create large-scale social change by strengthening the philanthropic ecosystem in India. Activities include research, due diligence, identification of root causes, and engaging philanthropists, corporates and foundations to become more strategic in tackling critical social issues. A capacity-building approach provides 100 days per year of individual support and workshops designed to scale impact.

#### **Clearinghouse Organizations Spur Development Cooperation**

Dasra has provided guidance to more than 500 social enterprises, engaged over 1000 corporates, foundations and philanthropists, and directed over \$42 million in strategic funding commitments, which they assess has impacted over 10 million lives in India.<sup>56</sup> Not unlike US-based models of philanthropy support functions, this kind of organization is useful not only for what it provides individual organizations, but how they can serve a clearinghouse function by collecting information on both sources of giving and worthy organizations. Out of such work grow alliances like the Dasra Girl Alliance, with USAID, Kiawah Trust, and the Piramal Foundation, focused on reproductive, Maternal, Newborn, Child Health and Adolescent Girls Empowerment (RMNCH+A) and several of the MDGs.

A recent notable development in India is the passing of legislation called the Companies Act 2013 which requires companies to disclose their CSR budgets publicly. It includes a provision on corporate social responsibility mandating that all companies registered in India must spend 2% of their net profits on CSR activities (including multinational corporations and their branches), if they have a net profit over \$833,000, a net revenue of more than \$83.3 million, or a net worth of \$166 million. Dasra and others estimate that this will lead to \$US3.4 billion for the social sector every year.

To use this effectively, local experts suggest the importance of 1) research and knowledge products that are accessible and action-oriented, centralizing information on programs and organizations that are high impact and effective ways to tackle pressing social challenges; 2) creating pipelines of effective organizations to make grantee selection easier; and 3) improvements in reporting and M&E methodologies. India's explicit struggle for social justice and reducing inequality through philanthropy provides unique perspectives relevant to the SDGs. *As the government engages in global and national SDGs planning, involving the nation's substantial philanthropic sector to the process – for their own voice and especially to amplify the voices of their grantees and partners – will be of lasting value.*

#### **Global Multistakeholder Coalitions**

The Coalition for Sustainable Cities and Regions<sup>57</sup> seeks to advance sustainable urbanization as a key component of the future UN Development Agenda, its Goals, and partnerships; contribute to the technical development of an urban Goal, targets and relevant indicators; and ensure the presence, as appropriate, of an urban dimension in the final set of SDGs. Partners, members and funders include the ICLEI Network, Tellus Institute, Habitat International Coalition, UN Habitat, IFAD, and the Ford and Charles Leopold Mayur Foundations.

There has not been a concomitant increase in **India's international philanthropy**. That which does exist is generally connected to corporate philanthropy and business operations. The figures are difficult to locate, but Dr. Pradeepta Kumar Nayak of the Sampradaan Indian Centre for Philanthropy maintains that beyond one-time contributions from philanthropists like Sir Ratan Tata, cross-border giving has been minimal compared to the overall size of the economy. His estimate is least \$249 million.<sup>58</sup> Experts believe that barriers include the extent of social and environmental challenges in India, the fact that 33% of the world's poor live there, and the reality of a dire need amongst domestic causes. Moreover, givers like individual philanthropists are eager to see the impact of their funding, and support local causes and organizations so as to engage more deeply with them. Reinforcing this, the new CSR law requires that CSR spending goes only to domestic organizations. *India's intentional expansion of ODA has not been accompanied by an encouragement to Indian foundations to do the same. Some philanthropy leaders and support organizations see a huge benefit in engaging more with givers around the world to understand different models and best practices, but for the reasons above this will evolve only gradually.*

**Better than Cash Alliance – Many Partners, One Aim**

This unique effort, for whom the UN Capital Development Fund serves as Secretariat, brought in foundations from the beginning.<sup>59</sup> Its aim is to expand financial inclusion for the poor by making electronic payment systems a pathway to a broader range of financial services. The Alliance provides strategic advocacy, research, and guidance. Its active membership includes at least six governments, nine non-profits, five UN agencies and bilaterals, one global company, and five foundations. The latter are all headquartered in North America. Southern foundations could be encouraged to join.

**Africa's philanthropy sector** is thriving. It has long been supported by many international foundations, and is bolstered by a growing number of Africans, including the very wealthy: there are now more than 25 African billionaires, many of whom have established significant philanthropies.<sup>60</sup> Dr. Tade Akin Aina has written that three key elements frame the context of philanthropy in Africa: the existence of, and responses to, poverty; injustice and inequality; and the nature of African societies' integration into the wider world.<sup>61</sup> A reflection of this is TrustAfrica, an endowed foundation conceived of in 1999 and incubated by the Ford Foundation and its advisers.<sup>62</sup> Its foci are governance, equitable development, and supporting African philanthropy by leveraging new and traditional forms of African giving to advance democracy and development, and to minimize reliance on external donors. The Kenya Community Development Foundation is a leader in translating philanthropic contributions into deep impact in communities across the country, and helping the sector to work with the government to improve tax policies to encourage more contributions. The African Grantmakers Network, East African Association of Grantmakers, the African Women's Development Fund, and more recently the African Philanthropy Forum are just some examples of the thriving multinational networks that exist on the continent that complement the many domestic institutions like the Kenya Community Development Foundation. A growing number of African institutions were initiated by philanthropists giving back to their home countries, including Ghana's Ashesi University and the African Leadership Academy.<sup>63</sup> James Mwangi, head of Kenya's Equity Bank, aimed their services at serving low-income Kenyans at reasonable rates. And fellow Kenyan Dr. Manu Chandaria, a national business leader, enables Kenyatta University to promote entrepreneurship through a new Business Innovation and Incubation Center.

**Teamwork on Financial Inclusion: Equity Group and MasterCard Foundations Join Forces**

These two foundations, one based in Kenya and the other in Canada, joined to tackle a shared priority problem: lack of financial services for the poor, particularly youth and women. About 11 million Kenyans lack access to financial services, and most youth, whose income comes from the informal economy, need financial services and business training. Women below the poverty line face particular challenges in accessing employment, finance and technical skills to run enterprises. This joint program does market research, provides a savings facility, a tailored curriculum, and a cascading "training of trainers" model to build financial capacity.<sup>64</sup>

**African cross-border philanthropy** was a natural outgrowth of several factors, not least a long tradition of pan-Africanism, historical social and political movement-building, significant cross-border migration, and more recently some of the continent's major philanthropists setting up their foundations internationally – individuals who use an unusually wide aperture on, and systemic approach to, Africa's challenges and opportunities.

#### **Index of African Governance**

Rather than traditional grantmaking, most of Mo Ibrahim's efforts toward good governance and leadership in Africa are done through a prize and an index. They define good governance as the basket of public goods governments must deliver to their people. Their Index of African Governance measures over 100 parameters to evaluate government delivery in every African country. Their annual scorecard measures and reports performance to bring greater understanding of where the African continent's countries are across these dimensions, determine what works and what doesn't, and facilitate an objective discussion between governments, parliaments, academics, business, civil society and beyond. They also offer an occasional Prize for outstanding Heads of State and Government who reflect these values.

The engagement of leaders like Ibrahim, a frequent speaker at UN events and a champion of better data and youth employment in the Post-2015 goals, brings fresh perspectives to international development cooperation. *The invitation to African philanthropy networks like those mentioned above to participate in official development dialogues with the UN and governments will further deepen the discussion, and the impact, of philanthropy in the Post-2015 period.*

#### **Brazil**

Given its size and importance as a regional power, Brazil has been for many years a destination for international philanthropic investment, and international foundations helped seed many local organizations that form the ecosystem of Brazilian philanthropy. They have supported the creation and growth of institutions like GIFE, a Foundation Center; IDIS, a support organization for donors; and Ethos, the non-profit that leads the debate on corporate social responsibility in Brazil. These grantees have worked for over 15 years to support, inspire, and promote corporations, families, and communities to do social investment that creates an inclusive nation, and directly impacted the directions of development in Brazil.

#### **The Value of Philanthropy Networks**

Brazil is a good illustration of how *networks* of philanthropy underpin wider, faster impact from the sector. GIFE gathers in the perspectives of its members and speaks on behalf of foundations and institutes. IDIS is a Brazilian non-profit that serves as a social network for philanthropists, working with over 200 projects and more than 150 donors and impacting directly the development of the civil society in Brazil. Promoting philanthropy in Brazil is done through regional philanthropy conferences; translation and publication (in Portuguese) of international books, reports and studies; and the development of a network to connect philanthropists from throughout Brazil for exchange and mutual learning. Conferences are important - GIFE has its Congress every two years with up to 1,000 participants, and last year IDIS began State meetings to debate philanthropy in the community, such as the Amazon Philanthropy Meeting. IDIS has also been directly responsible for bringing to Brazil concepts such as cause-related marketing and community philanthropy. IDIS is holding its third Brazilian Philanthropy Forum this year, which will *have a session on the SDGs, and IDIS hopes their members begin to debate the issues and how Brazilian philanthropy can work to support the Agenda and goals to be achieved.*

Although hard figures are hard to come by in such a large and diverse country, it is clear the sector is growing: GIFE member numbers are increasing, and more foundations and donors are approaching IDIS for advisory services. Many foundations are fundraising from the public. The number of high net worth individuals who are giving is unclear, and endowed foundations are rare (where there are no tax incentives the information is harder to gather). Where there are endowments, they have been created by family leaders or instituted by international organizations ending their presence and leaving a legacy.

IDIS has just proposed a law to the Congress in order to create tax incentives for those who create endowments, and there is an ongoing debate in country about how to improve the tax structure to facilitate and optimize philanthropy's impact. Now, tax incentives are bureaucratic, projects have to be pre-approved by the government, and the government taxes donations received by charities.

Few foundations are grantmaking, preferring to implement themselves as operating foundations. Some local experts believe that all foundations should be required to provide at least a portion of their spending as grants to other institutions, in the belief that this is a distinct and valuable dimension of foundations that should be done by domestic foundations, not just those who give from outside. There are efforts underway toward improved legislation focus on making the funding of local non-profits more accessible, reliable and transparent.

Much of Brazilian philanthropy is from the corporate sector. New trends include the concept of shared value and impact investing, though neither have taken hold strongly yet. Many companies are moving to have their philanthropy more aligned with their businesses. And at the same time, more and more company owners are selling their businesses and, with that, investing in new family foundations or (in even greater measure) social enterprises. The numbers are not huge, but a pattern can be seen countrywide.

There is some appetite in philanthropy to encourage the government to view foundations as 'development actors' complementary to the way governments are. This is already practiced at the city level, for example, where city governments have strong partnerships with local non-profits for the development of complementary services to the general public. Examples are organizations doing childcare and being paid by the Government for this or managing public hospitals. At the federal level, however, there is more of an antagonistic relationship, with the perception of non-profits as overly critical of the government's flaws – commonly on environmental issues.

**Brazilian cross-border philanthropy** is limited compared to the size and sophistication of its domestic sector. A few Brazilian NGOs operate internationally, but few foundations go international other than corporates. Some experts believe Brazil's size and scale of internal issues to resolve depresses interest in international giving. The Brazilian government does not control it, but unless the Brazilian organization has an office in the country where the money is going to, it is quite hard to transfer it from Brazil given Federal Bank restrictions. Even some of those promoting philanthropy domestically in Brazil don't see a benefit, principally because the more important issue to resolve is encouraging a shift from operating to grantmaking domestically. In other words, it could be ineffective to encourage international giving before foundations use grantmaking to support non-profits instead of operating directly. *Perhaps the IDIS meeting in late 2014 that will focus on the SDGs would be an opportunity to raise the call for more international philanthropy.*

**Turkey** now has an abundant domestic foundation landscape. Historically notable contributions included those from the Rockefeller Foundation to develop the field of public health and the Ford Foundation's support for science high schools in the 1960's. The Ford Foundation collaborated with TUSEV, the Third Sector Foundation of Turkey, in supporting a conference and unique research project on the history of philanthropy including its practice in a predominantly Muslim society.<sup>65</sup> One of the early domestic leaders is the Sabanci Foundation, founded in 1974 and quickly becoming the largest foundation in Turkey, with many international ties. In the early 1990s many new foundations were established, now numbering about 4,500. Most of them raise funds from the public for their activities; it is estimated that less than 500 were established by wealthy individuals with an endowment and private source of funding.<sup>66</sup>



The government collects a vast amount of detailed information about foundation operations on a yearly basis, but it is not yet made available to the public, and no public disclosure by foundations themselves is required unless they have official public benefit status, in which case some information must be published. TUSEV started an information database in 2005 for its 100+ members but sharing information better is moving ahead slowly.<sup>67</sup>

#### **Building Cross-Border Philanthropic Partnerships**

Turkey provides a good example of how the domestic foundation and non-profit sector has engaged with, learned from, and contributed to international counterparts in philanthropy. About a decade ago TUSEV developed a strategy to increase cooperation with international foundations to increase their visibility and participation in, for example, the European Foundation Center. TUSEV hosted the 2008 EFC annual general assembly and programmatic cooperation increased, including funding partnerships. TUSEV's engagement increased in other international networks like WINGS and CIVICUS, and began publishing research studies and articles on the sector. Similar outreach was done by Turkey's leading family foundation, the Sabanci Foundation, participating more in the EFC, joining the Governing Council, and becoming a founding member of a disability rights funders group led by major European foundations. Sabanci joined other international philanthropy partnerships including Girls Not Brides (featured also at the Clinton Global Initiative and a 2014 Skoll World Forum prizewinner), and its Chairwoman Guler Sabanci became a member of Synergos' Global Philanthropists Circle.

Although the legal environment now is a more enabling one than 20 years ago, there has not been steady growth in foundation grantmaking. The Sabanci Foundation started a grant program in 2009. The local Vodafone Foundation makes grants reflecting the CSR aims of the company.<sup>68</sup> TUSEV helped establish the Bolu (City) Community Foundation which is a rare example of a regranteeing structure. There have been attempts to create thematic funds that have not been successful (e.g., a women's fund created to regrant that did not succeed and has ceased to operate).<sup>69</sup> But overall grantmaking represents a "road less travelled", with private foundations and NGOs spinning in different orbits. Turkish foundations mostly focus on infrastructure for social progress, building schools, hospitals and student dorms, while NGOs often challenge the status quo and aim to instill new values and practices. Many Turkish foundation are reluctant to support groups that challenge the status quo, and in other cases living donors want to support specific programs, often with naming rights. Grantmaking is perceived to be risky, labor-intensive, and deliver intangible outcomes, thereby lowering impact and visibility for the donor. *In this context there may be opportunities for Turkish philanthropy to partner with new international partners to explore new pathways for strategic civil society support that measurably contributes to the achievement of the SDGs.*

There is limited **Turkish cross-border philanthropy**, though there are public charities who do relief work in other countries and channel donations (e.g., Syria and on the African continent). The Turkish government is increasingly engaging Turkish businesses to invest abroad, especially in Africa, (e.g., Turkish Airlines), and there is likely to be philanthropy accompanying this investment. Complemented by TIKA's official assistance, and mirroring the pattern of other emerging markets, this increases Turkey's soft power in the developing nations in which new economic and social investments are being made. *A useful future step would be sharing more information on ODA from TIKA that Turkish non-corporate philanthropy might complement.* How could Turkish foundations and NGOs add their experience, know-how and financial resources? Turkish foundations already have rich experience in areas like education, gender equality and youth empowerment. And just as TIKA is learning from more seasoned donors, evolving their practices and lessons, Turkish foundations will have to do the same.

In the **Arab world** charity and philanthropy were traditionally directed toward local and personal causes, and reinforced through religious tenets. The existence of foundations, philanthropy, and CSR did not gain real momentum in the Arab region until the 1990s. But in recent decades, the vast oil

revenues generated, added to already high GDPs of many countries, and booming wealth of business families in countries like Egypt, has led to an increase in more formalized philanthropy. The range from Gulf States' endowed foundations to the growing membership of the Arab Foundations Forum (AFF) illustrates the diversity in the region.<sup>70</sup> The complex and often difficult relationships between government and civil society in many Arab countries presents a challenge to the role of philanthropy in terms of how to best respond. The AFF, a platform to encourage dialogue and collaboration, came about due to the need to create an infrastructure that would support a more strategic culture of giving, and a networking structure for foundations. Three areas identified as priorities are stronger technical support for transparency, effective systems, and philanthropic "values"; effective policy structures; and networking structures. Barbara Ibrahim of the Gerhart Center on Philanthropy and Civil Engagement notes that within the last ten years there has been a shift towards givers being more engaged and involved in the giving process. Related to this, CSR has been building momentum in the region, now an integral part of the corporate image and the operation of businesses. The political upheavals and governance transitions are changing philanthropy in North Africa. With traditional power structures challenged, there is more diaspora giving and philanthropy by ordinary citizens - new, more informal types of giving are emerging.

The other BRIC country, **Russia**, presents a complex picture when it comes to philanthropy. Despite significant challenges facing philanthropic institutions and civil society more generally, the Russian Donors Forum notes a growing number of foundations.<sup>71</sup> There are hundreds of foundations that raise funds from the public, and some have multimillion dollar budgets. Private and corporate foundations generally get annual contributions from their founders; only a few are permanently endowed. Perhaps half are operating foundations implementing their own programs, and the rest are grantmaking, including all community foundations. CAF in Russia, advancing the cause of philanthropy, receives support from a range of private and corporate foundations, and is particularly focused on the development of community foundations. But those in the sector do not see Russian philanthropy becoming more engaged in development cooperation in the near future, as most organizations are inward focused, and the government does not have an active outward engagement policy. Key needs identified include facilities for peer exchange, a greater flow of information and awareness raising, a suite of professional services to support philanthropists and philanthropic institutions, and better information on ways to assess the quality of grantee NGOs.

## **V. Differences between Philanthropic Giving and Official Aid Processes**

Even when the aims are the same – and they often are – official aid and philanthropy have distinct features which must be understood in order to build more collaboration across these sectors.

### **Shared Aims, Different Approaches**

Development plans negotiated between governments are taken for granted in the ODA community. Not only the MDGs, but also World Bank- and IMF-led Country Assistance Strategies, Poverty Reduction Strategies (PRSs), UN Development Assistance Frameworks (UNDAFs), and OECD DAC frameworks and indicators are examples of commonly understood processes. At the country level there are Donor Coordination Groups (virtually all members being from multilateral and bilateral assistance agencies, despite significant in-country civil society and business networks on related issues) and annual Consultative Group meetings.

As is well-known to all who work within development cooperation, the growing frustration of developing country governments and some donors at duplication of efforts, significant inefficiencies, and projectization of aid funding led to agreements to coordinate and harmonize aid. The Second High Level Forum on Aid Effectiveness in 2005 adopted the Paris Declaration formulated around the five central pillars of Ownership, Alignment, Harmonization, Managing for Results, and Mutual

Accountability. Even more stakeholders endorsed the Accra Agenda for Action in 2008 which reaffirmed the Paris Declaration and called for greater partnership.<sup>72</sup> This commitment was strengthened again in 2011 in Busan, Korea through the Busan Partnership for Effective Development Cooperation.<sup>73</sup> and yet again in 2014 at the Global Partnership on Effective Development Cooperation High-Level meeting in Mexico (where philanthropy was mentioned in one section).<sup>74</sup>

But of the many institutions “adhering” to the Busan principles, only one foundation (the Gates Foundation) is included. Only a handful of philanthropic actors are present at, or even aware of, these processes. When it comes to coordination, there is a relatively fixed and manageable number of governments and multilateral institutions, but the number of philanthropic institutions is vast, and the average individual budget is tiny in comparison. Thus with a very different context, during this same period the philanthropic sector has been preoccupied with its own debates on planning and strategy, but harmonization and alignment as goals are at the bottom of the list. Many have argued that philanthropy as a sector is slow to change.<sup>75</sup> But notable shifts are taking place that are relevant to development cooperation.

- International grant-making increased steadily amongst US- and Europe-based foundations, though growing more slowly in the South.
- There has been a blurring of the lines between the social and the private sector and a redefining of “value”. Amongst the newly wealthy especially there is an emphasis on market-based solutions, social enterprise methods, impact investing and related fields. To be able to “do good and do well (financially)” is believed by many philanthropists to be easy.
- The number of living donors has spiraled and there is much more public attention on the size of their giving. Across the world more philanthropists are earning their wealth rather than inheriting it.
- Corporate foundations, company philanthropy and corporate social responsibility are increasing, and company philanthropy is more often related to its core business.
- To minimize overhead costs and draw on external expertise philanthropies outsource strategy, design and M&E functions. Positive outcomes often include streamlined procedures an exchange of practices and grantee information, but the staff generally have limited international development experience and lack exposure to the field of development cooperation.

These and other factors have shaped the processes through which philanthropy uses its resources, and if the philanthropic and official development cooperation sectors are to collaborate their differences in process must be acknowledged and bridged. *Important dimensions of difference include how strategy is formulated, including priority-setting; how success is measured; and the drivers of accountability and transparency. More superficial differences in the sectors, such as the size of resources, should not obscure these dimensions, which if embraced, can help enrich the landscape and bring the benefits of complementarity, and if ignored will constrain effective collaboration.*

### **Formulating Strategy and Setting Priorities**

**ODA priority-setting** is generally driven by geopolitics, GDP rankings (or more recently on multidimensional definitions of poverty<sup>76</sup>), MDGs priorities, national interests and expertise, and priorities are negotiated with the destination country governments. The OECD DAC is a reference point and commitments are publicly monitored.<sup>77</sup>

In the **philanthropic sector** institutions and individuals rarely plan their giving by any of these factors. Philanthropy tends to overlook the macro level indicators and national statistics, and they are not concerned with Partnership Goal 8 of the MDGs (indeed officially philanthropy is not included in it). Instead, foundations’ priorities are set principally by themes, which usually stem from the founders(s)’ vision of a good society and its building blocks, and whose wishes are interpreted by the

current leadership staff and governing board. Living donors and their families have huge influence on spending and what strategy and approaches are used. Corporate foundations consider activities that will maintain or improve the public reputation and profile of the company, and increasingly for on a corporation's core business areas (e.g., job training, IT systems). In other words, philanthropy priorities are chosen based on profound *internal drivers* much more so than in-depth landscaping and analysis of external context.

**Official development cooperation strategy** take many forms and is influenced not only by expertise and contextual analysis, but also by other factors, not least politics, public expectations, trade and migration policies, and the relationships between the giving and receiving governments.<sup>78</sup> Most aid goes directly to governments, and civil society organizations – the favored destination of philanthropy - receive a small proportion. According to the OECD's figures for DAC Members for 2011 (the latest year available), US\$19.3 billion of ODA was allocated to and through CSOs (slightly higher than previous years). This is the equivalent of 14.4% of their total ODA. The share ranged from a high of 38% (Ireland) to a low of 1% (France). About 15 times more (US\$ 16.9 billion) went to and through CSOs based in their countries rather than to developing country-based CSOs (US\$ 1.1 billion). In that same year CSOs based in DAC member countries raised at least US\$ 32 billion in 2011 from private sources.<sup>79</sup>

**Strategy in philanthropy** is even more difficult to generalize about, but in general the situation is almost the reverse. Usually there are *internal* drivers of strategy rather than *external*. In other words, for most foundations the starting point is not supporting national development priorities, or filling gaps in aid, but rather the interests of the founders, the living donors, Board members, or company – and given those interests, themes and grantees are chosen accordingly. The choice of geography may come very late, except for corporate philanthropy where grantmaking or operational work is located in places where consumers' public opinion matters, where there are local operations, or a company is mitigating harmful (or potentially harmful) activities.

Grantees are likely to be selected through word of mouth, or through home-country philanthropy service organizations. For example, tens of thousands of small foundations and family givers across the US who want to contribute globally will contact their local Rotary Club or United Way rather than seek out a UN representative or governments of developing countries.<sup>80</sup> Only a small minority of foundations provide grants to governments, preferring instead to support civil society organizations that are smaller, less bureaucratic, and more vibrant institutions who are making a tangible, rapid difference in communities and lives. Even an interim step of becoming informed about government priorities and policies in a sector like health or education before funding NGOs in that country would be a reach for many international grantmakers today.

Strategy is highly debated in philanthropy circles.<sup>81</sup> Recent articles chronicle the advent of logic models using inputs, outputs and outcomes, and qualitative and quantitative data sets, rather than just funding around thematic portfolios. They describe the growing popularity of competitive positioning, entrepreneurial approaches, and developing one's own brand (which can mitigate against healthy collaboration). There is human-centered design and venture philanthropy.<sup>82</sup> Most recently, shared value and collective impact approaches are in vogue. But what is notable is that these approaches and tools are often used *without reference to the macro-level context or data and statistics relevant to the field* in which funded projects exist. Commentator Barbara Kibbe has noted that philanthropic strategy needs to be less insulated and more attuned to the external context – as she says, strategy needs to consider the facts. It also needs to be shared, so others can understand and respond to it.

**Accountability for results and transparency of measurement** are weakly developed in the philanthropic sector, even though grantees are now expected to pay more attention to organizational effectiveness and demonstrate results – ideally, attribution back to the (relatively modest) resources of

the philanthropy. Strategic philanthropy ostensibly puts the spotlight on foundations, not just their grantees, with greater emphasis on focus, niche, and organizational performance. But despite the private reporting done by grantees to their donors, portfolio-level results - and their potential contributions to broader societal goals – are extremely hard to discern. Beyond meeting government legal requirements related to financial expenditures, both institutions and individual givers tend to report only to their governing Boards, not publicly.

Philanthropy as a field has increased its commitment to **defining and measuring impact**. In the last two decades a host of new evaluation methods were embraced, and there is more use of theories of change and results-based frameworks.<sup>83</sup> Identifying goals, outcomes and indicators for portfolios (groupings of grants/grantees), traditionally the domain of government aid agencies and NGOs, has become more widespread. A growing practice and body of experts on assessment of philanthropy exists, not least in institutions like the Center for Effective Philanthropy. But monitoring and evaluation practices continue to confound the sector. For operational and corporate foundations around the world, independent evaluations are still rare. For grantmaking philanthropy, grantee reports often focus on the output or outcome level without reference to broader context or systems change.

And while the field struggles with basic assessment practice, there are three increasing fault lines in the community. One is the *demand for financial sustainability and/or profitability*, even from social purpose activities. This reflects the massive entry into the sector of entrepreneurs and investors who rapidly increased their own wealth, and are impatient for results with their philanthropy. The second is the *emphasis on rapid results*, which may be difficult if not impossible to satisfy through the long-term development horizon of much official development cooperation. A third is the *pressure to “scale”* what works at a project level to whole communities or even countries. The irony is that these pressures are often brought in the absence of understanding about, or engagement with, the whole official development cooperation system – and to some extent, and though unrecognized by those on the philanthropy side, this can doom these efforts to failure. *Huge potential exists for philanthropy to understand that targets of financial sustainability, rapid results and reaching greater scale can be helped along by collaborating with – and leveraging its resources towards - the ODA community.*

## **VI. Opportunities and Recommendations**

There are a host of untapped opportunities, as well as enduring challenges, for philanthropists – particularly those from the South - to create more linkages and collaboration with official development cooperation structures to achieve greater impact together. Despite different starting points, strategic approaches and accountability mechanisms, there can be more effective, systematic collaboration and partnerships. The sections below suggest what it would take and how change must be catalyzed within each sector – the multilateral system, governments, and philanthropy itself.

### **The Multilateral System**

The multilateral system is increasingly recognizing that achieving positive development outcomes requires all sectors to concert their actions. But the recognition of this to date has been at a cosmetic level. The recommendations below suggest routes to more fundamental change.

1. Create entry points and routinely invite philanthropy to be a part of the SDGs and other *national* and *global* planning and implementation efforts. This should comprise a wide a range of philanthropy, including domestic philanthropy and community foundations. It should be built around active collaboration examples rather than only providing speaking roles. Such invitations must take into account that foundations may eschew such time-consuming processes and have difficulty adjusting to the pace and formality of UN meetings.<sup>84</sup>

2. Incorporate explicit support for an enabling environment for philanthropy and broader civil society as a key component of effective development cooperation at the national and global levels.
3. Consider that outreach and coordination around specific development *goals* and *targets* is more aligned with philanthropy's approach than through one aggregated *Partnerships* goal. As described above, philanthropy as a sector is driven by issue or interest area. Consider proven models of multistakeholder collaboration, including the Better than Cash Alliance; Sustainable Energy for All; and Global Alliance for Improved Nutrition (GAIN).
4. Multilateral agencies, most importantly but not limited to UNDP, should appoint foundation liaison officers who maintain ongoing relationships with philanthropic institutions, networks and individuals that go beyond funding relationships. They should maintain a growing database by theme, interests, region and country so that outreach and engagement becomes routine as the Post-2015 Agenda moves ahead. This will stimulate philanthropy's interest in global development and illuminate the benefits of cooperation with official aid structures. UNICEF's partnerships serve as a good model.
5. Include a foundations portal on UN agency websites.<sup>85</sup>
6. Encourage philanthropy to report contributions toward, and perhaps even plan according to, development goals, in order to stimulate action and real collaboration – philanthropy will recognize their own priorities and potentially join forces with other sectors. Standards like the International Aid Transparency Initiative have been developed with specific attention to the information needs of partner countries, and could be adapted and used within the context of philanthropy.
7. To encourage more corporate foundations and impact investors to contribute to development goals, UNDP should convene working groups through business gatherings like the World Economic Forum and the African Private Equity and Venture Capital Association.
8. Learn from existing outreach mechanisms like the UN Non-Governmental Liaison Service (NGLS), the UN Millennium Campaign, UN Global Compact, CIVICUS and Stakeholder Forum. Related to this, encourage more foundations and networks to register for UN ECOSOC status.
9. Document and learn from the experiences of the new UNDP-led Post-2015 Partnership Platform for Philanthropy, a 2 1/2 year effort with foundations and the US-based Foundation Center that will be managed within the Bureau for Development Policy and implemented at country and global levels; and the OECD's experiences managing the NetFWD network of foundations.
10. Consider including philanthropy formally within one of the Major Groups structures.<sup>86</sup>

A major shift will be to move from one-off meetings and discussions to consistent, meaningful engagement. This means conceiving of philanthropy's role from afterthought to routine, bearing in mind that they are but one set of non-state actors whose legitimacy and quality must be demonstrated through genuine accountability mechanisms.

### **The Role of Governments**

The philanthropy and civil society sector will be even more important in achieving the SDGs than the MDGs. To reach the potential of broad-based, lasting partnerships that create real impact, governments must actively create an enabling environment for both domestic and international philanthropy so that this sector can flourish and contribute to its maximum potential. The recommendations below can help foster these changes.

1. Government departments responsible for development cooperation should become more familiar with domestic and international philanthropy and civil society in country, particularly those organizations whose efforts can make a contribution to specific goals. Related to this, pilot new country-level mechanisms and approaches for effective collaboration that include these actors.

2. Support philanthropy and civil society more broadly by encouraging giving, and helping build trust that they are a force for good in society, not by excessive regulation, registration, and reporting requirements, which have been shown to discourage philanthropy.
3. Ensure data on philanthropy recorded by the government is easily accessible to others, and counted as part of tracking toward development goals. Include data and examples of domestic and international philanthropy that contributes to development goals on government websites.
4. Ensure policies and legislation that encourage domestic philanthropy and civil society more broadly:<sup>87</sup>
  - Create registration and reporting processes for philanthropy and civil society organizations that are not burdensome, fit their capacity level, and allow registration without discrimination.
  - Provide online resources, consider training workshops, and support not-for-profit infrastructure and development organizations that help meet the requirements of national regulation as much as resources permit.
  - Give legal recognition to existing local forms of not-for-profit organizations.
  - Institute processes for registering (or de-registering) that are transparent.
  - To meet the growing demand of domestic and international Impact Investors, consider instituting “B Corp” legislation to define and enable for-purpose enterprises.
5. Institute tax policies that encourage an expansion of domestic philanthropic giving, and learn from other countries how this can foster more participation in national or local development goals.
6. Encourage more international philanthropic contributions to complement government resources and ODA through a) policies and regulatory systems that are robust enough to ensure accountability, but without separate requirements on local organizations receiving funds from abroad; and b) enabling domestic organizations to associate freely with international organizations to promote sharing and exchange of learning.

### **Changes within the Philanthropy Sector**

Shifts are needed as well within the philanthropy sector itself. As a sector whose scope, value, and impact is often difficult to measure individually and in the aggregate, philanthropy must depend on internal leadership, and innovate with new processes and institutions that enable better outreach and response toward official development cooperation actors and processes.

1. If spending in areas covered by the MDGs and SDGs, become informed about relevant global and national development goals and targets, both to understand the external context better, and to unlock opportunities to leverage their own contributions. Build on and learn from efforts like the MDG multistakeholder coalitions around the health and education goals, and the Post-2015 Platform for Philanthropic Engagement. This will become even more relevant given the universality aspect of the SDGs.
2. Use philanthropy networks or affinity groups to create, with the UN and interested governments, shared platforms and multi-year processes that focus on how philanthropy can get more engaged in the Post-2015 Agenda and the SDGs. Consider creating a global network of foundations oriented toward making specific and significant contributions to the SDGs.
3. Provide more resources for networked solutions. Create exchange platforms to share learning, make philanthropy more visible, and inspire and motivate others to give more, more strategically, and more thoughtfully. Use frameworks like the Global Philanthropy Leadership Initiative to improve online and other “marketplaces” for philanthropy to identify new grantmaking opportunities and grantees.<sup>88</sup>
4. Philanthropy in the South can use the opportunity of the Post-2015 Agenda to expand the proportion of its giving that is grantmaking to other institutions, helping to build a robust civil society sector that makes a lasting contribution to each of the goals.

5. Report programmatic spending as much as possible against national and global development goals and share information transparently with the government and foundation data repositories like the Foundation Center (except in cases where discretion about grantees is required). Communicate about SDGs contributions on websites. To enable this, consider guidelines such as the Global Philanthropy Data Charter, the Disaster Philanthropy Protocol, and the Guidelines for Effective Philanthropy Engagement.
6. Include at philanthropy events representatives and experts on international cooperation frameworks, and include development cooperation experts on Boards and Advisory Groups. Utilize domestic, regional and global peer networks to build collaboration opportunities with official development cooperation.
7. As Impact Investing, Program-Related Investing and other market-oriented solutions grow in scale, connect more consistently with the body of livelihoods and inclusive markets work within development cooperation.

## **VII. Conclusions**

Philanthropy across the world resists easy definition and categorization. That may make it difficult to track its contribution to specific development goals. But it need not impede philanthropy's ascent into deep engagement with others in international development cooperation. Philanthropy, no matter where it originates, is driven by the imperative to meet human needs, alleviate suffering, and tackle the systemic challenges that prevent human development and progress. Social sectors have their own discourses and practices, and those of philanthropy and official development aid and cooperation are dissimilar. But philanthropy has much to offer, and therefore the headline must be: huge potential, but too little action to date. On one end of the spectrum it can be pathbreaking, supporting innovation, field building, first movers and fast movers - and at the other, it provides patient capital for long-term challenges that require painstaking efforts that go beyond political winds and shorter-term business interests. Philanthropy needs to leverage the larger resources and expertise of official development cooperation actors; while governments and the UN system need to leverage the insights, innovations and more nimble approaches of philanthropy and those organizations who the sector supports. Philanthropy reaches across borders and silos to create a better and safer world for all. The power of joining the forces of official development cooperation and philanthropy in the service of the SDGs will make a substantial difference. But this will require new mindsets, partnerships and forms of collaboration amongst the UN system, governments and the philanthropic sector alike. The challenge is worth surmounting for the leverage and greater impact it will bring. As noted historian of China Johnathan Spence put it recently, a new kind of internationalism is edging into the field of the possible.



## Annexes

### Individuals Consulted

Melissa Berman, Rockefeller Philanthropy Advisors  
Filiz Bikmen, Richard von Weizsacker Fellow, the Robert Bosch Foundation  
Ed Cain, Conrad N. Hilton Foundation  
Manu Chandaria, Chairman, Comcraft Group  
Chen Yimei, China Development Brief  
Maria Chertok, CAF Russia  
Nick Deychakiwsky, Charles Stewart Mott Foundation  
Naila Farouky, Arab Foundations Forum  
Angela Hariche, Foundation Center  
Jenny Hodgson, Global Fund for Community Foundations  
Barbara Ibrahim, John D. Gerhart Center for Philanthropy and Civic Engagement, American University in Cairo  
Mirza Jahani, Aga Khan Foundation  
Janet Mawiyoo, Kenya Community Development Foundation  
Helena Monteiro, WINGS  
Peter Onyango, African Cancer Foundation  
Tao Ze, China Foundation Center  
Danny Sriskandarajah, CIVICUS  
Ana Toni, GIP (Public Interest Management Brazil)  
Gayatri Divecha and Radhika Nayar, Dasra  
João Paulo Vergueiro, IDIS Brazil  
Karolina Mzyk, UNDP

### Selected Websites on Philanthropy

Foundation Center: [www.foundationcenter.org](http://www.foundationcenter.org)  
Chronicle of Philanthropy Publications and Website: <http://philanthropy.com/section/Home/172/>  
Global Philanthropy Forum (US, Brazil, Asia, Africa): <https://philanthropyforum.org/>  
Stanford Social Innovation Review: [www.ssireview.org](http://www.ssireview.org)  
WINGS (Worldwide Initiatives for Grantmaker Support): [www.wingsweb.org](http://www.wingsweb.org)  
European Foundation Center: [www.efc.be](http://www.efc.be)  
European Venture Philanthropy Association: [www.evpa.eu.com](http://www.evpa.eu.com)  
Stanford Center on Philanthropy and Civil Society (PACS): [pacscenter.stanford.edu](http://pacscenter.stanford.edu)  
Council on Foundations: [www.cof.org](http://www.cof.org)  
Gerhart Center for Philanthropy and Civic Engagement: [www.aucegypt.edu/research/gerhart](http://www.aucegypt.edu/research/gerhart)  
UBS Philanthropy Compass: [www.ubs.com/content/dam/static/epaper/index.html?id=bofddo7c](http://www.ubs.com/content/dam/static/epaper/index.html?id=bofddo7c)  
Centro Mexicano para la Filantropia: [www.cemefi.org](http://www.cemefi.org)  
GIFE Brazil (Grupo de Institutos, Fundacoes e Empresas): [www.gife.org.br](http://www.gife.org.br)  
Synergos: [www.synergos.org](http://www.synergos.org)  
Arab Foundations Forum – [www.arabfound.org](http://www.arabfound.org)  
East Africa Association of Grantmakers: [www.eaag.org](http://www.eaag.org)  
African Grantmakers Network: [www.africangrantmakersnetwork.org/](http://www.africangrantmakersnetwork.org/)  
Asia Pacific Philanthropy Consortium: [www.asiapacificphilanthropy.org](http://www.asiapacificphilanthropy.org)  
Alliance Magazine: [www.alliancemagazine.org](http://www.alliancemagazine.org)  
IDIS Brazil: [www.idis.org.br/about-idis](http://www.idis.org.br/about-idis)  
International Center for Not for Profit Law: [www.icnl.org](http://www.icnl.org)  
TrustAfrica: [www.trustafrica.org](http://www.trustafrica.org)  
Rockefeller Philanthropy Advisors: [www.rockpa.org](http://www.rockpa.org)  
Hudson Institute Center for Global Prosperity: [www.hudson.org/policycenters/13-center-for-global-prosperity](http://www.hudson.org/policycenters/13-center-for-global-prosperity)

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## Endnotes

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<sup>1</sup> Separate, but related, are climate change negotiations taking place under the UN Framework Convention on Climate Change.

<sup>2</sup> Civil society organizations is generally taken to include NGOs, faith-based organizations, academia and the media.

<sup>3</sup> *Global Partnership for Effective Development Co-operation*, <http://effectivecooperation.org/about/>.

<sup>4</sup> "First High-Level Meeting of the Global Partnership for Effective Development Co-operation: Building Towards an Inclusive Post-2015 Development Agenda," *Global Partnership for Effective Development Co-operation*, April 16, 2014, <http://effectivecooperation.org/wordpress/wp-content/uploads/2014/05/FinalConsensusMexicoHLMCommunique.pdf>. Section 17 specifically mentions philanthropy.

<sup>5</sup> This is contrasted with the notion of charity which in general is aimed at relieving suffering rather than tackling root causes of problems.

<sup>6</sup> If government resources were able to provide schools and a good education for all, philanthropy would find no need to contribute to schools (indeed this is not a role for philanthropy in Scandinavian countries, while it is in the US and India). If markets really were inclusive, philanthropy would not have to fund the expansion of banking to the poor. Philanthropy does sometimes provide crucial funding for governments directly, in areas as diverse as agricultural research, improvements in health care systems, improvements in legal aid systems, and encouragement of arts and culture.

<sup>7</sup> Philanthropy is mentioned once in the HLP report and is not mentioned in *The Future We Want*.

<sup>8</sup> More information on this effort is included in the sections below.

<sup>9</sup> "Statistics on Resource Flows to Developing Countries," *OECD*, January 2014, <http://www.oecd.org/dac/stats/statisticsonresourceflowstodevelopingcountries.htm>. In 2000 just prior to the Millennium Development Goals launching it was about US\$54 billion.

<sup>10</sup> *Human Development Report 2013: The Rise of the South: Human Progress in a Diverse World* (New York: United Nations Development Programme, 2013), [http://hdr.undp.org/sites/default/files/reports/14/hdr2013\\_en\\_complete.pdf](http://hdr.undp.org/sites/default/files/reports/14/hdr2013_en_complete.pdf). A telling point is that philanthropy is not mentioned at all in this report.

<sup>11</sup> For more information see Development Initiatives website <http://devinit.org/about/>. Relevant publications include: Mariella Di Ciommo, *Development Cooperation for the Future* (Development Initiatives, 2014), <http://devinit.org/wp-content/uploads/2014/04/Development-cooperation-for-the-future1.pdf>. OECD definitions include in ODA flows of concessional financing with a grant element of at least 25%, and provided by official sectors with the primary objectives of promoting the aid recipients' economic development and public welfare.

<sup>12</sup> *Index of Global Philanthropy and Remittances 2013, With a Special Report on Emerging Economies* (Washington, D.C.: Hudson Institute Center for Global Prosperity, 2013), [http://www.hudson.org/content/researchattachments/attachment/1229/2013\\_indexof\\_global\\_philanthropyand\\_remittance\\_s.pdf](http://www.hudson.org/content/researchattachments/attachment/1229/2013_indexof_global_philanthropyand_remittance_s.pdf). Figures below are from page 8.

<sup>13</sup> In the 2011 India-Africa Forum Summit, Indian Prime Minister Manmohan Singh pledged a \$5 billion loan package to Africa.

<sup>14</sup> *Index of Global Philanthropy*.

<sup>15</sup> *Ibid*, p. 5.

<sup>16</sup> *Index of Global Philanthropy*.

<sup>17</sup> According to the Hudson Institute, about 14 percent of American giving comes from foundations while 73 percent comes from individuals.

<sup>18</sup> Much of the information in this section comes from *The Foundation Center*, [www.foundationcenter.org](http://www.foundationcenter.org).

<sup>19</sup> The largest single donor continues to be the Bill & Melinda Gates Foundation whose endowment is significantly larger than any other single foundation.

<sup>20</sup> For information on corporate giving see "Giving Around the Globe," *CECP*, <http://cecp.co/measurement/global-measurement.html>.

<sup>21</sup> Most of the information on remittances came from this World Bank website: "Migration and Remittances," *The World Bank*, last updated April 2014, <http://go.worldbank.org/RR8SDPEHOo>.

<sup>22</sup> For a useful interactive 'remittance map' see: "Remittance Flows Worldwide in 2012," *Pew Research*, published February 20, 2014, <http://www.pewsocialtrends.org/2014/02/20/remittance-map/>.

<sup>23</sup> At the same time, agencies like UNICEF and many NGOs have also documented the hardships that can be experienced through migration, not least the impact on children of absent parents.

<sup>24</sup> This World Bank site includes data on inflows and outflows by country: "Migration & Remittances Data," *The World Bank*, <http://go.worldbank.org/092X1CHHDo>.

- <sup>25</sup> CAF's Russia office, for example, since 1993 has implemented a wide variety of initiatives aimed at promotion of charitable giving and helps address the difficult relationship between the government, civil society and philanthropy, its representative remaining a respected authority across the sectors.
- <sup>26</sup> *Philanthropic Freedom: If You Can't Measure It, You Can't Improve It* (Washington, D.C.: Hudson Institute, 2013), <http://s3.amazonaws.com/media.hudson.org/files/publications/FinalOnlineVersionPhilanthropicFreedomAPilotStudy.pdf>.
- <sup>27</sup> "Acting Locally – the South's Rising Philanthropy," *IRIN Humanitarian News and Analysis*, published April 11, 2014, <http://www.irinnews.org/report/99923/acting-locally-the-south-s-rising-philanthropy>.
- <sup>28</sup> "Perspectives on Global Development 2012: Social Cohesion in a Shifting World," *OECD*, accessed July 12, 2013, [www.oecd.org/site/devpgd2012/49067800.pdf](http://www.oecd.org/site/devpgd2012/49067800.pdf), and "2013 Global Forum on Development Summary Record," *OECD*, published April 5, 2013, <http://www.oecd.org/site/oecdgfd/SUMMARY%20RECORD%20-%202013%20OECD%20Global%20Forum%20on%20Development.pdf>.
- <sup>29</sup> Homi Kharas, *Working Paper No. 285: The Emerging Middle Class in Developing Countries* (Paris: OECD Development Centre, 2010), <http://www.oecd.org/development/pgd/44457738.pdf>. Middle class is calculated here as those households with daily expenditures between US\$10 and 100 per person in purchasing power parity.
- <sup>30</sup> Cited in *Future World Giving: Enabling an Independent, Not-for-Profit Sector* (Kent: Charities Aid Foundation, 2014), <https://www.cafonline.org/pdf/CAF%20Independence%20Report-Web.pdf>, page 5.
- <sup>31</sup> In Europe, for example, the term foundation is also used for non-profits that must continually raise funds, often from endowed or corporate foundations or public sources.
- <sup>32</sup> *Community Foundations: Rooted Locally Growing Globally* (Charles Stewart Mott Foundation, 2012), and personal communication with John Holm of Charities Aid Foundation. The Silicon Valley Community Foundation was famously in the news in 2013 after receiving a \$1 billion contribution from Facebook founder and local resident Mark Zuckerberg.
- <sup>33</sup> *Community Foundations*, p. 16. Key lessons learned over the years include the importance of having local roots; their value in convening and leadership in their communities; the need to balance reacting to local needs and proactively addressing them; the need for technical assistance for themselves and for their grantees; the need to be inclusive, particularly for youth; the importance of support infrastructure like membership associations, networks and community forums; and the ability to adapt to different tax structure, laws and cultures. For China-specific information see <http://www.globalfundcommunityfoundations.org/latest-news/2014/7/4/building-the-future-you-want-to-see-what-role-for-community.html>.
- <sup>34</sup> *Global Fund for Community Foundations*, <http://www.globalfundcommunityfoundations.org/latest-news/>. The article's figures have been updated with information from the Fund's Executive Director Jenny Hodgson.
- <sup>35</sup> *The Case for Community Philanthropy: How the Practice Builds Local Assets, Capacity, and Trust – and Why It Matters* (Aga Khan Foundation USA, Charles Stewart Mott Foundation, Global Fund for Community Foundations and Rockefeller Brothers Fund, 2013), <http://www.globalfundcommunityfoundations.org/information/the-case-for-community-philanthropy-how-the-practice-builds.html>. Community philanthropy has three building blocks: creating and deploying local assets (financial and otherwise) and sustainably growing a resource base through local donors and perpetual endowments; building capacity in the form of relationships, knowledge, leaders and infrastructure to strengthen citizen voice and participation and help organizations adapt to change; and a strong emphasis on building trust by using locally-developed governance and transparency in funding decisions, which creates ownership in development processes.
- <sup>36</sup> "Acting Locally – the South's Rising Philanthropy."
- <sup>37</sup> *The Giving Pledge*, <http://givingpledge.org/index.html>.
- <sup>38</sup> There is also a reluctance, in many cases, to hand wealth to children who haven't yet established careers of their own, particularly in countries without estate taxes like China, where the fortunes will be vast.
- <sup>39</sup> "GIIN Members," *Global Impact Network*, <http://www.thegiin.org/cgi-bin/iowa/network/members/index.html>.
- <sup>40</sup> See for example: "Winners of the Impact Economic Innovations Fund," *The Rockefeller Foundation*, published November 26, 2013, <http://www.rockefellerfoundation.org/blog/winners-impact-economic-innovations>. Winners of a grant competition to build impact investing infrastructure and good practice around the world included Thailand's *Change Fusion*, and *New Ventures Mexico*.
- <sup>41</sup> Clara Barby, David Barley, Nishita Dewan, and Ponnile Osibo, *Investing for Impact: A Strategy of Choice for African Policymakers* (Bridges Ventures, 2014), <http://www.avca-africa.org/wp-content/uploads/2014/04/Final-Investing-for-Impact-Report-Apr-20141.pdf>.
- <sup>42</sup> *Investing in Readiness: Growing Early Stage Social Businesses* (Dasra), <http://www.dasra.org/research/flip/index.php?report=17#features/5>.
- <sup>43</sup> Abram Brown, "The World's Richest Koreans: At the Top, a Billionaire Baker," *Forbes*, published April 30, 2014, <http://www.forbes.com/sites/abrambrown/2014/04/30/the-worlds-richest-koreans-at-the-top-a-billionaire-baker/>.
- <sup>44</sup> Cited in: Joan E. Spero, *Charity and Philanthropy in Russia, China, India and Brazil* (New York: Foundation Center, 2014), p. 8.
- <sup>45</sup> Mary Brown Bullock, author of *The Oil Prince's Legacy*, personal communication.
- <sup>46</sup> This is calculated by subtracting foundations of state-owned enterprises and university foundations (since universities are by nature public).
- <sup>47</sup> *China Foundation Center*, <http://en.foundationcenter.org.cn/>.
- <sup>48</sup> Xu Yongguang, "Towards a Healthier Philanthropy: Reforming China's Philanthropic Sector," in *Philanthropy for Health in China*, eds. Jennifer Ryan, Lincoln C. Chen, and Tony Saich (Bloomington, IN: Indiana University Press, 2014).
- <sup>49</sup> While true, instances of pressure, such as corporate philanthropy giving to the Olympics, will no doubt continue.

- <sup>50</sup> “HNA Group Forms Strategic Partnership with World Food Programme -- World's Largest Humanitarian Organization,” *Africa World Airlines*, published May 22, 2013, [http://www.flyafriaworld.com/details.cfm?corpnews\\_scatid=30&corpnews\\_catid=9&corpnews\\_scatlinkid=34](http://www.flyafriaworld.com/details.cfm?corpnews_scatid=30&corpnews_catid=9&corpnews_scatlinkid=34).
- <sup>51</sup> “Hainan Airlines to Raise Money for UN Children’s Fund,” *ECNS*, August 16, 2013, <http://www.ecns.cn/business/2013/08-16/77498.shtml>.
- <sup>52</sup> “Chinese Philanthropists Support Hirola Sanctuary,” *The Nature Conservancy*, <http://www.nature.org/ourinitiatives/regions/africa/explore/chinese-hirola-gift.xml>.
- <sup>53</sup> Estimated as such by Dasra, based on studies including the *World Wealth Report* (Merrill Lynch and Cap Gemini, 2011).
- <sup>54</sup> Arpan Sheth, *India Philanthropy Report 2012* (Mumbai: Bain & Company, 2012), [http://www.bain.com/Images/REPORT\\_India\\_Philanthropy\\_Report\\_2012.pdf](http://www.bain.com/Images/REPORT_India_Philanthropy_Report_2012.pdf). Bain & Co does an annual report on giving in India. Givers are often the children of the newly rich. One study found more than two thirds had only done grantmaking for three years or less.
- <sup>55</sup> By Bain & Co.
- <sup>56</sup> Personal communication with Dasra staff. More information is available at <http://www.dasra.org>.
- <sup>57</sup> *Communitas Coalition*, <http://www.communitascoalition.org/about.html>.
- <sup>58</sup> *Index of Global Philanthropy*, p. 19.
- <sup>59</sup> “Our Members,” *Better than Cash Alliance*, <http://betterthancash.org/about/our-members>.
- <sup>60</sup> “Africa’s Top 10 Philanthropists,” *IRIN Humanitarian News and Analysis*, published April 11, 2014, <http://www.irinnews.org/report/99924/africa-s-top-10-philanthropists>
- <sup>61</sup> *Giving to Help, Helping to Give: The Context and Politics of African Philanthropy*, eds. Tade Akin Aina and Bhekinkosi Moyo (Dakar: Amalion Publishing, 2013), p. 6.
- <sup>62</sup> For a fascinating documentation of its history see “Our History,” *TrustAfrica*, <http://www.trustafrica.org/en/about-us/our-history>.
- <sup>63</sup> Jane Wales, “Enlightened Africans Are Working to Spread the Continent’s Uneven Prosperity, Chronicle of Philanthropy,” *The Chronicle of Philanthropy*, August 11, 2013, <http://philanthropy.com/article/African-Leaders-Outline-Plan/140975/>.
- <sup>64</sup> By June 2014 over 700,000 had completed financial literacy training and the program led to a 76 percent increase in the number of people who save and a 62 percent increase in those who maintain a savings plan.
- <sup>65</sup> “TUSEV Research Publication on Philanthropy in Turkey,” *TUSEV*, <http://www.tusev.org.tr/en/social-investment-1/philanthropy/tusev-research-publication-on-philanthropy-in-turkey-1>. Some of the international foundations which continue to provide support are the Bernard Van Leer Foundation (education), King Baudouin Foundation, and Sigrid Rausing Trust.
- <sup>66</sup> Filiz Bikmen, personal communication.
- <sup>67</sup> There are a few NGO databases including at the Civil Society Development Center and at Bilgi University.
- <sup>68</sup> Vodafone generally establishes local foundations in countries where they have operations.
- <sup>69</sup> For more information see the writings of Turkish philanthropy expert Filiz Bikmen at “Filiz Bikmen,” *Academia*, <https://independent.academia.edu/FilizBikmen>.
- <sup>70</sup> “Overview,” *Arab Foundations Forum*, <http://www.arabfound.org/NewAFF/English/index.html>.
- <sup>71</sup> Maria Chertok, personal communication.
- <sup>72</sup> “Paris Declaration and Accra Agenda for Action,” *OECD*, <http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>.
- <sup>73</sup> “Busan Partnership for Effective Development Co-operation,” *OECD*, published December 1, 2011, <http://www.oecd.org/dac/effectiveness/49650173.pdf>.
- <sup>74</sup> “First High-Level Meeting of the Global Partnership for Effective Development Co-operation.”
- <sup>75</sup> Philanthropy chronicler Lucy Bernholz is a trend-watcher with a retrospective and prospective view. See for example: “A Decade of Predictions,” *Philanthropy 2173* (blog), January 12, 2010 (12:53 p.m.), <http://philanthropy.blogspot.com/2010/01/decade-of-predictions.html>. Prototype US foundations, for example, have for 50 years maintained more or less the same organizational structures, conservative endowment management, annual payouts around 5% of investment corpus, and norms of interaction with grantees.
- <sup>76</sup> *Keeping the Multiple Dimensions of Poverty at the Heart of Development* (OECD), <http://www.oecd.org/dac/POST-2015%20multidimensional%20poverty.pdf>.
- <sup>77</sup> Examples include the OECD itself, <http://www.openaid.de> and the One Campaign.
- <sup>78</sup> Much has been written about the rationale behind aid. See for example the Center for Global Development (<http://www.cgdev.org>) and the *Commitment to Development Index 2013* (Center for Global Development, 2013), [www.cgdev.org/sites/default/files/CDI-brief-2013.pdf](http://www.cgdev.org/sites/default/files/CDI-brief-2013.pdf).
- <sup>79</sup> *Aid for CSOs* (OECD, 2013), <http://www.oecd.org/dac/peer-reviews/Aid%20for%20CSOs%20Final%20for%20WEB.pdf>, p. 3. For more on the private sector as a recipient of ODA see, for example: Jeroen Kwakkenbos, *Private Profit for Public Good?* (Brussels: Eurodad, 2012), <http://www.eurodad.org/files/pdf/520a35cb666a7.pdf>.
- <sup>80</sup> *Rotary*, <https://www.rotary.org/en>; *United Way*, <http://worldwide.unitedway.org/IDAG/home>.
- <sup>81</sup> Recent examples include a retrospective stocktaking and a piece on strategic philanthropy in a “complex world”, both appearing in the Stanford Social Innovation Review: Barbara Kibbe, “Five Things Strategy Isn’t,” *Stanford Social Innovation Review*, published March 14, 2014, [http://www.ssireview.org/blog/entry/five\\_things\\_strategy\\_isnt](http://www.ssireview.org/blog/entry/five_things_strategy_isnt), and John Kania, Mark Kramer, and Patty Russell, “Strategic Philanthropy for a Complex World,” *Stanford Social Innovation Review*, last updated June 16, 2014, [http://www.ssireview.org/up\\_for\\_debate/article/strategic\\_philanthropy](http://www.ssireview.org/up_for_debate/article/strategic_philanthropy).

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<sup>82</sup> *Venture Philanthropy in Development: Dynamics, Challenges and Lessons in the Search for Greater Impact* (Paris: OECD Development Centre, 2014),

[http://www.oecd.org/site/netfwd/Full%20Study\\_Venture%20Philanthropy%20in%20Development.pdf](http://www.oecd.org/site/netfwd/Full%20Study_Venture%20Philanthropy%20in%20Development.pdf).

<sup>83</sup> Some foundations even regularly utilize Randomized Control Trials, despite the relatively high effort and expense for programs of limited scope.

<sup>84</sup> Bill Gates is regularly invited to meet with the UN Secretary General but this likely reflects one large and influential foundation rather than the broader community's perspectives.

<sup>85</sup> UNDP's foundations strategy is outlined here: "UNDP and Foundations," *UNDP*,  
<http://www.undp.org/content/undp/en/home/ourwork/partners/foundations.html>.

<sup>86</sup> Agenda 21 in 1998 established the concept of "major groups" whose engagement and partnership is essential to achieving sustainable development. The 9 major groups are: business and industry, children and youth, farmers, indigenous people, local authorities, NGOs, scientific and technological communities, trade unions, and women.

<sup>87</sup> Many of these recommendations come from the work of the Charities Aid Foundation and their philanthropic work in 9 countries across the world. For more detailed recommendations see, for example, *Future World Giving: Building Trust in Charitable Giving* (Kent: Charities Aid Foundation, 2014), <https://www.cafonline.org/PDF/Future-World-Giving1.pdf>.

<sup>88</sup> Natalie Pinon and Audrey Selian, *Building an Online Platform: For Practitioners in International Philanthropy* (Kent: Charities Aid Foundation, 2012),

[http://c.y.mcdn.com/sites/www.wingsweb.org/resource/resmgr/files/report\\_gpli\\_onlineplatform.pdf](http://c.y.mcdn.com/sites/www.wingsweb.org/resource/resmgr/files/report_gpli_onlineplatform.pdf).