



# About WINGS

**Worldwide initiatives for Grantmaker Support (WINGS) is a network of about 100 philanthropy associations and support organizations in 40 countries around the world whose purpose is to strengthen, promote and provide leadership on the development of philanthropy and social investment.**

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# Sources and acknowledgements

## The research for this report is based on three main sources:

- Twenty interviews with either practitioners or close observers of the philanthropy scene in different parts of the world. These are quoted directly throughout the text.
- Themed workshops held at events in Johannesburg, Mexico City and Amman.
- Desk research into published reports, articles and websites bearing on the general themes.

The source that the report draws on most heavily is the interviews, because of the insights and immediacy they offer. The selection of themes has been guided partly by what the interviewees said. The information thus gained is mainly qualitative. As a result, the meat of the report lies in the discussion of developments rather than the presentation of facts.

While there was a basic template for the interviews, they varied depending on the expertise of the person interviewed.

The ideas and arguments of the interviewees range widely. To restrict them to neat geographical or thematic packages would have lessened their value. In an era where problems appear increasingly interrelated and increasingly complex, slicing up information into themes seems an arbitrary exercise.

For the sake of structure, however, the material has been organised into broad themes, but there are many loose ends. In a sense, this reflects the state of global philanthropy. While some developments can be fairly readily summarised, there are many trends – the progress of online giving, the future of impact investing, the effects of digital data, to name only three – whose evolution in general, let alone in detail, is impossible to predict for even the most sapient observer.

## Thanks are principally due to three sets of people:

- The interviewees (listed in Annex A) who generously contributed their time and their wisdom.
- The working group who designed and oversaw the research, and helped shaped the final product: Benjamin Bellegy, Pamela Ribeiro and Muriel Asseraf, (WINGS); Larry McGill and Lauren Bradford (Foundation Center, USA); and Barry Knight (CENTRIS, UK). Also, thanks to Julia Catani who set up the interviews and generally smoothed the process.
- Finally, and too many to mention by name, the participants in the three regional workshops (listed in Annex B) that fed into this report. Even where the views expressed by them are not directly attributed, they have informed many of the ideas that feature in it.

# Foreword

## Giving voice to the diversity of philanthropy practices, recognizing and identifying the trends and cultural aspects that affect giving in different parts of the globe, highlighting the challenges that still stand in the way of a more efficient and more sustainable philanthropy, and offering ways to build a more interconnected and more coherent field – are among some of WINGS’ strategic objectives, and they are embodied in this report.

Based on more than 20 interviews with some of philanthropy’s foremost actors and thinkers and on three workshops with professionals and practitioners from civil society networks, foundations, infrastructure organizations or research centers, the report builds and expands on the work previously done on the WINGS Global Institutional Report 2010, and presents a qualitative view of the field, based on the following 7 aspects:

- Individual giving;
- Institutional giving;
- Community philanthropy;
- Beyond grants: different uses of philanthropic money;
- Collaboration;
- Philanthropy government and civil society;
- Infrastructure organizations.

In the midst of growing challenges – some external and some internal, some manageable and some out of our control – the report also gives some indication of how to move forward, showing specifically how technology can become a strength and an asset for non-profits, how civil society organizations ought to protect themselves against shrinking civic space, how infrastructure organizations can and must rethink their scope and responsibilities, and how philanthropy in general needs to tackle the question of inequality and wealth distribution.

We are very grateful to all of those who have contributed to the making of this report. It is our hope that it will help foster a new way of thinking about philanthropy’s role and purpose, one in which WINGS plays and will continue to play a leading role.

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## THE ONE-MINUTE VERSION

The current report is an effort to put diversity back at the heart of philanthropy by drawing a comprehensive and provocative picture of current trends and challenges the world over – from individual forms of giving to community philanthropy and structured, institutional giving. It also raises some of the questions and issues most critical and central to the development of philanthropy – from the impact of new technology and shrinking civic space to power dynamics within philanthropy practice and concepts, and the evolving role and form of philanthropy infrastructure. Last but not least, the report demonstrates that the predominant North American and European models – often used as a reference point, to be opposed, customised or assimilated by others – are in fact just one part of the picture. Through the voices of some of its wisest and most prominent advocates, the field of philanthropy emerges from the pages of this report in all its complexity and multi-faceted reality.

## THE FIVE-MINUTE VERSION

### Individual giving

Almost everywhere, giving is increasing, both by the wealthy and by people of more modest means. Individual giving is greater than institutional giving in terms of amount given almost everywhere, though much of it is unseen.

Most giving by ordinary individuals remains traditional in form and in destination, with religious giving remaining strong in many countries, even more secular ones. Giving to organisations is often constrained by mistrust.

New methods of giving opened up by technological advance – online giving, giving by SMS and crowdfunding – are growing in importance but they are still of limited significance in most places. Although online giving is often a spontaneous response to a

catastrophic event, it has potential to create solidarity and mutual support.

Giving by the very wealthy is increasingly influenced by the younger generation, who are more inclined to explore non-traditional ways of giving. Giving by the wealthy could be spurred on if donors talked more about their giving, but media and public hostility in some places discourages them from doing so.

### Institutional giving

The number of foundations is generally increasing, especially in Europe and in some countries of the global south. Two key reasons for this are growing wealth and government encouragement of philanthropy to help supplement their budgets. At the same time, there is a trend for the wealthy to give without setting up a traditional foundation.

Though in theory the position of foundations enables them to take

risks, in practice most foundations are conservative, giving to 'safe' areas such as education, healthcare and social services. Relatively few are willing to support advocacy or social justice issues. Corporate giving is often more risk-averse than private foundation giving. It tends to be based on what is expected of companies rather than what is needed. Generally speaking, foundations are more risk-averse than they say they are.

Though grantmaking is slowly gaining ground, it accounts for a relatively small proportion of foundations, except in the English-speaking world. Strategic philanthropy is also on the rise, bringing with it an increased emphasis on measuring impact, which some view as potentially harmful.

Four key roles for foundations – innovation, filling gaps, supporting civil society and acting for the long term – all depend to some degree on foundations' willingness to take risks.

## Community philanthropy

Community foundations are found almost everywhere, though they have adapted to local requirements and circumstances. They are very unevenly distributed. They are playing a wide variety of roles, from creating community to offering donor services. There is also a great deal of community-based philanthropy happening informally.

## Beyond grants: different uses of philanthropic money

Foundations are increasingly exploring new ways of using their assets, in the form of venture philanthropy, impact investing and socially responsible investing, and/or by using non-monetary assets such as expertise, reputation and convening power. These trends should not be exaggerated. Impact investing, for example, though clearly on the horizons of many institutions, is still not widely practised. Alongside this we see the growth of social enterprise/ social business, which is viewed as highly significant in many countries.

There is an increasing blurring of the line between the for-profit and non-profit sectors. Increasingly, a hallmark of organisations working for social good is hybridity, with organisations with different legal forms adopting a variety of means of working. Consequently, notions of what constitutes 'philanthropy' and 'philanthropists' are broadening. Potentially this could bring more capital to bear on the solution of increasingly complex problems.

## Collaboration

Collaboration, both within the sector and between philanthropy and other sectors, is increasingly accepted in principle as a way for philanthropy to maximise its impact. Despite this, it is not yet widespread. Restraining factors include the cherishing of foundation independence, the investment of time

needed for success, and lack of staff resources at philanthropic institutions. Collaboration between government and philanthropy tends to be limited by suspicion of motives and lack of comprehension on both sides about what the other can offer.

The notion of collaboration is explicitly contained in the Sustainable Development Goals, but intention rather than activity tends to characterise philanthropy's response so far. While the SDGs offer a template to organisations seeking to align their work with a larger development agenda, many funders remain ambivalent. In some cases, they are waiting for a clear lead on a national strategy towards the SDGs, either from the government or from a representative body from their own sector.

## Philanthropy, government and civil society

While governments are keen to encourage civil society and philanthropy when they are doing work they approve of, they are increasingly taking steps to curtail NGO activities in more politically sensitive areas, either by formal restriction or by informal harassment. This affects philanthropy as it limits the ways in which it can support those NGOs that are subject to official disapproval.

NGOs are coming under increasing pressure in other ways, too. Failure to replace lost international funding with local sources; being out of step with new philanthropy; direct implementation of programmes by operating foundations; and social business competing for attention and support – these are just some of the factors contributing to this.

Most countries have some form of tax exemption for donors, recipient organisations or both. While it is widely believed that tax incentives are not a primary motive for individual donors, they may encourage people to give more.

## Infrastructure organisations

Philanthropy infrastructure organisations are very unevenly distributed, with 80% of the funding for infrastructure concentrated in North America. Infrastructure is frequently lacking in countries with emerging philanthropy sectors, where it is most needed.

Key roles for infrastructure organisations range from representation and advocacy to research and collection of data, sharing of best practice, and training and convening. They can also introduce new ideas to the sector, raise difficult questions, and foster collaboration. In representing the sector they face a difficult balance, having to present, rather than set, the agenda. The lack of reliable data on the sector is widely seen as a big problem.

There is a real issue as to whether the 'business model' that many infrastructure organisations adopt – provision of technical or information services in exchange for an annual membership fee – is going to be viable for much longer, especially as members' expectations grow. The basic challenge for infrastructure organisations is to demonstrate their value to the sector.

# Introduction

**This chapter looks at the term ‘philanthropy’, which has different meanings and different connotations in different parts of the world. It tends to reflect ‘western’ ideas, often at odds with local traditions of giving. It also looks at some of the external challenges facing philanthropy and philanthropy infrastructure organisations – and indeed the human race as a whole.**

## THE MEANING OF PHILANTHROPY

Most of the terminology of philanthropy is imported from Anglo-Saxon traditions irrespective of whether it fits local circumstances or not. There is an ambivalence in the term philanthropy itself even in places where it appears to be well understood. Where it involves translating a word or a concept, this ambivalence is more pronounced.

Beyond how it translates in different countries, literally and figuratively, it’s possible that the overtones of the term philanthropy will change considerably even in the global north and that the change will be a generational one. Writing in Alliance earlier this year, Hilary Pearson of Philanthropic Foundations of Canada and Jean-Marc Fontan of the University of Quebec in Montreal assert that ‘philanthropy is no longer only about benevolence. It’s about having impact on the complex problems that face the next generation.’

### How widely is it used?

‘The term philanthropy is mostly associated with charity, and in general it has a negative sense,’ says Andre Degenszajn of Instituto Ibirapitanga, former Secretary General of the Grupo de Institutos, Fundações e Empresas (GIFE). This is partly because of past corruption scandals involving philanthropic institutions as a result of which the term philanthropy has come to signify in the public mind ‘a mix of poor efficiency and lack of trust. In general, it’s not a term people identify with.’ As a result, the term private social investment is generally preferred. He notes another reason for this preference: philanthropy has been closely associated in Brazil with the corporate sector, and ‘the language of investment and return is closer to the mindset of those institutions.’

It’s interesting to note that in a report across a number of Latin American countries,<sup>1</sup> participants from Brazil and Argentina use the term private social investment and stress its transactional character.

For Grupo de Institutos, Fundações e Empresas (GIFE) in Brazil, it is ‘the voluntary transfer of private funding in a planned, monitored and systematic way for social, environmental and cultural projects of public interest.’ For Grupo de Fundaciones y Empresas (GDFE) in Argentina it is ‘the responsible, proactive and strategic use of private resources in which the expected return is the well-being of the community and development over the long-term.’ In Mexico people do use the term philanthropy and emphasise its emotional and moral aspect: ‘It is the expression of a generous impulse.’

Outside the sector itself, the term philanthropy has little currency in China, thinks Yanni Peng of Narada Foundation. The charity law promulgated in 2016 uses what is literally translated as charity, but there’s another Chinese term in use that means public good.

In the Arab region, while giving is generally practised, and large-scale giving from an endowment, through the waqf idea, is widely known, the term philanthropy is used mainly by people who are exposed to the West, says Atallah Kuttub of SAANED for Philanthropy Advisory in the Arab Region.

Philanthropy in Turkey is mainly understood as charity and generally has traditional and religious connotations, says Basak Ersen. According to a recent study by the Third Sector Foundation of Turkey (TUSEV),<sup>2</sup> most Turks see it as some form of assistance to individuals: 40% see it as ‘helping the poor and those in need’ and 28.5% describe it as ‘helping others, doing good.’ Interestingly, while many regard particular actions as philanthropic – giving scholarships, building schools, etc – they don’t see ‘education’ generally as a category of philanthropic activity. This is changing but, as elsewhere, a more ‘western’ understanding of the term is mainly limited to philanthropy professionals.



Philanthropy is no longer about benevolence. It’s about having impact on the complex problems that face the next generation”

## ‘Philanthropy’ and local traditions of giving in Africa

Halima Mahomed, independent philanthropy consultant, notes that in South Africa use of the word philanthropy is mostly confined to professionals. Even when it is used, it has connotations of paternalism, so ‘we’ve been trying to change this terminology and saying to people: if you’re going to use the term philanthropy, you need to be specific about what you’re talking about. It’s not just rich institutions giving to poor people; it happens every day among ordinary people and they just don’t call it that.’ People call it charity, they call it help, ‘they use giving and they also use indigenous terms like ubuntu or the terms for specific practices like stokvels.<sup>3</sup> They use what they know and is familiar.’

One participant in the Johannesburg workshop echoes this: there is still a gap between what institutional donors refer to as philanthropy and local traditions of giving and other forms of support. This gap, though it has long been acknowledged, has yet to be successfully bridged. Observers talk of the importance of traditional forms, but accounting for them, finding ways to stimulate them and bringing them into the canon of philanthropy has seldom been successfully done, despite the seminal work of Susan Wilkinson-Maposa and others on ‘horizontal philanthropy.’

Mahomed sees ‘space for innovation in individual giving but we have to think about how we support it without destroying it. There are tensions created by this charity vs philanthropy debate. It comes from the global north, where charity is bad and philanthropy is good, and that’s not a dichotomy that’s helpful. Progressive institutions are beginning to talk about how to think about people’s lives holistically. Gender violence, patriarchy, the economy and the labour system all intersect with each other and you can’t deal with one in isolation. Also, what’s happening to people right here and now cannot be discounted in favour of looking only at the long term.’ It’s a debate, she feels, that is not being heard enough.

In fact, the use of the term philanthropy often marks a borderline between rational, emotionally disinterested, professional notions of giving and a more spontaneous, compassionate response to those in need which might be expressed either by gifts of money or by other forms of generosity.

## Philanthropy and power

Jenny Hodgson of the Global Fund for Community Foundations calls it ‘a critical question for this report and for WINGS. The word “philanthropy” is so divisive. It has so many connotations of power, inequality and privilege.’ The mistrust formal philanthropy tends to feel for civil society is often mutual because ‘the people who are setting up foundations are coming from exactly those institutions that are causing the problems. So while we’re talking about philanthropy being private resources for public good, voluntary giving, empathy, etc, we need to ask for what?’

So do progressive funders ‘claim’ the word as ‘something of the people’, or do they pursue an inconclusive search for a more satisfactory term? In Africa, she says, ‘there’s a narrative which goes: “people have always given, there’s no continent in the world that understands giving and solidarity among people more, it’s in our DNA, etc”, yet when it translates into how conferences are organised, who gets to speak, it’s all people who’ve made money out of business, it’s nothing to do with that narrative at all. These things needn’t be irreconcilable but at the moment they sit at two ends of the spectrum so the narrative supports one thing, but the practice and the power dynamics another.’

## EXTERNAL CHALLENGES FACING PHILANTHROPY

Interviewees for this research were asked what they see as the big external challenges that philanthropy and philanthropy infrastructure organisations will have to respond to in the immediate and near future. This section is based on their answers. These are challenges that face all of us, depending on what part of the world we live in. As Carol Mack of the Association of Charitable Foundations notes, the challenges for philanthropy are the challenges facing society.

### Climate change and inequality

The two most obvious and most critical challenges are global and were mentioned by all interviewees: climate change and rising inequality. The ramifications of both of these problems are tremendous and they have a close bearing on many of the more localised problems identified by interviewees.

### Conflict and migration

Conflict and migration present a major challenge for philanthropy. ‘We have more refugees now than at any time since World War Two,’ notes Barry Gaberman of Oxfam America. He suggests that one of the touchstones both for conflict resolution and internal displacement and for how philanthropy responds to these things is Colombia. ‘This situation and others like it will bring to the fore all that we’ve learned about truth and reconciliation commissions.’

Atallah Kuttub agrees on the importance of the refugee question, but underlying it in the Arab region, what’s often at stake is the very survival of countries themselves. ‘The whole region is fragmenting. We are losing the cementing agencies of communities. The Gulf region, which one thought of as the most stable Arab countries, saw instability erupting with Saudi Arabia waging a war in Yemen and lately Bahrain, Saudi Arabia and United Arab Emirates’ conflict with Qatar.’

Gerry Salole of the European Foundation Center sees migration as a pan-European challenge. ‘How do you get people to recognise that migration isn’t going to stop? How do you make it easier for people to get integrated? Unless we can occupy the space of debate around that, we’re going to have lots of trouble.’

Hilary Pearson notes the challenge of reconciliation with Canada’s indigenous communities. They form a fast-growing segment of the population, social problems are disproportionately concentrated there, and it’s a critical time, with a recent truth and reconciliation commission and a fairly recently elected government committed to reconciliation.

## Unemployment

Thanks to the advance of deep learning and other forms of artificial intelligence, jobs currently done by highly trained white-collar workers can be automated. Vulnerability to automation – or to offshoring – is already having an impact on jobs, and is likely to increase in the future. In Spain, unemployment is a big issue, says Rosa Gallego of Asociacion Espanola de Fundaciones, ‘which is very much linked with inequality.’ There is a big coalition of foundations, public institutions and others exploring ways of getting particularly disadvantaged people into the job market and to find out how existing mechanisms for getting people into employment fail and how philanthropy can help to address that. She sees room for Asociación Española de Fundaciones (AEF) ‘to reach out and bring other stakeholders to the table, but we are not there yet.’

## Radicalism and intolerance

Unemployment plays into the main issue Laurence Lien of Lien Foundation and Asia Philanthropy Circle sees in South East Asia: radicalism and, in particular, the spread of conservative forms of religion which are breeding intolerance. ‘Violent extremism is one element of this. The more there is radicalism, the more likely you are to have violent extremism and a number of Asia Philanthropy Circle members are really concerned about this.’

Philanthropy’s response should be to ‘go upstream and make sure there is no deprivation in communities’, he says, since a sense of deprivation fuels radicalism. ‘If you feel you should be at a certain level and you are way below that, you start becoming angry. The education system is a major contributor. It is not producing graduates who are job-ready. Youth unemployment is huge in many countries around us, in some cases close to 20%, much greater than the general unemployment rate. If young people are hungry and out of work, that’s a recipe for disaster for the future.’

## Austerity, devolution and Brexit

Austerity, devolution, Brexit and the technological revolution are some of the biggest trends Carol Mack observes in the UK, which foundations will inevitably be called on to respond to. ‘Within the UK there are four territories with distinct administrations, and within England there is increased devolution of spending and political power, so that’s challenging for foundations – if you want to influence policy, where do you go to do that?’ Such developments can also offer opportunities, she notes, perhaps through a more local approach. ‘It can be easier to influence change through a place-based approach,’ she says, ‘but that can be quite hard for a UK-wide funder to get their head around.’

## Secondary education and a population bulge

The biggest challenge for Pakistan is demography, followed by secondary education. The country has what Shazia Amjad of Pakistan Center for Philanthropy calls ‘a huge population bulge between the ages of 18 and 35.’ The danger is that this will produce greater inequality. Given limited state capacity, philanthropy has a role to play in meeting this challenge.

Another specifically Pakistani challenge is secondary education, says Narmeen Adeel. The government is focusing its efforts on primary education, so philanthropy could usefully contribute to secondary education. The models of cross-sector partnership in education in Punjab might provide a valuable starting point here.

# Individual giving

**Individual giving is increasing almost everywhere in the world. This chapter starts by looking at giving by individuals of modest means, and at new forms of giving such as online giving and crowdfunding through which much future giving is likely to be channelled. It then goes on to look at giving by high net worth individuals and finally at remittances and diaspora giving.**

Individual giving, both by the very wealthy and by people of more modest means, is an increasingly significant part of philanthropy the world over. There are several reasons for this. The first and most obvious is its size. Individual giving is almost everywhere greater than institutional giving in terms of amounts given (China being one of the few exceptions to this rule) though much of it is unrecorded. Second, as other sources of funds for NGOs come under pressure, individual giving is seen as a potential alternative means of support. Third, new, more direct forms of communication and of giving mean that individuals can quickly support, or even create, an issue and thus have more direct influence on policy and development questions. Fourth, a more holistic view of philanthropy is beginning to gain ground, where giving is seen not just instrumentally, as the making available of resources, but as a way of building trust and a sense of common purpose among groups and communities. At least two of the interviewees for this research mention the importance of investigating and encouraging traditional forms of giving as a way to stimulate this.

“The challenge is how you move individual giving towards sustainable development rather than handouts”

## GIVING BY ORDINARY INDIVIDUALS

The habit of giving is well established in most places. By and large, it remains traditional in form and is often religiously based. One of the main problems with considering this type of giving is that estimates are so often a 'best guess' – if that. 'Religious giving,' says Halima Mahomed, speaking of South Africa, 'is a very big motivator and that doesn't get measured at all. It's not declared on tax forms, but it's huge. At the same time, many people will give directly – to someone who is poor, someone in the community who needs help. Knowledge about all this is a big gap.'

### Religious giving

'We have strong religious giving traditions across all major religions. Probably even the poorest Indian puts some money in the temple box and meets their annual zakat requirement, and so on,' says Ingrid Srinath of Ashoka University. It accounts for the majority of giving in the Arab region, says Atallah Kuttub. 'The challenge,' he says, 'is how you move that giving towards sustainable development rather than handouts. Right now the bulk is handouts.'

Even in the secular countries of western Europe, religious giving still takes a big share of individual philanthropy. In the Netherlands, for example, giving to religion accounts for 40% of individual giving.<sup>4</sup> In Canada, Hilary Pearson reckons, some '50 per cent is going to churches, mosques and other religious bodies.' But she offers a reminder that religious giving is too wholesale a category for much precision. 'Ultimately that money could be going through the churches to social services, to poverty relief, to international development. All that's telling you is that religious institutions are still very appealing intermediaries for individual philanthropists.'

Halima Mahomed also notes the unsatisfactory nature of the label. A humanitarian organisation in South Africa might be set up by a

Muslim, and while 'people might give to it from a religious motive, it is not a religious institution. There's a national zakat fund centre. Many Muslims give their yearly zakat to the centre, which then distributes it.'

### Which causes are most popular?

The evidence, anecdotal or otherwise, suggests that certain causes predominate nearly everywhere. According to CAF UK, medical research was the most popular destination of individual donations in the UK in 2016. Similarly in the Netherlands, health, medical research and support for hospitals mobilise the largest number of donors – though religious giving accounts for the largest amount, as already noted. Apart from religious giving, says Srinath, 'relief-type giving and giving for public works would be the traditional forms and these are probably still the dominant forms of individual giving for India as a whole.'

Interestingly, a few European countries depart from this type. In Germany and Belgium, for example, international and humanitarian aid was the priority in 2013, accounting for 74% of total German donations and 61% of Belgian donations.<sup>5</sup>

### Giving to organisations or individuals

There are two competing tendencies at work here. While in many places there is a marked reluctance to give to organisations, there is also an acknowledgement in some countries of the need to support them. So, for instance, says Narmeen Adeel of the Pakistan Centre for Philanthropy (PCP), while most of Pakistan's giving tends to be individual to individual, both organisations and donors see the need to incentivise giving to organisations. 'We will see organisations trying to tap into resources that are traditionally allocated to individuals so you have organisations making a conscious effort to get zakat money, for example.'

And organisations are becoming conscious that there is the possibility of small regular donations rather than looking for large donations.'

Andre Degenszajn notes 'a growing sense that people should be connecting to organisations that they trust whose work they believe in.' As Brazil's economy has grown, international funding has been diminishing as donors turn their attention elsewhere (a common phenomenon in emerging economies). 'The pattern of support from government has also changed, and grantmaking is at a lower level than we would like to see from philanthropic institutions, so people are starting to realise that in the long run individual donations could be a reliable and sustainable source of funding.' One or two organisations have been successful in raising funds from individuals, but there are obstacles. First, it requires a lot of investment and the infrastructure and experience to make it work. Second, Brazilians are reluctant to give to Brazilian NGOs. For both of these reasons, the successful organisations have been well-resourced international organisations.

Strikingly, the biggest recipient group of individual giving in Turkey is street beggars. In TUSEV's 2016 study,<sup>6</sup> 88% said they prefer to give direct to those in need. Basak Ersen thinks that part of the reason for this is that people like to see immediate results. Only 12% said they prefer to give through an organization.

### Why do people mistrust NGOs?

Often the reluctance to support NGOs is based on mistrust. Ersen believes that mistrust underlies all aspects of the relationship between philanthropy, government, civil society and the public. The TUSEV study notes a general lack of trust in Turkish society. Only 1 in 10 said they trust people outside their family or immediate neighbourhood. Despite that, people will give to institutions, but only to those they are sure of.

Ingrid Srinath notes that while there is 'a class of urban, westernised, educated people who give to organisations', such giving has been slow to take off and it depends very much on the organisation. 'Levels of trust in NGOs have fallen sharply. Depending on who you are talking to, they are seen as either ineffective or ineffective and corrupt or, at the highest level, ineffective, corrupt and anti-national.' While Singapore is an exception in East Asia, because it's a well regulated market, 'there are big issues in many other countries', says Laurence Lien. 'Because there is very little trust about where the funds go, a lot of grassroots NGOs find it very difficult to fundraise from people who don't know them.'

It may be more a matter of people trusting some organisations and not others. 'This issue of trust and organisations comes up a lot,' says Halima Mahomed. 'But what do you mean by an organisation? Isn't a religious institution a form of organisation? People give to things that they know, formal or informal, and that has to do with trust.' For her, it's more trust in some organisations rather than mistrust of others that makes people selective in their giving. It may be that local and informal is more attractive than formal and more remote, either physically or in outlook. A CAF Southern Africa study<sup>7</sup> carried out in Gauteng province, South Africa, found that 84% of survey respondents who give to organisations give to informal groups and only 16% to formal NGOs.

### Other reasons for the reluctance to support NGOs

Mistrust of their integrity is not the only reason for reluctance to give to NGOs. Carolina Suarez of Asociacion de Fundaciones Empresariales believes that 'NGOs need to be more professional, more lean. Sometimes they are amazingly bureaucratic, which makes their overhead high. If I ask my members why they don't work with NGOs, the answer is that they don't want to spend a lot of money covering their administrative costs.'



Whatever the cause, reluctance on the part of individuals to give to organisations is one of the reasons why NGOs, especially those working in more contentious fields, are beginning to feel the pinch"

Sometimes it's also the case that working through NGOs makes the company anonymous and companies often want to use projects for marketing and want to see their name involved.'

While Brazilian civil society played a critical role in establishing democracy in the country in the 1990s, it was often unseen, believes Ana Valeria Araujo of the Brazil Human Rights Fund, so the public remains unaware of the importance of NGOs. Nor have NGOs helped their own case in this respect, since they have not been forthcoming in publicising their activities.

Atallah Kuttub notes that NGOs in the Arab region have become vulnerable because they have been intent on pleasing their funders rather than their beneficiaries; as a consequence, their constituents have no affinity with them. NGOs in Egypt, he says, are being subject to increasingly punitive laws, but 'we do not see people taking to the streets to defend them because in many instances people don't see them as part of the fabric, they see them as contractors or subcontractors of foundations or governments.'

Whatever the cause, reluctance on the part of individuals to give to organisations is one of the reasons why NGOs, especially those working in more contentious fields, are beginning to feel the pinch in many places. We will expand on this discussion in chapter 7 on 'Philanthropy, government and civil society.'

## NEW FORMS OF GIVING

In Hilary Pearson's view, new forms of giving - online, crowdfunding, via text message - mean that 'the philanthropy model is going to be upended. We don't know how it's going to shake out but it's definitely being upended.' But these new forms of giving are developing slowly, so it may be a while before philanthropy is upended.

### Online giving

Estimates of online giving vary, as does the degree to which it has developed in different countries, but the general view in most places is that while it is a coming trend, it has not yet arrived. It's growing quickly in Turkey, notes Basak Ersen, 'because the technology is improving and younger people tend to use it more and more efficiently. Probably in five years' time online giving will have doubled or even tripled, but at the moment it is probably just a small proportion of giving overall.' In fact, according to TUSEV's research, only 1.9% of Turks make use of online giving and 7.5% of mobile giving, while the figure for crowdfunding is 1.3%.<sup>8</sup>

Halima Mahomed feels that circumstances will be as important as technology in influencing people's behaviour. 'People are going to give to what they know and to the need they can see around them.' If you live in a rural area, it's more likely you'll give direct to a person or a community group. It's in some urban areas that online giving is increasing, even if 'it's still nascent.' In Kenya, she adds, 'mobile giving has taken off because the technology platforms are much easier. We're starting to see some of that now - like SMS messages to donate to a particular cause.'

While direct giving remains the preferred form in Pakistan, Shazia Amjad notes that 'every organisation is looking to online giving now and one of the things we are working on is developing an online giving portal

to bring together organisations on one platform.' Larger, more administratively sophisticated organisations are already blazing a trail. The Citizens Foundation, for example, 'has found that its online donations have multiplied exponentially in the last few years because they have invested in the way they fundraise online.' In the meantime, there are a number of obstacles to be overcome: one is custom - 'people aren't used to donating online.' In addition, she points out, 'not everyone has access to online banking or they're not comfortable with using it.' This may be especially true in rural areas of developing countries.

In some parts of the world, online giving has developed further. In Singapore, Laurence Lien sees it making rapid headway. The Giving.sg site was already raising SGD2 million (around USD1.484,000m) a year in 2008 before the National Volunteer and Philanthropy Centre took it over when Lien became its CEO. That figure has now grown to around SGD20 million (USD14.840,000m). In the US, the Lilly Family School of Philanthropy's Philanthropy Outlook, 2017-18 notes that 'giving to institutions of higher education and private schools has been particularly strong, especially via online methods.'

Twenty per cent of all giving in India will be online within two years and 50% within 10 years, predicts a survey undertaken in 2015 by CAF India and Ethica.<sup>9</sup> Ingrid Srinath notes that online giving and retail giving generally continue to grow in India, simply because people are more prosperous and there is more awareness of giving.

While, exceptionally, individual giving probably accounts for the smallest share of giving in China, the amounts have increased dramatically over the last two or three years because of internet giving, says Yanni Peng. The Alibaba Foundation and WeChat, the social media mobile application developed by TenCent, used by over 900 million people, have been

the most important stimuli to this movement. In September 2015, TenCent initiated a giving day, and the same event the following year raised CNY100 million (USD15.2m) within three days, over CNY6 million (USD911,000) of which came in the form of online donations.

Barry Gaberman says that Oxfam America, on whose board he sits, finds that its individual donations are increasingly made online. Moreover, 'it's a whole cast of new people, demographically a younger cohort. I will never give online. My children, I suppose, give partially online. My grandchildren will probably only give online.'

### Crowdfunding

Crowdfunding for social causes is in a similar situation to online giving more widely. Andre Degenszajn believes that in terms of the amounts raised, crowdfunding platforms are 'not so significant', but, he says, 'they are starting to play a very important role because they have suddenly made people see they could raise money for causes from individuals and that wasn't an option before.'

In the Arab region, crowdfunding is limited though there is a lot of interest in it, believes Atallah Kuttub. The principal obstacle is that 'setting up platforms to collect money is very difficult.' He describes helping to set up a crowdfunding platform to help refugees in the region. 'Lebanon was the only place we could do it because JustGiving in London will deal only in Lebanon.'

### Giving via text messaging/SMS

According to a 2017 CAF Russia report, the most popular means of giving for Russians was by text message (40% said they had given in this way in the previous year), while online giving was some way down the list of preferred methods.





Online giving and crowdfunding have democratised giving. Its convenience opens up the possibility that people might donate and feel that their responsibility is discharged without having any real engagement with the issue”

### Advantages and disadvantages of online giving

There is a view that online giving and crowdfunding have democratised giving. This view was expressed at the Johannesburg workshop and Danny Sriskandarajah also notes this possibility.

However, while its potential is prodigious, enthusiasm should be tempered with caution. Halima Mahomed feels its very convenience opens up the possibility that people might donate and feel that their responsibility is discharged without having any real engagement with the issue.

Online giving, particularly crowdfunding, is often the expression of a spontaneous outburst of compassion or pity rather than a thought-out intervention. It's popular in Singapore, says Laurence Lien, when there's a catastrophic event, particularly where an individual is involved. It tends to favour 'those who make it to the media with pitiful stories. There haven't been significant amounts of money raised through crowdfunding for other things.'

Barry Gaberman raises the issue of funding overhead, which is unlikely to be funded by online giving, especially crowdfunding. He sees it as 'an ethical proposition. You cannot allow the capacity of an institution that drew you there in the first place to support its programmes to be diminished by your support because you won't deal with overhead. You have to pay the freight.'

Hilary Pearson also mentions the danger that core funding will decline because of the squeeze on the likes of United Way, 'which are intermediary institutions that give money to small charities. I'm sure that's a trend that's also being seen in the US and perhaps in parts of Europe,' she adds.

'Because people are now giving digitally not through intermediaries but via phone or the internet, organisations like United Way that were very important in providing core costs for small charities are no longer able to do that.'

### The dimension of solidarity

Both Danny Sriskandarajah and Basak Ersen draw attention to something very significant in new forms of giving: that they are not just a matter of

adding more money to the corpus of philanthropy. 'When we talk about online giving, crowdfunding, etc, we're talking about something different. It's not about High Net Worth Individuals (HNWIs) or well-endowed foundations, it's about people supporting each other and that being manifested in some sort of financial transaction.' The change is potentially a radical one. In some ways, it may not mark the introduction of a completely new basis for giving, but rather the reintroduction of a much older idea of solidarity and mutual aid given technological wings.

In Turkey, while there is 'a growing understanding of the importance of giving more, especially in the younger generation', says Ersen, the mistrust prevalent in Turkish society means that this manifests itself in a particular way: 'young people don't like to gather together in traditional forms, in associations, foundations, even in political parties. They're more likely to get together in events like charity runs and I think this is a new way of coming together.' He sees this form of loose association as 'a new politics in Turkey and it's very strongly growing. If you can't do things legally and you don't like to be illegal, you have to find other ways of doing things.'

### GIVING BY HIGH NET WORTH INDIVIDUALS (HNWIs)

HNWIs play a significant part in individual giving, though often they will establish a foundation to institutionalise their giving. In Pakistan, for example, large donors 'have set a benchmark for healthcare services', says Shazia Amjad. The Business School at Lahore University of Management Sciences, Habib University and the Indus Hospital were all funded by HNWIs. Often other sources of money follow, but the initial pot comes from wealthy individuals.

Statistics are not plentiful, but good indications are offered by reports such as the Coutts Million Dollar Donor Report, the BNP Paribas Individual Philanthropy Index and the Major Giving Index, compiled by Wealth-X. The 2015 Coutts report records 2,197 donations of a million dollars (or equivalent in local currency) or more across the three regions it covers, the UK, the USA and the Middle East, worth a total of USD56 billion. Eighty-five per cent of this amount, says the report, was contributed by individuals.

The BNP Paribas Individual Philanthropy Index for 2016 samples donors with over USD5 million in investable assets. Not surprisingly, the Index, worked out across four dimensions including current and projected giving and innovation, puts the US ahead on all dimensions and overall, followed by Europe, Asia and the Middle East.

Broadly in keeping with other forms of giving, the trend for HNWI and Ultra High Net Worth Individuals (UHNWI) giving is an upward one, following a dip around the time of the recession, from 2008 to 2011. The Major Giving Index forecasts a growth in the major donor population (those who have donated USD1 million to good causes in their lifetime) from 18,500 in 2015 to 27,000 by 2020, and also foresees that they will give more. Fifty-seven per cent of these major donors are based in the Americas.

In line with individual giving generally, the top causes listed by the Major Giving Index are education and health. BNP Paribas gives health as the top cause in three of the four regions studied (US, Europe and the Middle East), with wealthy Asian donors preferring the environment.

### Influence of the next generation

These indexes signpost other likely developments, especially the influence of the next generation. Millennials are producing a change in the giving of the very wealthy, 'ushering in new models that combine traditional foundations with profit-making endeavours and social enterprises.'<sup>10</sup> A BNP Paribas report on next-generation philanthropists<sup>11</sup> similarly notes an increasing interest among millennials in forms of financing other than grants such as 'equity investments and loans, often directed at social enterprises.' The Jacobs Foundation, under the leadership of its 36-year-old chair, 'has invested CHF2.5 million (around USD2.5m) in impact finance and plans to increase this to up to CHF6 million (USD6m) by 2020.'

A token of this change of emphasis, if not of direction, is the willingness of wealthy young people to branch out from existing family philanthropic traditions. The BNP Paribas study cites the example of Leyth Zniber, the founder of Impact Lab in Morocco, who decided not to follow his mother's philanthropic example, believing rather that 'with

intelligent business you can actually solve deep societal problems.'<sup>12</sup>

### Public and media attitudes to giving by HNWIs

The giving of HNWIs is well regarded in Pakistan – as far as it is visible. They are what Shazia Amjad calls 'leader-donors' and have initiated a number of significant organisations in both health and education. However, Narmeen Adeel of the Pakistan Center for Philanthropy notes that HNWIs don't have much of a media presence because they don't like to talk about or quantify what they give, so they will talk about the institutions they support but not the amounts they have put in.

Individual philanthropy in the Arab region is a little more visible than institutional philanthropy, but not much: 'When someone important is giving money it gets media coverage, but it could be much greater because in spite of legal questions and the closing environment, there's plenty of good experiences out there to write about. We have a shortage of writers.'

UK research on why rich people give shows a degree of cynicism in the UK media about their motives. Carol Mack contrasts this with the much more favourable view of large donations in the US, although it's possible that the cynical tone of the media does not accurately reflect the views of the public. What is clear is that the media calling into question their motives makes it difficult to urge philanthropists to be more public about what they give and to act as role models.



New forms of giving mean that the philanthropy model is going to be upended”

In Spain, too, big donations are often met with cynicism. Earlier this year, Amancio Ortega, the owner of Zara and ranked fourth on the Forbes Rich List, announced his intention of donating EUR400 million (USD476m) to the public health system to buy equipment for diagnosing and treating cancer. 'You can't imagine the level of criticism that this has received,' says Rosa Gallego. 'First, people think that the public health system should be funded by public money and not depend on private money; second, that rich people should pay more tax instead of paying low taxes and giving money away.' This point – that more private wealth should go to public purposes through tax and that the state should be responsible for welfare provision – finds wide acceptance beyond Spain and is also a factor in the reluctance of people to give to NGOs.

In China, feels Yann Peng, the media are generally favourable, but they are quick to criticise when there is a scandal, which has coloured public views of philanthropy and raised questions over its transparency. The desire to increase transparency was one of the motives behind the setting up of the China Foundation Center, which has created the Foundations Transparency Index.



Private givers of all kinds, in places where giving has traditionally been more parochial, are beginning to have wider horizons”

### Need for HNWIs to talk about philanthropy

Krystian Seibert of Philanthropy Australia notes that one of the most effective tools for increasing larger-scale philanthropy is 'when philanthropists talk about it and say why they do it.' While this is happening to a limited extent, substantial donors can be shy of publicity because public attitudes to large donations can be contradictory. While philanthropists in Australia are generally well regarded and rank high on honours lists, there are signs that an undercurrent of suspicion may be emerging. He talks of a USD400 million pledge made by Andrew and Nicola Forrest in mid-2017. While news coverage was generally positive, there was also some criticism, with one columnist arguing that philanthropy is inherently undemocratic and that the Forrests should be paying more tax. For these reasons, he believes that it's important to have an ongoing discussion about the role of philanthropy in society, how it uses its position and power, and how it can maintain its 'social licence to operate.'

In India, Ingrid Srinath still notes 'some discomfort with talking publicly about giving. Mr Tata and Mr Premji are almost invisible.' To a degree, setting up a foundation interposes an organisational shield between the donor and the money donated, which helps to deflect public attention, and she notes 'a great deal of reluctance to talk about sums of money and so on.' On the other hand, she feels this is changing, helped in part by greater publicity for philanthropy in the shape of awards by magazines like Forbes and the Economic Times. Azim Premji recently became the first Indian philanthropist to be awarded the Carnegie Medal for Philanthropy. Srinath also notes that the resentment or cynicism that often accompanies large donations elsewhere is generally absent in India. The new wealth, she feels, is too recent to be seen as anything but an unmitigated good.

In China, says Yann Peng, 'the feeling that philanthropy should be done without drawing attention to it is changing.' The likes of Jack Ma are happy to talk about their philanthropic work in order to raise public awareness of philanthropy's function.

### REMITTANCES AND DIASPORA GIVING

Remittances are hard to assess with any precision, but estimates suggest they are very significant, particularly as they are considered apart from estimates of philanthropic giving. According to the Hudson Institute's 2016 Index of Global Philanthropy and Remittances,<sup>13</sup> remittances from donor countries to developing countries in 2014 totalled USD224 billion (compared with USD147 billion in official development aid). It's a figure that has climbed fairly steadily, bar the odd hiccup, since the turn of the millennium.

Two interesting points to note here. According to World Bank data<sup>14</sup> on remittances, the flow of south-south remittances (34% of the total) was not far short of that of north-south flows (38%). Second, and back to the Hudson Index, though much less than the flow of remittances, there are significant amounts of private philanthropy from non-DAC countries (those that aren't part of the OECD's Development Assistance Committee and, by implication, not considered major donor countries) to developing countries. Institutional and individual philanthropists in Brazil gave USD34 million to developing countries in 2014. In India, the figure was USD249 million, in Indonesia USD129 million and in Turkey USD267 million. Taken together, these findings suggest that private givers of all kinds, in places where giving has traditionally been more parochial, are beginning to have wider horizons.



It's important to have an ongoing discussion about the role of philanthropy in society, how it uses its position and power, and how it can maintain its 'social licence to operate'”

# Institutional philanthropy

This chapter focuses on foundations: their growing numbers, especially in Europe and some countries of the global south; the largely conservative causes they support; the gradual spread of grantmaking and strategic philanthropy. It also discusses foundations' much-touted appetite for risk; sometimes negative perceptions of institutional philanthropy; and the future role of foundations and future trends.

The lack of clear legal definitions can make it hard to see the size of the philanthropic sector. Philanthropic institutions in South Africa, for example, 'can be registered as trusts, as Section 21 companies or as CSOs and they are all governed by different laws.' So, although the sector seems to be growing, that growth can be hard to chart because 'much of the evidence is anecdotal', says Halima Mahomed.

In the Arab region, a foundation might be an NGO or an association. This is not simply a matter of confusion. In a sense, it has a philosophical basis and reflects how people see institutional philanthropy and its role. The distinction, very broadly, is between whether philanthropy sees itself as part of civil society or separate from it. Barry Gaberman calls organised philanthropy 'a slice of the non-profit sector.' He admits that some tend to think of it as 'a sector unto itself and not connected to broader civil society, but I have always felt there was a certain self-aggrandisement in that.' It may be that the ambiguity involved in nomenclature is partly created by an ambivalence in philanthropy's attitude to power.

“

In India, it's kind of the norm now if you are an IT billionaire to have a foundation”

## FOUNDATIONS - A GROWING SECTOR

### Foundations in Europe and the US

DAFNE (Donors and Foundations Networks in Europe) estimates a total of 129,000 foundations in Europe, many of which are relatively young. Half of Swiss foundations are less than 20 years old. Between 2001 and 2014, the number of French foundations more than doubled.<sup>15</sup> More than 70% of Germany's foundations were founded after reunification in 1990. In Spain, more than 69% of foundations are under 18 years old. In Italy, the number of foundations grew by 133% between 1995 and 2005.

Italy is an interesting case. The creation of the banking foundations by privatising savings banks in 1990 produced a number of very large foundations. They account for only 2% of Italian foundations but hold about half of the country's philanthropic assets and about 10% of those of the whole of Europe. This has caused a huge imbalance in Italy. Most of the savings banks were in the north of Italy and their foundations continue to operate mainly in their own locality. This means these local areas are the overwhelming beneficiaries of their philanthropy, while the rest of the country is excluded.

In the US, by contrast, the size of the foundation sector remains fairly steady. The Foundation Center website records 86,000-87,000 plus with slight fluctuations between 2012 and 2014, though foundation giving is increasing slightly.

### Foundations in the global south

In many countries of the global south, the foundation sector has grown in the first two decades of the new millennium, though the rate of increase is uneven.

**CHINA** In China, the sector has grown very fast since the Regulation on Administration of Foundations in 2004. Prior to this, most of China's foundations were public and essentially government run, but subsequently private foundations have been the fastest-growing segment and some 60-65% are now private, estimates Yanni Peng. The distinction between public and private continues, however, and until 2016 only public foundations were legally allowed to raise funds from the public. In 2016 a new regulation stipulated that every charity operating for two years and meeting certain criteria can apply for a licence to fundraise. This will put pressure on the public foundations, since successful NGOs will no longer need to work through them, but will be able to appeal directly to the public.

**INDIA** In India, while the Tata Trusts have 'been around for over 100 years', the new money 'that came out of the IT sector has started to find this more organised, foundation-type form', says Ingrid Srinath. 'It's kind of the norm now if you are an IT billionaire to have a foundation.'

**RUSSIA** You are more likely to meet a fundraising foundation in Russia than an endowed foundation on the Anglo-Saxon model, says Oksana Oracheva of the Potanin Foundation. While most people still give direct to the cause or to the end beneficiary, there is a growing trend towards giving to fundraising foundations and to other institutions, a trend which the formal philanthropy sector is trying to promote. In terms of money, the two biggest foundations in Russia are fundraising foundations, both of them working in children's health. While there are private foundations and they are playing a significant part (not least the Potanin Foundation itself) they are few at the moment.

**SINGAPORE** Though the foundation sector is growing, it tends to be a less significant player in Singapore, says Laurence Lien, because there are no tax advantages to setting up a foundation in a country which already has a very low level of taxation.

‘People just give directly,’ he says, ‘it’s a lot simpler, it doesn’t lock you in. That’s still the dominant form as opposed to using an intermediary.’ The main reason for setting up a foundation in Singapore, he believes, is to create a legacy, a sense of continuity in the beliefs and attitudes of a family or group.

**PAKISTAN** Here again, the concept of a foundation is not clear-cut and it is mainly associated with corporate foundations – though, says Shazia Amjad, a few private foundations have recently been set up by high net worth individuals or families. There are two large social funds, which essentially act as public foundations. One has been involved in poverty alleviation – ‘which could mean working in education, sanitation, whatever’; it has received a huge amount of funding from government and acts as an intermediary organisation, working through local CSOs. There are also a number of provincial funds, like the community development fund in Sindh, which is funded by the provincial government and makes grants to small and medium-sized NGOs working in Sindh.

### Corporate foundations

Corporate giving tends to be the strongest force in institutional giving in Latin America, where most foundations are corporate foundations, and also in Russia where corporations are still the major players in philanthropy, especially when it comes to supporting both fundraising foundations and NGOs. Their budgets, reckons Oksana Oracheva, will be higher than those of private foundations. She sees both growing involvement and growing sophistication among Russian businesses, ‘not only in the communities where they have business interests but also beyond. At a recent conference there was a discussion on why business needs NGOs and how good it is for business to invest in the NGO sector in different ways, providing grants, moving from giving direct help to funding through them, and using foundation methods like grant competitions.’

“Corporate giving is also the fastest growing sector in Turkey, where the economy has grown significantly”

Corporate giving is also the fastest growing sector in Turkey, where the economy has grown significantly. Most of it, notes Basak Ersen, is in the form of CSR activities and ‘most big companies now have CSR programmes.’

The potential role of corporate giving has been significantly enhanced in India as a result of the 2013 Companies Act, which makes it mandatory for companies over a certain size to invest a minimum of 2 per cent of their net profits in activities undertaken as CSR (though such has been the growth of philanthropy overall in India that the relative share of corporate contributions to philanthropy has fallen to 15 per cent from 30 per cent in 2011<sup>16</sup>).

Rosa Gallego sees a development in the relationship of the corporate and non-profit sector in Spain and a change of attitude on the part of corporate donors which is likely, in turn, to force a review of the relationship from the non-profit side: ‘the reality is that corporates are big funders of NGOs. But they have got to the point, following the crisis, that they are not ready to just give money away so they are saying, “we need a value proposition from you”.’

It should be noted that in many places (Turkey, South East Asia, the Middle East and large parts of Latin America), corporate foundations are not clearly differentiated from other types of foundation.

Both businesses and foundations still tend to be family owned or closely associated with the founding family, and the interests of the foundation are not seen as separate from those of the company. ‘Many of the richest people in Turkey have foundations under their own name, but often their companies are involved,’ says Basak Ersen. Foundations of this kind often shy away from political risk, since it might jeopardise their business, especially where government contracts are an important element of that business.

### What is driving the growth in the foundation sector?

In the global south, the main stimulus seems to have been the increase in individual and corporate wealth. In Europe, it may be partly demographic, too: families get smaller and people are more inclined to give a portion of their wealth to causes they are interested in, which combines with increased public sensitivity to social and ecological problems. It is also partly due to governments’ encouragement of philanthropy as their own means of paying for welfare provision shrinks.

In Europe the growth of philanthropy has often been stimulated by reducing the amount of capital required to establish a foundation and decreasing the use of endowments. This has produced a crop of smaller foundations. One of the most obvious characteristics of the foundation sector in Spain is the smallness of most of its constituents. ‘Our membership fee is EUR600 (USD714),’ says Rosa Gallego of Asociación Española de Fundaciones, ‘but even so there are many organisations who can’t afford to be members. We have members who have a EUR6,000 (USD7,140) a year budget.’ More than 80% of Polish foundations in 2103 had no endowment.

While reducing the amount of capital required to establish a foundation has been a spur to growth, it may also have made foundations more vulnerable to economic shocks.

In Spain, foundations with a budget of less than EUR30,000 (USD35,700) were seriously affected by the financial crisis and their role in the sector was considerably reduced between 2008 and 2012.

Financial resilience apart, the merits of a large population of small foundations are debatable. Danny Sriskandarajah notes that New Zealand has ‘400 odd foundations for a country with 4 million people and for me that’s too many. If you are a CSO, it’s a huge ask to survey 400 websites and fill in 400 different types of form.’

It should be noted, though, that it’s quite common for a country’s foundation sector to be dominated by a few larger ones, with a ‘long tail’ of smaller organisations. In the US, the top 50 (out of 86,000-87,000 plus) foundations were responsible for nearly a third of overall US foundation giving in 2014.

“Not only are the numbers of foundations in the global south increasing, but they are beginning to have larger ambitions (...) and global aspirations”

### WHAT CAUSES DO FOUNDATIONS SUPPORT?

‘Education is the largest category,’ says Hilary Pearson, followed by health and social services. These same causes occur again and again, sometimes with the order slightly rearranged – under the guise of health, education and ‘human services’, as it is called in the US. ‘All the statistics we have say that most funding goes to the safest areas – education, children, healthcare – not human rights, for example,’ says Oksana Oracheva. Basak Ersen notes the focus on providing scholarships in Turkey. Among the exceptions is the Netherlands, with religion, international aid and health as the principal recipients of foundation funds.

Most Asian philanthropy is still very traditional, feels Laurence Lien, partly because outside Singapore there is a lot of what he calls ‘low-hanging fruit’, obvious things to do that are politically uncontentious. The Lien Family Foundation is one of the few that engage in advocacy or attempt to influence policy (in the areas of early childhood education and elderly and end-of-life care).

It’s worth noting that some of these categories are vague. Are ‘education’ donors giving to build a new school or institution? To improve the quality of teaching? To endow a scholarship? Such detailed knowledge is seldom available, as Pearson points out: ‘A foundation could have given a grant to a university which might ultimately be for a project with Canada’s indigenous communities, but it’s gone through the university because most indigenous communities don’t have registered charitable entities.’

Not only are the numbers of foundations in the global south increasing, says Jenny Hodgson, but they are beginning to have larger ambitions. She points to the Potanin Foundation’s new global strategy and Azim Premji’s Carnegie Medal as indices of this kind of change. ‘The assumption previously,’ she says, ‘was that it was a thing of the global north.’

Now you’re starting to see Russian and Chinese foundations with global aspirations.’ Part of the Potanin strategy, she observes, is not simply to reproduce the same kind of foundation which has characterised the global north, but to be a ‘different kind of animal.’

### Are foundations supporting advocacy and social justice issues?

US foundations are more likely to intervene in public policy than is the case in most other countries. The Gates Foundation, a prime example, remains exceptional on account of its massive assets and expenditure. The foundation has been active in US education reform since 1999 when it set about funding smaller schools, and it then moved on to improving the quality of teaching and curriculum reform. The results have been mixed, causing the foundation CEO, Susan Desmond-Hellman, to acknowledge recently that ‘the Gates Foundation doesn’t have all the answers.’

Not only that, such interventions have also received criticism in that they potentially give unaccountable private money undue influence over public matters. An editorial in the Los Angeles Times complains that ‘public officials shouldn’t be allowing them to set the policy agenda for the nation’s public schools.’<sup>17</sup> This is a longstanding and widespread debate, but probably nowhere more contentious than in the US.

While there’s no official restriction on what institutional philanthropy can support in South Africa, there are probably more international foundations supporting social justice issues than local ones, thinks Halima Mahomed. There’s ‘a concerted effort to get local foundations to think about the broader social justice issues. It’s a small and slow process. Independent foundations can more easily take risks on human rights issues.’

Funders can sometimes support contentious issues by approaching them from another angle.

A foundation in Brazil, for instance, doesn't focus on gender discussions but on generating resources for women.

### What is the increased corporate philanthropy supporting?

In India, Ingrid Srinath feels, the new legislation has 'pushed back philanthropy into less evolved avenues.' There is undoubtedly more money in the sector, but 'there is a list of themes that the government thinks are good things to fund and, corporates being corporates, they stay within the narrowest definition of those things.' In addition, the reporting structure disincentivises long-term work 'so it's very much programme money, 12-month cycles, direct service delivery, in the company's area of operations or around the factory or plant, and staying completely away from anything that is long-term, that is advocacy, that is rights-based, that is strategic in terms of going where the need is.'

Some of the same issues apply in South Africa. While the Black Economic Empowerment (BEE) legislation has stimulated giving in South Africa, there is some self-interest at work. The BEE points companies get give them credibility to bid for contracts under the BEE system. While data is lacking, Halima Mahomed is fairly sure that the BEE legislation has 'diluted the power of giving because it tends to follow the points, rather than what is required. There's a lot of box-ticking going on without any real impact happening.' She notes that 'questions about how giving can be more systemic and strategic' need to be asked all across the foundation spectrum, not just of corporate givers.

In Singapore, 'it's become the norm that you need to be seen to be a good corporate citizen,' says Laurence Lien. Again, one of the problems is that it's more a question of doing what's expected than what's needed. Another is that the approach of many companies is not well thought-out.



In Singapore it's become the norm that you need to be seen to be a good corporate citizen"

It should be about 'using your assets, your strengths. What's the point in getting highly paid investment bankers to paint walls when you could hire a whole army to do it and make a better job.'

In the Arab region, feels Atallah Kuttub, 'CSR is still PR and we are still one step forward, two steps backward. I was very optimistic in 2012-13 that we were getting more of what we call social investment, social businesses, but money is driving it rather than values.'

So, while corporate giving is likely to become more and more important as an element of global philanthropy, it has limitations. Apart from the fact that it is apt to follow trends rather than needs, it is reluctant to fund areas which might bring it into conflict with the authorities and its tendency to operate its own programmes means that it contributes nothing to creating a civil society ecosystem.

In fact, corporate giving may actually weaken NGOs' watchdog role. If that's increasingly where the big money is, NGOs will hesitate to be critical of business. This view is endorsed by Amitabh Behar of the National Foundation for India. Writing in Alliance in September 2016, he notes an explosion in the philanthropy sector and also the role of the Companies Act in increasing resources from CSR. But, he adds: 'Almost none of the resources invested in this way reach the elements of civil society that are working for human rights, accountability of the state or life with dignity for all, or campaigning to empower excluded and marginalized communities.'<sup>18</sup>

### GRANTMAKING OR OPERATING?

In the US, in 2014, only 3,687 of a total of 86,726 foundations were operating foundations.<sup>19</sup> Outside the English-speaking world, however, foundations that make grants are still in the minority. Basak Ersen estimates that '99 per cent of Turkish foundations are operational.' The most often cited reason for this is mistrust of NGOs, but there are others, too. 'First, it's not in our tradition, we like to do things by ourselves,' says Basak Ersen, 'and the history of civil society in Turkey is not very old.' That said, he believes that 'in ten years' time we'll see more grantmaking programmes, even one or two true grantmaking foundations.'

Grantmakers are few and far between, in Spain, too, says Rosa Gallego. 'For one thing, foundations run their own programmes; for another, the vast majority of foundations in Spain would be considered charities elsewhere. They are organisations that raise funds and operate programmes.'

Very few Chinese foundations currently make grants to other non-profit organisations: 43.5 per cent provide some grants to grassroots organisations, but only 9 per cent are solely grantmaking foundations.<sup>20</sup> In Colombia, too, the norm is the operating foundation, and this is also the case in the Philippines and in Indonesia.

Ingrid Srinath notes a move towards operating, rather than grantmaking, among new foundations in India. Much of the new philanthropy in India and in many emerging economies is derived from the proceeds of successful IT ventures, she notes, and – among institutions at least – this has produced a technocratic style of philanthropy. This means an impatience with existing approaches and an emphasis on market-based approaches, measurable achievements and innovation – as Srinath puts it in a recent CIVICUS report,<sup>21</sup> an emphasis on 'technology-driven solutions over more complex political approaches, a distaste for which marks many emerging philanthropists.'

At the 2017 AVPN Conference, Shuichi Ohno of the Sasakawa Peace Foundation spoke of grantmaking as creating dependency among NGOs.

### Grantmaking on the rise

There are signs that grantmaking is beginning to grow elsewhere, even if only to a very limited extent, as donors realise the importance of grants, both in encouraging a resilient and capable civil society and in providing – sometimes – a more effective way of addressing a need. Jenny Hodgson believes that we will see more southern foundations engage in grantmaking because of a handful of leading organisations in China, Russia and other places who are showing that grantmaking is an effective strategy – 'it's not just giving away power, it's the best way to get work done.'

In Brazil, for example, the operating foundation is the norm but the idea of grantmaking is slowly gaining ground. Notable here is the work of the Philanthropy Network for Social Justice, which comprises a number of institutions that make grants. Singapore is, as so often, an exception among its neighbours: its foundations tend to be grantmakers.

Up to now, says Hodgson, 'it's as if the grantmaking bit has been missed out. People have gone from implementing to much more market-driven investment-style approaches. I think grantmaking needs to be re-embraced because it's about resources being able to land in places where they can do things.'

She also thinks that this will entail a redefinition of 'what capacity looks like for civil society. Capacity used to mean your ability to receive a grant from the Ford Foundation or fulfil the terms of a DfID audit.' She sees it moving more in the direction of capacity to be relevant, to be locally supported and able to receive and disburse resources both externally and locally. 'Receiving money from a southern foundation rather than a USAID type entity means that civil society is also going to have to look and think differently and have a much richer blend of constituents than were there before.'



There are signs that grantmaking is beginning to grow elsewhere, as donors realise the importance of grants, both in encouraging a resilient and capable civil society and in providing – sometimes – a more effective way of addressing a need"

### Why the popularity of the operating model?

There are a number of reasons for preferring the operating model. First, NGOs are seen as either incapable or untrustworthy. Second, corporate donors in particular often prefer to conduct programmes in-house. Third, there is an increasing number of living donors with an entrepreneurial background who often want to do things themselves rather than let intermediaries do it for them.

Laurence Lien notes an important drawback to this approach. 'By running your own programmes, you are in effect condemning NGOs to death. You have to grow the capacity of these NGOs to take on the work. Just imagine the situation where every foundation has its own education programme for primary schools, all designing their own curriculum – that's such a waste. So a more developed ecosystem would mean stronger NGOs and intermediaries to help strengthen them, philanthropists thinking about strategic grantmaking, coming together to grow promising charities, NGOs, and to develop capacity-building organisations.'

### STRATEGIC PHILANTHROPY

This is not a new idea, but it is gaining ground both as a label and as a practice. In Australia, Krystian Seibert remarks, 'there's certainly a focus on strategic philanthropy, setting objectives and then working in a structured and focused way to achieve them in partnership with others. However, there are still foundations that operate using a more traditional approach based around benevolence.' Participants in the Johannesburg workshop noted that giving is more targeted and the work of the sector is more 'organised, systematised, visible and measurable.' This is partly driven by desire for greater efficiency in use of resources, partly by increasing demands for transparency.

### The pressure to show results

But the pressure to show results – the pressure to demonstrate 'more precision in an imprecise art', as Gerry Salole puts it – can have its drawbacks. 'Sometimes,' he says, 'it means they begin to count stuff that doesn't matter and demonstration of impact can trump long-term strategic work. It's an unfortunate trend because it forces foundations to be much more transactional. There's a very easy critique that implies that traditional philanthropy is less strategic, less thoughtful, doesn't evaluate, but I've never met a foundation that opens the window and throws money out. It doesn't exist.'

Unfortunately, he goes on, the results mania means that 'quieter work, work you can't talk about, that involves some risk and therefore some failure, is now being overtaken by shorter-term work where you can show results but the results are predictable up front.' He sees this as one of the most marked tensions in the European foundation sector. 'People who've been in the game for a while are frustrated that they can't do longer-term work any more, that they're being asked to show results too quickly.'

“Quieter work, work you can’t talk about, that involves some risk and therefore some failure, is now being overtaken by shorter-term work where you can show results but the results are predictable up front”

It’s a trend that’s becoming more pronounced in South Africa too, says Halima Mahomed, in part – though not entirely – because of the requirements of the Black Economic Empowerment (BEE) program, which prompt local organisations to fund things with measurement criteria in order to score BEE points. ‘You hear CSOs, and even philanthropic institutions that get funding from elsewhere, say the work they do can’t be measured this way, but in order to get funding they have to try and fit the square peg in the round hole without thinking about the harder stuff that is much more difficult to measure. But that’s where we should be putting our funding.’

The remedy? Part of it lies with those international funders who are funding local philanthropy and saying ‘we trust you to use the money, we trust you to decide what you think the

measurement criteria should be.’

#### **RISK: APPETITE OR AVERSION?**

The Mexico City workshop identified four forms of risk for foundations, political, financial and reputational, and risk of failure. The principal two for our interview respondents were political and financial.

‘Each sector has a set of attributes that define its comparative advantage,’ argues Barry Gaberman. One of philanthropy’s much-touted advantages is that ‘it doesn’t have to deal with risk in the same way the public and for-profit sectors have to, so it can take risks and it can fail. The classic case was contraceptive development,’ he says. ‘When you moved out of basic research to applied research, the government in

the US wouldn’t even touch it, nor would the for-profit sector because of the liability issue, and it was the philanthropy sector that developed the pills and the inter-uterine devices.’ However, as he goes on, ‘the fly in the water with all of this is that, for the most part, philanthropy tends to be risk-averse, it tends to not want to take on politically sensitive things, it tends to want to follow the fads. To me that’s a real missed opportunity.’ The consensus at the Mexico City workshop was that, generally speaking, foundations are more risk-averse than they say they are. One way to mitigate risk is to use an intermediary, which means you are donating through another organization.

#### **Risk-taking in the global south ...**

Atallah Kuttub saw a ‘small window’ of risk-taking in 2012 in the Arab region. ‘Local philanthropists and diaspora were venturing into and investing in areas like Libya, helping write the constitution, engaging local organizations to discuss their aspirations for a new constitution, etc – which was indeed very risky activity for local philanthropists making their first foray into philanthropy.’ But the window soon closed with the waning of the Arab Spring. The reason is fear that this will affect their business. ‘In 2012, people thought being close to the government might influence their business negatively – most private donors in the region have business interests. Now it’s back to the point that it’s secure to be on the government side. The big foundations and big private donors are seen as extensions of the ruling family or a rich family and they are in bed with the government rather than playing the role of venturing into new areas, pushing the government to do things differently.’

Likewise, the willingness of institutional philanthropy to take political risk in India is ‘negligible’, observes Ingrid Srinath, with one or two honourable exceptions. The reasons are similar to those already cited.

‘This government in particular has shown itself willing to be extremely vindictive, so any dissent will attract a really harsh response – whether in the form of a tax inquiry or legal action. Essentially they will make your life difficult if you cross them.’ Second, as elsewhere, much of the new philanthropy is from people who are still in business and the risks to their businesses are considerable. Another reason, she feels, is that there is no collective voice, ‘no means to say or do the right thing without attracting too much individual retribution.’

Srinath notes, however, a greater recent willingness to take financial risk, ‘placing what in the West would be called big bets, and also a willingness to try anything in pursuit of an overall goal like, say, malnutrition.’ She notes the case of the institution she works for, the recently established Ashoka University. Ninety philanthropists ‘gave upwards of INR100 million (around USD1.6m) each to fund a not-for-profit liberal arts university, without any track-record or certainty it would succeed.’

In China, private foundations are slightly more willing to take risks than public foundations, whose money comes from the public. As a result they face stricter public scrutiny, while private foundations are answerable only to their board. Even so, domestic foundations are very cautious about funding rights-based or environmental activity and such funding has typically come from foreign donors. This caution has been increased since the government cracked down on NGOs working on workers’ rights in 2015.

Carolina Suarez would like Colombian foundations to be more willing to take risks but they are linked to corporations. She adds: ‘The Chair of the board of the foundation should understand that their role is not to be CEO or officer of the corporation, it’s completely different. They should put on their philanthropy hat and say that if we want to achieve social change, we need to take risks, to innovate more; we need to think all the time what we are doing.’

#### **... and in Europe and the US**

Spanish foundations don’t on the whole get involved in political issues, says Rosa Gallego, though there are exceptions. ‘One of the areas in which foundations are very active,’ she says, ‘is in disability, where there are some foundations that are politically outspoken.’

But it’s more a case of defending the rights of individuals than defending civil society.’ However, she foresees the possibility that Spanish institutional philanthropy may need to become more politically active if it is to remain relevant. ‘An interesting thing about Spain is that local participation has really emerged since the crisis. There are a lot of local groups working in many cities and I wonder if this is the beginning of a change in the way we participate in society and how we organise ourselves. This may mean that at some point people will be ready to give more money, or they will be asking organisations to stand up more for certain things.’

Greater media scrutiny in the UK has been an issue. Foundations are led by trustees ‘who, on the whole, are individuals doing this on a voluntary basis’, notes Carol Mack, ‘and I have heard some foundations cite the pressure that was put on their trustees as something that limits the amount of risk they are willing to take when it becomes very intrusive.’

In Turkey, Basak Ersen notes, social attitudes can dissuade foundations from grasping what is seen as a particularly thorny issue: ‘they don’t like to confront society.’

“

As a foundation, you should maximise the ability to be patient, the ability to partner, the ability to focus and follow a strategy”

“

Local participation in Spain has really emerged since the crisis. There are a lot of local groups working in many cities and I wonder if this is the beginning of a change in the way we participate in society and how we organise ourselves”

#### **How important is it for foundations to take risks?**

If you aren’t taking risks, are you addressing real needs, wondered one participant in the Mexico City workshop. The issues we face require innovation and innovation involves risk. While there is some innovation in the way people are funding, there is not much in what they are funding. However, both Atallah Kuttub and Shazia Amjad note, funding services in preference to rights-based campaigning is not always to do with avoidance of risk. While most philanthropic money in Pakistan goes to the traditional areas of education and healthcare, Amjad feels that this is because they are often seen as the greatest need. ‘They happen to be safe but I don’t think that’s the leading reason why they’re supported.’

In the last analysis, foundations are individuals and have their own characters, argues Hilary Pearson. ‘Most foundations,’ she says, ‘are not ever going to be risk takers, just as most people aren’t going to be risk takers.’ What’s more important for them, she feels, is their ability to make use of their other attributes: ‘you should as a foundation maximise the advantages of the ability to be patient, the ability to partner, the ability to focus and follow a strategy.’

## FUTURE ROLES OF FOUNDATIONS

Four key roles emerged from what respondents had to say about the role of institutional philanthropy, all of which, to a greater or lesser degree, depend on foundations' willingness to take risks.

### Innovation

One key role is – or should be – innovation. 'Our role is to innovate,' says Carolina Suarez, 'to create pilots and have an independent voice.' Clearly there are limits to what philanthropy can do. 'A lot of the things that need doing in a country with a very difficult geography are infrastructural projects like roads. Philanthropy can't do that, it's a job for the state.'

'You can't depend on government to be a key innovator,' says Laurence Lien. 'We have one of the most effective governments in the world, but governments are bureaucratic, they don't take risks, period, and they don't want to fail at anything because failure represents political loss.' So far, however, in his view, philanthropy has been too risk-averse to take up the challenge.

### Filling gaps

A second role for foundations is to fill gaps in provision, not just for the sake of ensuring some provision but also to put a spotlight on those issues, 'mobilising people to see that there is an issue. In a sense, that's advocacy really because the government responds to people, since popular pressure might translate into votes.'

### Supporting civil society

A third role is supporting civil society. This opens up a more philosophical question – do you support the civil society sector because of the services it provides or because it is a crucial element in a pluralist society? The one does not contradict the other, of course, and both are important. 'Civil society is both means and end

to progressive private philanthropy,' argues Danny Sriskandarajah. 'Institutional philanthropy's main purpose,' he believes, 'is to support a diverse and resilient civil society both for itself and in order to serve those who are most marginalised in society.'

Diversity is crucial because we're seeing the development of large NGOs that are 'hardly accountable' and ill equipped to speak for the most marginalised, and resilience because 'independent civil society is increasingly under threat from the encroachment of both governments and those same large operating charities.' For Barry Gaberman, the main argument is that civil society is important in its own right because it 'provides another layer of institutions that safeguard against authoritarianism.'

### Acting for the long term

Finally, foundations have a role in acting for the long term. 'Of course, there are some issues on which it's necessary to act urgently,' admits Carol Mack. 'In addition, foundations are thinking creatively about the way they can use their longer time horizon to best effect.' Gerry Salole notes that European foundations are increasingly supplying intellectual capital.



Institutional philanthropy's main purpose is to support a diverse and resilient civil society both for itself and in order to serve those who are most marginalised in society"

## FUTURE TRENDS

### The Chan Zuckerberg direction

While the foundation model is still a vigorous one, some respondents feel its appeal may lessen in the future. 'I think there is some threat, which I can't quantify, that the foundation vehicle is just not going to be as appealing to the next generation as it was to the grandparents or even the baby boomer parents,' thinks Hilary Pearson. Danny Sriskandarajah says something very similar. He points to the example of the Chan Zuckerberg Initiative, set up by the Facebook founder and his wife in 2015 as a limited liability company, and notes that the kinds of organisation established by Zuckerberg and his peers 'may well not be part of the world we know and what does that mean for the world we know?'

He goes on: 'Many of those who've made money recently have been disrupters of traditional institutions. They've emerged at a time when trust in long-term institutions is dissipating anyway, so why create one? There are some very interesting ways in which you can create change and you might not see endowed foundations as the most effective one.'

Carol Mack also notes this trend in the UK: 'We're seeing people choosing to fund through non-charitable vehicles – companies that decide to fund directly out of their CSR budget or the Mark Zuckerberg type donor, deciding to give as private individuals and not set up a foundation. I don't think the numbers are big enough to call it a trend but it's something that's been current for at least a decade.'

### The growth of mega foundations

On the other hand, Barry Gaberman predicts an increase in the number of mega-foundations (the two possibilities – alternatives to foundations and more large foundations – are not mutually exclusive).

There are currently four mega-foundations, he says – those with assets of USD20 billion or more: Gates, IKEA, Wellcome and La Caixa. 'In many ways those mega foundations are very different because they can almost be like states. Gates is the biggest private donor to WHO.' He foresees that, in the next decade or so, 'that number of four will probably double.'

### Philanthropicisation through privatisation

Another trend remarked by Barry Gaberman is what Lester Salamon calls 'philanthropicisation through privatisation.' Philanthropicisation through privatisation can be defined as a transaction in which essentially public or quasi-public assets are transformed in whole or in part into charitable endowments under the control of meaningfully autonomous charitable institutions. This is more widespread than once thought. Apart from well-known instances like the healthcare conversion foundations in the US and the savings bank conversions in Italy, Salamon and his researchers have devised a wider categorisation which includes 'debt swaps capturing money from corrupt activities and so on.' They've identified over 500 examples around the world and some of them, like La Caixa in Spain, 'are quite significant. The importance of this for me,' he says, 'is that resources are scarce and this is a potentially important new source of revenue coming into the private philanthropy field.'

## PERCEPTIONS OF INSTITUTIONAL PHILANTHROPY

Philanthropy by individuals – giving time, goods or money for others' benefit – is generally well regarded and widely practised. When considered in its institutional approach, which implied a structured approach to giving, the picture often changes. 'We did a benchmark study in 2016,' says Hilary Pearson, 'to ask influentials, not just ordinary Canadians, what do you

know about organised philanthropy, what do you know about foundations? And the answer is zero. You ask them to name a foundation and they can't. They really have no sense of the work of the philanthropy sector, or why it matters.' She feels that, unlike in the US (often a benchmark for foundation sectors around the world), Canadian foundations are scarcely visible. There are no mega-foundations; there has been no major intervention in public policy by a Canadian foundation, like the work of the Gates Foundation on the US education system. But she feels this will change: 'we have to be ready for that and we have to have a story about why the foundation sector matters, why the work is important, how the sector is credible and legitimate. We have a lot of work to do on that. That's why data and research are important so we can tell the stories through the numbers as well as through the stories themselves.'

Krystian Seibert, too, feels that the average person in Australia 'will have little idea about institutional philanthropy, apart from the fact that they go to a hospital or a gallery and they see a wing named after someone or perhaps hear a story on the news now and then about a big donation. Often, when I say I work in philanthropy, I get a bit of a blank stare.'

Atallah Kuttub notes that the organisation he founded in 2006, Arab Foundations Forum, 'has the largest pool of foundations in its membership, but we haven't carried our weight. Probably if you walked down the street, nobody has even heard of it.'

Even where people have heard of foundations, their view of them is not necessarily favourable. While the Spanish media 'ignores us more than it treats us badly,' says Rosa Gallego, it's often the bad news – corruption scandals and so on – that draw media attention. AEF ran an opinion poll recently on the public perception of foundations which suggested that 'the closer people feel a foundation is to a corporation, the worse the perception.' Likewise in Colombia, institutional philanthropy is either



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unknown or viewed with suspicion, except in the areas where its immediate effects are felt. 'If you ask in Bogota, for example,' says Carolina Suarez, 'all people are likely to think about foundations is that they were created for tax purposes.'

One of the challenges Gerry Salole sees for institutional philanthropy is the unrealistic expectations placed on it 'by government, the public and journalists – that foundations, in what's known as the dwindling of the welfare state, are somehow going to be able to pick up the slack. Foundations have essentially what I consider to be "swimming pool" money in comparison to the resources of governments, which is "sea" money if you like. They have these very finite resources which they can use in a very skilful and clever way and hopefully they can leverage other resources but on their own they have peanuts.' He notes 'a tendency to think of the sector as ATMs that don't have a plan of their own, have no expertise, and are waiting for the next great idea to fund.'

This is a perception that government often shares. The consequent focus on grantmaking, he says, 'has created this myth that the main purpose of a foundation is the money it dispenses, and in fact we've done something to create these unrealistic expectations. I think this challenge is an important one because it gets overlooked very easily.'

# Community philanthropy

**This chapter focuses on community foundations and more informal community-based philanthropy, and the wide variety of roles that community philanthropy organisations are playing, from creating community to offering donor services.**

Community foundations are the prevalent form of institutionalised community philanthropy, though they have adapted to local requirements and circumstances. Community Foundations are grantmaking public charities dedicated to improving the lives of people in a defined local geographic area. They are very unevenly distributed, thriving in some countries and not others. There is also a great deal of community-based philanthropy happening informally. Halima Mahomed points out a 'lot of traditional practices, religious, communal and individual, throughout southern Africa, that continue even if their forms change.' Increasingly community foundations that are not sufficiently in touch with their communities run the risk of becoming irrelevant.

## COMMUNITY FOUNDATIONS THE WORLD OVER

The Global Fund for Community Foundation's Community Foundation Atlas reports 1,864 'place-based foundations.' Most of them are small, the majority having fewer than five paid employees. While they occur nearly everywhere, they are very unevenly distributed. At the extremes, there are over 1,000 in the US and only 11 in Latin America. Although they bear a common name, in practice they have often adapted to local circumstances across a range of activities - from acting as a conduit for local giving to providing a focus for the expression of community concerns and community action. Needless to say, this split is not absolute and many see themselves as doing both.

Community foundations have prospered in unlikely places - take the 70 or so community foundations in Russia in what has been a fairly inhospitable political climate. In Russia, there are community foundations in relatively big cities, like Penza and Tolyatti, which are probably the best established and act as role models for the others, but the majority are in smaller cities and rural areas, notes Oksana Oracheva, where there is no big corporate donor and they have often forged their own distinct identity as a focus for community activity.

Though the community foundation sector in Canada is well developed, it doesn't see itself as a growth sector, says Hilary Pearson. Generally successful at fundraising, she believes that even community foundations won't be immune to the sorts of pressures that UNITED WAY (a non-profit that raises and invest funds to improve lives in its community) are coming under as more people give directly. The value of giving through a community foundation is its knowledge of the community but she feels they 'are going to have to work awfully hard to demonstrate that.'

In other countries community foundations are doing less well. There are relatively few in Australia because the legal framework makes no provision for them. Turkey has only one community foundation, which was established by TUSEV. While Basak Ersen feels there is 'huge scope for community foundations, we've not had any kind of success with it because it's a new model. There's the mistrust of institutions and people don't understand the importance of community work. Most of all, people don't feel able to give money to an institution they don't know and don't understand.'

In Spain, what has hampered the growth of community philanthropy, feels Rosa Gallego, is the prevailing view that the public sector is responsible for welfare: 'we have to overcome that before community foundations can flourish in this country.'

## ROLES OF COMMUNITY PHILANTHROPY

### Creating community

'The current political climate - populism, migration, which are really about communities and the extent to which they are working - brings the question of what community foundations do to the fore,' says Jenny Hodgson. 'Those issues are going to force greater creativity.' The other side of that is that 'if you're a community foundation and you're not in touch with your community you'll cease to be valid.' She foresees that the focus of community philanthropy organisations' work will need to move from providing grants or services to creating or recreating a sense of community solidarity and trust - a key word in the Global Fund for Community Foundations' More than the Poor Cousin? report.<sup>22</sup>

Many community foundations already do this. Canadian community foundations, for example, pioneered the Vital Signs method. Drawing on dialogue with local communities, this uses a number of indices to measure the health of those communities. As well as identifying concerns, the initiative also helps to strengthen local relationships. Begun in 2005, the technique is now widely used throughout Canada and beyond.<sup>23</sup>



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### Bringing local agency and local resources to bear on community issues

Hodgson feels that the main development in community philanthropy, and the direction in which it needs to keep moving, is 'towards a kind of multi-constituent civil society, putting an emphasis on local resources and local agency as equally important if not more so than external money.' She believes this is happening, that community philanthropy organisations 'are starting to be not just money-raisers but also bridge-builders, trust-builders.'

She sees the real question in these terms: which are the institutions that are meeting people and organisations where they are and seeing them in a linked up way? 'It shouldn't start with money, it should start with people, what they have and what they want to do, and what would make this happen. This really brings us back to grantmaking as an effective way to demonstrate the power of philanthropy.'

### Bringing together institutional and individual philanthropy

Community philanthropy is also an area where different forms of philanthropy, the institutional and the individual, intersect to potentially exciting effect. Hodgson offers the example of the Kenya Community Development Foundation (KCDF). 'You can see in its institutional design how it is bringing together those different actors because its funding base is made up of external and local donors. The local donors include people with considerable wealth who don't necessarily want to set up a foundation; middle-class people giving to various kinds of funds; and communities that have created their own funds and invested them in the KCDF endowment.' This approach is part of exploring how small foundations can 'disburse significant resources in a way that is effective and reaches the people you want to reach rather than just dumping a single grant on a successful NGO.'

### Offering donor services such as DAFs

An advantage of community foundations over other intermediaries, in Hilary Pearson's view, is that they promote donor advised funds (DAFs), which give donors a greater sense of permanence concerning their donation. The Community Foundation of Singapore, in fact, acts chiefly as a repository for DAFs (it now holds over 100, says Laurence Lien, and is growing at the rate of 10-12 new funds per year). It acts as both funding pool and source of advice for significant givers who want to give but don't know how. 'We are trying to see how we can make it more democratic, more self-help and community-driven.'



Community philanthropy organisations are starting to be not just money-raisers but also bridge-builders, trust-builders”

### HOW DONORS IN THE GLOBAL NORTH CAN REACH RECIPIENTS IN THE GLOBAL SOUTH

#### Devolving power to 'fundermediaries'

One way of doing this is to work through intermediaries in the global south. 'We need to induce donors based in the global north to relinquish power and to devolve the responsibility for funding to institutions that are closer to their constituents,' says Danny Sriskandarajah.

He refers to these as 'fundermediaries', funding intermediaries that exist explicitly to channel donor funds more directly, and ideally more democratically, to the end recipient: 'I think a huge priority over the next few years will be to build these next-generation "fundermediaries". We need to think through how we build effective philanthropic institutions closer to the issues or the geographies we want to fund in, ideally with participatory or other forms of grantmaking that challenge the typical power relationships in the donor world.'

### Global north community foundations with international funds

Barry Gaberman notes that an increasing number of US community foundations now have international funds. At over USD8 billion in assets, the Silicon Valley Community Foundation (SVCF) is often in the top 10 of international giving of all US foundations (it was second behind the Gates Foundation in 2014).

This is part of 'an incremental increase in the US in the amount of philanthropic dollars that goes to international activity.' More significant still, in his view, there has been 'an increase in the amount of money that goes directly to in-country institutions as opposed to developed country intermediaries.' Findings from a joint Foundation Center-Council on Foundations study<sup>24</sup> published earlier last year bear out this impression. Between 2011 and 2014, says the study, grants awarded by large community foundations for international programmes more than doubled, from USD103 million in 2011 to USD223 million in 2014.

'Another reason I think that's important is that it indicates a rethinking about community in many of these institutions,' says Gaberman. 'It's defined not just in a place-based way but also in terms of communities of interest and that's certainly the hallmark of the way SVCF looks at it.'



Community philanthropy shouldn't start with money, it should start with people, what they have and what they want to do, and what would make this happen. This really brings us back to grantmaking as an effective way to demonstrate the power of philanthropy”

# Beyond grants: different uses of philanthropic money

The different financial means philanthropic organisations are increasingly using to achieve their ends are the focus of this chapter. These include venture philanthropy, impact investing and socially responsible investment. It also looks at the growth of social enterprise/social business, which is seen as highly significant in many countries. Finally, it discusses the implications of the increasing ‘blurring of lines’ between the non-profit and for-profit sectors.

Using philanthropic money in different ways is becoming an increasingly important part of the funding landscape around the world. This is not just a matter of money, but of a growing realisation that traditional funding organisations may have more to contribute than grants. Increasingly, a hallmark of organisations working for social good is hybridity – the ‘blurring of lines’ – with organisations with different legal forms adopting a variety of means of working.

Unfortunately, talking about these new approaches can be difficult because of a lack of clarity about terminology. ‘Terms like impact philanthropy, programme-related investments, mission-related investing, venture philanthropy, social enterprise, etc, tend to be used interchangeably,’ says Barry Gaberman. One result of this lack of clarity is that all the different approaches can be tarred with the same indiscriminately sceptical brush. Thus, in South Africa: ‘There are some who are sceptical still and who say “why are we mixing business and philanthropy?”’ However, Gaberman points to Lester Salamon’s Leverage for Good as an important first attempt ‘to come up with a terminology that’s consistent.’<sup>25</sup>



Increasingly, a hallmark of organisations working together for social good is hybridity with organisations with different legal forms adopting a variety of means of working”

While it is more youthful in terms of institutional philanthropy than its counterparts in Europe and the USA, Asia is probably the most dynamic region when it comes to developing what AVPN terms ‘social investment’, or all the varied uses of capital, including grants, to produce social good. The 2016 AVPN survey of 111 of its members reported USD2.17 billion of financial capital ‘deployed across all sectors and markets.’

## VENTURE PHILANTHROPY

The venture philanthropy approach is characterised by three core practices, according to the website of the European Venture Philanthropy Association (EVPA): tailored financing, organisational support, and impact measurement and management. The willingness of the founders of EVPA and its sister organisation the Asia Venture Philanthropy Network (AVPN) to take an inclusive rather than a dismissive approach to existing ways of doing philanthropy (seeing venture philanthropy as one approach among many, not insisting that they have the only answer) has no doubt helped venture philanthropy to prosper. In any case its core practices are not a million miles from the practices of most foundations. Most venture philanthropy does involve making grants rather than using foundation assets, as well as offering non-financial support.

Since its establishment in 2004, EVPA has grown rapidly. It now has 210 members. Despite some initial ambivalence from more traditional European grantmakers, it has become an accepted part of the landscape, to the point where a venture philanthropy approach has been adopted by a number of existing foundations. With 385 members, the rise of AVPN, founded in 2010, has been more rapid still.

Perhaps the most common criticism of the venture philanthropy approach is that it treats NGOs instrumentally – that is, it supports civil society organisations to perform a particular function rather than supporting

civil society as a good in itself. Its proponents would argue that venture philanthropy’s emphasis is precisely on building organisations rather than supporting projects – though the specific functions of those organisations remain central.

## IMPACT INVESTING

Impact investing can be defined broadly as the use of assets other than grant funding to produce social and financial returns. This definition could also be applied to the term ‘socially responsible investing’ (SRI), which is the subject of the next section. According to Net Impact,<sup>26</sup> ‘the key differences between the two lie in the strategies used to accomplish positive outcomes as well as financial return expectations.’ SRI refers to the practice of integrating environmental, social and governance (ESG) factors within investment analysis to avoid investing in companies that have negative impacts on the environment and/or society. ‘Impact investing ... goes further by making investments in organizations, companies and/or funds whose core mission is to generate social and/or environmental impact alongside financial return.’

Impact investing is moving forward, but it’s definitely an idea that is waiting to reach maturity. Hilary Pearson feels that it is happening, but ‘I can’t tell you that it’s happening in a significant way among foundations yet. We’re working on it as an association and we have a project under way with our colleagues at Community Foundations of Canada to produce an online guide to impact investing, trying to answer some of the basic questions that foundations ask.’

There’s strong interest in impact investing in Australia, notes Krystian Seibert, ‘and many of our members are looking to undertake it. It’s a small part of their portfolio, but some of the smaller ones have got the objective to be fully invested in impact investments and a lot of our members are doing small proportions of their corpus.’ He feels it’s getting to the stage where if a foundation doesn’t do it, people ask why.

Carol Mack uses the term social investment, which she defines as 'lending money to an organisation at a below market rate. You will expect to have some or all of that money come back to the foundation and you will also expect some social return.' There has been 'quite a lot of action in the UK', she feels. 'ACF [Association of Charitable Foundations] found GBP50 million [around USD67m] worth of committed investment when we researched this a few years ago and a surprisingly large number of trusts and foundations that have made social investments.' She also notes that social investments might not be made in preference to grants but as a way of sparing a grants budget. 'Some foundations think that grants are such a precious currency now that if you can get something off the ground by making a social investment rather than a grant, then you should do that.'

Danny Sriskandarajah feels that impact investing is happening, but not necessarily through foundations. 'There are a lot of people who share the goals of private philanthropy or traditional philanthropy,' he says, 'but they are not necessarily doing impact investing through the traditional route of creating a private foundation.'

### Potential of impact investing

Two significant developments in 2017 were the launch by Japan's Sasakawa Peace Foundation of an impact investment fund to the tune of USD100 million, which will focus on gender issues; and the Ford Foundation's announcement that it will devote USD1 billion (a twelfth of its endowment) to impact investing over the next ten years. The Narada Foundation in China gave two soft loans to social enterprises in 2015 and 2016. The US-based Heron Foundation's commitment to devote all of its assets to impact investments is well known. Apart from being significant in themselves, such high-profile commitments are likely to open the tap further.

### Why the slow progress?

Nonetheless, impact investing remains a minority pursuit in most places at the moment. Foundations are mostly dipping a toe in the water rather than diving in, partly through caution and partly because of the lack of what are seen as good investment opportunities. Krystian Seibert notes more supply of investment funds than demand for them in Australia. Laurence Lien says much the same thing.

Caution isn't the only reason. Impact investing is more a topic of debate at conferences in Russia than a practice, thinks Oksana Oracheva, principally because most Russian foundations and NGOs are not endowed and so don't have investable assets. The same is more or less true in China, Spain and Singapore, where most foundations don't have significant assets to invest. While the law requires Chinese foundations to be endowed, says Yanni Peng, the level is currently set fairly low. If you set up a foundation at regional or provincial level, you only need CNY2 million (USD306,000); at national level you need CNY50 million (USD7.6m). However, the situation may change at the end of this year when the level of endowments will be raised to CNY8 million (USD1.2m) and CNY100 million (USD15.2m) respectively.



There are a lot of people who share the goals of private philanthropy or traditional philanthropy but they are not necessarily doing impact investing through the traditional route of creating a private foundation"

A further obstacle to Chinese foundations' using their assets for investing with a social purpose is that the regulatory environment does not encourage it. Foundations must make investments to protect their assets, says Peng, so boards are usually unwilling to make risky investments. However, she says, there are ways to work around this. A foundation can set up an impact investing company, for instance, and have the company make the investments.

### SOCIALLY RESPONSIBLE INVESTING (SRI)

Gerry Salole believes the vast majority of members of the European Foundation Centre (EFC) are at least doing negative screening – 'not funding weapons, not funding tobacco, or what have you – and there is now a transition from negative screening to positive screening and there's even a group that is beginning to play with full engagement with the companies they invest in rather than withdrawing from companies doing things they don't like.' Foundations, he believes, 'are moving along the spectrum.' European foundations have evolved differently from those in the UK or US, he argues (the Bosch Foundation, for instance, is the owner of the Bosch multinational company, not the other way round) and 'the idea that you would use your total assets is not so foreign and is beginning to have some serious traction.'

The divest-invest movement is clearly significant in any discussion of SRI. While there is continuing and fairly involved debate about whether it is better to disinvest or to try to influence companies with questionable practices by engaging with them, the numbers of foundations choosing to disinvest is growing. According to the DivestInvest Philanthropy website, 155 foundations, family offices and charities have signed the Divest-Invest Philanthropy pledge to divest from fossil fuels and reinvest in 'climate solutions and the new energy economy.'<sup>27</sup>



The numbers of foundations choosing to disinvest is growing... 155 foundations, family offices and charities have pledged to divest from fossil fuels and reinvest in 'climate solutions and the new energy economy'"

### Potential of SRI

There's some sense that what is a trickle at the moment might easily turn into a flood. Hilary Pearson thinks 'the key change will be when major institutional investors start to get in the game. If the pensions funds and banks move into this more heavily, that's going to change the

market and we're just beginning to see that happening.' In September 2015, the Japanese Government Pension Investment Fund, the world's largest pension fund, with a pool of USD240 billion, became a signatory of the United Nations Principles for Responsible Investment and is making ESG-related decisions in various investments.

Endorsing Pearson's view, a recent article in the Financial Times quotes Rory Sullivan, the head of standards and sustainable investment at FTSE Russell, as saying that 'a trend towards large capital allocations into these strategies by the world's leading funds indicates a qualitative shift. "When we write the history of this, we will see 2017 as the year in which [ESG investing] reached a tipping point," says Mr Sullivan.'<sup>28</sup>

### Why the slow progress?

This may be optimistic. As Matthias Fiedler, chair of ethical investments at Edge Funders, puts it, many foundations see their capital as a vehicle to generate returns rather than as 'a lever for change', and simple conservatism on the part of trustees and investment managers is another factor.<sup>29</sup> Many foundations are anxious that ESG investments might not produce the level of return that traditional ones do, and they lack experience in assessing the prospects of an ESG investment.

A report in 2016 by Commonfund and the Council on Foundations into foundation investments in the US suggests progress might be slow. It found that out of 123 private and 80 community foundations surveyed, only 15 private foundations and 8 community foundations 'sought to include investments ranking high on ESG criteria.' When it came to screening out investments inconsistent with the institution's mission, the respective figures were 14 and 17. Only 25 private foundations and 20 community foundations allocated a portion of their endowments to investments that further their mission.

### THE GROWTH OF SOCIAL ENTERPRISE/ SOCIAL BUSINESS

Another significant index of changing practices in the use of capital for social benefit is the development of social enterprises, which are often supported through impact investing as well as grants – though there are definitional difficulties here too. The workshop at the WINGS Forum in Mexico City in February 2017, for example, spent more time discussing what social business is than it did discussing its merits or demerits, before arriving at a working definition of a cause-driven business which puts all the dividends back into the enterprise.

However you define them, it's clear they are a growing presence in many areas. While the social enterprise sector is fairly new in most countries studied in the AVPN report on the landscape of social investment in Asia, the study gives a figure of 2 million social enterprises in India, 51,000 in Japan and 60,000 in the Philippines – though Laurence Lien doesn't feel the sector is growing significantly in East and South East Asia. The governments of Hong Kong, Singapore, South Korea and the Philippines are moving to stimulate the development of the social economy either by easing regulations for the sector or by facilitating investment in it or by providing seed capital for start-up social enterprises. Hong Kong has a USD64 million Social Innovation and Entrepreneurship Fund for this purpose, and in South Korea, government, corporations and civil society have a collaborative fund to stimulate social enterprises.

'Certainly the social enterprise space is buzzing in India,' says Ingrid Srinath. 'There are dozens of new social enterprises every month.' The FASES report estimates some 20,000 social enterprises in Australia.<sup>30</sup> The figure for the UK is around 70,000, according to 2015 figures, while a new study by Social Enterprise Scotland finds 5,600 Scottish social enterprises, a number that has increased by 400 in 2016.

Atallah Kuttab feels there are plenty of examples in the Arab region – even if that’s not what they are called there. In Saudi Arabia, for instance, ‘it’s amazing how much what I would call social business there is but it’s not framed in that way. Markets being built, housing for young couples from poor neighbourhoods – this is all done by endowment.’

One downside of social enterprise, identified in the Mexico City workshop, is that it tackles only the consequences of problems rather than their causes. Another point raised in the workshop was that it is drawing away funding from areas such as advocacy and human rights that aren’t so amenable to the social business approach. It’s debatable, though, how serious an issue this is. Those who fund social enterprises are probably unlikely to fund rights work in any case.

### Potential of social enterprise

Kuttab feels that social enterprise has great potential in the Arab region. It bridges, ‘one, very high social need; second, linkage to the private sector because that’s where jobs are; and, third, government’s not clamping down on it so you can do lots of good things there and divert lots of money without being disruptive, in fact solving very important social problems.’

His emphasis, in talking about social enterprise, is more on its ability to create jobs than it would be in many countries. ‘It has its problems because at the moment lots of money is being spent on training rather than on placement and you will very quickly reach saturation if that happens. It needs lots of dynamism and the involvement of the private sector in doing their share and agreeing to employ trainees.’ Crucially, he sees it as a potentially useful platform for collaboration between philanthropy, the private sector and academia. ‘SAANED continues to engage businesses to create more social business and more social value in regular business. If you want to have any impact in society, that’s where things are.’

### Why the slow progress?

One reason for the slow growth of social enterprise in East and South East Asia, according to Laurence Lien, is ‘because many don’t survive.’ This may be a more common problem than proponents care to admit. It’s a relatively new sector, and most social enterprises are young, while the supporting infrastructure has not always been worked out. In addition, reconciling the social and economic demands of social enterprises is difficult. As Lien points out, ‘having a single bottom line is difficult enough. When you have a double bottom line it just topples you over.’

In Canada, too, social enterprises face an uphill struggle. The main obstacle, according to a 2013 report,<sup>31</sup> is absence of a distinct legal structure. Would-be Canadian social enterprises can choose to be either charities or businesses. If they choose to be charities, they aren’t allowed to make any profits; if they choose to be companies, there are no tax credits and it’s difficult to access capital.



Many social enterprises don’t survive. Having a single bottom line is difficult enough. When you have a double bottom line it just topples over”

The latter, in fact, is a key obstacle to social enterprises at various stages of their development in many places.

In the Arab region, though ‘people talk about them, still we are not seeing the money flow into them’, says Atallah Kuttab. One of the reasons why not is that ‘people forget that social investment entails risk and there might not be profits right away and one needs to be in for the long haul, patient. Maybe we are not up front about the profit side. When we say impact investing, people hear the investing, but impact happens at a price, which might be lower profit.’

The Mexico City workshop noted a critical role for infrastructure organisations in bringing traditional philanthropy and social business together to see what they can take from each other. Some social businesses, one participant reminded the group, are just as sceptical about traditional philanthropy as philanthropy is about social business.

### THE BLURRING OF BOUNDARIES

These developments are part of a blurring of the boundaries between sectors. Both Carol Mack and Atallah Kuttab emphasise the importance of this trend. ‘I believe this is the way to go in the future, says Kuttab. ‘We are looking at a very small pie which is philanthropy and there is a very big pie out there which is the whole GDP, which could be moved into a more friendly way of investing money for social and economic equity.’ An increasing number of businesses have social purposes and might be in a for-profit vehicle, notes Carol Mack. In recognition of this trend towards the blurring of boundaries, ACF has redefined its definition of what constitutes a grantmaking foundation to include those that make social investments.

Ingrid Srinath talks of ‘a whole continuum – social enterprise, social business, there’s for-profit stuff that has some social goal, there’s not-for-profit stuff that has a more businesslike character.’ AVPN, too, is working on what it calls the continuum of capital, where there is no clear distinction between for-profit and non-profit activities.

There are a number of contributory factors to this development:

- The growing number of entrepreneurs who are turning philanthropist and their adaptation of business practices – which is what they know best – to their new activity.
- The relative underdevelopment of professional foundations in emerging economies, which has made investment, rather than grantmaking, seem a better option for producing social good.
- A desire for effectiveness. The founders of EVPA, for example, were largely motivated by the desire to make their giving more effective. Businesslike standards of assessment of NGOs’ work seem to many to help achieve this.

- The realization that many-faceted problems will need more than just the experience and resources that philanthropy can draw on. At the 2017 AVPN Conference, Shuichi Ohno of the Sasakawa Peace Foundation remarked that we live in a low-interest world and traditional foundation investments are producing smaller returns at a time when more resources are needed. Atallah Kuttab, too, notes the need to bring as much capital – what he calls the ‘very big pie’ – to bear on the solution of problems that seem increasingly large and intractable.

For Gerry Salole, it’s not just about the philanthropy sector acquiring a bigger range of tools and allies. Institutional philanthropy has more to contribute to the creation of good societies than simply money. He, too, notes a blurring of boundaries within the sector and the development of hybrid forms. ‘We are seeing a trend for more conveners, more people recognising that they are not just grantmakers. They are investors, they are partners; their capacity to fund independent thinking is being used more. Van Leer, for example, is becoming more of a think-tank than a grantmaking institution.’

He also feels the blurring brings with it ‘less of an obsession about the private nature of the money, so you begin to see foundations created by the privatisation of public resources or, something even more exciting, governments turning money over to a foundation saying, “you can do this better than we can”.’ This is a trend he sees happening in Europe ‘and in very sensitive areas. Integration of migrants is a very interesting area, so is radicalisation.’ Moving away from an obsession with money, he feels, allows foundations to play to their other strengths.



Institutional philanthropy has more to contribute to the creation of good societies than simply money”

# Collaboration

**This chapter focuses on collaboration, both within the philanthropic sector and between sectors, and the many different reasons why it is difficult. It also looks at the Sustainable Development Goals, which explicitly encourage collaboration, though instances are still few.**

Collaboration, both among philanthropic institutions and with other sectors, is increasingly touted as a way for philanthropy to maximise its impact, making the best use of limited resources and bringing together the respective skills of the different sectors in an effective way.

However, interviewees for this study had much more to say about why collaboration is difficult than about existing collaborations. Restraining factors include cherishing of foundation independence, the investment of time needed for success, and lack of staff resources at philanthropic institutions. Basak Ersen is unequivocal. There is little collaboration among foundations in Turkey and with the government, none at all. Foundations are no exception to the general rule of mistrust that he sees at the root of most activities in Turkey. 'People don't trust foundations, foundations don't trust people, and foundations don't trust each other.'

## COLLABORATION AMONG FOUNDATIONS

In Colombia, Asociación de Fundaciones Empresariales (AFE) has been making progress, despite the tendency of corporate foundations, in particular, to act alone. They have launched a joint project, Learning to Work Together (a significant title). It's a common project whose focus is water, says Carolina Suarez, though it will have wider implications in terms of education, income generation projects, etc. The point of the project is that the foundations have understood that 'they cannot fund only in their own regions or where they have interests.' Though there is an independent operator, the funding foundations will continue to be involved through an executive committee and an assembly with representatives of the 17 participating foundations. The project seeks to foster a consolidated vision of a region, and this will be the driving force of the participating foundations' commitment to the project.

'Such a unified regional vision is critical if the initiative is to be replicated in the future,' says Suarez. 'We understood the importance of the leverage of working together, and the positive effect of AFE foundations working with the same purpose of advancing the quality of life in the project's chosen communities.'

While some collaboration is happening in South Africa - 'there is some issue-based collaboration, there is an educational collaborative, there are some infrastructure organisations that are trying to support collaboration, there are efforts between international foundations based in South Africa and local foundations' - it isn't happening enough, says Halima Mahomed. She cites leadership as the key factor in creating and sustaining collaborations. 'When you find like-minded individuals whose thinking is aligned on the same sorts of goals, collaboration is easier.'

In the UK, ACF has got 14-15 issue-based, member-led networks on topics like criminal justice, children and young people, and asylum-seekers and refugees. ACF has been putting in a modest amount of resources to nurture those networks, says Carol Mack, and it has paid dividends, she believes. 'Off the back of that, we've started to ask ourselves what would happen if we took a more cross-sectoral approach, so at the moment we are scoping the potential for foundations to work together to address poverty.' The important thing with collaboration, she feels, is to go 'where the momentum is and where the interests are.'

For Barry Gaberman, the key question is whether there is genuine partnership or not. Not everything that looks like a collaboration really is one, he believes. 'When a group of foundations fund an activity, they talk about it as if they are collaborating, when really it's joint funding. You have partnership when you have the institutions that are going to provide resources in the room along with the organisations that are going to be carrying out the work.' He notes the difficulties entailed by such partnerships - the inherent parochialism of foundations, the

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Collaboration is increasingly touted as a way for philanthropy to maximise its impact, making the best use of limited resources and bringing together the respective skills of the different sectors in an efficient way”



## Millennials, who may be either setting up foundations or taking over their direction, tend to be more disposed to collaborate”

unequal power relationships, which mean that ‘people have to give up a little bit of their sovereignty’ – but he believes things are changing and there are more real collaborations.

Collaboration can be a way to offset risk because it makes individual donors less visible. On the other hand, one interviewee felt that collaboration can increase the risk in some circumstances, since you can’t control the other partners’ actions.

### Why is collaboration so difficult?

In Danny Sriskandarajah’s experience, ‘private philanthropy organisations have the least incentive to collaborate and in most of the examples I’ve seen are the worst at it when they do try.’ They are almost designed not to collaborate, he argues. They have been set up to be independent. Carolina Suarez also notes that the habit of unaccountable independence makes foundations little disposed to collaborate. Moreover, if they are corporate foundations, as AFE’s members are, they imbibe the spirit of competition from their parent companies, she believes.

Gerry Salole, too, sees a tension between a ‘well-understood’ need for collaboration and the difficulty of making it work. ‘The DNA and the music foundations play is about autonomy. They are very proud of their ability to move fast, to have their own decision-making processes, to be experts in their own particular field.

All of that means you can be super-confident in your own way of working and less confident in someone else’s, so relinquishing power and collaborating is a challenge. It is happening but it’s a perennial problem. It can’t be taken for granted, you need to be very open and transparent.’ Part of the job of the EFC is ‘to encourage more collaboration, but you have to recognise that there is a problem here, a genuine tension, then you can work around it. You can’t pretend that it’s easy or that it doesn’t exist or doesn’t matter.’

In Canada, says Hilary Pearson, few foundations are well staffed and people don’t necessarily have the skills to manage collaboration. ‘It’s not one of those things you just do – to be successful at collaboration you have to be very mindful and trained.’ In addition, family foundations tend to be run by a group that is essentially closed and it can be difficult to bring in new ideas.

She also feels there is a tendency among some foundation founders of an older school to feel that their philanthropy is private. This may be changing, though. Millennials, who may be either setting up foundations or taking over their direction, tend to be more disposed to collaborate. If you’ve joined Philanthropic Foundations of Canada (PFC), she points out, ‘you’re already motivated to look at collaboration.’ Moreover, ‘in the last five years we’ve seen the development of a lot of funder affinity groups’, which wasn’t the case before.

## COLLABORATION BETWEEN PHILANTHROPY AND GOVERNMENT

One notable example of cross-sector collaboration is the Vibrant Communities initiative, hosted by the Tamarack Institute, which has been around for the last decade and now operates in 13 Canadian cities, bringing business, philanthropy and government together at municipal level on poverty reduction strategies. Its local focus may offer a clue that collaboration can be easier on a smaller, municipal scale.

Another good example is the work of the Cripplegate Foundation in London, noted by Carol Mack. The Cripplegate Foundation exists to address need in a particular part of London and has now pledged to ‘take an active role in local partnerships which tackle poverty and inequality.’<sup>32</sup> ‘They saw that the need was much greater than they could cope with so they fundraised in their area and they’ve been very successful in bringing in other foundations and companies that have an interest in that area, local government and residents, too. It’s a great example of a place-based collaboration that’s cross-sector.’ She also offers examples on a national scale. There is the ‘I Will’ campaign, funded by the Big Lottery Fund, the Cabinet Office and a number of foundations. The Living Wage Campaign is both national and cross-sectoral. If the issue is national in scale and sufficiently specific, you can get collaboration, she believes.

In India Ingrid Srinath sees two ways in which collaboration between the two sectors is beginning to happen, though there are drawbacks in both cases. ‘One is government encouraging philanthropy to direct its attention to things that should be government’s responsibility’ (a trend that seems to be almost universal). There’s also what she calls the ‘rather naive utopian belief by philanthropists and NGOs that “we will develop a model then government will help us take it to scale”. Some of it gains traction, but most of it is just wishful thinking.’

A lot of foundation activities in Russia are approved by local, regional or federal government, but for the most part government has no direct involvement. Occasionally, there is more direct involvement when officials actually participate in activities initiated by NGOs. The problem is that continuing dialogue depends on individuals within the government agencies in question rather than being a matter of policy. The majority of government officials are either neutral or not interested. What drives dialogue, she believes, is the government’s need for money.

In Spain, though the spur was initially money, cooperation seems more genuine. ‘Since the crisis, when public funds have become so scarce,’ says Rosa Gallego, ‘the public sector has approached foundations to say “how can we cooperate?” That’s happened in science, for instance, with foundations that support research.’ This has resulted in a joint national working group. Here, it’s not a question of dipping into foundations’ pockets because not many of that group of foundations have money, she says.

While relations between philanthropy and government in Pakistan are ambivalent, there are NGOs that work well with government. In Punjab, for example, where state schools are failing, the state government has asked a number of NGOs to take over their running. Several businesses are also supporting this initiative, says Shazia Amjad. Moreover, ‘some of this is funded by government, but not all, so philanthropy money is topping it off. This has been going for a little over a year and it’s turned out to be quite successful.’

How successful collaboration is depends partly on the thematic area. Relationships between the government and civil society tend to be better in classically ‘safe’ areas like education and health.

Partnership between philanthropy and the government is very rare in Singapore, says Laurence Lien. But there is more potential elsewhere in East Asia.

Money is not an issue in Singapore, he says. The government feels it has both the money and the solutions. ‘It’s different in the countries around us. They do want philanthropy to be financially involved because they are really in deficit and, on top of that, they struggle to be effective’ because of lack of capacity and corruption. Here, he feels, there is more promising material for real collaboration. ‘Philanthropists are often people who have run successful businesses and they can use the same skill-set to run philanthropic programmes.’

At the moment, in Turkey, collaboration with the government is not even an issue. ‘You can’t talk about collaboration with the government,’ says Basak Ersen. ‘It’s just getting worse and worse. On the contrary, they are becoming enemies. It’s a one-way street at the moment. Everything comes from the government and you have to accept it or ignore it. There’s no real communication.’

### What is hindering collaboration between philanthropy and government?

While there is often a willingness to be on good terms, even to make common cause, there is a certain wariness on both sides and, at times, a tendency to put self-interest before the interests of the partner. A common complaint from the philanthropy side is that government sees philanthropy as a convenient pocket that it can put its hand into to supplement the public purse. While it’s a truism to say that foundation money is tiny beside government budgets, the fact remains that philanthropy is seen in many government circles as a kind of emergency reserve. ‘In terms of inter-government activities,’ says Danny Sriskandarajah, ‘we are clearly at the stage where, because government money to support international activity is drying up, foundations are part of the rescue strategy, a pot of money that government can dip into.’

It’s partly a question of motivation: is there a good reason to collaborate?

Whether foundations see any incentive to collaborate depends on how they see their role, says Sriskandarajah. If they see their role as simply to disburse charitable giving, ‘they’re unlikely to have sophisticated or robust relationships with any other sectors. But if they’re there to make some sort of greater change including policy, they’re going to have to navigate how they interact with various stakeholders.’

Since independence in 1965, Laurence Lien feels that the Singaporean government doesn’t see much role for philanthropy. There is a tradition of strong, paternal government and this has tended to ‘crowd out individual action’ in the form of philanthropy. In the early days, government nationalised the schools, much of public housing and much of healthcare. That’s changing, he feels, as social issues have become more complex and government itself struggles with them. Still, they tend not to look to the non-profit sector for solutions, though he feels they’d be very happy for philanthropy to participate in any projects they’ve already designed provided they don’t ‘meddle with policy.’

There is a strong contract model in Singapore, he says, where service provision is outsourced to NGOs, but again the government regulates it very closely, ‘setting the funding parameters and controlling the interventions.’ To the extent that the Singaporean government does want to encourage philanthropy, it’s for symbolic rather than practical reasons – ‘not so much for innovation, because government still feels it’s got most of the solutions, but for the sake of fostering a more inclusive society where the haves are seen to be giving back to the have-nots.’

Lack of mutual understanding is also a problem. While Krystian Seibert sees ‘great examples of collaboration’ in Australia and a ‘growing appetite on both sides to do more’, he also sees a number of challenges: ‘where do you start, how do you agree on outcomes and what are the respective roles?’

Beneath all this, he feels that the two sides don't really understand each other as well as they might. Part of this is experience. 'In the US,' he says, 'a lot of senior foundation executives have government backgrounds, and there is more movement between the sectors, but in Australia that's not the case.'

In order to try to foster greater mutual understanding and, through it, genuine collaboration, Philanthropy Australia holds an annual Philanthropy Meet Parliament Summit 'so our members can go to Canberra and speak to politicians and, more importantly often, to officials who do the work. We've talked about an exchange programme for government officials to go and spend time in a foundation, so they'd learn what a foundation does. As they move around government circles and become more senior, they'd take that experience with them.'

### Is there genuine partnership?

There are cases where so-called collaboration between philanthropy and government really means government seeking support for a course of action it has already determined. In 2016, continues Seibert, an Australian government department issued a prospectus to philanthropy and the community about projects they'd vetted in a particular policy area, inviting support for the projects from philanthropy, business, etc. 'I'd be surprised if anyone is interested in it.' The projects were already set up; in effect, what 'partners' were being invited to do was to help pay for them. As he notes, 'many philanthropic funders are rightly sensitive about picking up the tab, filling gaps in government service provision, etc, but they're very keen on collaboration, leverage.'

Halima Mahomed offers a similar example from South Africa. 'In 2016, the government started this research to look at how it could tap into philanthropy. It was very limited because it was looking at how philanthropy could contribute towards its development goals rather than asking how do we support and enable philanthropy for a broader development agenda?'

She notes that some foundations are happy to work within that circumscribed area, but that boils down to how the foundation sees its role. 'Does it see itself as an intermediary that will enable the state to do its work or does it see itself as an agent of change? We have all the different shades between.' Both this and the Australian example bring us back to Barry Gaberman's point about genuine partnership. The crux of the matter seems to be how collaboration is interpreted by both sides.

AFE Colombia views state-philanthropy collaboration as more than just being a contractor but 'at the moment, that's how most foundations understand working with the government', says Caroline Suarez. This seems unlikely to change with the introduction of a projected new law which will require foundations working on government projects to contribute 30 per cent of the project's costs. While the new arrangements will involve joint funding, there is no suggestion that they will entail collaboration in the sense of joint design and responsibility.

## THE SUSTAINABLE DEVELOPMENT GOALS

Collaboration across sectors is seen as crucial to the success of the Sustainable Development Goals (SDGs). What is exciting about them, thinks Barry Gaberman, is that, unlike with their predecessors, the Millennium Development Goals, 'there was a real attempt to include the for-profit and non-profit sectors in the discourse, which was reasonably successful.' He notes the SDG philanthropy Platform as a genuine attempt to connect US philanthropy with the SDGs.

### Foundation engagement with the SDGs ...

How are foundations responding to the SDGs in the rest of the world? Are they working piecemeal, concerting a strategy or scratching their heads? As far as European foundations are concerned, 'all of the above', feels



## Collaboration across sectors is seen as crucial to the success of the Sustainable Development Goals"

Gerry Salole. 'There are institutions saying, "we can finally see somewhere we can play a role that has impact and relevance", while others are saying, "I'm doing what I do. I don't really see how this fits in", and then there are others who are excited by the idea of this set of challenges but bemused by the number and extent of the Goals.'

He notes that there are EFC members involved in both the US-based SDG Philanthropy Platform, led by the United Nations Development Programme (UNDP), Rockefeller Philanthropy Advisors and the Foundation Center, and in the OECD-based Network of Foundations Working for Development (NetFWD). Both are providing support to institutional philanthropy organisations looking for ways to engage with the SDGs. The SDG Philanthropy Platform is active in Colombia, Ghana, Indonesia, Kenya, Zambia and Brazil. NetFWD, set up by OECD in 2012 as a 'global network of foundations committed to optimising the impact of philanthropy for development', was not specifically designed as a response to the SDGs, but it was active in lobbying for philanthropy's inclusion in the process of devising the Goals and now serves as a focal point for foundations keen to work on them.

In Italy, Assifero, one of two foundation umbrella organisations, is actively promoting the SDGs. In Spain, on the other hand, lack of activity on the SDGs is 'a failure of foundations so far', believes Rosa Gallego.

There are exceptions, like La Caixa (which tends to be exceptional in most respects), but 'AEF is not really promoting it and so we are not really getting the sense of how our members are working with them.'

A good example of a collaborative effort in pursuit of the goals that involves European foundations is the 'With and For Girls' Collective, initiated by the Stars Foundation, with partners including Mama Cash, Plan UK International and the Global Fund for Children.

Colombia has a particular interest in the SDGs, says Suarez, since they offer a way to galvanise the country's development following the conclusion of peace. 'We are the local partner of the SDG Philanthropy Platform,' she says. 'For us it's a must to involve the SDGs in our work because it's a way for us to get foundations, and society as a whole, to think beyond the peace process and to look at the big picture of real development.' A focal point for this is SDG 16 on peace, justice and strong institutions, and it is where the Goals coincide with Colombia's National Development Plan, whose three central planks are peace, equality and education. As a report by AFE Colombia earlier last year points out,<sup>33</sup> peace is more than just the end of armed conflict. Translating an end to violence into an inclusive and democratic society obedient to the rule of law will require the pursuit and fulfilment of many of the Goals' numerous targets.



## The Sustainable Development Goals are a way for us to look at the big picture of real development"

AFE has launched a map of its members' projects (more than 1,500 of them) and 'you can filter them according to the SDGs and their targets, so you can see which ones they are working on', says Suarez. At the time of this research, AFE was planning a joint seminar with the Inter-American Development Bank in September to look at how Colombian foundations could incorporate the SDGs into their work.

### ... and intentions to engage with them

In many places, though, intention rather than activity characterises philanthropy's response to the SDGs. In a recent survey of grantmakers from the Arab region, over 90% said they wanted to take part in the SDGs, though only 37% have taken this further than internal discussions (and mostly 'taking it further' means discussions with others, rather than initiatives). Naturally, there are exceptions. The King Khalid Foundation in Saudi Arabia has conducted an assessment of its programmes in relation to the SDGs and is devising a strategy and allocating more resources in pursuit of the Goals.

The government of Pakistan has recently set up an SDG unit to consult with the relevant stakeholders on how different partners, including philanthropy, can contribute to meeting the Goals. But, says Shazia Amjad, 'I don't think there is any clarity within the government on the kinds of philanthropic funds that exist and how they can be harnessed.' She notes another difficulty: 'Most CSOs and foundations, with a few exceptions, don't know what the SDGs are.' Still, there is dialogue and she is hopeful that a common strategy might emerge.

### Struggling to connect the global with the local

One problem is that local organisations, both public and philanthropic, are struggling to reconcile their own priorities with the

language and categories in which the SDGs are formulated. 'Very little of the language of the SDGs is used at all in Singapore,' says Laurence Lien. 'It's almost as if it's irrelevant to us.'

According to Hilary Pearson, while the infrastructure bodies in Canada - PFC and Community Foundations of Canada among them - have been talking about the SDGs, they have not yet 'succeeded in mobilising a lot of private philanthropic action around the SDGs per se. This is partly because we haven't been able to make the connection between them and the work that foundations are doing locally. Foundations might say, "we have some projects that are about eliminating poverty locally but I don't know how to connect them to some broad impact statement by Canada." So that's the missing piece, that's what we're working on now.' (At the time of collecting the data for this report, a meeting was about to be held in Ottawa, convened by the Canadian government and attended by a number of philanthropy umbrella groups, with a view to making these connections. Hilary Pearson is hopeful that by the end of this year 'we'll have some tools that can help our members understand what the framework means and how to connect it to what they do.')

According to the Arab region workshop, with the exception of Morocco, there is little government buy-in to the SDG framework. Consequently, local NGOs do not necessarily feel any strong obligation to connect their work to the Goals either. All in all, workshop participants felt that the SDGs may not be the best framework for effecting real and lasting change at local level.

Another problem is that the Goals are explicitly intended to be universal in application, but that's not always how they're being interpreted. 'We've had discussions about what the SDGs mean in a UK setting,' says Carol Mack, 'but I don't hear our own government talking about the SDGs in a UK setting, only in an international setting, and I think how the government approaches things sets the framework for engagement in the country.'

### How relevant are the SDGs to philanthropy?

'My sense,' says Halima Mahomed, 'is that with progressive philanthropy institutions the position is: "these are the issues we want to look at. If there's alignment with the SDGs, great."' For smaller organisations that don't have a progressive agenda already or don't have much capacity, she feels they might provide a useful template, 'but I don't see a lot of it happening.'

Danny Sriskandarajah sees the SDG Philanthropy Platform as 'a good attempt to provide the data infrastructure for foundations to monitor their expenditure against the SDGs.' On the other hand, 'my worry is that we'll see a lot of tick-box approaches and not enough of the transformation in terms of collaboration we might need to make a significant change.' In his view, 'probably the biggest single thing foundations can do to make a significant impact on the SDGs and on sustainable development generally is to change their investment practices, not make some marginal change in their grantmaking.'

Many of Philanthropy Australia's members have heard of the SDGs, says Krystian Seibert, 'though they haven't necessarily figured out their relevance to philanthropy. There's an educative role for infrastructure organisations in this regard and it's something Philanthropy Australia is looking at for 2017.' However, he goes on: 'the cynical part of me says they're a bunch of targets that are never going to be measured properly or governments will just choose which ones they measure to suit themselves. This highlights the important role of civil society in holding government accountable for working towards and meeting the targets.'

Jenny Hodgson is also ambivalent. 'If all the SDGs mean is that private foundations in Zambia, say, start giving to the UN, that's not an acceptable outcome.' And it's not just a question of money, but of reinforcing existing power dynamics:

'often local foundations that don't trust civil society feel that giving to the UN is the way to do it - I think that's deeply problematic. It avoids the whole question about how we make societies more just, more effective, more equitable.' Unless you can use the Goals to advance some fundamental questions like equality and power, she thinks they look like 'a nice exercise where everyone shows they're doing a great job and then nothing really changes.' She notes 'a big conversation' in Kenya at the moment about the SDGs, but 'it always looks to me like the same actors not dealing with the same fundamental issues. The framework doesn't necessarily facilitate systems change thinking because it has been created by the ultimate system.'

Atallah Kuttub sums up the two contradictory currents in the thinking of institutional philanthropy. On the one hand, everyone sees the need for integrated development: 'you can't do education, health, and so on alone. The links are very important and different players need to be working together.' On the other side is cynicism. Foundations believe that the UN and national governments are after philanthropic money, and are not interested in genuine partnership.



What we need is effective multi-stakeholder involvement, and a platform for dialogue, collaboration and mutual accountability"

'This happened with the MDGs - "we will take your money, we know better."'

Moreover, the closing space for civil society in the Arab region means that, effectively, cooperation would mean the government's working with 'a sector that is criminalised.' Kuttub believes that 'unless there is a loosening up of laws, it's just empty talk. The SDGs will be just a fundraising tool; foundations and NGOs will be saying they are aligned with the SDGs so they can capture some of the money that might be spent through the SDGs, no more no less.'

Basak Ersen knows of few organisations that are working on the SDGs in Turkey. Nor is Oksana Oracheva aware of any foundations working on them in Russia. She feels that, in Potanin's case, 'they're not very close to what we do, maybe because its different rhetoric.' In order for them to make more sense, they need to be integrated in a broader agenda, 'but I don't see that yet.' Yanni Peng says the general view of institutional philanthropy in China is that the SDGs are 'more the international community's agenda.' There is no national platform. At the Narada Foundation, 'we haven't positioned ourselves around the SDGs.'

### A coordinated national strategy?

Australian foundations are looking at how they can 'align their outcomes more broadly and the SDGs provide a good way of doing that as part of a national and international agenda', says Krystian Seibert. The Australian example notwithstanding, it will be obvious from what has gone before that coordinated national strategies are few and far between, even within the philanthropy sector.

'What we need is effective multi-stakeholder involvement, and a platform for dialogue, collaboration and mutual accountability,' says Danny Sriskandarajah, 'but I don't see that happening. It's hard to get small collaborations and alignments off the ground, so it would be just too big to have a coordinated national strategy.'

Ingrid Srinath sees 'no platform for concerted strategy or formal cooperation so far. VANI, India's national NGO platform, has been trying to frame things in terms of the SDGs but I'm not sure whether they've made any headway. I'm not hearing a lot from the government either, so I suspect it's mostly UN agencies that are SDG-oriented.' She is doubtful, in any case, about the platform idea, which she feels would be likely to degenerate into a talking shop.

The SDGs will be the biggest feature of the international development landscape between now and 2030 and it's inevitable that institutional philanthropy will have some relationship with them. The form that relationship takes will vary from place to place. It's likely that, at a minimum, foundations will map what they are doing on to the appropriate goals. Whether they become any more wholehearted about them will depend on whether and who takes the initiative, locally or nationally, and whether national governments and the UN can allay the scepticism that exists in many quarters. For the moment, for many philanthropic institutions, the words 'international development agenda' are almost meaningless.



The SDGs will be just a fundraising tool: foundations and NGOs will be saying they are aligned with the SDGs so they can capture some of the money that might be spent through the SDGs, no more no less"



# Philanthropy, government and civil society

**While government often encourages philanthropy and NGOs when they are doing work it approves of, it can also be hostile where it sees its own interests at issue. This chapter focuses on governments' often ambivalent relationship with civil society and philanthropy. It also looks at some more positive developments for NGOs, and at tax exemptions and incentives for donors and recipients.**

The broad outlines of the relationship between philanthropy and civil society are clear enough. Philanthropy operates largely through civil society. As Barry Gaberman puts it, 'philanthropy for the most part does its work through the operating organisations of civil society. There is a direct line that runs from the work of CSOs to philanthropic institutions and through them to philanthropic support organisations.'

Relations with government are more complex. Writing in WINGS' 2017 "A New Global Picture of Organizations Serving Philanthropy" report, Adam Pickering of CAF notes the paradoxical situation that while many governments are keen to encourage philanthropy with one hand, they are preventing them from funding where they like on the other.

So on the one hand government tolerates, even encourages, civil society insofar as it is doing work it approves of – and that includes foundations as funders of civil society. On the other hand, when CSOs espouse issues that call in question the government's position or policies, that favour is withdrawn, and often replaced by hostility. In an increasing number of cases, this is translated into punitive legislation. Gaberman's fear, shared by many, is that while those CSOs that work on what he terms 'the safe side – social services, health, education, the arts' will prosper, the threats to civil society are going to make those on 'the edgy side – social justice, human rights, community organising, independent policy analysis, incredibly important organisations – harder and harder for philanthropy to fund.'



The threats to civil society are going to make those on 'the edgy side' harder for philanthropy to fund.

## AMBIVALENT ATTITUDES ON THE PART OF GOVERNMENT

### Government support for civil society and philanthropy ...

There is an increasing tendency for governments to contract NGOs to deliver a particular service. This is a well-established practice in, for example, the UK and Australia, and it is just beginning in Russia. For many Russian NGOs, says Oksana Oracheva, it's the way to have a sustainable future. She sees many areas where experienced NGOs can achieve much better results than the government, for example in palliative care or the care of orphans. New and improved legislation has been introduced as a result of a push by NGOs and philanthropic institutions interested in promoting those areas (though, parenthetically, she notes that the law regulating philanthropy, dating from 1996, needs to be updated).

Chinese NGOs have an increased role in service delivery, notes Yanni Peng, again in similar areas – elderly care, services for the disabled and education. The Indian government is 'very encouraging of philanthropy as long as it conforms to their definition of where it should go', says Ingrid Srinath. There is more 'carrot than stick' involved, she notes, and there are no formal restrictions on where you can fund.

Government is often the paymaster of civil society through grant funding, too. Carol Mack notes that in 2016, 'for the first time in a long time', at GBP2.7 billion (USD3.5bn), foundation grantmaking is now comparable to government grants made to charities, while government funding for the Australian charitable sector was five times the amount given by philanthropy.

Doug Rutzen of the International Center for Not-for-profit Law (ICNL) mentions a number of countries where the situation for NGOs is improving. Argentina has launched a joint government-civil society initiative to advance legislation, while in Morocco

new laws allow citizens to submit motions and petitions, for the first time enabling them to bring their concerns directly to the government and legislature.

In some countries improvement is a matter of restrictive laws being defeated rather than more positive ones put in place. 'Kyrgyzstan had a foreign agents' bill that went through two readings in parliament before it got rejected in 2016,' he notes. In Kenya in 2015, there were moves to cap international funding at 15 per cent of an organisation's budget, which would have left tens of millions of Kenyans without access to primary healthcare. 'Parliament defeated that bill. In El Salvador, Honduras, Nigeria and other countries restrictive laws have been defeated partly because of the engagement of civil society.'

### ... and government hostility

Undoubtedly the biggest threat to civil society, particularly those parts of it that are engaged in campaigning and advocacy for rights, is the phenomenon referred to as the shrinking space.

The Indian government uses the Foreign Contributions (Registration) Act (FCRA) as a means of policing the NGO sector, says Srinath. Its use is 'entirely political', she says. It's very difficult to get funding from domestic sources if, as an NGO, you are involved in one of Barry Gaberman's 'edgy' issues; this means, in practice, you are dependent on external funding. Here's where the FCRA comes in. 'You have to have a licence to receive foreign funding, which is valid for five years,' says Srinath. 'You have to have a separate bank account in which foreign monies are banked. Every transaction on that account has to be reported within 48 hours and there are very onerous reporting requirements. They can freeze the account so you can't make any transactions at all or you have to seek approval before a transaction can be completed. Finally, you can just be delicensed. It's completely arbitrary.'

She goes on: 'In the 40-odd years of that law's existence I can't recall a single case where an NGO has been found to have either laundered money or funded terror or anything else that the law purports to prevent. Every single case has been where an NGO has challenged the government in one way or another and has had their licence to receive money withdrawn or curtailed as a consequence.' Similarly, Rohini Mohan, writing in the New York Times in January 2017, cites the use of the act to cut off financial supply to a Delhi advocacy group, the Lawyers' Collective, which provides legal assistance to women, non-union workers, activists and other marginalised groups because, alleges Mohan, it had represented critics of prime minister Modi's policies.

In Russia, alongside government support for service delivery by NGOs, the Foreign Agent Law requires NGOs that receive foreign donations and engage in 'political activity' to register and declare themselves as foreign agents. This shows 'there's not enough trust from the government side in NGOs', says Oracheva. One result of the law is that the definition of political activity has been broadened, creating uncertainty about what it is. Naturally, this leads to an even greater degree of caution. 'With foreign funding, there's always a risk,' she concludes. The Dynasty Foundation, for instance, which has subsequently closed, fell foul of the Foreign Agent Law. One of their grantees was a liberal think-tank and Dynasty was financed by money that was kept abroad, so it was easy to put pressure on the foundation.

While the Chinese government likes the service provision role that NGOs are increasingly playing, it's not so keen when they get involved in advocacy – to the point, says Yanni Peng, where the local government will restrict the entry of environmental NGOs into areas where there is environmental degradation. There are worries that the Overseas NGO Law, which came into force at the beginning of last year, will be used to discriminate against NGOs working in politically sensitive areas.

According to one source, the Ministry of Public Security published a list of government organisations that will be in charge of supervising foreign NGOs, 'but the list does not include supervisory units for NGOs operating in sensitive areas such as legal reform and rights issues. The result could be a situation where a majority of foreign NPOs remain in a legal limbo.'

'Rights-based and grassroots organisations working for social change in Colombia are having a hard time, because funding is drying up and they are probably not now getting sizeable donations,' says Carolina Suarez.



A number of societies that you would have seen as participatory are exhibiting threats against the enabling environment"

The more authoritarian the government, the more severe and manifold legislation to curtail civil society activities is likely to be. Doug Rutzen speaks of 'waves of constraint over the last 12-13 years.' But, as Gaberman warns, 'a number of societies that you would have seen as participatory, including the US, are exhibiting threats against the enabling environment.' ICNL records '98 laws restricting freedom of association or assembly around the world ... proposed or passed since 2012.'

In the UK, too, feels Carol Mack, the environment for philanthropy 'has got more contested. It's increasingly unclear what charities – and foundations are charities in the UK – can and can't say in the run-up to an election.' The trust issue plays a significant part here, she feels. The breakdown of trust in institutions extends to the charity sector, and 'it is no longer assumed

that because you are a charity you are automatically a good thing.' (Only half of respondents to a CAF study said they trusted charities.)

Implementation, not legislation, is the problem facing foundations in a number of countries. 'In principle,' says Basak Ersen, 'if you set up a Turkish foundation for a lawful purpose, you are free to do what you like.' A 2008 foundation law, which TUSEV helped to draw up, is along the lines of those regulating the sector in most of western Europe. 'But in practice there are exceptions. It's always hard to fund human rights work for example.' Organisations can receive foreign funding, but it's very difficult for them to operate if they try to do so in defiance of government's wishes and matters are aggravated by the present state of emergency which means 'you can't do even things which are legal, which are your right. We don't have freedom of expression or association now, which are the basis of civil society. We can't see the future. Things might get worse.'

### Reasons for government hostility

While the introduction of legislation restricting civil society and philanthropy is widespread, the motives for legislation are not always the same. Aside from the desire to stifle opposition, Doug Rutzen points to several factors that he sees as powering the current wave of constraint: 'There is a group of countries that think that the governments themselves need to play a much stronger role in coordinating international assistance. For these countries, it's much more about that agenda than it is about restricting dissent.' A participant at the Johannesburg workshop also saw this as a strong motive and felt that philanthropy is likely to be regulated in most countries in future in order to integrate it into national development agendas.

A second motive, Rutzen believes, is what he calls 'misplaced concepts of accountability and transparency.'



The banks and ministries are monitoring the processes that are ensuring the closing of the civil society space"

In the US, he notes 'a grassroots initiative to expand or ramp up the enforcement of the US Foreign Agent's Registration Act<sup>37</sup> by progressive groups that are trying to hold the Trump administration accountable – but in the name of transparency they're going to end up, I believe, unintentionally restricting civil society.' Finally, he notes 'the agendas around counter-terrorism, issues of sovereignty' and the natural tendency of governments to want to consolidate power.

In the Arab region, thinks Atallah Kuttub, there are two motives for restrictive legislation. 'The direct one is the political Islamic movement. The indirect one is that people have shifted their demands since 2011. Now, security is paramount, so nobody is talking about freedom, integrity, etc. People are accepting tightening down for better security and governments are using that.'

Gerry Salole doesn't think the 'shrinkage in wriggle room' is caused solely by anxieties over funding for terrorism or political discomfort with civil society. He also sees a legitimacy question raised over the use (rather than the provenance) of philanthropic money. 'I think there's a critical voice being raised that's questioning the legitimacy of private resources being deployed in particular ways. And there's also a genuine seeking for accountability about where money goes and how decisions are made.'

### GOVERNMENT CONTROL THROUGH REGULATION AND THE LACK OF IT

Governments can also control civil society, and philanthropy, through bureaucracy and regulations, which may or may not be primarily intended to be restrictive. Sometimes a lack of regulation can itself be a problem.

As the Hudson Institute Index<sup>38</sup> points out, 'philanthropic freedom has been impeded by the increasing prevalence of foreign exchange regulations and capital controls.' It describes Venezuela's foreign exchange regulations as 'nothing short of a disaster', adding: 'such policies are more pronounced in Venezuela, Argentina, Bolivia, and Brazil, but are by no means limited to South America. China, Egypt, Georgia, India, Myanmar, Pakistan, Russia, and South Africa all have currency control systems affecting philanthropic activity in their countries.'

### Burdensome bureaucracy

In the Arab region, government control over philanthropy is exercised by 'a mix of disapproval and formal restriction', says Atallah Kuttub. While funding for services like health and education is encouraged, 'you need approvals for grants, and if someone creates a problem, you'll be in trouble.' Sheer bureaucracy can be an effective way of stifling support to causes that governments in the region don't approve of. 'I closed my NGO in Jordan at the end of 2016,' says Kuttub, 'because I couldn't channel anything through it. Permissions were stuck in the ministry. They didn't say no, but they didn't say yes.' At the same time, it's becoming impossible to get grant money from outside the region. The banks, prompted by government, 'have become very strict over the last six months. Other countries in the region are worse. Jordan is the softest. So the banks and ministries are monitoring the processes that are ensuring the closing of the civil society space.'

Banks play a part in India too, says Ingrid Srinath; it's possible to appeal against the arbitrary operation of restrictive laws. If you have deep enough pockets, you can take the government to court. Greenpeace did so and won, but still they have been unable to function effectively because the government has made use of all the weapons at its disposal to make their work impossible: 'banks don't want to do business with you, service providers don't want to do business with you, your employees can't get bank accounts. It's a concerted way of harassing you.'

In Colombia, the civil society sector is subject to the scrutiny of several government departments, which is even more burdensome for NGOs than for foundations. Both are subject to the same legislation, but foundations have lawyers and accountants, whereas NGOs often don't, says Carolina Suarez, 'so how are they going to manage the bureaucracy involved?' Nor is giving particularly encouraged. You need government permission to be able to receive donations. If this is forthcoming, your donors qualify for a tax exemption. If you don't get that permission, they don't qualify.

There are no restrictions on domestic donations in Pakistan, but there is a draft law under consideration to regulate cross-border philanthropy more closely. Currently, the State Bank of Pakistan has its own regulations for money coming in and out of Pakistan and those regulations are now being made more stringent, says Shazia Amjad.

### A lack of regulation

Even where government attitudes to philanthropy are in theory positive, legislation is often in need of overhaul to suit it to the times. From one perspective, says Hilary Pearson, the legal environment in Canada is very favourable because of a very generous system of tax incentives. However, it is also 'sadly in need of modernisation.'

She cites the examples of Australia and New Zealand, which have ‘at least tried to take the regulator out of the tax agency and make it independent, and broadened the definition of charity’, but that has not happened in Canada. ‘When it came into office two years ago, the current government promised publicly it would look at the legislative framework with a view to modernising it, but there’s a lot of resistance.’ One reason why it is dragging its feet on the question, she says, is a worry about opening up charitable legislation to advocacy organisations: ‘there are whole questions about the role of charities as advocates for policy change – there’s a reluctance, an inertia in the system around that.’

### Are the restrictions on philanthropy deliberate?

Rosa Gallego believes the detrimental effects on philanthropy can result largely from short-sightedness on the part of government. So while, in general terms, the Spanish government is in favour of philanthropy, ‘the supervising authority makes everyone’s lives absolute hell. I don’t think it’s intentional. I don’t think government realizes that by putting these obstacles in foundations’ way, they are actually undermining their work.’

While acknowledging that governments have a legitimate interest in controlling currency flows in and out of the country, the Hudson Institute Index suggests that the restrictions on philanthropy imposed by such regulations may be to some extent deliberate. ‘In Pakistan, Russia, Turkey, and Malaysia, there is growing evidence to suggest that the damage to philanthropic activity is not entirely unintentional. In each of these countries, legislation passed ostensibly to combat IFFs [illicit financial flows] has been used to limit the autonomy of philanthropic actors, investigate and surveil groups critical of the government, and impede organizations attempting to access foreign funds.’



Government hostility – and the ‘shrinking space’ for civil society – is not the only reason why pursuit of their aims, even survival, is becoming more difficult for NGOs. Many of the sources of funding that they have traditionally looked to are drying up”

However, Shazia Amjad sees nothing sinister in Pakistan’s proposed new regulations for cross-border philanthropy: it is simply in compliance with international anti-money-laundering agreements, to which Pakistan is a signatory. Hitherto, she says, most Pakistani NGOs were free to do what they wanted. ‘Now that the government, under international pressure, is beginning to put regulations in place, people say that the enabling environment is being reduced, but even for regulating traffic, there are traffic lights. What would happen if there were no traffic lights? In a sense, CSOs are now being traffic-lighted.’

She also points to Pakistan’s geographical position. ‘Considering the kind of buffer state that Pakistan has become, considering that we have a sensitive border on both sides, considering our geopolitical situation, the amount of money that has flowed into Pakistan, and the amount of terrorist attacks there have been, there is a need to see such money flows regulated and curbed.’

## THE FUTURE OF CIVIL SOCIETY

### Pressures on NGOs

Government hostility – and the ‘shrinking space’ for civil society – is not the only reason why pursuit of their aims, even survival, is becoming more difficult for NGOs. Many of the sources of funding that they have traditionally looked to are drying up. Government funding is becoming scarcer as fiscal constraints bite. In some emerging economies, where NGOs (especially those dealing with politically sensitive issues) have traditionally relied on funding from international sources, this has been dwindling steadily over the past 20 years or so as funders have moved on to countries perceived to be in greater need of support.

The lost international funding has seldom been successfully replaced from local sources. Partly this is because many NGOs have no roots in the local community and the community remains ignorant of what they do; partly it’s because of mistrust; and partly it’s because NGOs are seen as being able to attract external funds rather than requiring local money. As Atallah Kuttub notes: ‘in a meeting of Africans and Arab philanthropists that I moderated, they said it plainly: they don’t give money to local NGOs because they are supposed to bring money from outside.’

There are other reasons why NGOs are feeling the pinch. They are often out of step with new philanthropy, believes Jenny Hodgson, ‘so there’s a very narrow overlap where NGOs are doing something that new foundations necessarily want to support and a huge gap between new foundations and organisations working on rights and justice.’

Direct implementation of programmes by operating foundations; social business competing for attention and support; the rise of new, more informal means of social activism; the willingness of millennials and younger people to donate to a much wider range

of entities (for example Kickstarter, B-corps) – all these are calling into question the rationale of NGOs, to the point that Atallah Kuttub sees them as being ‘in real trouble as a subset of our sector.’ Almost all of these pressures are being felt more acutely by those engaged in issues that are considered politically sensitive.

### Social movements

It would be easy to exaggerate the pressures on NGOs: there are also more positive trends likely to affect their future trajectory. The possibility of creating social movements rapidly through social media occupied a good deal of attention at the 2017 WINGS Forum in Mexico City, with participants wondering about the implications of a situation where the impetus for change is more likely to be found in a fluid movement than a formal organisation.

‘I think most foundations can connect with social movements,’ says Gerry Salole. ‘A “let’s see what people want” kind of approach goes back to very core charitable work, and to some extent what Jenny Hodgson is doing with the Global Fund for Community Foundations is rekindling some of that.’

### Local ownership and local governance

‘If you can make the case that local ownership and local governance trump outsiders making decisions on behalf of people,’ he goes on, ‘whether they are called community foundations or not, this is probably the most powerful intermediary we could be helping to develop. In the end you’re basically validating the idea that people know best. So what something is called shouldn’t matter, whether it’s been formally registered or not shouldn’t matter, resources should be able to go to people.’

He also points to this as another area where the shrinking space is having a harmful effect. ‘In this context, the anti-terrorism legislation is going to make life more difficult. You can’t be as informal as you’d like in a situation where you have to know who you’re

giving your money to and you have to vindicate what they do with it.’

Jenny Hodgson acknowledges that ‘there are existential questions for civil society’, but sees the possibility of good coming from the solutions. She ‘very much believes in the importance of institutions because when you sit down at the table with the big players, who is the link? Even if you have a big, successful crowdfunding campaign, if you don’t exist as anything else, establishment players see no need to engage with you further.’

What are needed, she says, are organisations that operate in a less transactional way than the classic pattern of seeking grants, generally from outside, and applying them to a problem. If you start to raise money locally, she argues, you’re going to have to start thinking about building constituencies for your work. That might be money, ‘but it might just mean people caring whether you get closed down or not.’ She sees this as an ‘inevitable part of the changing funding environment and the shrinking space, which will force this evolution into something that is more responsive, more flexible and more organic.’ She believes the real need is to build ‘strong organisations that can advance tricky issues and have a constituency for that work.’

Danny Sriskandarajah’s idea of ‘fundermediaries’ – funding intermediaries that exist explicitly to channel donor funds more directly to the end recipient – touches on similar ideas.



The real need is to build strong organizations that can advance tricky issues and have a constituency for that work”

Funding for diversity will be important, he believes, and donors will need to work out how to support different types of organisation. ‘If all of your progressive eggs are in one basket and suddenly the regulatory environment changes, you’re stuck.’ Where trust for NGOs is low, we need to ‘work out how to support those progressive causes through different institutions.’

### Thriving without an enabling environment

In Sub-Saharan Africa, the Hudson Institute Index cites ‘the newness of structured philanthropy’ as a reason for the absence of conducive legislation. ‘Consequently, there are fewer indigenous grantmaking institutions in Sub-Saharan Africa than in other regions, and the administrative infrastructure for philanthropy remains underdeveloped.’<sup>39</sup>

This underdevelopment may not be too much of a problem, however. While South Africa ranks relatively low on the Index of Philanthropic Freedom, Halima Mahomed notes that ‘we have a vibrant civil society and we have progressive social justice foundations that fund progressive CSOs who then take the government to court and have won. The best-known case was the anti-retrovirals campaign which took the government to court to force them to provide ARVs.’ Occasionally, she says, you find government officials murmuring about foreign-funded NGOs coming with an agenda, but government does nothing in terms of policy to curb them.

## TAX EXEMPTIONS AND INCENTIVES

Most countries have some form of tax exemption for donors, recipient organisations or both.

### Tax and foundations

In Turkey, for example, foundations are exempt from corporate tax and there are tax incentives for individuals giving money to registered public benefit organisations. Foundation endowments are also tax-exempt (while foundations are required to have endowments, they are often very small) and if you give or bequeath money to a foundation, there is no inheritance tax liability.

Ingrid Srinath feels there are no significant tax incentives for philanthropists in India. The threshold for the 50% write-down of contributions is low. There are limited tax incentives in Russia too. They apply to individuals, but not to corporations or institutions. Yanni Peng notes that Chinese foundations have to pay income tax of 25 per cent on profits from investments.

Singapore has a very favourable regime if you are donating to state-sanctioned programmes or organisations. If you give a dollar, SGD2.50 is taken off your taxable income. But the attitude underlying this regime is fairly parochial, says Laurence Lien. If you work in an area that benefits predominantly foreigners or people outside Singapore, you won't get the permit necessary for this deduction. Similarly, if you do public fundraising, most of the funds you raise must be spent in Singapore. "Charity begins at home, Singapore is a small country, what difference can we make to overseas causes?" That's the sort of argument,' he says. Though there are few restrictions, he notes increasing amounts of reporting because of anti-money laundering and anti-terrorist measures.

In Spain, as mentioned earlier, the tax incentive for donations of less than EUR150 (USD176) has been increased.

'Foundations don't have to pay company tax on their profits; they don't have to pay tax on donations. Apart from a huge VAT issue, the tax treatment of foundations is good,' says Rosa Gallego. But she draws attention to a continuing issue for Spanish philanthropy. 'When a foundation gives grants but does not operate its own programmes, the tax authority questions whether it is eligible for tax incentives, but if a grantmaker is not eligible, who is? This is an issue that is still being debated.' Apart from being an example of a kind of bureaucratic arthritis that can unwittingly disable philanthropy, it has an obvious chilling effect on grantmaking.

While there are tax incentives for giving in some countries of the Arab region, they are so complicated that few people pursue them. 'It's a nightmare,' says Atallah Kuttab, 'so the people I know who give, they give without tax breaks.' However, the question doesn't arise in the Gulf, 'where the bulk of the money is', since there are no taxes.

In other places, tax incentives are used to direct the flow of generosity. 'If you give to pseudo-government organisations, NGOs or foundations, then it's safe to ask for a tax rebate. But if it's an NGO that's doing work outside the remit of government, then don't bother. The bureaucracy entailed is heavy.'

### Tax for NGOs

Tax is an issue for recipient institutions as well as donors. While in theory Chinese NGOs can obtain an exemption from paying tax on donations, they often can't in practice, says Yanni Peng. The position is complicated: 'We don't need to pay tax on the whole year's balance of donations provided that the average salary of our organisation is less than twice the local average salary.' This, she says, is restrictive in another direction, since it means 'we can't offer a higher salary to attract good people.' In India, says Srinath, if you're registered as a charitable trust or a society or not-for-profit company, your income is tax-exempt, but you must spend any donations in the year you raise them.

### Do tax incentives stimulate giving?

It's debatable, in any case, what role tax incentives play in encouraging giving. Much of the research done suggests that it's not a primary motive for individual donors. According to Oksana Oracheva, most individual donors in Russia don't claim tax relief. There are studies in the US, says Barry Gaberman, which argue that if you don't exempt charitable donations from taxation, 'you're going to see a significant decline in charitable giving. I'm not sure that's true. If you figure that over 40% of charitable giving goes to religious activity, I don't see the tax code being the prime mover.'

A report by CAF<sup>40</sup> suggests that tax incentives are a significant but not decisive factor in increasing giving. It found that in countries with tax incentives 33% of people had given in the previous month, compared with 21% in countries without them. However, it concedes that 'the legal environment in which civil society operates, the range of causes which are incentivised, administrative barriers to giving and the ability of organisations to fundraise publicly are likely to be more important in motivating giving than tax incentives.'

However, while tax incentives are not the only reason people give, they may encourage people to give more. Ashish Dhawan, chair of India's Central Square Foundation and co-founder of Ashoka University, believes that opening the gate can only encourage givers to enter.<sup>41</sup> The Observatoire de la Fondation de France argues that, in Europe at least, tax incentives might influence the size of gifts even if they aren't a determining factor in whether to give or not. In France and the UK, says their report,<sup>42</sup> 'countries with more generous tax breaks than elsewhere, the proportion of the donor population is only average, while average donation amounts are the highest in Europe.'



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# Infrastructure organisations

**Infrastructure is very unevenly distributed, with 80% of the funding for it concentrated in North America. This chapter focuses on the infrastructure organisations that support the philanthropy sector. It looks at the range of roles infrastructure organisations play and some areas where they could do better. Finally, it discusses the challenge of demonstrating their value to the sector and the viability of their 'business model.'**

Last year, WINGS produced a study of philanthropy infrastructure organisations, which gives as detailed a picture as possible of the state of affairs globally. For the purposes of this report, the salient findings from that research are that 80% of the funding for infrastructure is concentrated in North America and that infrastructure is weakest where it is most needed.

The organisations that make up philanthropy infrastructure cover a wide field. Barry Gaberman provides us with a handy distinction, separating them into 'membership organisations, like the Council on Foundations, the EFC and the 70 or 80 national associations' and what he calls 'second-aspect' organisations which specialise in particular areas 'like endowment building, board development, fundraising, etc.' Mostly, this report will deal with the first category, though the implications for the more specialist organisations in what follows will be apparent.

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The infrastructure organisations in Africa are mostly regional and their thematic reach is limited, which means there are significant gaps in the intelligence and information the sector can draw on”

## UNEVEN DISTRIBUTION OF PHILANTHROPY INFRASTRUCTURE

### Density of infrastructure in the US and Europe

One potential problem arising from the density of infrastructure organisations in North America and Europe is duplication. 'We're beginning to see too much duplication, says Gerry Salole. 'You have broader churches further afield, then when you come closer to Europe and the US, you probably have more specialised infrastructure, often competing in the same terrain and perhaps a bit too militant about their specific approach to particular problems.' The continual pressure on infrastructure organisations to generate income and to show results produces 'a degree of marketing and selling' which he is 'very uncomfortable' with.

Barry Gaberman has an explanation for this duplication. Based on his experience, he says, 'for the US at least, every funder funding some bit of philanthropy infrastructure had a favourite of their own, so if you were talking about how to eliminate redundancy, it was a loser.' He also has a suggestion for dealing with it. 'We should define for the US - but I think it would be true of any country - what is the core inner circle of infrastructure organisations we need to support. In the second, outer circle, funders can go ahead and fund the ones they like and let them meet the market test. If they provide value, they'll continue to exist; if not, they won't. But let's at least try to establish what that core is.'

### Scarcity of infrastructure in the global south

If in some places there is too much infrastructure, in others there is too little - particularly in the global south. The infrastructure organisations in Africa are mostly regional and their thematic reach is limited, which means there are significant gaps in the intelligence and information the sector can draw on.

The Africa Philanthropy Network, the African Philanthropy Forum and the East Africa Association of Grantmakers are all regional in scope. There might be a desire among certain organisations to set up national groups, 'but they can't get enough support or resources, so they join a regional network.' Partly this is because those international funders who do fund infrastructure tend to fund either global institutions or those in their own backyard. A lot of local funders are either unaware of existing infrastructure organisations or don't see the need for them. Infrastructure organisations, believes Halima Mahomed, 'need to go to where philanthropists are and stop expecting philanthropists to come to them.'

In the Arab region, feels Atallah Kuttub, there is a need for 'groupings in the Gulf, especially a network of foundations and/or social investors', to supplement the three main regional infrastructure bodies - the Gerhart Center, the Arab Foundations Forum and SAANED.

Both Jenny Hodgson and Ingrid Srinath point to the lack of a national network organisation as a significant deficiency in the Indian philanthropy scene. In fact, Srinath identifies the absence of infrastructure organisations as probably the sector's biggest challenge. Dasra has some of the functions of a philanthropy support body 'but without being a sectoral representative.' Dasra is important, but 'we need a dozen Dasras.' Bridgespan, CAF India and the Centre for the Advancement of Philanthropy all have some infrastructural role, but, she emphasises, 'they are all very small relative to the need.' The lack of infrastructure is 'something the sector is already paying a significant price for and will pay a higher price for down the line if it's not remedied - everything from the complete absence of data to the complete absence of norms to the complete absence of any kind of collective platform.'

In Singapore, what was formerly the representative body has effectively been co-opted into the public sector, says Laurence Lien.

'The representative body used to be the National Council of Social Services before it was nationalized. Now it's part of government so there is no representative body.'

With the exception of the China Foundation Center, infrastructure in China is in relatively short supply and 'quite basic', says Yanni Peng. In addition to lack of data, there is also a pressing transparency issue, highlighted earlier in this report. The China Foundation Center is helping in both of these areas, both through collection of data (Narada Foundation is supporting the Center to create a database of NGOs in China) and through its Foundation Transparency Index (clearly, better data is important to this, too). There is also a big gap in advocacy and lobbying. 'Maybe fewer than five organisations are lobbying for change in policy towards the sector and the law,' says Peng. Human resources are also at a premium. There are two organisations headhunting for the sector and encouraging business people to work in it, but she also sees a need for a broker to bring together business and the philanthropy sector and to facilitate collaboration.

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WE need a body to promote philanthropy generally, and especially among HNWI's”

## ROLES OF PHILANTHROPY INFRASTRUCTURE ORGANISATIONS

Philanthropy support organisations carry out a very wide range of roles. Nearly everyone mentions research and collection of data, sharing of best practice, and training and convening, but there are many more. Philanthropy Australia conceives its mission very broadly as working towards 'a more giving Australia' by 'serving the philanthropic community to achieve more and better philanthropy', says Krystian Seibert. This is partly because the Australian philanthropy sector is so diverse. Because of that, 'we don't go for any particular segment and say "they're the ones we'll look after most".'

### Representing the sector

To what extent can network organisations represent the sector, especially given that there will not necessarily be agreement among members on any given issue?

Oksana Oracheva feels that 'infrastructure organisations need to represent the sector, not individual organisations. And they need to express the common agenda - not create, but express it. Infrastructure organisations can't create the agenda, they can combine the elements of the agenda then present it.'

Carol Mack argues that ACF's members 'don't have to be united for us to speak for them. What you want to do as a membership organisation, and what is valuable to policy-makers, is to make sure the spectrum of opinion is heard. Our members are united about their independence and the value of having an independent sector, so that means we are going to be more than usually scrupulous about what they think on an issue before presuming to speak for them.'

For the future, she would like to see 'a set of principles about what good foundation practice looks like that the sector is united around and committed to implementing in its work. That's what we plan to do as part of our strategy over the next five years. We also want to influence the policy environment; we want to be certain that foundations are valued.'

'If you are an honest broker,' says Gerry Salole, 'you represent the diversity, you remind people that there isn't just one type of player. So you have to understand the diversity and you have to play back what that diversity is.'

Rosa Gallego notes the role network organisations play in creating a common identity for foundations. AEF has brought 'different types of foundations together around the idea of being a sector. Even if they are completely different individually, there is one place in which the uniqueness of having the form of foundation is celebrated and there is a common identity.' Similarly, ACF's greatest achievement, feels Carol Mack, is 'helping the foundation community see itself as a sector, and providing a platform where foundations can come together, take common action and share best practice.'

There is often a lack of understanding among other sectors about what role philanthropy can play. Laurence Lien talks about infrastructure organisations representing the sector to the government - and this can happen even when the sector doesn't want to engage with the government, says Doug Rutzen. 'There are a lot of cases where the sector doesn't want to have a profile,' he says, 'perhaps because it doesn't want to engage with the government, or maybe it feels it doesn't have much credibility with the government. Infrastructure organisations can sometimes bring these different types of organisation together and act as the voice of the sector.'

Infrastructure organisations can also play a diagnostic role, says Rutzen, 'figuring out what the key challenges for philanthropy are in a particular country and where there is a reasonable possibility of change. I think infrastructure organisations are well placed to address that because it's not usually in the mandate of any particular group.'

Underdeveloped philanthropy infrastructure in a country or region means the sector will lack a collective voice and a coherent picture of itself. In Latin America, says Carolina Suarez, 'there are lots of bits and pieces, but often even at national level, there is a lack of coherence.'

### Advocacy, external ...

Most interviewees see advocacy as part of their role. The priority for AFE in Colombia is moving the sector towards 'the achievement of sustainable development', says Carolina Suarez. 'Our focus is on connecting, advocacy and communications so we will work with our members to promote conversations with government, with partners and with international cooperation to achieve social change.'

Hilary Pearson also speaks of 'a lot of advocacy. I'm very involved in public policy work and being a voice for the Canadian foundation sector with our

federal government and trying both to increase the flexibility of regulation and to defend against regulation that makes things worse rather than better.'

Better legislation is a focus for many organisations. 'We campaign on behalf of the sector, though we don't represent it, for better legislation, a better fiscal regime, etc,' says Basak Ersen. He sees Turkey's 2008 Foundation Law as one of TUSEV's biggest successes. 'In those days, we were more successful because there was space for us and there was demand coming from the public sector.' SAANED worked on developing a model Arab Philanthropy Law in 2013. The idea was that it contains the general elements that practitioners and philanthropists in the region wish to see but it would be customized in each country. Though little has been achieved so far - as Atallah Kuttub points out, matters have actually become worse - the creation of such a model at least gives the philanthropy sector an agreed position if and when better times come.

Infrastructure organisations can also play a role in linking the local and the global, says Rutzen. Sometimes it helps to get global support for a group or an issue in a particular country. Often local groups, particularly outside the capital, 'don't have access to say the UN Special Rapporteur - from what we hear their involvement can often be helpful because the UN has leverage in that country - or to philanthropy in another country, and they can play a role in making those connections.'

He notes that the capacity of infrastructure organisations to do these things is not always governed by resources. 'It depends on the country. There are some where the infrastructure organisations do have the capacity even with slender resources. Then there are cases where adequately staffed organisations just don't have the capacity. Maybe they don't want to do it or don't know how to do it, but I think there is a role for them to step up in some of those countries.'



Infrastructure organisations can also play a diagnostic role, says Rutzen, 'figuring out what the key challenges for philanthropy are in a particular country and where there is a reasonable possibility of change'

### ... and internal

Advocacy has an internal as well as an external dimension - what Krystian Seibert calls 'lobbying in, as well as lobbying out.' Internal advocacy means 'working with our members to try and shift them towards best practice.' Laurence Lien talks of encouraging more strategic philanthropy and more grantmaking.

A number of participants at the Mexico City workshop pointed out that network organisations should be prepared to challenge their members to improve their work and, to an extent, to lobby them to take different approaches. Advocacy can be a two-way process - having your positions shaped by member input and feedback and also seeking to influence the views of members.

Lack of accountability and transparency, in the face of growing demands for them, is a big issue for foundations. In Spain, says Rosa Gallego, 'there is a lot of talk about transparency and a real need for some foundations to say what it is

they do.' One of the things AEF has done is to 'go through the websites of all our members to see whether they publish accounts regularly and recommend it as best practice. Our by-laws actually stipulate this, but we don't have any way to enforce it. We've provided them with guidelines on codes of practice.'

### Introducing new ideas and confronting difficult issues

'We try to introduce new models to Turkey,' says Ersen. 'This is important because Turkish institutions don't have very close relations with peers in other countries. So for example we are working on a grantmaking database to gather information on all the grantmaking institutions. We were also the first organisation to promote community philanthropy and we organised giving circles.'

Sometimes an infrastructure organisation can enable institutional philanthropy to confront the questions it would prefer to avoid. After Krystian Seibert joined Philanthropy Australia, its first conference (2014) 'was all about how good philanthropy is. In 2016, there was this willingness to be introspective and at the next conference we're not going to be afraid of addressing the elephants in the room like the non-democratic nature of philanthropy. If we hadn't been there, that wouldn't have happened.' For him, the organisation's biggest achievement is 'making members feel comfortable with being self-critical and open-minded in a constructive way and providing them with the content to do that.'

Gerry Salole also recognises mediation of differing viewpoints as a critical part of developing the foundation sector's thinking and practice: 'what you have to realise is that foundations learn from themselves and their peers, and your job is to put them together with peers who disagree with them so they can influence each other. They need to hear alternative views. And you have to keep things civil enough so that people stay in the room and I think this is something we at the EFC do pretty well.'

'We can mediate because we are independent,' says Carolina Suarez. 'AFE has no commercial or territorial interests, and no links to any corporation' so, for instance, the foundations involved in the Learning to Work Together programme 'are looking on us as the backbone organisation, maintaining the philosophy of the programme.'

### Creating and disseminating knowledge

Ensuring the sector has the information and knowledge it needs is widely seen as a role for infrastructure organisations. 'We can aggregate the knowledge our members generate,' says Krystian Seibert, 'which they wouldn't necessarily have the time to do themselves. They've all got their day jobs. So we organise events, focus on thought leadership and disseminate knowledge. Infrastructure organisations have to be the focal point for that.'

Philanthropy support organisations can also commission research themselves to try to fill gaps, though their capacity is limited. TUSEV in Turkey, PCP in Pakistan, and GIFE and IDIS in Brazil have all done this.

In addition, there is a new crop of academic institutions with a focus on either teaching or research in philanthropy, which will help both to offset the data deficiency and to boost the research capacity of the sector. Two of these are in places where infrastructure is thin on the ground: the Centre for Social Impact and Philanthropy at Ashoka University in India and the Chair in African Philanthropy at Wits University, South Africa.



Sometimes an infrastructure organization can enable institutional philanthropy to confront the questions it would prefer to avoid"

### Fostering collaboration

Infrastructure organisations can play an important role in fostering collaboration. They are 'the analysts, they can understand what's going on and help to surface things which haven't been surfaced', says Gerry Salole. 'You can find ways of convening meetings, and you have to be very skilled at making collaboration happen.' You also have to be very careful about claiming these things. 'If infrastructure organisations are good they work in the background,' he says. 'You have to be a very quiet midwife in some ways. People know if you've done something well or not, you don't have to talk about it.' This may be true, but achievements are easily overlooked. This could go some way to explain why infrastructure organisations often lose out when it comes to resources.

The convening of affinity groups by network organisations (and/or helping to support them, as ACF does in the UK) also offers a way to encourage habits of joint working. Hilary Pearson is one who feels her organisation 'could do a lot more to support the development of affinity groups and link them with each other. For the next five years, I can see us playing a much stronger role in developing that.'

Specifically in terms of collaboration between the public and philanthropy sectors, the annual Philanthropy Meets Parliament Summit convened by Philanthropy Australia and Foundations on the Hill in the US are significant efforts to create greater understanding between the two sectors - though the latter is more an opportunity for foundations to represent their interests to legislators than a more general exploration of issues of mutual concern.

### WHAT COULD INFRASTRUCTURE ORGANISATIONS DO BETTER?

#### Collecting good data on the sector

'Reliable data is definitely a missing piece,' says Oksana Oracheva. The absence of data - the lack of information about, and analysis of, the philanthropic sector - was stressed by many interviewees, even in countries with relatively well developed infrastructure. Hilary Pearson would like 'much more Canadian infrastructure that helps foundations understand their own effectiveness and how to become more so' and more investment in research.

In India, infrastructure is generally lacking and data is the greatest gap. The nearest approach to its collection is Bain & Co's annual India Philanthropy Report 'and that's the only quantitative estimate', says Ingrid Srinath. 'The Centre for Social Impact and Philanthropy is preparing data but it will take us a while to get it out.' Shazia Amjad sees capturing more data on Pakistan's philanthropy sector as a big priority in the coming years.

Often where there is data, it's not collected in a way that the sector finds useful. There is a lot of data in Singapore, but, says Laurence Lien, it's collected by the government and the government largely doesn't share it. Such data as is accessible, like that collected by the Charity Commission, 'is very macro. They'll give you the state of the charity sector, the total amount of giving, broken down by subsectors, but it's all aggregated data.'

Philanthropy Australia is launching a 'Foundation Maps Australia' project, in partnership with the Foundation Center in the US, to address the data issue. 'We have reasonable data on the size of the sector,' says Krystian Seibert, 'but we don't have micro-level data.' He also notes that 'it would be great to have some sort of ongoing public campaign in Australia to



Reliable data is definitely a missing piece. The absence of data - the lack of information about, and analysis of, the philanthropic sector - was stressed by many interviewees, even in countries with relatively well developed infrastructure"

encourage philanthropy at all levels - but this will require considerable investment if it is to be done properly and have an impact, and this support will have to come from a group of foundations, although there is a compelling case for co-investment from government.'

'We don't have an overall statistical picture of how the third sector is funded,' says Rosa Gallego. 'Foundations' annual accounts - showing who foundations are, how much money they have, what areas they work in - should be made public by the supervising authorities,' she says, 'but they don't have the resources to do it.'

'With almost any aspect of giving,' says Halima Mahomed, 'we know bits and pieces of bits and pieces.' Some elements of philanthropy have their own infrastructure organisation, but they have a partial view, restricted to their particular field of endeavour. 'Nobody has an overall view. And that's in South Africa where the infrastructure is much more developed than in the rest of southern Africa.'

A similar 'bits and pieces' state of affairs applies in Russia. There's an annual report by the Russian Donors' Forum, but, feels Oksana Oracheva, 'some of the data would be questionable.' There is some research by CAF Russia 'but in limited areas.' There's also research on civil society from the Higher School of Economics' which, while it is statistically based and robust, is not specifically about philanthropy.

'The pieces of infrastructure are there in the Arab region,' says Atallah Kuttub, 'but data is not there so we don't know what we are talking about, we are guessing.' Among other things, the sector needs 'more self-definition. We should not only document the institutions of philanthropy along western lines, we should go in with fresh thinking and see how money is given, how it's used and how it reaches the end users.' When it comes to social investment, he says, many are practising it but they don't know they are 'so those rich experiences are not collected. They are doing cutting-edge work with gut feeling rather than from precept, but that makes them more valuable and what they are doing needs to be captured and replicated.'

### Supporting individual and indigenous philanthropy

More than one interviewee spoke of the need to promote philanthropy generally, rather than just institutional philanthropy. 'We need a body to promote philanthropy generally and especially among HNWIs,' said Rosa Gallego.

Halima Mahomed wants infrastructure organisations to do more to support individual and indigenous philanthropy. 'We keep saying that the narrative has been imposed and that there are all of these traditions in Africa and that they really symbolise what philanthropy is here, but the infrastructure organisations are for the most part supporting the institutional and not the individual.' The reason is partly financial: 'it's much easier to get funding for conferences where institutions will come or to support philanthropic institutions to learn how to do something differently.'

This might just as easily involve rediscovering older forms of giving and giving them new life as creating new ones. In the Arab region, Atallah Kuttab and his organization, SAANED, is trying to highlight indigenous practices of giving and adapt them to current circumstances. One example is an endowment-style practice known as AlQard AlHasan (giving money or property to be used for specific periods of time and then given back to the giver at the end of the specified period). Another is donation of one third of one's wealth as a legacy (strictly speaking, Kuttab explains, Islam does not countenance bequests, but setting aside one third of one's wealth for social good is permissible).

### Supporting CSOS

Helping to develop the capacity of the non-profit sector is another role infrastructure organisations might usefully play, thinks Laurence Lien. Shazia Amjad sees a need for support to fledgling CSOs who 'don't need money, but do need organisational support and capacity building' - though PCP is not necessarily well placed to supply it. Now that cross-border financing is less forthcoming, looking into how CSOs can generate funds to become sustainable is another possible role for PCP.



It would be peanuts to any single institution to put its share into a pot for supporting the infrastructure organisations"

### IS THE BUSINESS MODEL VIABLE?

Membership organisations across the board and across the world are having a difficult time. The continual bugbear of infrastructure organisations is trying to meet the demands made on them with the limited resources at their disposal. As Krystian Seibert puts it: how do you match expectations ('We get asked to do a lot of things and it's hard to say no') with the resources you have? Most network organisations have few staff. They are unable to offer more services without asking for more resources from members, which, in turn, produces higher expectations from those members. 'It's a vicious circle.'

'We constantly have to make the case to our members about why it's important to fund us,' says Hilary Pearson. Halima Mahomed speaks of infrastructure organisations having to 'scrounge for money to do what they need to do. I almost feel like we are setting up our infrastructure organisations to fail. We constantly talk about encouraging philanthropy and we're not putting our money where our mouth is.'

Barry Gaberman puts this in perspective: 'the public sector and the for-profit sector would never, ever think of de-funding the support organisations for their sectors, yet when you come to the non-profit sector, there is such a grudging, niggling commitment to funding the infrastructure that it's embarrassing.' The result is that 'when we get hit with an issue, we moan about the fact that those support organisations whose capacity we have not maintained are not up to the task of protecting the sector. You just can't have it both ways.'

If there's a grudging willingness to support infrastructure organisations, in general, he says, 'there is a doubly grudging willingness to support those that are umbrellas for infrastructure organisations.' WINGS and CIVICUS survive on next to nothing and would scarcely have survived at all if it weren't for a few key institutions.

'WINGS needs more resources to get more staff capacity and it needs to learn how to use the capacity of the institutions that are its members.'

These points raise what some interviewees see as a crucial question for the future of infrastructure organisations: is the 'business model' many of them adopt - provision of technical or information services in exchange for an annual membership fee - one that is going to be tenable for much longer? If it isn't, what should take its place? These points were also raised by participants in the Johannesburg workshop.

Carolina Suarez notes the responsibility of members. Too often, foundations are more concerned with what they can get out of an organisation rather than what they might put in. 'It's important to remember that they can contribute to us rather than us simply contributing to them. They can share information and experience with us.'

Gaberman's solution to the resource question is a simple one: 'If we said, "this is of value to us all in the sector and it's the responsibility of us all to support it and we can come up with a formula that's sort of self-taxation", it would be peanuts to any single institution to put its share into a pot for supporting the infrastructure organisations.'

For many, the very fact that they continue to exist because they've been able to demonstrate their value is itself a big achievement. 'Our biggest achievement is having AFE as the forum for us to come together, and the trust we have created in doing so,' says Carolina Suarez. Hilary Pearson feels the test of PFC's value is that its membership has grown every year since it was founded 15 years ago. 'We've created voice for this sector, we've created a community among foundations, we've shown them there are ways in which they can aspire to be better and we've supported them in being leaders - taking risk, having vision, looking forward.'



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# Some ways forward

**This chapter does not pretend to be a comprehensive look at the future. Rather, it takes a few of the major issues facing philanthropy that have arisen in this report and suggests some ways philanthropic institutions, including infrastructure organisations, might address them. It also discusses the need for philanthropy itself to develop an overarching vision of its role in the world and for infrastructure organisations, especially WINGS as a global body, to play a bigger role in holding philanthropy to account.**

## HELPING CIVIL SOCIETY ORGANISATIONS TO SURVIVE

Chapter 7 looks at the various pressures on NGOs in many parts of the world that threaten their operation, even their survival. What can philanthropy do to help?

### Provide core funding

In the UK, says Carol Mack, the pressure on voluntary organisations is forcing foundations to rethink the kinds of support they offer. 'It's become much more about how we can help the organisations we really care about to survive. Let's give them core funding so that they can secure their future and patch in other bits of funding from other funders.' She also notes the development of a discussion about how funding 'can be made easier for the organisations that funders want to support – making processes simpler, publishing charters for grantees in some cases.'

### Increase resilience through income generation and fundraising training

The Mexico City workshop also identified things that might help to create more resilient organisations. An obvious way is to earn income, though this has its downside in the risk of the organisation's being distracted from its main purpose. Training in fundraising for NGOs (and for local communities where no NGO is involved) was also mooted. A cost-effective way to do this is through e-learning courses which can help mobilise communities both to do their own fundraising and to advocate for themselves. Another idea along similar lines is a pooled fund, whereby two or more foundations might set up a sustainability fund to encourage the development of resilience among NGOs.

Also noted was stress on the individuals involved, not just on the organisation. There is a good deal of burnout in the sector and a high turnover of personnel.



How do we support community resilience in decades to come? What are the institutions we need to build now to protect it and what is the role of the traditional philanthropy sector in supporting that?"

One foundation is funding sabbaticals to help deal with this problem.

### Build more democratic forms of philanthropy

Danny Sriskandarajah points to the possibility that crowdfunding offers of building more democratic, broader-based forms of philanthropy for community support. Seen in this way, he thinks the real question both for philanthropy and for infrastructure organisations is 'how do we support community resilience in decades to come? What are the institutions we need to build now to protect it and what is the role of the traditional philanthropy sector in supporting that?'

We have seen earlier his advocacy of the development of what he calls 'fundermediaries' to channel donor funds more directly to end recipients. He argues that 'groups like WINGS could take the lead on this, convening others such as AWFDF and Mama Cash, groups with a solid track record of working close to communities.'

### Convene forums to bring together donors and NGOs

Sriskandarajah also suggests that infrastructure groups might convene peer groups from the global south

who see their role as having a political dimension. He believes there are 'too few opportunities for NGOs, the consumers, so to speak, to have a collective and honest conversation with the donor world. Rather than philanthropists going from Mexico to Warsaw to wherever and talking to themselves, we need opportunities for them to talk to folk from the sector at the structural level, rather than on a particular theme or operational level.' Because it would involve a sector-level gathering, this kind of convening would be best done by an infrastructure organisation, he suggests.

### Stay involved where funding is difficult

Participants at the Mexico City WINGS Forum noted things funders could do to stay involved where official funding for NGOs would be impossible. These include working through groups with no formal existence and educating civil society groups on the terms of legislation, so they can be clear about what is and what is not legal. The Open Society Foundation, for example, undertakes financial training because, at a basic level, it means government auditors can't use the absence of it as an excuse to shut an organisation down.

### Ensure compliance with existing laws

Doug Rutzen sees a number of ways philanthropy can help in mitigating the effects of restrictive laws. 'If you look at almost any country, there's a web of laws that can catch charities and NGOs and we don't want them to be so focused on the law that they can't go about their fundamental mission, so philanthropy needs to provide assistance to allow charities to continue operating.'

In authoritarian regimes, restrictions can often rest on minor technical points. There are examples where 'philanthropy and other donors have stepped forward and helped create an infrastructure so they can't close groups down because they don't have enough fire extinguishers – which is a real example. So you can help with compliance. You can help with adaptation. Sometimes the best thing to do is simply not to operate as a non-profit, so donors can think of ways they can engage with social enterprises and fund them in that capacity.'



People need to feel they are being listened to. If they don't they become more extreme – feeling like they're losing their culture, becoming strangers in their own cities"

### Helping with protection

Rutzen also notes 'a set of things that can be done for protection. It might be digital security, it might be training in physical security, it might be helping move someone to a neighbouring country for a cooling-off period. So there's a whole set of protective strategies depending on the circumstances.'

### CONFLICT AND MIGRATION

Chapter 1 points to a number of major challenges arising from conflict and the resulting displacement of peoples. Barry Gaberman notes the key role of the International Center for Transitional Justice in conflict situations. 'It's a very difficult area to get into, there's a lot of risk, but it's increasingly important.' Given challenges like this, funding and sustaining 'that set of institutions that holds the banner for human rights and social justice' becomes increasingly important, he argues. But Atallah Kuttub sees a limited role for philanthropy in addressing

the 'refugee question' in the Arab region. 'Philanthropy can't do anything much because we haven't positioned ourselves for an effective role in our society.'

An immediate consequence will be that 'whatever money is there will go into relief work. I expect more relief needs will be coming up whether it's as a result of wars or refugees.'

What can foundations do to help people to recognise the reality of migration, and the fact that it's not going to stop? 'It's not a funding job,' believes Gerry Salole. 'Foundations need to engage with people, talk to them, set up places where people can have safe conversations about this. People need to feel they are being listened to. One of the things that comes over starkly from what Trump and Nigel Farage have taught us is that people need to express their views and have somebody to listen to them. If they don't they become more extreme – feeling like they're losing their culture, becoming strangers in their own cities. All that needs to be listened to and handled.'



The effects that digital technology might have on the sector are incalculable at the moment. What is clear is that they will be profound and they will intensify"

In the Canadian context, where the question of indigenous communities looms larger, foundations might have a mediating role. As Hilary Pearson points out, while the government is often 'seen as an adversary by indigenous people, I don't think philanthropy is seen that way.'

### DIGITAL TECHNOLOGY

Digital technology is already affecting many aspects of the way the philanthropy sector operates. Carol Mack sees a crucial role for infrastructure organisations and funders in helping the sector make the transition to digital technology 'in a good way.' She describes the technological revolution as 'a really big game-changer', particularly digital technology. 'It's transformed the high street, it's transformed the commercial sector, it will transform the voluntary and community sector and foundations, being the traditional funders of innovation.'

As we have seen, digital technology is already having a profound effect on individual giving as online giving and crowdfunding platforms develop. Also noted above, the possibility of manipulating large sets of data in increasingly sophisticated ways is being explored by the Foundation Center in its Foundation Maps project,

a concept which Philanthropy Australia is importing and which is likely to spread in one variant or another.

The Digital Civil Society Lab at Stanford Center on Philanthropy and Civil Society is in the process of holding a series of workshops around the world to examine the progress and techniques of digital data and its implications for civil society. This project will consider potential infringements of rights in its use as well as the possibilities offered for civil society and philanthropy. Hilary Pearson points out that the Canada Revenue Agency has made available 'in machine-readable form a huge dataset on charities and foundations.'

There will be implications for the 'demand' side of philanthropy, too. Solve Education! in Asia is exploring ways to make use of smartphones to develop educational programmes to reach children who don't go to school but who do have a smartphone. Increasingly, NGOs and funders will explore new ways of working to capitalise on technological developments.

The effects that digital technology might have on the sector are incalculable at the moment. What is clear is that they will be profound and they will intensify, and they will require the attention of philanthropy practitioners, observers and students – and support organisations.

### NEEDED: AN OVERARCHING ROLE FOR PHILANTHROPY GLOBALLY

At a global level, 'there needs to be much more of an abstract, value-based proposition about what philanthropy is', believes Jenny Hodgson. This is a matter of principle and also of policy: as the idea of global philanthropy starts to grow, 'the pushback is going to be global, too', and questions about its legitimacy, about the justification for its intervention in policy-making, will become more prominent. The growing number of collective giving efforts and of mega foundations/donors is magnifying the global debate about wealth inequality and the source of philanthropic money. She sees the need, therefore, for a global platform 'that can take a position about what philanthropy is for.'

Halima Mahomed feels that infrastructure should play a much bigger role, holding philanthropy itself to account. As she sees it, infrastructure organisations are reluctant to confront the question of power in philanthropy, but, if they want to be taken seriously, they will have to. 'The people who set up foundations are complicit in the power relations that dominate society. If you want to encourage philanthropy to address inequalities, you have to address the notion of how they are complicit in existing relationships.'

At the moment infrastructure organisations are saying 'we want to support philanthropy', but 'they're not asking whether the philanthropy they want to support is productive or counter-productive.'

Underdevelopment of the philanthropic infrastructure in a country or region means the absence of a forum in which to develop a coherent view of philanthropy's role and purpose (big conversations aren't happening in a number of places because of the lack of somewhere to hold them, thinks Hodgson).

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# Annex A

## LIST OF INFORMANTS FOR THIS REPORT

We would like to express our gratitude to the following interviewees who provided much of the material for the document:

**Andre Degenszajn**, Executive Director, Instituto Ibirapitanga, Brazil

**Atallah Kuttab**, Founder and Chairman, SAANED for Philanthropy Advisory in the Arab Region

**Barry Gaberman**, Chair Emeritus, WINGS and Former Vice-President, the Ford Foundation

**Basak Ersen**, Secretary General, Third Sector Foundation of Turkey (TUSEV)

**Carol Mack**, Chief Executive Officer, Association of Charitable Foundations (ACF), UK

**Danny Sriskandarajah**, Secretary General, CIVICUS

**Douglas Rutzen**, President and CEO, International Center for Not-for-Profit Law (ICNL)

**Gerry Salole**, Chief Executive Officer, European Foundation Centre (EFC)

**Halima Mahomed**, Independent philanthropy consultant, South Africa

**Hilary Pearson**, President, Philanthropic Foundations of Canada (PFC), Canada

**Ingrid Srinath**, Director, Centre for Social Impact and Philanthropy, Ashoka University, India

**Jenny Hodgson**, Executive Director, Global Fund for Community Foundations

**Krystian Seibert**, Advocacy and Insight Manager, Philanthropy Australia

**Laurence Lien**, Founder, Lien Foundation and Executive Director, Asia Philanthropy Circle, Singapore

**Maria Carolina Suarez Visbal**, Executive Director, Asociación de Fundaciones Empresariales (AFE), Colombia

**Narmeen Adeel**, Research Manager, Pakistan Centre for Philanthropy (PCP)

**Oksana Oracheva**, General Director, Vladimir Potanin Foundation, Russia

**Rosa Gallego**, Director of International Relations, Asociación Española de Fundaciones (AEF), Spain

**Shazia Amjad**, Executive Director, Pakistan Centre for Philanthropy (PCP)

**Yanni Peng**, Secretary General, Narada Foundation, China

# Annex B

## WORKSHOP ATTENDEES

### JOHANNESBURG WORKSHOP

<b>Andres Thompson</b>	Social justice & Philanthropy Network	Brazil
<b>Andrew Chunilall</b>	Community Foundations of Canada	Canada
<b>Ansis Berzins</b>	Community Foundation Movement in Latvia	Latvia
<b>Beulah Fredericks</b>	Southern African Community Grantmakers Leadership Forum	South Africa
<b>Bill Lockington</b>	Community Foundations Canada	Canada
<b>Brian Toller</b>	Community Foundations Canada	Canada
<b>Carola Carazzone</b>	ASSIFERO - Associazione Italiana delle Fondazioni ed Enti della filantropia Istituzionale	Italy
<b>Christopher Worman</b>	TechSoup	United States
<b>Colleen du Toit</b>	Charities Aid Foundation South Africa	South Africa
<b>Dajana Berisha</b>	Forum for Civic Initiatives	Albania
<b>Dana Doan</b>	Lin Center	Vietnam
<b>David Jacobstein</b>	DCHA/DRG Cross-Sectoral Programs Team	United States
<b>Emmanuel Marfo</b>	GADeF - Global Alliance for Development Foundation	Ghana
<b>Florencia Roitstein</b>	Centro de Estudios de Estado y Sociedad: CEDES	Argentina
<b>Hansa Goolab</b>	Charities Aid Foundation South Africa	South Africa
<b>Ian Bird</b>	Community Foundations of Canada	Canada
<b>Janet Topolsky</b>	Aspen Institute Community Strategies Group	United States
<b>Jason Franklin</b>	Dorothy A. Johnson Center for Philanthropy (GVSU)	United States
<b>John Harvey</b>	Independent Consultant	United States
<b>Kathleen McCarthy</b>	CUNY - The Center University of New York	United States
<b>Kevin McCort</b>	Vancouver Foundation	Canada
<b>Lara Kalwinski</b>	Council on Foundations	United States
<b>Monica Nkrumah</b>	GADeF - Global Alliance for Development Foundation	Ghana
<b>Natalie Ross</b>	Council on Foundations	United States
<b>Nick Deychakiwsky</b>	The Charles Stewart Mott Foundation	United States
<b>Olwethu Sizani</b>	SGS Consulting	South Africa
<b>Sahar Khajeali</b>	Community Foundations Canada	Canada
<b>Sarah Tansey</b>	Human Rights Funders Network	United States
<b>Sean Lowrie</b>	The Start Network	United Kingdom
<b>Shannon L. Lawder</b>	The Charles Stewart Mott Foundation	United States
<b>Shaun Samuels</b>	SGS Consulting	South Africa
<b>Shazia</b>	Pakistan Centre for Philanthropy	Pakistan
<b>Shekeshe Mokgosi</b>	The Other Foundation	South Africa
<b>Stewart Mtulisi Mantula</b>	Community Foundation for Western Region of Zimbabwe	Zimbabwe
<b>Titania Fernandez</b>	Community Chest	South Africa
<b>Vuyiswa Sidzumo</b>	The Charles Stewart Mott Foundation	South Africa

### MEXICO WORKSHOP

<b>Amanda Martin</b>	Australian Environmental Grantmakers Network	Australia
<b>Amy Taylor</b>	CIVICUS World Alliance	United States
<b>Ana Valeria Araujo</b>	Social justice & Philanthropy Network	Brazil
<b>Andres Thompson</b>	Social justice & Philanthropy Network	Brazil
<b>Angela Bishop</b>	Community Foundation of Nova Scotia	Canada
<b>Anke Paetsch</b>	Association of German Foundations	Germany
<b>Ansis Berzins</b>	Community Foundation Movement in Latvia	Latvia
<b>Armando Casis</b>	Asociación UNACEM	Mexico

<b>Artemisa Castro</b>	Fondo Accion Solidaria, AC	Mexico
<b>Barbara Ibrahim</b>	American University in Cairo	Egypt
<b>Bruce Thao</b>	Minnesota Council on Foundations	United States
<b>Carol Brennan</b>	Charities Aid Foundation	United States
<b>Christian Tohmé</b>	International Committee of the Red Cross	Switzerland
<b>Christopher Worman</b>	TechSoup	United States
<b>David Perez Rulfo</b>	Corporativa de Fundaciones	Mexico
<b>Emmanuel Marfo</b>	GADeF - Global Alliance for Development Foundation	Ghana
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<b>Hideo Tone</b>	The Toyota Foundation	Japan
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<b>Ingrid Srinath</b>	Ashoka University	India
<b>Jacinth Morgan Collie</b>	Jamaica Public Service Company Limited (JPS Foundation)	Jamaica
<b>James Magowan</b>	Spanish Association of Foundations	UK
<b>Janet Mawiyoo</b>	KCDF - Kenya Community Development Foundation	Kenya
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<b>Jessie</b>	Charities Aid Foundation America	United States
<b>John Harvey</b>	Independent Consultant	United States
<b>Joyce Teo</b>	The Community Foundation of Singapore	Singapore
<b>Lorenzo Davids</b>	Community Chest of the Western Cape	South Africa
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<b>Luiza Souza</b>	Institute for Climate and Society	Brazil
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<b>Maree Sidey</b>	Australian Communities Foundation	Australia
<b>Marisa Ohashi</b>	Grupo de Institutos, Fundações e Empresas - GIFE	Brazil
<b>Mizmun Kusairi</b>	GuideStar	United States
<b>Natalie Ross</b>	Council on Foundations	United States
<b>Niamani Mutima</b>	Africa Grantmakers' Affinity Group	United States
<b>Nick Deychakiwsky</b>	The Charles Stewart Mott Foundation	United States
<b>Nolitha Tiba</b>	African Philanthropy Network	South Africa
<b>Oksana Oracheva</b>	The Vladimir Potanin Foundation	Russia
<b>Patricia Lobaccaro</b>	BrazilFoundation	Brazil
<b>Paula Johnson</b>	Harvard University	United States
<b>Richard Marker</b>	Wise Philanthropy Institute	United States
<b>Sameera Mehra</b>	Charities Aid Foundation	UK
<b>Sandra Richardson</b>	Community Foundations of Canada	Canada
<b>Sarah Afraz</b>	Ashoka University	India
<b>Sarah Tansey</b>	Human Rights Funders Network	United States
<b>Shazia Maqsood Amjad</b>	Pakistan Centre for Philanthropy	Pakistan
<b>Stigmata Tanga</b>	The Foundation for Civil Society	Tanzania
<b>Susan</b>	KCDF - Kenya Community Development Foundation	Kenya
<b>Tevfik BaÅŸyak Ersen</b>	TUSEV - Third Sector Foundation of Turkey	Turkey
<b>Tina Thiar</b>	HGG NPO Sustainability Solutions PTY Ltd.	South Africa
<b>Wendy Richardson</b>	Global Fund for Community Foundations	Brussels

### AMMAN WORKSHOP

<b>Barry Knight</b>	Centris	UK
<b>Atallah Kuttub</b>	SAANED for Philanthropy Advisory	Jordan
<b>Guesturd Haule</b>	Foundation for Civil Society	Tanzania
<b>Hannen Khatib</b>	Arab Foundations Forum	Jordan
<b>Helena Monteiro</b>	WINGS	Brazil
<b>Larry McGill</b>	Foundation Center	United States
<b>Lauren Bradford</b>	Foundation Center	Australia
<b>Naila Farouky</b>	Arab Foundations Forum	United States/Jordan

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