

PHILANTHROPY INFRASTRUCTURE IN A TRANS- FORMING WORLD: CURRENT DEVELOPMENTS

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INTRODUCTION

Philanthropy can be broadly defined as love of humanity. Through philanthropy, voluntary private resources are mobilised to meet human needs, alleviate suffering and tackle the systemic challenges that prevent human development.

Philanthropy contributes to social change mainly through the institutions of civil society. Foundations, grant-makers and private social investors are an essential resource for civil society; they are purpose-built to invest in the capacities, innovations and initiatives of civil society. From small voluntary community foundations to large professionalised grant-makers, institutional philanthropy exists primarily to nurture and enhance the self-organised initiatives of citizens for social advancement. Because of their independence, these social investors and grant-makers are well placed to take risks, respond relatively quickly, provide seed funding for new ideas and support community development at an appropriate scale.

The last 25 years have seen a surge in organised philanthropy and private social investment around the world. Profound shifts in the relationship between the state, private sector and civil society have contributed to the emergence and growth of philanthropy in the past decades. In addition, the emergence of new wealth has led to the rapid growth in foundations and social investment initiatives, especially in emerging market economies.

But the benefits of economic liberalisation have not always resulted in shared prosperity, and the negative

impact of legal and economic policies on development has resulted in growing levels of inequality and social tensions. Extreme inequality has limited the opportunities for many, while expanding opportunities for a few. This context of growing inequality is holding back development. As pressing global issues - such as threats against human rights and democracy, long-term conflicts and regional instabilities, climate change and sustainability - continue to expand in depth and complexity, civil society, and the role of philanthropy in supporting it, have increased in importance.

Philanthropy has a critical role to play in addressing the world's massive social challenges and in nurturing more just and equitable societies. It potentially offers complementary approaches and types of funding, accompanied by freedom to take risks, and tolerance of failure. In addition, philanthropy can test innovation and scale up new initiatives, enable rapid action, and support civil society organisations (CSOs) that undertake advocacy and independent policy analysis.

PHILANTHROPY INFRASTRUCTURE

To fulfil its role, however, philanthropy needs an enabling environment. Such an environment is usually regarded as possessing five main features: a legal framework that empowers, rather than shackles; a tax structure that provides incentives, rather than penalties; an accountability system that builds confidence in philanthropy and civil society; sufficient institutional capacity to implement effective activities; and

enough resources to undertake these activities. Organisations that support philanthropy infrastructure play an important role in helping to achieve these conditions. They provide a necessary support system for amplifying the effectiveness of philanthropy, and are well placed to have a powerful effect on the underlying cultural conditions that surround philanthropy. In addition, philanthropy infrastructure organisations provide spaces for innovators to come together, enabling them to understand each other's strategies, and to work together for mutual benefit. Such efforts need to be visible to others apart from the participants, otherwise the lessons cannot be spread and practice in the field cannot be changed as a result.

Philanthropy infrastructure organisations range from membership associations to affinity networks, and include advocacy, capacity building and research organisations focused on the philanthropy field. This growing community of institutions dedicated to strengthening global giving and social investing take a variety of different approaches. However, the most common functions are providing services to better enable philanthropy, for example, by providing information and advice; convening people working in philanthropy to share learning and foster collaboration; representing the interests of philanthropy in the public policy arena; promoting the value of philanthropy to policy makers and the public; and encouraging a culture of giving.¹

In times marked by ongoing changes and complex challenges, philanthropy infrastructure organisations are taking leadership on various fronts in support of civil society.

PHILANTHROPY AND CIVIL SOCIETY

After years of growth, global philanthropy is facing a worrisome trend as CSOs deal with increased control and undue restrictions on funding. In recent years, dozens of countries have adopted new laws and measures to hinder cross-border funding, often with the excuse of protecting security or preserving sovereignty.² As a consequence, in order to transfer funds, grant-makers and the groups they seek to support are faced with new obstacles and additional administrative requirements. Of particular concern are new laws restricting the receipt of foreign funding by CSOs.

This growing trend has profound implications for philanthropy, as grant-makers face increasing obstacles to supporting civil society. Philanthropy infrastructure organisations play a leadership role in convening concerned actors to explore possibilities for further collaboration to protect civic and democratic space. For instance, the International Human Rights Funders Group, in partnership with Ariadne-European Funders for Social Change and Human Rights and the European Foundation Centre, host a discussion series for funders to address this issue and explore possibilities to move forward. When each participant funder shares their experiences, infrastructure organisations are able to gain collective knowledge of the situation, and identify strategies for action.

Philanthropy infrastructure organisations also play a key role in keeping grant-makers and social investors informed and engaged in discussions on the Financial

Action Task Force (FATF), a regulatory framework that affects cross-border philanthropy. Grant-maker participation in these discussions is essential, in order to help ensure a favourable legal environment for the work of foundations and their grantees abroad. To improve the environment for cross-border philanthropy, there will need to be collaboration among foundations and other development actors working in a global context, in particular multilateral organisations, which can advocate towards governments for more enabling environments conducive to the flow of funds to CSOs.

PHILANTHROPY AND DEVELOPMENT

As the international community engages in negotiations on the post 2015 development agenda, the role of philanthropy is increasingly being discussed. Once seen as a marginal player in international cooperation dialogue, in the 21st century philanthropy is acknowledged as playing a growing role. Philanthropy flows are increasing as a proportion of overall financial flows, and new forms of social investing combined with grant-making are attracting the interest of development agents.

Philanthropy has much to contribute to development. By its nature, philanthropic giving is more independent, responsive, nimble and opportunistic than official development assistance. Philanthropy institutions have more flexibility to take risks in funding short or long term pilots and demonstrations, and to support efforts that may be cutting edge or even unpopular at the time, but which eventually become main-

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stream practice.³ Finally, a distinctive added value of philanthropy is its contribution to civil society action, through making grants that help communities and social movements organise for positive change.

Philanthropy institutions can also benefit in many ways from working with development organisations. These can help philanthropy to reach greater scale, influence public policy and achieve deeper results. It is important to recognise the force of development actors and mobilise this for collaboration with philanthropy.

Differences in practices exist in each sector, and must be understood and addressed. For instance, when asked, philanthropic foundations will usually say that their work has very little reference to the Millennium Development Goals (MDGs). However, they tend to work on the same areas covered by the MDGs, such as gender equality, child mortality and universal education. The main issue is that philanthropic foundations tend to use a different language from the MDGs, one that is rooted in the local context, rather than in universal frameworks. In order to achieve effective cross-sectoral cooperation, it is crucial to understand these differences between how the official development and philanthropic sectors operate.

An interesting initiative that illustrates the building of bridges across the philanthropic and the development sectors comes from the Global Fund for Community Philanthropy (GFCP) and the Global Alliance for Community Philanthropy (GACP). The GACP brings together a cross-section of various institutional donors, each of which has an interest in how fostering community philanthropy as a specific development strategy can enhance development processes and outcomes. Each partner is investing resources and staff time towards

the pursuit of a joint learning and development agenda over five years, which will be facilitated by the GFCP. If we talk about building bridges between philanthropy and development, it is this kind of intentional investment over time that is required.

Another interesting emerging initiative is a cross-sector collaboration involving foundations, philanthropy infrastructure organisations and the UN Development Programme (UNDP) to create a data-sharing platform to measure contributions to the forthcoming Sustainable Development Goals (SDGs). The purpose is to create a cohesive map of development work, with data that can be mixed and combined. Among other aims, this initiative promises actively to engage philanthropy in the global development agenda.

PHILANTHROPY DATA

To have better understanding of philanthropy's contribution to international development, there is a need for the improved use of data. However, data about philanthropy is difficult to compile, and most philanthropy is not planned, monitored or reported according to global development frameworks such as the MDGs.

Demand for reliable, globally comparable data on philanthropy has never been greater. As philanthropy grows around the world, there is widespread belief that access to readily available, high-quality data will improve philanthropy's efficiency, influence and impact. Consistent and reliable data helps philanthropic

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actors to establish strategies on what, where and how much to invest. It also helps organisations working on similar issues, locally or across borders, to share important insights into what works, and so better coordinate efforts towards maximising impact in the pursuit of specific goals.

The last 20 years have seen a surge in organised philanthropy across borders and around the world, coinciding with the rise of the internet, social media and global movements. As these transformative developments in information technology unfold, so philanthropy organisations increasingly need to build a system to identify needs, emerging trends, key actors engaging in philanthropy activities and opportunities for collaboration to improve impact. Collecting data on philanthropy around the world is a huge challenge, given the differences that exist between philanthropic actors across borders, and the constantly evolving contexts in which they operate.

Currently, reliable data on giving can be found in only a limited number of countries. Globally comparable data is virtually non-existent, and it is hard to find a careful analysis of philanthropic giving through a global lens. Given the differences among foundations in any given country, not to mention across borders, gathering global data on philanthropy is no small challenge.

The challenge is compounded by the fact that, when it comes to generating, managing and using data, countries, and organisations within countries, have different needs, and differing capacities to meet these needs. A further complication is the lack of clarity on

intellectual property rights, relating to who owns data and the control of its use, something that can lead to organisations and individuals not knowing how or where to access data even when it is available.

These challenges point to the need for a statement of values and principles that can serve as a framework to guide the collection and use of philanthropy data. This is the prime purpose of the Global Philanthropy Data Charter.⁴ Developed jointly by WINGS and the Foundation Center, in consultation with experts from the field, the Charter is a tool and a resource for the sector. It promotes a global vision for collecting and using data on philanthropy, offers a framework for collaboration on data, and provides a forum for assessing current data-related needs and capacities.

PHILANTHROPY AND TRANSPARENCY

Over the past decade there has been increased emphasis on the critical need for greater transparency and accountability in philanthropy and private social investment, on the part of both donors and grantees. Today the importance of transparency and public disclosure of information about philanthropic giving is widely acknowledged. How we use resources and what we use resources for are as important as mobilising them.

As providers of and channels for private resources for the public good, philanthropic actors must strike a delicate balance between independence and innovation on the one hand, and accountability and transparency on the other. This is a good argument for philanthropy

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organisations to be transparent on a voluntary basis.⁵ In addition, an effective way to build trust and preserve philanthropic freedom is by openly sharing the work of philanthropic foundations. Transparency occurs when foundations provide accessible information about their work, governance and operations. In addition to benefiting grant-seekers, this information also helps the philanthropic sector to achieve greater impact by engaging foundations in collaboration and avoiding duplication.

The growing demand for transparency in philanthropy is generating a good discussion about what informa-

ic strength of individual countries have profoundly shaped giving in individual countries and geographical regions, creating a rich and diverse global philanthropic landscape. This pluralistic approach recognises the diversity of philanthropic philosophies and practices among nations and cultures, as well as the range of interests and motivations of individual donors.

However, some commonalities emerge from the various studies on philanthropy, including:

- A recognition that the unique philanthropic heritage of each region needs to be acknowledged.

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tion to release to the public and how to do it. Philanthropy infrastructure organisations worldwide are leading this discussion and encouraging foundations and CSOs to plan and implement transparency strategies. WINGS has recently published a toolkit describing these initiatives.⁶

CULTURE OF GIVING

Philanthropy as an expression of human generosity exists in every culture, and is reflected in most of the world's cultures and religions. Cultural traditions, religious norms, political histories and the econom-

- The importance of linking new, institutionalised forms of philanthropy with long-standing practices and traditions, to ensure that philanthropy is organised effectively and is sustainable, without destroying traditional giving motivations and practices.
- The shift away from traditional charitable giving to more strategic giving aimed at addressing root causes of social ills and advancing social change.

Of specific relevance to global philanthropy is the growing consciousness that the challenges addressed by philanthropy are increasingly complex and globalised. As a result, effective strategies and actions

supported by philanthropy must be multidisciplinary and rooted in local cultures and contexts. Many efforts are now underway in various regions to document local practices, learn from other regions, redevelop local discourse and reinvigorate local traditions and practices to enable local philanthropy to find sustainable solutions to social challenges. Support organisations serving philanthropy play a key role in: documenting local practices, traditions and discourse; learning from and sharing local practices with other regions and countries; and sharing this knowledge with philanthropy organisations, donors and private social investors to enable more strategic action and more sustainable results.

LOOKING FORWARD

Efforts to strengthen and amplify global philanthropy are central to the sustainability of global civil society. As new and complex challenges emerge every

day, philanthropy must draw on its ability to pilot new thinking and new approaches, while being wise enough to keep the practices and approaches that are working.

We are currently seeing various interesting initiatives emerging from the field, ranging from efforts on data and transparency to engagement with the development agenda. Such initiatives promise to contribute to stronger philanthropy and better results. Knowledge is something that can and must be pooled and used effectively across sectors, for the common good. In that regard, the philanthropic sector has to take its commitment to data and transparency seriously.

Today's complex and interdependent inequalities and social tensions are increasingly challenging to address, and no single sector can individually deliver results. The answer lies in getting the right architecture of cross-sector collaboration that works to achieve positive change.

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1 WINGS, Infrastructure in Focus: A Global Picture of Organizations Serving Philanthropy, 2014, http://wings.issuelab.org/resource/infrastructure_in_focus_a_global_picture_of_organizations_serving_philanthropy; WINGS, Infrastructure in Focus: A Special Look at Organizations Serving Community Philanthropy, 2014, http://wings.issuelab.org/resource/infrastructure_in_focus_a_special_

[look_at_organizations_serving_community_philanthropy](#).

2 Douglas Rutzen, Cross-Border Philanthropy – Aid Barriers and the Rise of Philanthropic Protectionism, International Journal of Not-for-Profit Law, March 2015, Vol. 17, No. 1, <http://www.icnl.org/research/journal/vol17ss1/Rutzen.pdf>.

3 Heather Grady, Independent Philanthropy Advisor, Philanthropy

as an Emerging Contributor to Development Cooperation, July 2014, http://www.pk.undp.org/content/dam/undp/documents/partners/civil_society/UNDP-CSO-philanthropy.pdf.

4 WINGS, Global Philanthropy Data Charter, 2014, http://c.ymcdn.com/sites/www.wingsweb.org/resource/resmgr/WINGS-data_charter-AW.pdf

5 For more information see Glasspockets: Bringing Transparency

to the World of Philanthropy <http://glasspockets.org>.

6 For more information see WINGS, Transparency and Accountability in Philanthropy and Private Social Investment, <http://www.wingsweb.org/page/transparency>.