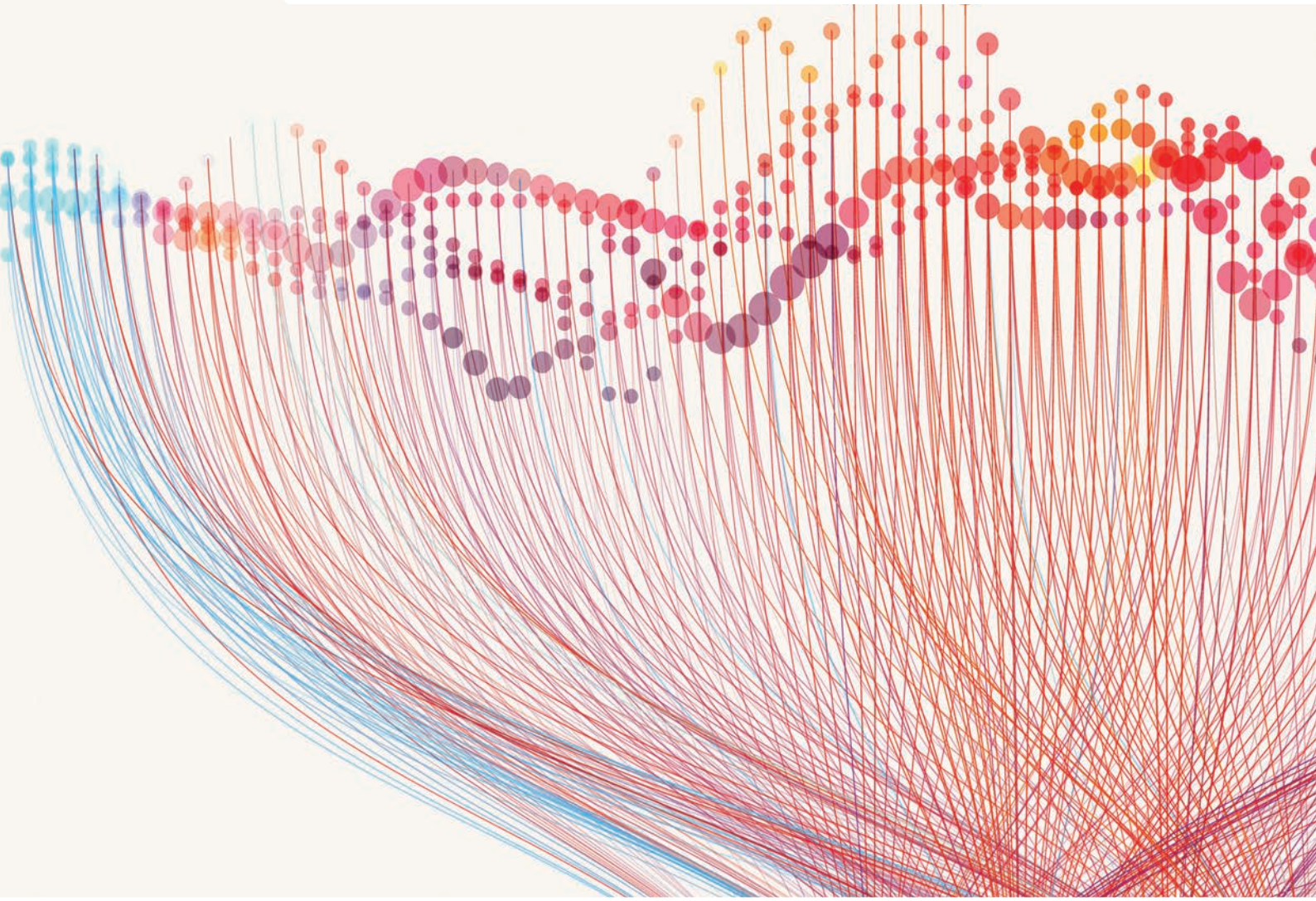
The Development Dimension

Private Philanthropy for Development



OECD

dev
DEVELOPMENT CENTRE

The Development Dimension

Private Philanthropy for Development

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and any map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Please cite this publication as:
OECD (2018), *Private Philanthropy for Development*, The Development Dimension, OECD Publishing, Paris.
http://dx.doi.org/10.1787/9789264085190-en

ISBN 978-92-64-08517-6 (print)
ISBN 978-92-64-08519-0 (PDF)
ISBN 978-92-64-30016-3 (HTML)
ISBN 978-92-64-30015-6 (epub)

Series: The Development Dimension
ISSN 1990-1380 (print)
ISSN 1990-1372 (online)

Revised version, May 2018
Details of revisions available at:
http://www.oecd.org/about/publishing/Corrigendum_Private-Philanthropy-for-Development.pdf

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Photo credits: Cover © Garrykillian | Dreamstime.com

Corrigenda to OECD publications may be found on line at: *www.oecd.org/about/publishing/corrigenda.htm*.

© OECD 2018

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of the source and copyright owner(s) is given. All requests for public or commercial use and translation rights should be submitted to *rights@oecd.org*. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at *info@copyright.com* or the Centre francais d'exploitation du droit de copie (CFC) at *contact@cfcopies.com*.

Foreword

Dear Friends

Consider philanthropy in action – from the combined giving of USD 14.7 billion in 2017 by the top 50 donors, to funding a new malaria vaccine, or to opening schools that give girls access to a quality education. These and many other examples of philanthropy's role in advancing sustainable development attract a great deal of attention. But how can we optimise its role in support of the 2030 Agenda for Sustainable Development? By contributing both financial resources and innovative approaches, foundations demonstrate their potential to influence and impact social and economic development worldwide. As the ambitious priorities of the Sustainable Development Goals come face-to-face with limited economic resources exacerbated by the 2007 financial crisis, the time is ripe to harness the promise of philanthropy. The first step towards assessing philanthropy's role is having reliable evidence at hand. In this context, the ground-breaking survey at the heart of this report captures previously non-existent global and comparable data of how much and in what ways foundations support development. These data and qualitative evidence allow action-oriented recommendations to optimise philanthropy's role in support of sustainable development.

Indeed, by unpacking information on philanthropic resource flows for development purposes, priorities, implementation channels and relationships with other actors, we challenge expectations and call into question long-held assumptions. First, we have a clearer perspective on philanthropy's scale as an emerging and powerful slice of the financing for development pie. Philanthropic flows are still modest in volume compared to official development assistance (ODA) – accounting for 5% – but in such key sectors as health, they appear to be significant players, as the third largest provider. Second, we now have a deeper understanding of where foundations primarily spend their resources. Philanthropists favour investing in stable, middle-income economies and through large, established partners, such as international organisations and non-governmental organisations. And, third, we recognise just how much philanthropies value partnerships and the potential they still have to further engage in coalitions with governments, donors, social entrepreneurs and civil society organisations. The data refute the stereotype that foundations always shy away from working with other development partners at the country level. In fact, most of the foundations interviewed in the survey say that they systematically engage with governments and donors – 67% and 45%, respectively – when designing or implementing their programmes and projects.

This sampling of the report's findings resulted from our close co-operation and our expertise on philanthropy for development. On the one hand, the OECD Development Centre is home to the Network of Foundations Working for Development (netFWD). As a platform for dialogue, netFWD has produced practical guidance highlighting foundations' comparative advantages in the wider public discourse on sustainable development. On the other hand, the OECD Development Co-operation Directorate (DCD) has unparalleled experience setting statistical standards and collecting data on

resource flows to developing countries, particularly ODA, as the secretariat for the Development Assistance Committee. The survey carried out for this report is one concrete outcome of DCD's efforts in recent years to enhance its statistics on development finance beyond official assistance. Indeed, official providers increasingly view foundations as key partners who can leverage and optimise their limited resources. This report adds to that knowledge and offers fresh perspectives and new evidence on the opportunities and considerations of greater engagement by foundations in development.

We believe this report is of practical value to government policy makers as well as decision makers in civil society organisations, social enterprises and foundations. It is a comprehensive study to inform policies and strategies to engage philanthropy in delivering meaningful and sustained development outcomes. We invite you to explore – and fully use – this resource for that worthy purpose.

Sincerely,

Mario Pezzini,

Director,

OECD Development Centre,

Special Advisor on Development to the OECD Secretary-General

Jorge Moreira da Silva,

Director,

OECD Development Co-operation Directorate

Acknowledgements

This report was prepared jointly by the OECD Development Centre (DEV) and the OECD Development Co-operation Directorate (DCD) under Mario Pezzini, Director and Special Advisor to the OECD Secretary General on Development, DEV and Jorge Moreira da Silva, Director, DCD.

The report was written under the guidance of Bathylle Missika, Head of the Partnerships and Networks Unit and Senior Counsellor to the Director (a.i) and co-ordinated by Ewelina Oblacewicz, Co-ordinator of netFWD, DEV, together with Tomáš Hos, Research Officer, Financing for Sustainable Development Division, DCD, with guidance from Lorenzo Pavone, Deputy Head, Partnerships and Networks Unit, Cécile Sangaré, Development Finance Analyst, Financing for Sustainable Development Division, DCD and Julia Benn, Head of Unit, Financing for Sustainable Development Division, DCD. It benefitted from strategic inputs from Haje Schütte, Head of the Financing for Sustainable Development Division, DCD.

The report was drafted by a core team: Chapter 1 (Ewelina Oblacewicz, DEV and Tomáš Hos, DCD), Chapter 2 (Cécile Sangaré, DCD and Tomáš Hos, DCD), Chapter 3 (Emilie Romon, DEV), Chapter 4 (Ewelina Oblacewicz, DEV and Sarah Sandford independent expert) and Chapter 5 (Ewelina Oblacewicz, DEV). Chapter 3 benefited from inputs by Karen Wilson and Irene Basile from DCD. Arturo Rocha and Martina Fattiboni Ferrara from DEV provided editorial and substantive support.

The case studies in Chapters 1, 2, 3 and 4 were received from Benjamin Bellegy (Worldwide Initiatives for Grantmaker Support), Ann Cleaveland (ClimateWorks Foundation), Naila Farouky (Arab Foundations Forum), Claudia Juech (Cloudera Foundation), Bent Lautrup-Nielsen (World Diabetes Foundation), Larry McGill (Foundation Center), Martina Mettgenberg-Lemière (Asian Venture Philanthropy Network), Antonella Noya and Stellina Galitopoulou (OECD Centre for Entrepreneurship, SMEs, Local Development and Tourism) Lourdes Sanz Moguel and Romina Farías Pelayo (Centro Mexicano para la Filantropía), Joachim Schmitt (German Federal Ministry for Economic Cooperation and Development, BMZ), Geoffrey So (Novartis Foundation) and Max von Abendroth (Donors and Foundations Networks in Europe).

The outline and orientations of the report were discussed at an OECD Experts' Meeting in October 2017. The report benefitted from in-depth independent expert reviews provided by Bronwen Magrath (International Education Funders Group), Paul Castle (Syngenta Foundation for Sustainable Agriculture), Ann Cleaveland (ClimateWorks Foundation), Barry Hoolwerf (ERNOP), Douwe Jan Joustra (C&A Foundation), Valérie Meunier (Fondation CHANEL), Adam Pickering (DFID) and Katja Schiller Nwator (Motive Development Group).

The report was prepared for publication under the direction of Henri-Bernard Solignac-Lecomte and Stacey Bradbury (DCD). Anne Lise Prigent from

the Public Affairs and Communications Directorate provided editorial and content oversight. Our appreciation also goes out to Mark Foss for editing assistance, to Stephanie Coic (DCD), Bochra Kriout, Irit Perry and Akolade Omishope (DEV) for producing the related communication materials and to Sonja Marki and Grace Dunphy (DEV) for providing administrative support.

We also wish to express our sincere thanks to Jamie Attard and Swandi Chan (Bill & Melinda Gates Foundation) for their comments on the survey template and Tracy Kang (China Charity Alliance) for facilitating the engagement with Chinese foundations. Finally, we wish to thank all foundations that took part in the survey for their co-operation and invaluable assistance in obtaining the data that allowed us to develop this report.

Table of contents

Foreword **3**

Acknowledgements **5**

Abbreviations and acronyms **11**

Executive summary **15**

Key findings 15
Policy recommendations 16

Infographic: Philanthropy for development at a glance **19**

Chapter 1. Overview: How to enhance philanthropy's contribution to Agenda 2030 ..... **21**

1.1. Rationale and objectives 22
1.2. Methodology 27
1.3. Key concepts and definitions 28
1.4. Key findings 29
1.5. Key policy recommendations 30
Notes 31
References 33

Chapter 2. Foundations as funders **35**

2.1. Analysis of philanthropic flows 36
2.2. Geographical allocation of philanthropic giving 42
2.3. Sectoral allocation of philanthropic giving 46
2.4. Implementation of philanthropic giving 65
Notes 70
References 72

Chapter 3. Foundations as innovators **73**

3.1. Organisational innovation 75
3.2. Process innovation 81
References 86

Chapter 4. Foundations as partners **89**

4.1. Partnering with other foundations 91
4.2. Partnering with the donor community 93
4.3. Partnering with governments in developing countries 101
4.4. Partnering with non-governmental organisations 108
Notes 111
References 112

Chapter 5. Policy recommendations and a way forward **115**

5.1. Recommendations for foundations 116
5.2. Recommendations for the donor community 120
5.3. Recommendations for governments in developing countries 121

Annex A. Giving by provider 123

Glossary 127

Tables

Table 2.1. ODA and philanthropic giving by region, 2013-15, percentage of respective region-allocable total 45
Table 2.2. Philanthropic giving to education, 2013-15 55

Figures

Figure 2.1. Philanthropic giving vs. official development finance, 2013-15 36
Figure 2.2. Foundations' giving by region of origin, 2013-15 37
Figure 2.3. Philanthropic giving by country of origin, 2013-15 37
Figure 2.4. Top 20 foundations working for development, 2013-15 38
Figure 2.5. Giving from foundations based in emerging countries, 2013-15 39
Figure 2.6. Philanthropic giving by region, 2013-15 42
Figure 2.7. Top 20 recipient countries of philanthropic giving, 2013-15 43
Figure 2.8. Philanthropic giving per capita, 2013-15 43
Figure 2.9. Philanthropic giving by income groups, 2013-15 44
Figure 2.10. Comparison between the main recipients of ODA and philanthropic giving, as a share of country-allocable totals, 2013-15 45
Figure 2.11. Philanthropic giving by sector, 2013-15 46
Figure 2.12. Sectoral allocation of ODA and foundations' giving, 2013-15 47
Figure 2.13. Top ten foundations supporting health and reproductive health, 2013-15 48
Figure 2.14. Philanthropic giving for health and reproductive health by region, 2013-15 48
Figure 2.15. Top 15 beneficiary countries in the health and reproductive health sectors, 2013-15 49
Figure 2.16. Health causes targeted, 2013-15 49
Figure 2.17. Main infectious diseases targeted, 2013-15 50
Figure 2.18. Main channels of delivery of giving for health and reproductive health, 2013-15 52
Figure 2.19. Top providers for health and population, and reproductive health sectors, 2013-15 53
Figure 2.20. Top 15 foundations in education sector, 2013-15 54
Figure 2.21. Top ten beneficiary countries in education, 2013-15 54
Figure 2.22. Geographic distribution of giving in the education sector, 2013-15 55
Figure 2.23. Top ten foundations in agriculture, 2013-15 56
Figure 2.24. Top 15 foundations in the government and civil society sectors, 2013-15 57
Figure 2.25. Top 10 beneficiary countries in the government and civil society sectors, 2013-15 58
Figure 2.26. Philanthropic giving in the government and civil society sectors, 2013-15 59
Figure 2.27. Top ten foundations supporting environmental protection, 2013-15 60
Figure 2.28. Top ten foundations supporting research activities, 2013-15 61
Figure 2.29. Top ten foundations active in combatting climate change, 2013-15 62
Figure 2.30. Top ten foundations supporting children and youth, 2013-15 63
Figure 2.31. Main foundation supporting women and girls, 2013-15 64
Figure 2.32. Geographic allocation of funds for refugees, internally displaced and stateless persons, 2013-15 65
Figure 2.33. Main channels of delivery of philanthropic giving, 2013-15 66

Figure 2.34. Modalities of philanthropic giving, 2013-15 66
Figure 2.35. Top 20 channels of delivery among NGOs, civil society, PPPs, networks and the for-profit private sector, 2013-15 67
Figure 2.36. Top 20 channels of delivery among universities, teaching institutions, research institutes and think tanks, 2013-15 68
Figure 2.37. Top ten foundations using the multilateral sector, 2013-15 68
Figure 2.38. Main multilateral organisations supported, 2013-15 69
Figure 2.39. Support to the United Nations, 2013-15 69
Figure 2.40. Top two foundations using government agencies, 2013-15 70
Figure 3.1. Non-financial support to grantees 76
Figure 3.2. Average engagement period 77
Figure 3.3. Foundations' performance evaluation 81
Figure 3.4. Financial support 84
Figure 3.5. Type of data publicly shared by foundations 85
Figure 4.1. Engagement of foundations with other actors 90
Figure 4.2. Main drivers for foundations to engage with official development agencies 97
Figure 4.3. Foundations' perception on main downsides of collaborating with developing agencies ...99
Figure 4.4. Foundations' perception on how to improve collaboration with other development actors100
Figure 4.5. Foundations' alignment with the SDGs 103
Figure 4.6. Main drivers for foundations to engage with governments 105
Figure 4.7. Main downsides when collaborating with national governments 108
Figure 4.8. Types of organisations supported by foundations 109
Figure 4.9. Top 20 channels of delivery among NGOs 110
Figure 4.10. Foundations' average engagement period 111

Boxes

Box 1.1. The increasing role of institutional philanthropy in international development 22
Box 1.2. The dearth of reliable and publicly available data about philanthropic resources in support of development 24
Box 2.1. Perspectives on philanthropy from around the world 39
Box 2.2. Comparison between the geographical distribution of philanthropic giving and ODA flows in 2013-15 44
Box 2.3. Comparative analysis between the sectoral distribution of philanthropic giving and ODA flows in 2013-15 46
Box 2.4. Foundations' support to non-communicable diseases and partnerships: Novartis Foundation and World Diabetes Foundation 50
Box 2.5. Comparison of ODA flows and philanthropic giving for health and reproductive health 53
Box 2.6. Foundations' support to mitigating climate change: Climate Works Foundation 62
Box 3.1. Collaboration to create systems change 78
Box 3.2. OECD netFWD peer review methodology for multi-stakeholder partnerships 80
Box 3.3. Potential and shortcomings of development impact bonds 83
Box 4.1. Examples of philanthropic coalitions 92
Box 4.2. Foundations' participation in global dialogue platforms 94
Box 4.3. Global platforms for co-operation between foundations and policy makers 95
Box 4.4. Examples of multi-stakeholder partnerships involving foundations and the donor community98
Box 4.5. Co-operation of Germany (BMZ) with private foundations and philanthropists 100
Box 4.6. Guidelines for Effective Philanthropic Engagement 104
Box 4.7. Examples of partnerships between foundations and governments in developing countries ..106

Abbreviations and acronyms

AFD	Agence Française de Développement, French Development Agency
AFE	Association of Family and Corporate Foundations
BMGF	Bill & Melinda Gates Foundation
BMZ	Federal Ministry for Economic Cooperation and Development of Germany
CEO	Chief Executive Officer
CIFF	Children's Investment Fund Foundation
CIMMYT	International Maize and Wheat Improvement Center
CSO	Civil society organisation
CRC	Cancer Research Centre
DAC	OECD Development Assistance Committee
DCD	OECD Development Co-operation Directorate
DEV	OECD Development Centre
DFID	Department for International Development of the United Kingdom
DIBs	Development Impact Bonds
DPG	Development Partners Group
DPL	Dutch Postcode Lottery
EFC	European Foundation Centre
EU	European Union
FGM	Female genital mutilation/cutting
GIZ	German Agency for International Cooperation
GNI	Gross national income
GPE	Global Partnership for Education
GPEDC	Global Partnership for Effective Development Co-operation
HGBF	Howard G. Buffet Foundation
HNWI	High Net Worth Individual
IADB	Inter-American Development Bank
IATI	International Aid Transparency Initiative
IBRD	International Bank for Reconstruction and Development

IDA	International Development Association
IDRC	International Development Research Centre
IFC	International Finance Corporation
IFPRI	International Food Policy Research Institute
IITA	International Institute of Tropical Agriculture
IMF	International Monetary Fund
INGO	International non-governmental organisation
IPPF	International Planned Parenthood Federation
IRS	Internal Revenue Service (of the United States)
IsDB	Islamic Development Bank
KPI	Key performance indicator
LDC	Least developed country and territory
LIC	Low-income country and territory
LMIC	Lower middle-income country and territory
MDG	Millennium Development Goal
MEC	Ministry of Education of Brazil
MENA	Middle East and North Africa
MRIs	Mission-related investments
M&E	Monitoring and evaluation
NDA	Non-disclosure agreement
netFWD	OECD Network of Foundations Working for Development
NGO	Non-governmental organisation
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OOF	Other official flows
OSF	Open Society Foundations
PPPs	Public-private partnerships
PRIs	Programme-related investments
PSI	Population Services International
RPA	Rockefeller Philanthropy Advisors
RBF	Rockefeller Brothers Fund
SDG	Sustainable Development Goal
SDGPP	SDG Philanthropy Platform
SIBs	Social Impact Bonds

SIDS	Small island developing states
SME	Small and medium-sized enterprises
STBF	Susan Thompson Buffet Foundation
STD	Sexually transmitted disease
UHC	Universal Health Coverage
UHNWI	Ultra-High Net-Worth Individual
UMIC	Upper middle-income country and territory
UN	United Nations
UNCDF	United Nations Capital Development Fund
UN-DESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations International Children's Emergency Fund
USAID	United States Agency for International Development
USD	United States dollar
WFP	World Food Programme
WHO	World Health Organization
WINGS	Worldwide Initiatives for Grantmaker Support
WWF	World Wildlife Fund

Executive summary

Delivering the Sustainable Development Goals (SDGs) will require more resources than are currently spent, in particular in developing countries. Private foundations' role in advancing sustainable development has attracted a great deal of attention. They are established sources of both funding and innovative approaches for sustainable development. However, two major bottlenecks have prevented foundations from fulfilling their development potential. First, the **dearth of reliable and publicly available data** about philanthropic flows hampers the ability of researchers, donors, governments and the philanthropic community itself to compare or aggregate data to map accurately foundations' contribution to development. Second, the **limited understanding of foundations' priorities and partnering behaviours** by official aid agencies, governments and civil society to some extent prevents closer co-operation.

The **ground-breaking OECD data and analysis** at the heart of this report captures previously non-existent global and comparable quantitative and qualitative assessment of how much and in what ways foundations support development. The report unpacks data and qualitative evidence on philanthropic resource flows for development purposes, priorities, implementation channels and relationships with other development actors.

A working definition of **private philanthropic flows for development** was developed for the survey underpinning this report to ensure comparability with OECD DAC statistics on development finance such as ODA flows. The term "private philanthropic flows for development" refers to transactions from the private sector that promote economic development and welfare of developing countries as their main objective, and which originate from foundations' own sources (notably endowment, donations from companies and individuals, as well as income from royalties, investments and lotteries).

While this report focuses primarily on foundations working for development, its findings and recommendations are useful for broader range of policy makers, civil society organisations (CSOs) or private companies willing to partner with foundations.

Key findings

- **Philanthropic flows are still modest in volume compared to official development assistance (ODA) but in key sectors such as health and reproductive health, private foundations appear to be significant players**. They provided USD 23.9 billion for development over 2013-2015, i.e. USD 7.96 billion per year on average. While philanthropic giving remains relatively modest compared to ODA (5% of the three-year total) and financing for development more broadly, foundations have already become major partners in some specific areas. For example, in the health and reproductive health sectors in 2013-15, foundations' support was the third-largest source of financing for developing countries, following that of the United States and the Global Fund to Fight AIDS, Tuberculosis and Malaria. Focusing on the health sector only, private

philanthropic foundations were still the most significant source of development finance.

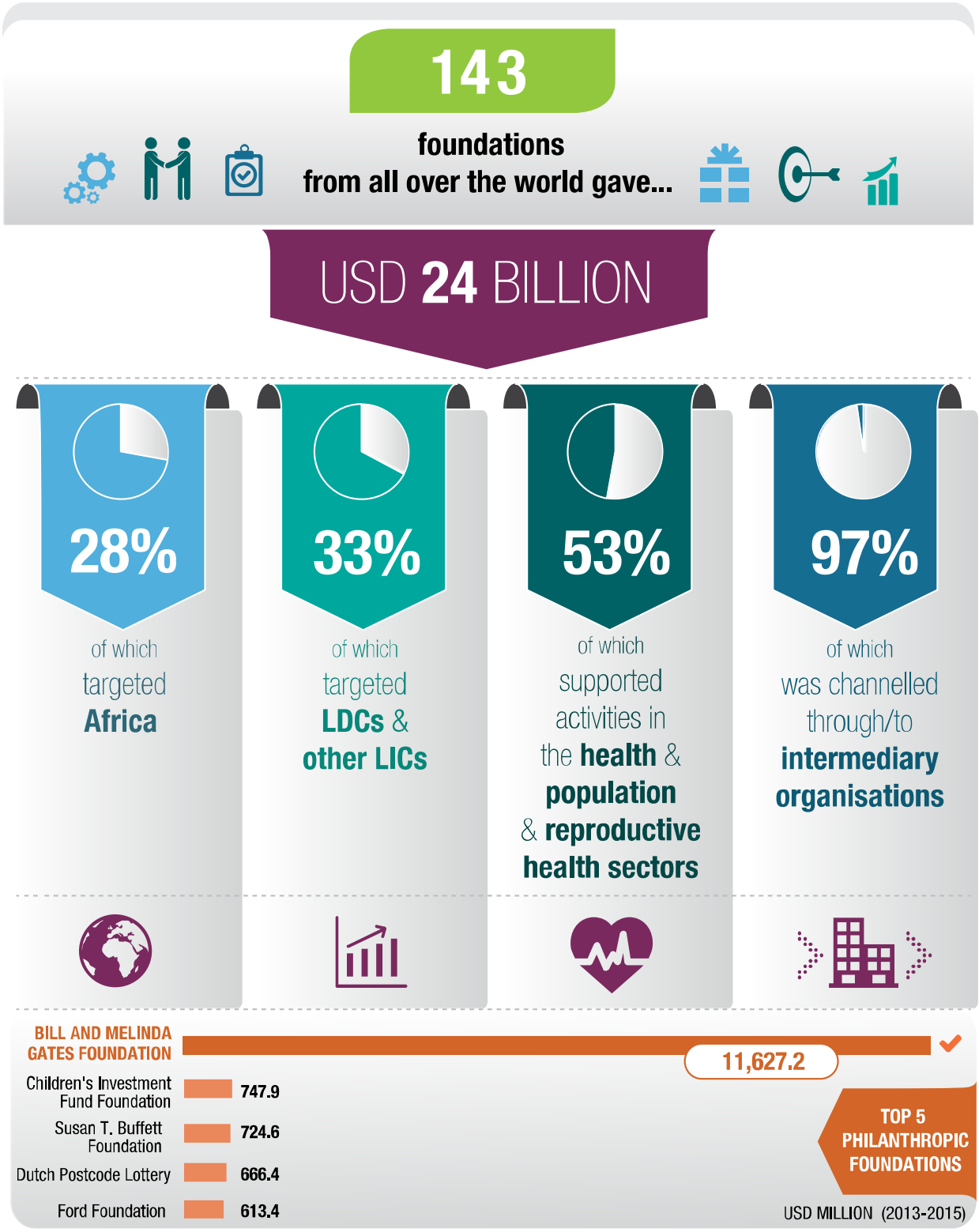
- **The sources of philanthropic giving for developing countries are highly concentrated.** Of the 143 foundations included in the data survey sample, the Bill & Melinda Gates Foundation (BMGF) was by far the most significant philanthropic donor, having provided almost a half of total giving (49%). In addition, 81% of the total philanthropic giving during 2013-15 was provided by only 20 foundations.
- **Philanthropists favour investing in stable, middle-income economies and through large, established partners, such as international organisations and NGOs.** The report shows that 67% of country-allocable philanthropic giving was targeted to middle-income countries, such as India (7% of the total), Nigeria, Mexico, People's Republic of China ("China"), Ethiopia or South Africa. Only a third of the country-allocable funding benefitted the least developed countries (28%). In addition, almost all philanthropic giving (97%) was implemented through intermediary institutions, also referred to as ''channels of delivery''. The report shows that a substantial amount of philanthropic funding, especially in the health sector, is channelled through international organisations and large international NGOs, such as Gavi, the Vaccine Alliance, the World Health Organisation (WHO), the Program for Appropriate Technology in Health (PATH), the United Nations Children's Fund (UNICEF) or Rotary International.
- **In some developing countries, domestic philanthropic giving plays an important role.** Philanthropic foundations based in developing countries operate to a large extent domestically. As a result, in some countries, domestic philanthropic flows represent a significant part of total philanthropic flows (83% in Turkey, 60% in Mexico and 35% in China). Cross-border giving from emerging countries to developing countries was mainly provided by foundations in the United Arab Emirates, and to a lesser extent Panama, Nigeria or Hong Kong, China.
- **Philanthropies value partnerships because of their potential to engage in coalitions with government, donors, social entrepreneurs and CSOs.** The data refute the stereotype that foundations always shy away from working with other development partners at the country level. In fact, most of the foundations assessed in the survey systematically engage with governments and donors – 67% and 45%, respectively – when designing or implementing their programmes and projects.

Policy recommendations

- Foundations could improve **knowledge sharing with governments and the donor community, especially in some key geographies (middle-income countries) and sectors (health and education).** With little evidence of direct co-ordination and collaboration between foundations and ODA providers, one can assume a degree of overlapping initiatives between philanthropic and ODA-supported initiatives. Thus, closer collaboration in middle-income countries and in key sectors supported by philanthropy would ensure that foundations' efforts are mutually reinforcing, mindful of national development strategies and complementary to other existing initiatives rather than duplicative. Dedicated philanthropic dialogue platforms, especially at the sectoral level, could provide a stable base for dialogue and partnerships.

- Governments in developing countries could further strengthen the **enabling environment for philanthropy** by adopting or adapting existing regulation, from establishing a legal status clearly distinguishing foundations from CSOs to possible tax incentives. Unintended consequences should also be looked into: some anti-terrorist laws and anti-money laundering regulations may have disastrous effects on foundations' ability to support partner NGOs on the ground.
- The donor community could adopt **more systematic approaches to engagement with foundations**. These approaches could include the development of strategies for engagement acknowledging foundations' financial and non-financial contribution to development (disconnected from the objective to fundraise), appointment of focal points responsible for developing and maintaining relations and working with foundations, staff exchange programmes between foundations and donor institutions and more flexible partnership models taking into account the constraints of smaller foundations.
- Foundations could make better use of existing platforms at the global, regional and local levels to **improve the transparency and availability of data** on philanthropic giving in support of development. There are already many country-level and international reporting initiatives, such as the OECD DAC statistics on development finance (already joined by the Bill & Melinda Gates Foundations and the United Postcode Lotteries), 360giving, Glasspockets and the International Aid Transparency Initiative (IATI). In addition, networks like netFWD together with the Foundation Center, WINGS and others should encourage the philanthropic sector to further share information and help make data a global public good.

Infographic: Philanthropy for development at a glance



Chapter 1. Overview: How to enhance philanthropy's contribution to Agenda 2030

In order to achieve the Sustainable Development Goals (SDGs), financing for development needs to be optimised, however there is a lack of information surrounding flows from private philanthropic organisations as well as a lack of understanding on how they operate. With rising private wealth and an urgent need to close the funding gap for the SDGs. It is now crucial to understand the impact that philanthropy has, as well as its potential.

This chapter presents the global picture and key findings on private philanthropy garnered through the OECD netFWD and a recent OECD DCD survey on global private philanthropy for development.

1.1. Rationale and objectives

In 2003, the OECD published *Philanthropic Foundations and Development Co-operation* to inform its Development Assistance Committee (DAC) about the origin and nature of philanthropic foundations in development. The study suggested means of enhancing communication between foundations and official aid agencies to improve development results (OECD, 2003[1]).

Since then, institutional philanthropy and its potential to address social and economic development in the developing world have become even more salient. On the one hand, philanthropic foundations have proliferated in number and expanded their geographic scope. A growing number of foundations are established sources of both funding for developing countries[1] and innovative approaches in support of sustainable development. On the other hand, resources have become particularly scarce in the aftermath of the 2007-08 economic crisis. This has raised expectations of what philanthropy for development can achieve and fund among official aid agencies, as well as among governments and civil society in developing countries (see Box 1.1).

Box 1.1. The increasing role of institutional philanthropy in international development

With rising wealth, philanthropic giving is increasing around the world

With the dramatic growth in wealth over the last 15 years and despite the recent economic downturn, philanthropic giving and the number of foundations contributing to development have been rising around the world. The economic downturn of 2008-09 was the deepest recession since the 1930s. However, the number and the available capital of wealthy individuals, one of the essential actors for philanthropy, have surged around the world. Global high-net-worth individual (HNWI)[2] wealth ballooned from USD-28.8 trillion to USD 63.5 trillion over 2003-16. Similarly, the number of HNWIs rose from 7.7 million to 16.5 million during the same period (Capgemini, 2016[2]; Capgemini, 2003[3]). In accordance with the same pattern, ultra-high-net-worth individuals more than doubled over 2002-16 – from 70 000 to 157 200 (Capgemini, 2016[2]; Capgemini, 2003[3]). Asia-Pacific, North America and Europe are the world's largest HNWI markets in 2017. All these numbers bode well for the potential volume of money available for philanthropic activity. Along with the rise in wealth, philanthropic giving and the number of foundations have also been expanding.

In the United States, the country with the most developed philanthropic ecosystem, the total number of American foundations rose by a third in the last 15 years (from 64 845 to 86 726 over 2002-14). Similarly, total giving doubled from USD 30 billion to USD 60 billion during the same period (Foundation Center, 2017[4]). The boom in philanthropy is not exclusive to the United States; European philanthropy is also flourishing. Although American foundations donate larger sums of capital, Europe has the largest number of philanthropic organisations worldwide with 130 000 in 2015 (Fondation de France, 2015[5]). Private giving has also flourished outside Europe and North America. In Asia, for example, Chinese foundations have increased from fewer than 200 in 2012 to 5 454 in 2016 (United Nations Development Programme and China Foundation Center, 2017[6]), despite restrictive regulations. Philanthropy is rising in India as well, supported by its diaspora and the money they send back home, particularly from the United States. In Pakistan, the volume of corporate philanthropy increased from

USD 4.5 million to USD 56.4 million between 2000 and 2014 (WINGS, 2014[7]).

Not only has the number of foundations increased in the last 15 years, but their visibility has risen considerably. The best example illustrating this tendency is the Giving Pledge commitment. In 2010, Bill and Melinda Gates, with Warren Buffet, launched a campaign to encourage the wealthiest individuals in the United States to donate at least half of their fortunes to charity. Backed up by the first and second wealthiest individuals worldwide, the project started with 40 American billionaires willing to donate at least half of all their wealth within their lifetimes. The initiative quickly resonated among other philanthropists in the world. Currently, the Giving Pledge includes 170 billionaires from 21 different countries. Such initiatives garner significant media attention and put philanthropy in the spotlight.

The demand for, and expectations of, philanthropy have grown considerably among different actors

The 2007 financial crisis, which later translated into a deep global economic recession, shook the development community from the sudden decrease of financial flows. The effect of the crisis, however, differed across types of actors. For instance, while official development assistance (ODA) reached a plateau from 2008 to 2012, private flows and private grants continued to increase (OECD, 2017[8]). As a result, the interest in philanthropy's role in support of development became even more prominent.

Under these circumstances, philanthropic funding emerged as particularly vital for two different types of countries. For low income and least developed countries, where basic human needs are not met, foreign aid is one of few available revenue sources. Philanthropic funding is also critical for several upper middle-income countries approaching the established threshold to receive ODA (per capita gross national income of USD 12 745). Countries like Brazil, Mexico or South Africa might soon no longer classify as recipients of ODA, and are therefore eager to start mobilising resources from other sources. These emerging economies, as well as low-income countries, see philanthropy as an alternative source of development finance.

In this context, civil society around the globe has also turned to foundations for funding. Indeed, NGOs worldwide reported significant funding cuts from donors and national governments due to a worsening financial situation in the aftermath of the crisis (Hanfstaengl, 2010[9]). In response, NGOs like Save the Children or Oxfam have sought and received funding from philanthropic foundations to support a number of projects. These range from providing emergency aid to alleviate populations damaged by natural disasters to evaluating the impact of medical treatments to manage childhood pneumonia (Bill & Melinda Gates Foundation, 2015[10]).

The wave of interest around foundations' role in support of development continues to gather momentum. However, two major bottlenecks – highlighted in *Philanthropic Foundations and Development Co-operation* (OECD, 2003[1]) – have prevented foundations from fulfilling their development potential in closer co-operation with other development actors:

- The dearth of reliable and publicly available data about philanthropic resources in support of development: in most countries, neither governments nor private philanthropic organisations collect and share data on philanthropic giving. In addition, definitions, legal status and regulations underpinning philanthropic

giving vary dramatically from country to country. This hampers the ability of researchers, donors, governments and the philanthropic community itself to compare or aggregate data to map the sector accurately (see Box 1.2).

- The limited understanding by development agencies of foundations' priorities, practices and partnering behaviours: traditional aid providers have not transformed a growing interest in foundations into their own architecture, goals, principles and practices.

Box 1.2. The dearth of reliable and publicly available data about philanthropic resources in support of development

Before the OECD survey (OECD, 2018[11]), global, comparable and publicly available data on philanthropic giving in support of development were virtually non-existent. There are several key reasons for this dearth of data.

Foundations have limited obligations for public disclosure

Foundations differ from official development agencies in their lines of accountability. Rather than being accountable to taxpayers, foundations answer to their boards and/or to their funder (often an individual, family or private company). As a result, in most countries, foundations are not registered at the national level. They often have limited obligations to disclose financial data to the public.

This level of transparency is the norm in Europe for foundations, while the more established foundation sector in the United States has more stringent regulations. US regulations, set out in the Tax Reform Act of 1969, exempt grantmaking foundations from paying most types of taxes on their income from endowments. The act also requires foundations to file annual returns that are publicly available with detailed financial and programmatic information, and to list every grant made.

Some governments encourage their domestic foundations to participate in global efforts such as the International Aid Transparency Initiative (IATI). However, only 31 foundations provided information on their grants on the IATI website as of 2018.

The existing sources of data on foundations are largely private and not comparable

Despite these challenges, several organisations have made significant efforts to collect data on the scale of engagement of private foundations in support of development co-operation. These groups include:

- The **US Foundation Center's** data coverage is mostly of American foundations (due to the stringent financial reporting obligations for foundations in the United States). It is attempting to collect data from other countries on a voluntary basis (mainly through the recently established SDG Philanthropy Platform). To date, these data have not been made compatible or fully comparable with ODA figures collected by the OECD Development Co-operation Directorate (DCD).

- The **Hudson Institute** has attempted to determine the scale of development co-operation by private foundations outside the United States based on available national documents, annual reports of foundations, and interviews (Hudson Institute, 2013[12]; Hudson Institute, 2011[13]; Hudson Institute, 2010[14]). However, for most of these countries studied, only aggregated figures of philanthropic giving are provided. Such figures include outflows of private philanthropic foundations or other non-governmental organisations (NGOs), as well as remittances (donations by individuals outside of philanthropic structures), and non-monetary contributions (e.g. in-kind donations and volunteering). This makes the final amounts recorded much higher than those collected by the OECD. As of 2017, this research developed at the Hudson Institute will be carried out by the IU Lilly Family School of Philanthropy.
- The **European Foundation Centre** conducted surveys in 2003-05 and 2006-08 in 14 European countries. However, at the time, data on international spending were only available for six countries (EFC, 2007[15]).

However, funding made "overseas" or "internationally" by philanthropic organisations is hard to compare to financial flows like ODA. This is especially true for overseas funding, which might include grants not aimed at supporting "development''. For example, grants might support countries not included on the DAC List of ODA-recipients[3] or focus on causes that fall beyond the definition of development used by the OECD DAC.

Voluntary reporting is still limited

As philanthropy continues to grow worldwide, numerous factors are driving the sector to collect, share, and use more and better data. First, communities, governments and donors are increasingly trying to understand the aim of philanthropic giving and its impact. Second, the recent drive towards impact measurement has led some foundations to focus on producing and using evidence and data to track their own progress and footprint. Third, as philanthropists and foundations become more invested in dialogue and partnerships with other development actors, data are needed to underpin collaboration and measure collective progress.

In some cases, foundations themselves have led the call to action to produce more and better data, including standards on data and accountability. The Global Philanthropy Data Charter, developed by the Worldwide Initiatives for Grantmaking Support, encourages and helps guide foundations' efforts on transparency (see below).

While these are positive developments, none of these standards are binding; they have not been widely adopted by the philanthropic sector. The degree of transparency and the extent of reporting practices remain heterogeneous among foundations.

Global Philanthropy Data Charter

WINGS[4] and the Foundation Center have worked with more than 40 practitioners from over 20 countries to develop a Global Philanthropy Data Charter[5] that

includes the following:

- a statement of values and principles that can serve as a guiding framework for the collection and use of philanthropic data
- a better idea of the identification of stakeholders in the data ecosystem and their needs
- a series of steps designed to achieve the goal of "good data for greater impact".

The Charter helps balance the need for transparency with data security. It makes sure stakeholders are working through mutually beneficial data-sharing partnerships. It also helps stakeholders understand the need for strong local, national and international systems to produce, standardise, collect and use the data.

By creating a common language on philanthropic data, the Charter hopes to provide incentives for funders to invest in efficient data systems that can help the sector solve complex societal issues. These incentives include strengthening the data capacity of philanthropy networks and associations, supporting academic centres, and setting up or reinforcing data dashboards at national and international levels. These ambitions call for philanthropic actors and their partners to come together and develop collective data strategies.

This section was contributed by Benjamin Bellegy, WINGS

To address these gaps and enhance philanthropy's contribution to Agenda 2030, the OECD has stepped up its engagement with philanthropic foundations on two fronts:

- In 2012, the OECD Development Centre launched the **Network of Foundations Working for Development (netFWD)**. Over the last five years, the network has supported the crucial role foundations play in the development space. It has also provided an effective platform for dialogue and co-operation between foundations and other development actors. In addition, the network has produced thematic studies and practical guidance on foundations' experiences and innovative approaches. These highlight foundations' distinctive comparative advantage to inform the wider public discourse on sustainable development.
- In 2016, the **OECD Development Co-operation Directorate (DCD)**, in co-operation with the OECD Development Centre's netFWD, undertook a large-scale survey on global private philanthropy for development to collect data from major philanthropic foundations active in developing countries. The results of the survey are unique: they provide reliable and globally comparable activity-level data. Moreover, as the survey applied OECD-DAC statistical reporting standards, the data collected on philanthropic flows are fully comparable to ODA flows (see Section 1.2 for more details). In addition, to date, four private philanthropic foundations report on a regular basis to the OECD on their development activities: the Bill & Melinda Gates Foundation (BMGF), the Dutch Postcode Lottery, Swedish Postcode Lottery and People's Postcode Lottery (the United Postcode Lotteries).

This report draws on both unique OECD data gathered through the survey and insights on private philanthropy's engagement in developing countries, generated through netFWD.

The report thus explores three facets of foundations' engagement in support of international development:

- Foundations as **funders**: Which are the key philanthropic foundations engaged in funding developing countries? Does philanthropy make a targeted, concerted contribution to the Sustainable Development Goals (SDGs)? What is the scale and nature of philanthropic foundations' engagement across regions? Which development issues, regions and countries are they particularly supporting? (Chapter 2).
- Foundations as **innovators**: What are the innovations in the way philanthropic foundations support sustainable development? (Chapter 3).
- Foundations as **partners** of international development: How do philanthropic foundations engage with other development actors? (Chapter 4).

Finally, the report provides **policy recommendations**. On the one hand, they address opportunities for foundations to further leverage their contribution to Agenda 2030. On the other, they examine emerging risks from increased engagement of the philanthropic sector (Chapter 5).

This report is particularly directed to several key audiences:

- foundations working for development
- official donors
- governments of developing countries willing to partner with foundations
- NGOs and social enterprises working to implement philanthropy programmes
- development practitioners at large.

1.2. Methodology

This report, in particular Chapter 2, draws on the results of the large-scale survey conducted by the OECD DCD and through which data were gathered on more than 140 philanthropic foundations' activities. It also draws on an OECD experts' meeting and insights on private philanthropy's engagement in developing countries generated through netFWD and a literature review.

1.2.1. OECD survey

The survey was based on an extensive literature review, as well as research analyses of financial statements of a multitude of philanthropic organisations. OECD invited more than 200 private philanthropic foundations active in development to share information – under a strict confidentiality agreement[6] – on their contribution to global development through:

- A **qualitative questionnaire** with 24 multiple choice questions on foundations' activities, transparency and accountability practices and co-operation with other development actors.
- A **data questionnaire**, to collect activity-level (or project-level) data. These included data on geographic and sectoral allocation, financial instrument used, channels of delivery and modality of giving. The format and definitions used in the questionnaire were compliant with the OECD-DAC statistical standards. This ensured that data collected would be comparable to ODA flows.

Having collected inputs on 143 foundations, coverage of the information collected through the data questionnaire was considered good in comparison to the targeted sample:

- 77 foundations responded to both the qualitative and data questionnaires. The survey data for the BMGF and 12 foundations based in the United Arab Emirates were derived from their regular reporting on private grants to the OECD DCD.
- For the 53 other foundations, activity-level data were gathered from publicly available sources, such as the Internal Revenue Service Form 990 PF[7], foundations' own websites and annual reports, and through datasets available through the International Aid Transparency Initiative (IATI).
- Four foundations filled in only the qualitative questionnaire due to capacity constraints or confidentiality concerns.

The China Charity Alliance facilitated responses from three Chinese foundations.[8] However, in general, the survey results may underrepresent the development efforts of private foundations in some Arab countries, the People's Republic of China ("China") and other countries beyond the OECD membership.

1.2.2. OECD experts' meeting

In October 2017, representatives of foundations, associations of foundations, governments and research institutes took part in an OECD experts' meeting. They discussed and ultimately validated the preliminary assumptions emerging from data collection. They also reviewed and provided feedback to the first draft of the report shared in February 2018.

1.2.3. Insights from OECD netFWD

The report draws on qualitative inputs collected over the last five years by the OECD netFWD through its members and associates. As part of its programme of work, the network has produced a series of case studies that examines how foundations and governments in India, Mexico, Myanmar and Kenya interact and how they can deepen their engagement. The diverse experiences of these four countries in implementing the *OECD Guidelines for Effective Philanthropic Engagement* (OECD netFWD et al., 2014[16]) have also fed into this report.

1.3. Key concepts and definitions

1.3.1. Scope of the data questionnaire: Private philanthropy for development

A working definition of private philanthropic flows for development was developed for the data questionnaire. This aimed to ensure comparability with OECD DAC statistics on development finance such as ODA, as well as to avoid double counting at the international level:

> *Private philanthropic flows for development refer to* ***transactions from the private sector*** *having the* ***promotion of the economic development and welfare of developing countries*** *as their main objective, and which originate from foundations'* ***own sources****, notably endowment, donations from companies and individuals (including high net worth individuals and crowdfunding), legacies, as well as income form royalties, investments (including government securities), dividends, lotteries and similar.*

Following this definition, philanthropic activities funded by other philanthropic foundations or governments were out of scope.[9] Furthermore, charitable giving from religious institutions was only included if aimed at supporting development and improving welfare.

ODA eligibility of countries, territories and core contributions to multilateral organisations

Developing countries and territories were defined according to the DAC List of ODA Recipients.[10] The DAC List of ODA-eligible international organisations[11] was used to identify the extent to which core contributions to multilateral organisations could be considered as support for development.

Cross-border flows vs. domestic activities

In principle, the DAC statistical system measures cross-border flows. In some cases, it also measures expenditure in donor countries (e.g. development awareness, in-donor refugee and administrative costs).

The data survey on private philanthropy also focused primarily on cross-border flows. However, the survey sought to be as inclusive as possible and to provide a better picture of global philanthropy. To that end, it also collected data from some foundations based in developing countries and operating domestically (e.g. India, Mexico, China and Brazil). Still, the survey allowed for distinguishing cross border flows from domestic giving (see Section 2.1 on the Analysis of philanthropic giving).

The geographic origins of philanthropic flows

The geographic origin of private philanthropy flows followed the residence principle[12] of foundations' headquarters. As an example, outflows from a foundation operating from a local office in a developing country, but with the main office in London, are considered as originating from the United Kingdom.

1.4. Key findings

1.4.1. Philanthropic flows are still modest in volume compared to ODA, but in key sectors such as health and reproductive health private foundations appear to be significant players

Private foundations provided USD 23.9 billion for development over 2013-15, i.e. USD 7.96 billion per year on average. While philanthropic giving remains relatively modest compared to ODA (5% of the three-year total) and financing for development more broadly, foundations have already become major partners in some specific key areas. For example, in the health and reproductive health sectors in 2013-15, foundations' support was the third largest source of financing for developing countries, following that of the United States and of the Global Fund to Fight AIDS, Tuberculosis and Malaria. Focusing on the health sector only, private philanthropic foundations were still the most significant source of development finance.

1.4.2. The sources of philanthropic giving for developing countries are highly concentrated

Of the 143 foundations included in the survey sample, the BMGF was by far the most significant philanthropic actor, having provided almost half of total giving (49%). In addition, 81% of the total philanthropic giving during 2013-15 was provided by only 20 foundations.

1.4.3. Philanthropists favour investing in stable, middle-income countries and implement through large, established partners, such as international organisations and NGOs

The report shows that 67% of country-allocable philanthropic giving was targeted to middle-income countries, such as India (7% of the total), Nigeria, Mexico, China, Ethiopia and South Africa. Only a third of it benefited the least developed countries (28%). In addition, almost all philanthropic giving (97%) was implemented through intermediary institutions, also referred to as "channels of delivery". The report shows that a substantial amount of philanthropic funding, especially in the health sector, is channelled through international organisations and large international NGOs, such as Gavi, the Vaccine Alliance; the World Health Organization (WHO); PATH International; the United Nations Children's Fund (UNICEF); or Rotary International.

1.4.4. In some developing countries, domestic philanthropic giving plays an important role

Philanthropic foundations based in developing countries operate to a large extent domestically. As a result, in some countries, domestic philanthropic flows represent a significant part of total philanthropic flows (83% in Turkey, 60% in Mexico and 35% in China). Cross-border giving from emerging countries to developing countries was limited and mainly provided by foundations in the United Arab Emirates, Panama, Nigeria or Hong Kong, China.

1.4.5. Philanthropies value partnerships because of their potential to engage in coalitions with government, donors, social entrepreneurs and NGOs

The data refute the stereotype that foundations always shy away from working with other development partners at the country level. In fact, most of the foundations assessed in the survey mention that they systematically engage with governments and donors – 67% and 45%, respectively – when designing or implementing their programmes and projects.

1.5. Key policy recommendations

1.5.1. Foundations could improve knowledge sharing with governments and the donor community, especially in middle-income countries and sectors such as health and education

With little evidence of direct co-ordination and collaboration between foundations and ODA providers, one can assume a degree of overlapping initiatives between philanthropic and ODA-supported initiatives. Thus, closer collaboration in middle-income countries and in key sectors supported by philanthropy would ensure that foundations' efforts are mutually reinforcing, mindful of national development strategies and complementary to other existing initiatives rather than duplicative. Dedicated philanthropic dialogue

platforms, especially at the sectoral level, could provide a stable base for dialogue and partnerships.

1.5.2. Governments in developing countries could further strengthen the enabling environment for philanthropy

This could be done by adopting or adapting existing regulation, from establishing a legal status clearly distinguishing foundations from CSOs to possible tax incentives. Unintended consequences should also be looked into: some anti-terrorist laws and anti-money laundering regulations may have disastrous effects on the ability for foundations to support partner NGOs on the ground.

1.5.3. The donor community could adopt more systematic approaches to engagement with foundations

These approaches could include the development of strategies for engagement acknowledging foundations' financial and non-financial contribution to development (disconnected from the objective to fundraise), appointment of focal points responsible for developing and maintaining relations and working with foundations, staff exchange programmes between foundations and donor institutions, and more flexible partnership models taking into account the constraints of smaller foundations.

1.5.4. Foundations could make better use of existing platforms at the global, regional and local levels to improve the transparency and availability of data on philanthropic giving in support of development

There are already many country-level and international reporting initiatives, such as the OECD DAC statistics on development finance (to which the BMGF and the United Postcode Lotteries already report), 360giving, Glasspockets and IATI. In addition, networks like netFWD together with the Foundation Center, WINGS and others should encourage the philanthropic sector to further share information and help make data a global public good.

Notes

1. The terms "developing countries" and "developing economies" refer to all countries and territories on the *DAC List of Official Development Assistance (ODA) Recipients* and consists of all low and middle income countries based on gross national income per capita as published by the World Bank, with the exception of G8 members, European Union members, and countries with a firm date for entry into the EU. The list also includes all of the least developed countries as defined by the United Nations (UN).

2. High-net-worth individuals (HNWI) are defined as investors that have at least USD 1 million to a maximum of USD 30 million in financial assets. Those who exceed that limit are considered ultra-high-net-worth individuals (UHNWI).

3. www.oecd.org/dac/stats/daclist.htm.

4. See www.wingsweb.org/.

5. See www.issuelab.org/resource/global-philanthropy-data-charter-2017-second-edition.html.

6. However, it was agreed that the collected data may be presented at an aggregated level.

7. Form 990-PF is used to calculate the tax based on investment income, and report charitable distributions and activities to the Internal Revenue Service of the United States. It also serves as a substitute for the section 4947(a)(1) non-exempt charitable trust's income tax return, Form 1041, U.S. Income Tax Return for Estates and Trusts, when the trust has no taxable income. In general, reporting through form 990-PF is obligatory for exempt private foundations, taxable private foundations and organisations that are becoming legally private foundations https://www.irs.gov/forms-pubs/about-form-990pf%20.

8. Chengmei Charity Foundation and Huanmin Charity Foundation responded to both the qualitative and data questionnaires. Dunhe Foundation responded to the qualitative questionnaire http://www.charityalliance.org.cn/.

9. Donations by "rulers" (members of ruling families in relevant Arab countries) are considered official, e.g. Khalifa Bin Zayed Al Nahyan Foundation (United Arab Emirates), Zayed Bin Sultan Al Nahyan Charitable and Humanitarian Foundation (United Arab Emirates), Mohamed Bin Zayed Species Conservation Fund (United Arab Emirates) and Alwaleed Philanthropies (Saudi Arabia). Only the privately funded share of their outflows, if applicable, was included.

10. http://www.oecd.org/dac/stats/daclist.htm.

11. http://www.oecd.org/dac/stats/annex2.htm.

12. The concept of "residence" is not based on nationality or legal criteria, but on the transactor's centre of economic interest: an institutional unit has a centre of economic interest and is a resident unit of a country when, from some location (dwelling, place of production or other premises) within the economic territory of the country, the unit engages and intends to continue engaging (indefinitely or for a finite period) in economic activities and transactions on a significant scale. (One year or more may be used as a guideline, but not as an inflexible rule).

References

Bill & Melinda Gates Foundation (2015), *Hundreds of millions more children to receive protection against deadly diseases, a chance at a healthy future, Press Release, 25 January 2015,* (webpage) https://www.gatesfoundation.org/Media-Center/Press-Releases/2015/01/GAVI-Replenishment-Conference. [10]

Capgemini (2003), *World Wealth Report 2003*, The Wealth Reports, France, http://www.theiafm.org/publications/38.pdf. [3]

Capgemini (2016), *World Wealth Report 2016*, The Wealth Reports, France, http://www.worldwealthreport.com. [2]

EFC (2007), Advancing Equality: What can foundations do? A Selected Overview of Equal Opportunities Actions, European Foundation Centre, Brussels http://efc.issuelab.org /resource/advancing-equality-what-can-foundations-do-a-selected-overview-of-equal-opportunities-actions.html. [15]

Fondation de France (2015), *An Overview of Philanthropy in Europe*, Observatoire de la Fondation de France,http://www.fdnweb.org/ffdf/files/2014/09/philanthropy-in-europe-overview-2015-report.pdf. [5]

Foundation Center (2017), *Aggregate Fiscal Data of Foundations in the U.S. 2014*, Foundation Center, New York, http://data.foundationcenter.org/. [4]

Hanfstaengl, E. (2010), "Impact of the global economic crises on civil society organizations", *DESA Working Papers, No. 97,* UN Department of Economic and Social Affairs, New York, https://www.globalpolicy.org/images/pdfs/C__Documents_and_Settings_Theta_Theta_Local_Settings_Application_Data_Mozilla_Firefox_Profiles_s5m26nd1.pdf. [9]

Hudson Institute (2010), *The index of global philanthropy and remittances 2010*, Hudson Institute, Washington, D.C., https://www.hudson.org/research/8636-the-index-of-global-philanthropy-and-remittances-2010. [14]

Hudson Institute (2011), *The index of global philanthropy and remittances 2011*, Hudson Institute, Washington, D.C., https://www.hudson.org/research/8635-the-index-of-global-philanthropy-and-remittances-2011. [13]

Hudson Institute (2013), *The index of global philanthropy and remittances 2013, With a Special Report in Emerging Economies*, Hudson Institute, Washington, D.C., www.hudson.org/content/ researchattachments/attachment/1229/2013_indexof_global_philanthropyand_remittances.pdf. [12]

OECD netFWD et al. (2014), *Guidelines for Effective Philanthropic Engagement*, OECD Publishing, Paris, http://www.oecd.org/site/netfwd/theguidelinesforeffectivephilanthropicengagementgepes.htm [16]

OECD (2003), *Philanthropic Foundations and Development Co-operation*, OECD Publishing, Paris, http://dx.doi.org/10.1787/journal_dev-v4-art23-en. [1]

OECD (2017), *Official Development Assistance: Net ODA*, (webpage), OECD, Paris, https://data.oecd.org/oda/net-oda.htm. [8]

OECD (2018), *Survey on Private Philanthropy for Development 2013-2015: Data questionnaire (internal database)*, OECD, Paris, http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm. [11]

OECD (2018), *Survey on Private Philanthropy for Development 2013-2015: Qualitative questionnaire (internal database)*, www.oecd.org/site/netfwd [26]

UNDP/China Foundation Centre (2017), Philanthropy for Sustainable Development in China, United Nations Development Programme, China, http://www.cn.undp.org/content/china/en/home/library/poverty/philanthropy-for-sustainable-development-in-china.html. [6]

WINGS (2014), *Infrastructure in focus,a global picture of organisations serving philanthropy*, Worldwide Initiatives for Grantmaker Support, Sao Paolo, https://www.issuelab.org/resource/infrastructure-in-focus-a-global-picture-of-organizations-serving-philanthropy.html. [7]

Chapter 2. Foundations as funders

According to the results of the OECD survey (data questionnaire) foundations gave USD 23.9 billion for development in 2013-15.

While these contributions remain relatively modest compared to ODA (5% of the three-year total) and financing for development more broadly, foundations were major partners in some specific areas such as the health and reproductive health sectors (foundations' support was the third-largest source of financing for developing countries). In general, over the period surveyed, health was the main sector targeted by philanthropic giving – far ahead of the other sectors – with 53% of the total in 2013-15 (or USD 12.6 billion).

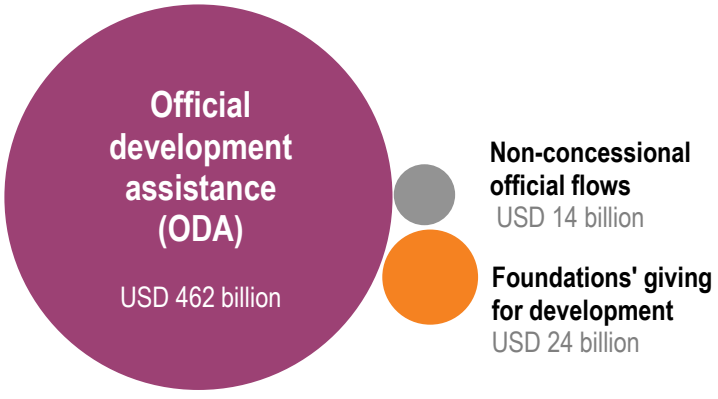
This chapter examines the data collected through the survey questionnaire and provides an in-depth analysis of private philanthropy distribution by recipient, income group and sector. It also describes the main modalities of giving used by the philanthropic foundations, in particular the institutions through which they channel most of their funding.

2.1. Analysis of philanthropic flows

2.1.1. Philanthropy for development amounted to USD 23.9 billion over 2013-15

According to the OECD survey on private philanthropy for development, foundations provided USD 23.9 billion for development over 2013-15, i.e. USD 7.96 billion per year on average (Figure 2.1). Philanthropic giving remains relatively small compared to official development assistance (ODA) and financing for development more broadly. However, these foundations have already become major partners in some specific key areas. In the health sector, for example, total philanthropic giving came third, just after contributions from the United States and the Global Fund to Fight AIDS, Tuberculosis and Malaria (Box 2.5).

Figure 2.1. Philanthropic giving vs. official development finance, 2013-15



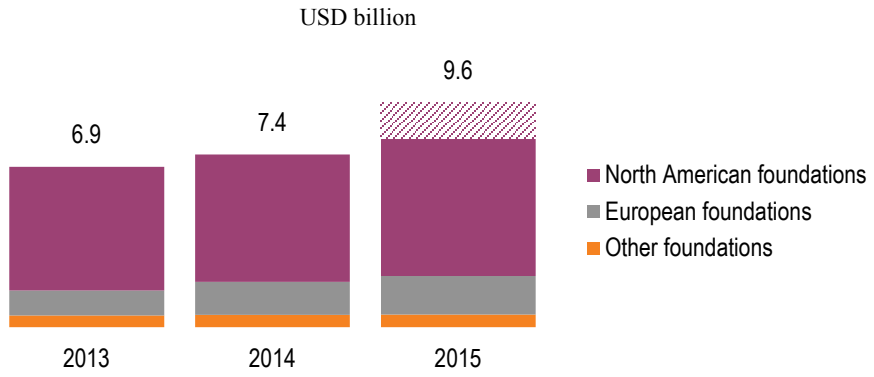
Note: OECD-DAC statistics: ODA and non-concessional official flows include flows from DAC and non-DAC countries, including their core support to multilateral organisations, calculated on a net disbursement basis.
Source: OECD (n.d.) OECD DAC statistics (database) www.oecd.org/dac/stats/idsonline.htm and (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933695638

2.1.2. The source of giving is concentrated in the United States, largely due to the Bill & Melinda Gates Foundation

As shown in Figure 2.2, philanthropic giving to developing countries[1] followed an upward trend over time with an annual increase of 19% on average, mainly driven by European foundations and the Bill & Melinda Gates Foundation (BMGF). Indeed, European foundations' giving in 2015 was 53% higher than in 2013.[2]

Figure 2.2. Foundations' giving by region of origin, 2013-15

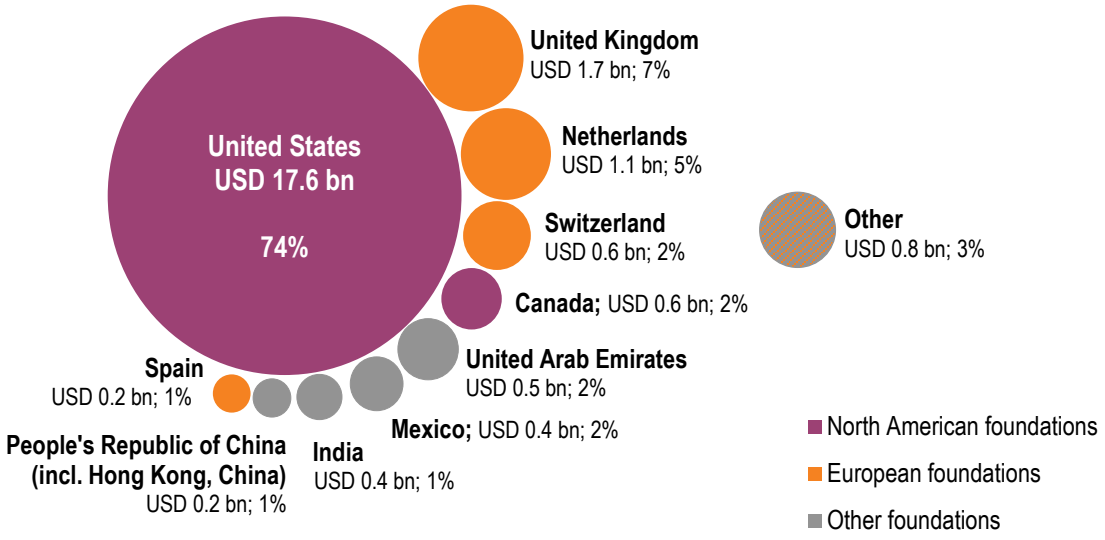


Note: In 2015, the BMGF made a commitment for a core contribution to Gavi, the Vaccine Alliance, for its 2016-20 operations, amounting to USD 1.55 billion.
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933695657

The survey results also show that almost three-quarters of giving originated from foundations based in United States (Figure 2.2). However, this is largely explained by the sizeable share of the BMGF's giving in the total. Indeed, of the 143 foundations included in the survey sample, the BMGF was by far the most significant philanthropic donor, providing almost half of total giving (49%). Other top originating countries were the United Kingdom (7%), Netherlands (5%), Switzerland (2%), Canada (2%) and United Arab Emirates (2%).

Figure 2.3. Philanthropic giving by country of origin, 2013-15

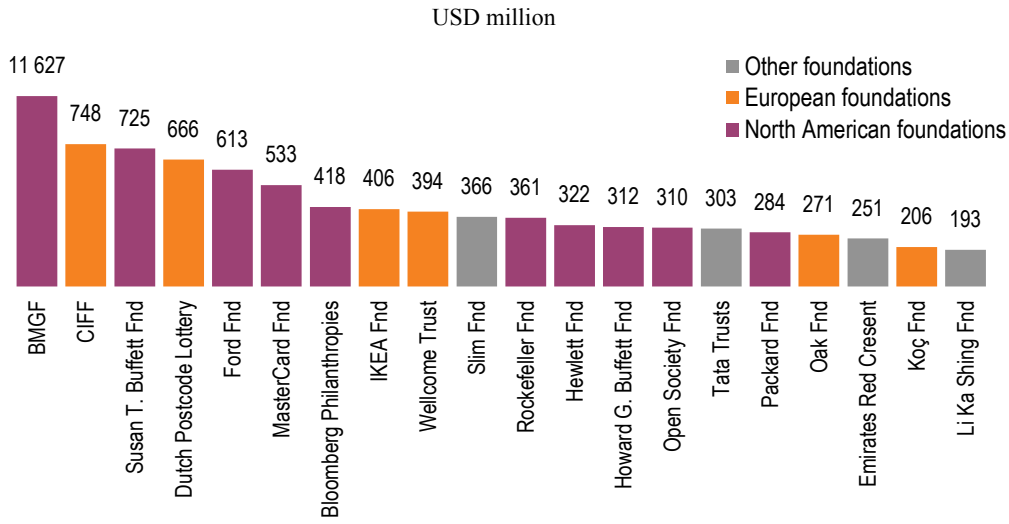


Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933695676

Figure 2.4 also indicates that 20 foundations provided 81% of the total philanthropic giving during 2013-15, of which a significant share came from foundations located in Europe (17% of total). Four of the top ten foundations working for development were European.

Figure 2.4. Top 20 foundations working for development, 2013-15



Note: The bar size for the BMGF was adjusted to 10% of the real size.
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

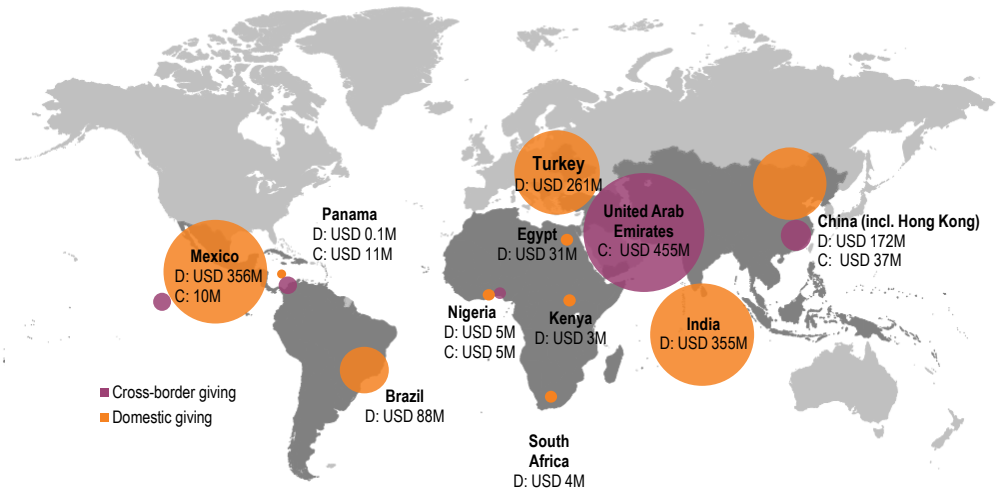
StatLink http://dx.doi.org/10.1787/888933695695

2.1.3. Foundations based in emerging countries mainly operate domestically

The survey sample also included a few philanthropic foundations based in emerging countries (Figure 2.5). The largest of these foundations are the Mexican Carlos Slim Foundation, the Indian Tata Trusts, the Turkish Vehbi Koç Foundation and the Hong Kong, China-based Li Ka Shing Foundation. The OECD survey results indicate that these foundations operate to a large extent domestically, mainly through grantmaking to institutional intermediaries (71% of all domestic giving). The remaining 29% was directly executed by the foundations themselves, either as specific projects or as scholarships/fellowships to individuals.

Cross-border giving from foundations based in emerging countries to developing countries was mainly provided by foundations in the United Arab Emirates (e.g. Emirates Red Crescent and Dubai Cares). Only USD 62 million was identified as flowing between developing countries (from the Panama-based Avina Foundation, the Nigerian Tony Elumelu Foundation and the Li Ka Shing Foundation in Hong Kong, China).

Figure 2.5. Giving from foundations based in emerging countries, 2013-15



Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933695714

Box 2.1. Perspectives on philanthropy from around the world

Philanthropy in the United States

Based on access to decades of public tax records, the Foundation Center provides a striking picture of giving for development in the United States over time. It shows that amounts of United States' giving to international causes have risen more than threefold over 2002-14 from USD 2 billion (or 14% of the total) to USD 15 billion (over 25% of total United States giving). The scale of giving to development by US philanthropists is confirmed by additional analyses of giving on issues related to the SDGs (rather than on international giving as a whole). Over 2010-15, US-based foundations (along with another 2 000 organisations based in other countries that report data to the Foundation Center) made grants worth more than USD 112 billion.

Yet access to consistent data on philanthropy for development worldwide is not yet available, which is why surveys by the OECD and others are so important. The influence of the SDGs means that foundations are applying the language of development more systematically. Efforts such as SDGfunders.org and the work of netFWD are hastening this process.

Contributed by Larry McGill, Foundation Center

Philanthropy in Europe

Agenda 2030 on sustainable development and the Sustainable Development Goals (SDGs) have created momentum and led European philanthropists to step up their engagement in relation to the development agenda.

Today, 7% of newly created foundations in Germany have included development work in their objectives compared to only 5% over 1990-99. Members of Donors and Foundations Networks in Europe report that, in their respective countries, foundations follow a similar trend: more of them provide grants that directly support projects in developing countries.

Foundations work in all areas addressed by the SDGs. However, certain dimensions resonate particularly well with philanthropy, such as "leave no one behind" and the fight against inequality. The SDGs represent a framework for foundations to position and measure their impact, provide opportunities on how to tackle complex and interconnected challenges, and help ensure – through support for civil society – that governments are held accountable.

However, foundations need a conducive enabling environment to work in ways that are effective, efficient, accountable and sustainable. Even within Europe, this enabling environment is not seen as favourable to philanthropy that supports development. For donors and foundations willing to give across borders, taxation barriers and uncertainty about charitable status in the recipient country are two of many limitations. Regulators at national and European levels can do much more to shape the enabling environment for foundations so they can better leverage their potential to support development.

Contributed by Max von Abendroth, Donors and Foundations Networks in Europe (DAFNE)

Philanthropy in Asia

Philanthropic practices vary across Asia based on history, culture, religion and laws. Much philanthropy by high-net-worth individuals and family foundations is confined to traditional giving. However, the next generation is driving a movement towards strategic philanthropy and social investing, as evident in Thailand and the People's Republic of China (hereafter "China"). For their part, Malaysia and Indonesia see substantial contributions through religious funding.

In economies with a legacy of wealth such as Singapore and Hong Kong, China family foundations play a prominent role. Family foundations innovate across the region: RS Group in Hong Kong, China is vocal about its "Total Portfolio Approach" to asset allocation, while the Putera Sampoerna Foundation in Indonesia invests in nurturing local communities. Zuellig and Ayala Foundation in the Philippines are pioneering the venture philanthropy model in their own unique ways. In India, Tata Trusts and a host of philanthropists and family offices are significantly broadening the horizons of giving by supporting under-funded causes through both venture philanthropy and impact investing.

Corporate philanthropic contributions in the form of corporate social responsibility (CSR) vary in Asia. India's 2013 CSR law compelled all large companies to give 2% of their profits to social and environmental initiatives; this law is beginning to bear fruit as companies create vehicles for structured giving. Japan and Korea have examples of corporates using venture philanthropy and setting up equity funds for impact investing. Manufacturing companies in India tend to have strategic and sustainable CSR that bring equitable value to all stakeholders. CSR in Cambodia, Viet Nam and Singapore are largely driven by international trade imperatives, while multinational corporations are driving international CSR best practices in countries such as Myanmar and China.

Contributed by Martina Mettgenberg-Lemière, Asian Venture Philanthropy Network (AVPN)

Philanthropy in the Arab region

Since the protests in the Middle East and North Africa in 2010, Arab youth have seen their circumstances and quality of life largely diminish, with restrictions on freedoms of speech and expression in some cases, as well as a burgeoning unemployment rate. Some Arab governments have struggled to address the pressing needs of the region's youth, with more progress in some countries more than others. The region's philanthropic sector has begun to change its stance towards addressing issues affecting Arab youth. The under-30 cohort, which makes up 60% of the region's population, is increasingly recognised as a priority target group with the potential and promise of being change makers.

These demographic realities, along with the rallying cry for a better quality of life, were the catalysts for the Arab Foundations Forum to launch a coalition aimed at creating better opportunities for jobs for Arab youth. Similarly, in another paradigm shift, funders are beginning to recognise and acknowledge the need to move beyond mechanisms like foundations and traditional grant-making in addressing those needs. Arab philanthropists, donors, and foundations are increasingly interested in the potential of social enterprises to help youth consolidate or acquire entrepreneurial skills. Such an approach can empower youth to build financially viable businesses that can resolve social challenges at scale, which is particularly necessary for a region with the highest youth population, and one of the highest populations of unemployment, in the world.

Contributed by Naila Farouky, Arab Foundations Forum (AFF)

Philanthropy in Latin America: the Mexican case

Following the colonial period in Latin America, where individuals helped others out of a sense of personal responsibility, governments developed social programmes, as well as regulations to frame the activities of civil society organisations (CSOs). In turn, CSOs filled gaps in areas considered beyond the reach of government, such as projects and policies aiding minorities. The first wave of democratisation in the 1980s helped spur a more vibrant and active civil society, with a focus on advocacy.

In recent years, the line between CSOs and foundations in the region has become blurred. Foundations across the region are often both grant-makers and grant-seekers. In other words, they implement activities both through their core budgets and fundraising. However, this practice emerged in an environment in which foundations do not have a separate legal status from CSOs. Currently, foundations lack a supply of reliable grantees to implement projects.

Over the last 20 years in Mexico, rising awareness of corporate social responsibility (CSR) and a law supportive of civil society led to the creation of many foundations. However, civil society has been hampered by broad societal concerns about corruption, illegal trading, money laundering and drug dealing. A 2012 law, for example, identified CSOs as vulnerable to exploitation by criminals seeking to launder money. Though this may only concern a minority in practice, it may hamper overall giving. In addition, philanthropy may not be entirely immune to funders pursuing commercial or personal interests.

Contributed by Lourdes Sanz Moguel and Romina Farías Pelayo, Centro Mexicano para la Filantropía (Cemefi)

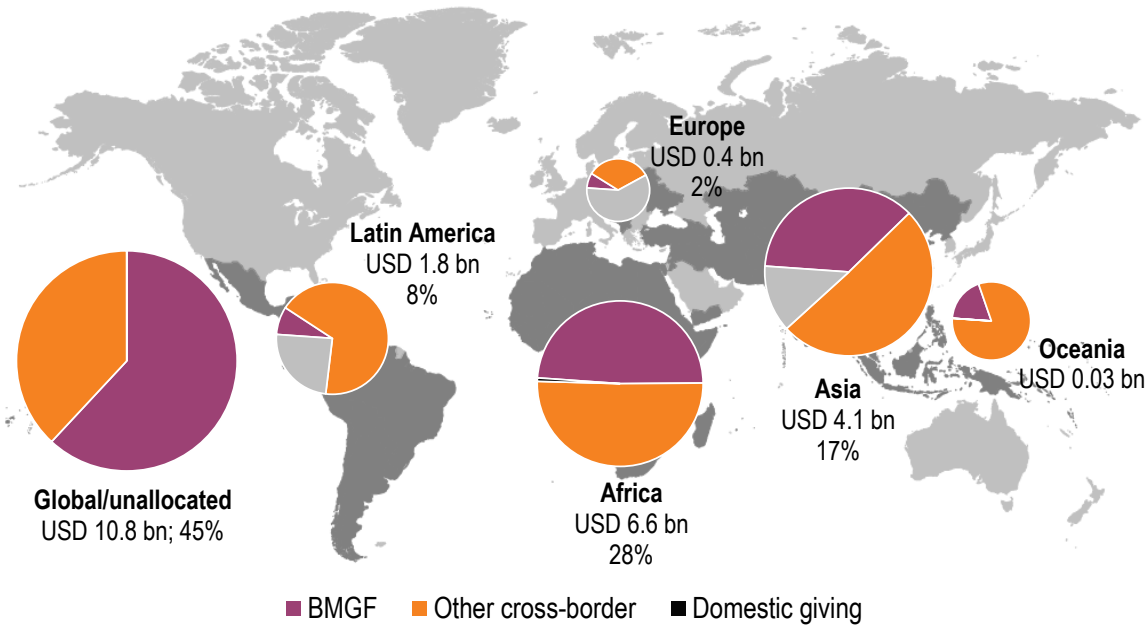
2.2. Geographical allocation of philanthropic giving

2.2.1. Africa received the largest share of philanthropic giving

According to the OECD survey, over 2013-15, Africa received the largest share of philanthropic giving (USD 6.6 billion, 28%), followed by Asia (USD 4.1 billion, 17%), Latin America (8%), Europe (2%) and Oceania (0.12%). Over 45% of total philanthropic giving was not allocable by country or region (i.e. extended for multiple regions).

As shown in Figure 2.6 the BMGF's giving constituted a significant share of giving for Africa (49% of the Africa total), Asia (37% of Asia total) and to global/unallocated issues (62% of unallocated total). At the same time, giving from other foundations accounted for most receipts in all regions, particularly in Latin America, Europe and Oceania. Domestic giving was significant in Asia (USD 527.1 million; 13% of Asia total), Latin America (USD 444.3 million; 24% of Latin America total) and Europe, including Turkey (USD 261.4 million; 59% of the Europe total).

Figure 2.6. Philanthropic giving by region, 2013-15



Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

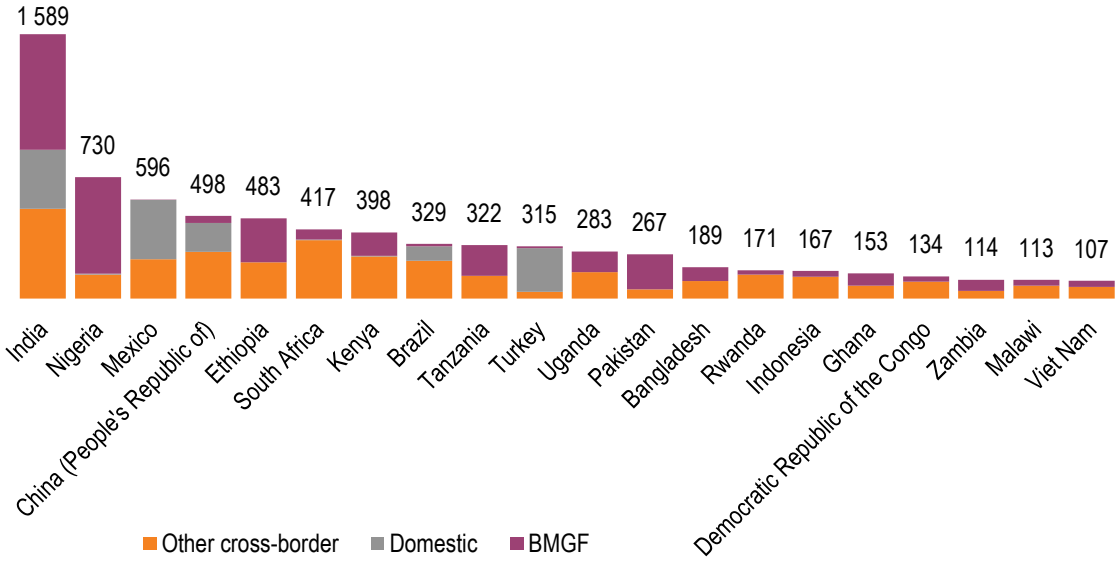
StatLink http://dx.doi.org/10.1787/888933695733

2.2.2. India was the main beneficiary country

As shown in Figure 2.7, India was by far the largest beneficiary of philanthropic funds (USD 1.6 billion, i.e. 7% of the total, mainly from the BMGF, Tata Trusts, IKEA Foundation, Children's Investment Fund Foundation [CIFF] and Dell Foundation), followed by Nigeria, Mexico and the People's Republic of China ("China"). For India, Mexico and China, domestic giving represented a significant share of the country totals, i.e. 22%, 60% and 35% respectively. Among the top 20 beneficiary countries, 11 were from sub-Saharan Africa.

Figure 2.7. Top 20 recipient countries of philanthropic giving, 2013-15

USD million



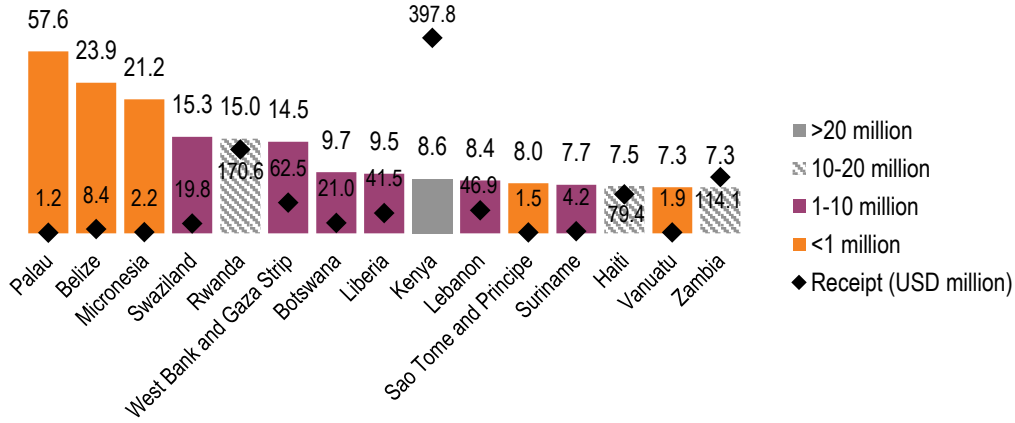
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933695752

In relative terms, Palau, Belize and Federated States of Micronesia ("Micronesia") were the largest recipients of philanthropic giving per capita[3] over the period, with total giving amounting respectively to USD 57.6, 23.9 and 21.8 per capita received (Figure 2.8). However, the high amounts are mainly explained by a relatively small population. Considering territories with more than 1 million inhabitants, sub-Saharan African countries and the West Bank and Gaza Strip were the main beneficiaries per capita.

Figure 2.8. Philanthropic giving per capita, 2013-15

USD million



Note: The bar size for Palau was adjusted to 50% of the real size.
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15,*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm. Data on population: (World Bank,(n.d.)[17]) *World Bank Data Portal* https://data.worldbank.org/indicator/SP.POP.TOTL.

StatLink http://dx.doi.org/10.1787/888933695771

2.2.3. Philanthropic flows targeted mainly middle-income countries

Figure 2.9 shows that 67% of country-allocable giving was directed to middle income countries, of which 37% went to lower middle-income countries (LMICs) and 30% to upper middle-income countries (UMICs). Only a third of country allocable funding targeted the least developed countries (28%) and other low-income countries (LICs) (5%).

Figure 2.9. Philanthropic giving by income groups, 2013-15

USD billion

Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933695790

More generally, states in situation of fragility benefited from a relatively small share of philanthropic giving (USD 3.8 billion, 38% for the country-allocable total), a half of which was provided to address specific needs in Nigeria, Ethiopia, Kenya and Pakistan. (OECD, 2015[18]) Similarly, small island developing states (SIDS) received only 1.6% of the country-allocable total, a half of which was to Haiti (OECD/World Bank, 2016[19]).

Box 2.2. Comparison between the geographical distribution of philanthropic giving and ODA flows in 2013-15

Most private philanthropic foundations working for development and ODA providers have the primary objective to fight and reduce poverty, and foster economic development and welfare of developing countries. However, some differences exist in the way these funds are allocated by country and region.

Similarities

- Africa was the main beneficiary region of ODA flows and philanthropic giving alike (42% of region-allocable total ODA flows and 51% of region-allocable philanthropic giving), followed by Asia.
- India was the main beneficiary country of both ODA and philanthropic giving. Turkey, Ethiopia and Kenya also belong to the ten countries targeted by both ODA providers and private foundations.
- Both ODA and philanthropic giving were rather concentrated, as more than a third of country-allocable ODA and philanthropic giving targeted top ten beneficiary countries (35% and 58% respectively).

Differences

- In relative terms, Europe and Oceania were more of a focus for ODA than for foundations. The share of foundations' giving to Latin America was significantly higher than in the case of ODA.

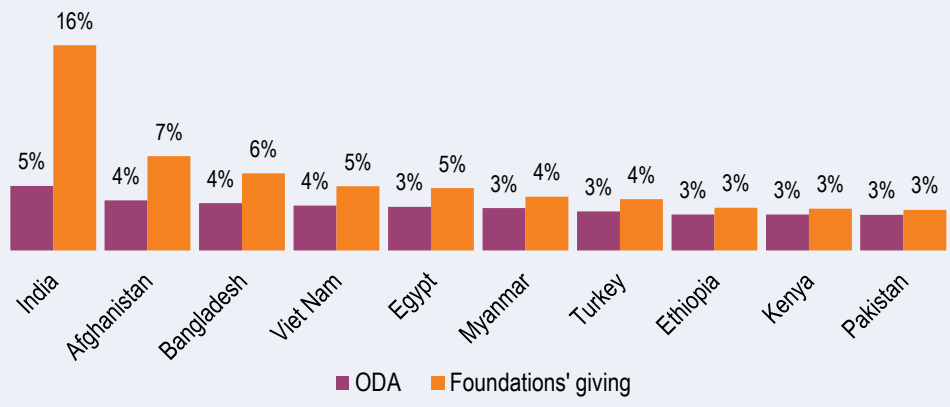
Table 2.1. ODA and philanthropic giving by region, 2013-15, percentage of respective region-allocable total

	Private philanthropy	ODA
Africa	51%	42%
Asia	31%	41%
Latin America	14%	8%
Europe	3%	7%
Oceania	0%	2%

Source: OECD (n.d.), OECD DAC statistics (database) www.oecd.org/dac/stats/idsonline.html and (OECD, 2018[111]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm

- Except for India – the first recipient of both ODA and philanthropic giving – the two funder categories appeared to have different priorities in terms of recipient countries. While Afghanistan, Egypt and Myanmar were among the main recipients of both ODA and philanthropic giving, the survey showed that other countries such Mexico and Brazil were also among the top beneficiaries of philanthropic giving (Figure 2.10).
- 41% of country-allocable ODA was directed to least developed countries; only 28% of country-allocable foundations' giving went to this group of countries. Furthermore, 52% of country-allocable ODA (2013-15) was allocated to states in situations of fragility[4] . For foundations' giving, the share was 38%. Similarly, a higher share of country-allocable ODA (3.7%) was provided to SIDS, as opposed to only 1.6% for foundations' giving.

Figure 2.10. Comparison between the main recipients of ODA and philanthropic giving, as a share of country-allocable totals, 2013-15



Source: OECD (n.d.), OECD DAC statistics (database) www.oecd.org/dac/stats/idsonline.html and (OECD, 2018[111]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933695809

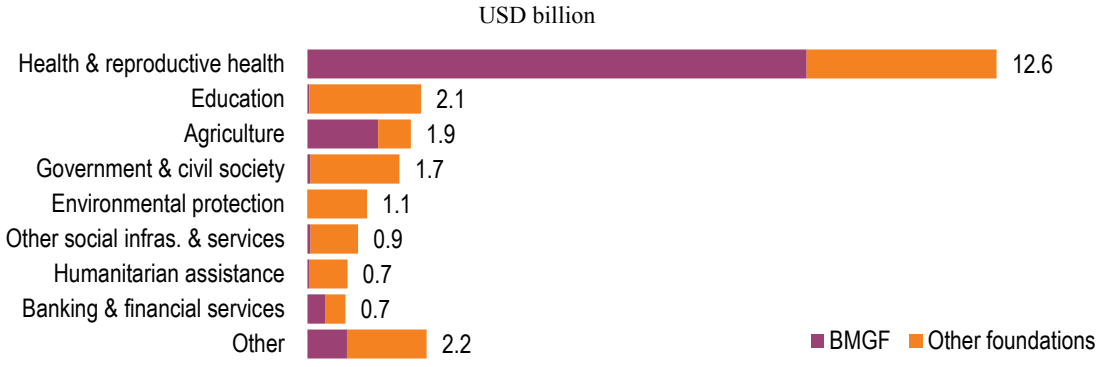
Note: Figures on ODA flows in this box refer to 2013-15 commitments and include ODA from DAC and non-DAC countries and concessional outflows from multilateral organisations.

2.3. Sectoral allocation of philanthropic giving

Almost three-quarters (74%) of foundations' giving in 2013-15 supported activities in social infrastructure and services, such as health, education, human rights and social protection. The remaining 26% was distributed among production sectors, such as agriculture (9%).[5]

Figure 2.11 shows that BMGF commitments were highly concentrated in the health and reproductive health and agriculture sectors. Giving from the other foundations was more evenly distributed among a broader range of sectors, including education, government and civil society, and environmental protection.

Figure 2.11. Philanthropic giving by sector, 2013-15



Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933695828

Box 2.3. Comparative analysis between the sectoral distribution of philanthropic giving and ODA flows in 2013-15

A comparative analysis of the sectoral allocation of ODA and philanthropic giving (2013-15) revealed some differences in the way private foundations and official development agencies generally operate.

Similarities

- Both ODA and philanthropic giving primarily targeted social infrastructure and services.
- Production sectors attracted a similar share of both ODA and foundations' giving.

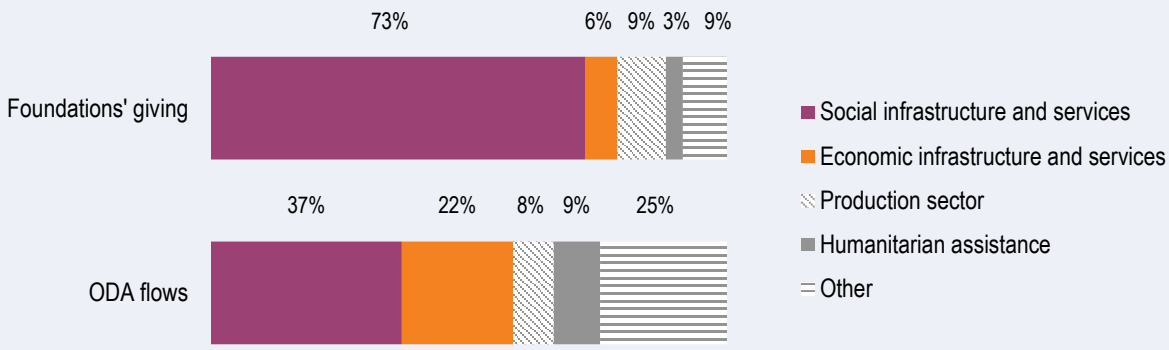
Differences

- Foundations allocated 73% of giving to social infrastructure and services, a share twice as high as that contributed by ODA (37%). While philanthropic foundations clearly focused on health and reproductive health, ODA also focused significantly on government and civil society issues (27% of ODA through social infrastructure and services).
- ODA (22%) was much more directed towards economic infrastructure and services than philanthropic giving (6%).
- Even though many philanthropic foundations provided funds for humanitarian aid

and disaster relief (3% of philanthropy total), ODA's share was three times higher (9%).

- Unlike ODA, foundations did not provide general budget support and debt relief.

Figure 2.12. Sectoral allocation of ODA and foundations' giving, 2013-15



Note: Figures on ODA flows relate to the sum of 2013-15 commitments of bilateral ODA of DAC and non-DAC countries and concessional development outflows from multilateral organisations. Foundations' giving excludes core contributions to multilateral organisations.
Source: OECD (n.d.), OECD DAC statistics (database) www.oecd.org/dac/stats/idsonline.html and (OECD, 2018[111]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance.-standards/beyond-oda-foundations.htm.

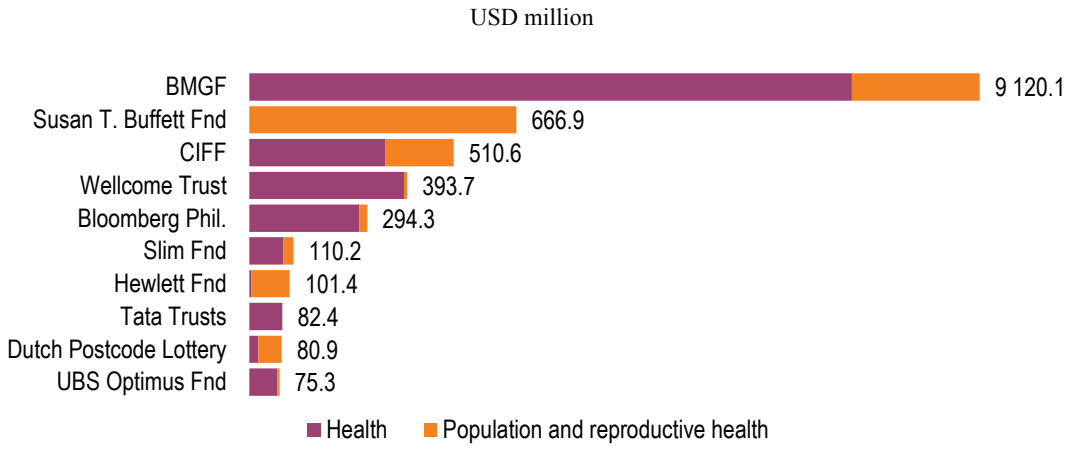
StatLink http://dx.doi.org/10.1787/888933695847

2.3.1. Health and reproductive health were by far the main sectors targeted, 72% of which came from the BMGF

Overall, health was the main sector targeted by philanthropic giving – far ahead of the other sectors – with 53% of the total in 2013-15 (or USD 12.6 billion), 13% of which supported population policies and programmes and reproductive health and reproductive health. The BMGF was the major player in this area, accounting for 72% of total giving to health. Even though the donations of other foundations accounted only for 28% of the sector total, the survey showed that health and reproductive health was also their main funding priority.

Indeed, as indicated by Figure 2.13, seven foundations provided more than USD 100 million each for health over the period (i.e. the BMGF, Susan Thompson Buffett Foundation [STBF], CIFF, Wellcome Trust and Bloomberg Philanthropies, Carlos Slim Foundation and Hewlett Foundation). In general, health-related activities represented a significant share of many foundations' giving. Fifty foundations dedicated more than 20% of their giving to the health sector. Further, 27 foundations provided more than 50% of their giving to the sector, and for 10 foundations the share was even higher than 80%.

Figure 2.13. Top ten foundations supporting health and reproductive health, 2013-15

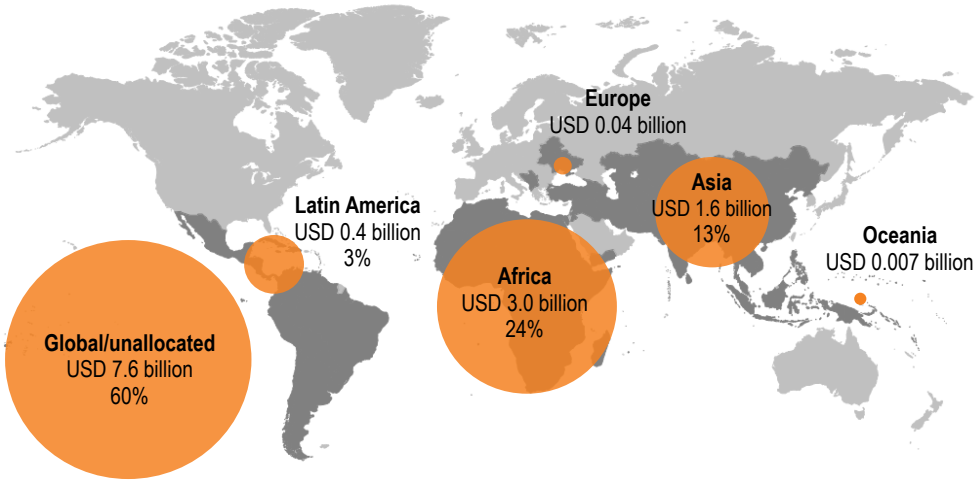


Note: The bar size for the BMGF was adjusted to 20% of the real size.
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933695866

Approximately 60% of health-related giving had a global or unallocated scope (Figure 2.14), mainly reflecting the global or multi-regional character of many of these activities. Africa (24%) and Asia (13%) were the most targeted regions for country/region-specific activities.

Figure 2.14. Philanthropic giving for health and reproductive health by region, 2013-15

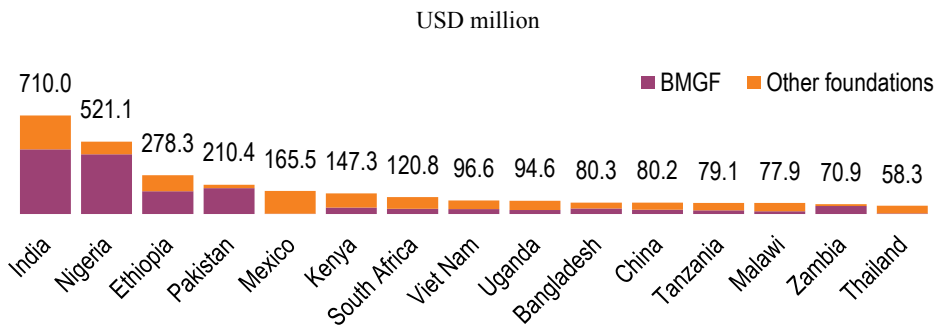


Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933695885

India, Nigeria, Ethiopia and Pakistan were the main beneficiary countries of health-related giving, mainly due to the high concentration of donations from the BMGF in these four countries (Figure 2.15). In the case of the remaining top 15 beneficiary countries in the health and reproductive health sectors, the other foundations played a more important role, in particular for Mexico. The local Carlos Slim Foundation, for example, donated 67% of the sector total in Mexico.

Figure 2.15. Top 15 beneficiary countries in the health and reproductive health sectors, 2013-15



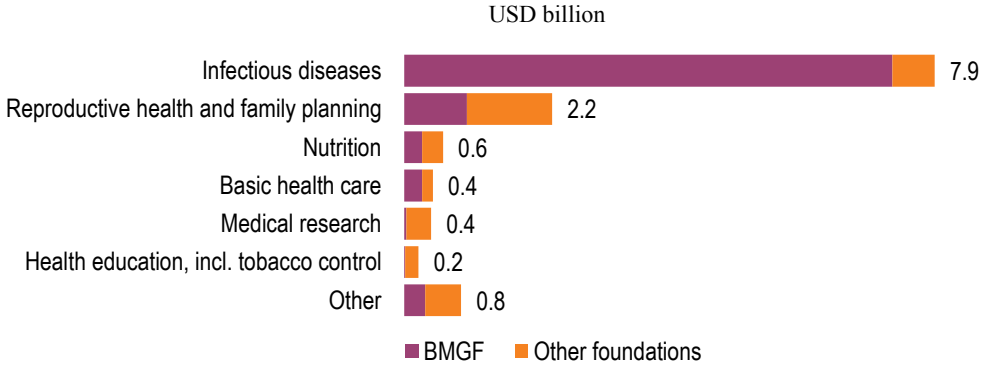
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933695904

2.3.2. Main health-related causes targeted

USD 7.9 billion (62% of total giving for health and reproductive health sectors) was dedicated to **infectious diseases control**[6] (Figure 2.16). This was followed by reproductive health and family planning (18%), basic nutrition (5%), provision of basic health care (3%), medical research (3%), and health education (2%, including tobacco control).

Figure 2.16. Health causes targeted, 2013-15

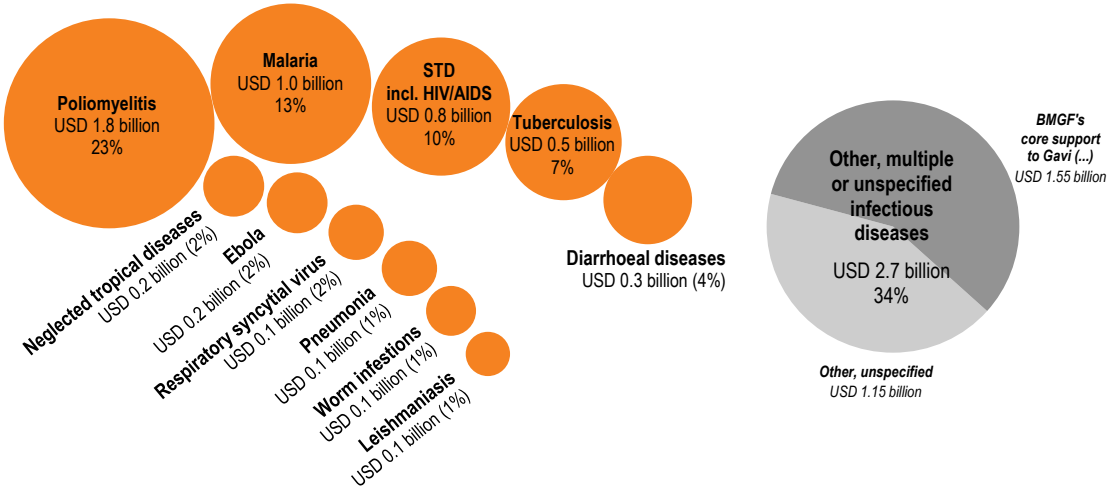


Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933695923

Figure 2.17 shows that the main infectious diseases addressed were poliomyelitis, malaria, sexually transmitted diseases (e.g. HIV/AIDS, cervical cancer and human papillomavirus infection), tuberculosis, diarrhoeal diseases (e.g. cholera, dysentery and rotavirus infection), respiratory diseases (e.g. respiratory syncytial virus infection, influenza and pneumonia) and worm infestation (e.g. helminthiases and lymphatic filariasis). Although more than 50 foundations supported such activities, 92% of the funding still originated from the BMGF, including a core contribution to Gavi, the Vaccine Alliance. Other significant funders of infectious diseases control were the Wellcome Trust (2%), CIFF, Bloomberg Philanthropies and Dalio Foundation (1% each).

Figure 2.17. Main infectious diseases targeted, 2013-15



Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933695942

With USD 2.2 billion (18% of total health-related giving), reproductive health and family planning was the second most funded health-related cause. Over 50 foundations funded activities dealing with safe pregnancy and delivery, postnatal care, reproductive rights, consequences of abortion and other related issues.[7] Even though the BMGF remained the most generous foundation in this area also (42% of the subsector group total), funding from other foundations played an important role too, particularly STBF (30%), CIFF (5%), Hewlett Foundation (4%) and Packard Foundation (3%).

Box 2.4. Foundations' support to non-communicable diseases and partnerships: Novartis Foundation and World Diabetes Foundation

Before 2015, the Millennium Development Goal on infectious diseases galvanised the global community. However, non-communicable diseases – including cardiovascular disease, diabetes and cancer – continued to take a heavy toll on health and healthcare systems. Today diabetes affects 400 million people worldwide, a number expected to grow by at least another 100 million in the next 10-15 years without appropriate action. Such action is likely to be hampered by the multiple constraints facing low- and middle-income countries: health systems

are typically geared towards acute care, ageing populations are growing; health systems are underfunded; and growing urbanisation is setting into motion lifestyle changes such as unhealthy food, less physical activity and too much alcohol and tobacco consumption.

The adoption of the SDGs has widened the focus of efforts to improve global health. Goal 3.4 stipulates a one-third reduction in premature deaths from non-communicable diseases. In support of this objective, several foundations have come together to pilot solutions that can achieve widescale buy-in and participation.

The **Novartis Foundation** is part of a broad-based public-private partnership called **Better Hearts Better Cities**. Active in Ulaanbaatar, Dakar and São Paulo, the initiative is building a network of partners that goes beyond healthcare providers. For example, it also includes digital and telecommunication organisations, food suppliers, schools and employers, insurance funds, social enterprises and CSOs. Together, they are developing new solutions and ways of working to tackle non-communicable diseases at scale in low-income communities. For example, in Ghana, ComHIP provides community-based services to monitor hypertension, making previously hospital-based monitoring more accessible. Local businesses, community health officers and nurses are trained to conduct screening and provide care. Digital healthcare tools provide a seamless connection between screening stations, community healthcare workers and physicians – and also empower patients to manage their health. Local ownership is key to success; the Better Hearts Better Cities alliances are not a one-off network of partners, but instead an effort to ensure sustainability and impact by working with local governments to strengthen health systems.

Contributed by Geoffrey So, Novartis Foundation

The **World Diabetes Foundation (WDF**) was established in 2002 – when diabetes and other non-communicable diseases were almost absent from the international development agenda.

During its early years, the WDF awarded small-size grants to implement pilot projects, some of which gradually gained attention from health authorities. In the United Republic of Tanzania ("Tanzania"), for example, lessons from the pilots nurtured a national diabetes strategy within the Ministry of Health. A USD 2.5 million WDF grant launched a first phase of larger-scale capacity building and health promotion programmes (2013-17), implemented in collaboration between the Ministry of Health, Ministry of Education, local civil society and the private sector.

Outcomes from the first phase of the Tanzanian experience have been showcased and recognised at the international level (WHO conferences and elsewhere). WDF is now supporting similar programmes in several other sub-Saharan countries (e.g. Kenya, Rwanda, Malawi, Mozambique, Mali) and globally (e.g. Sri Lanka, Fiji, Philippines, Peru, Brazil). In each case, strategies are developed and owned at the country level. Some countries have additional resources of both domestic and international origin to advance the programmes further, although not enough to meet demand.

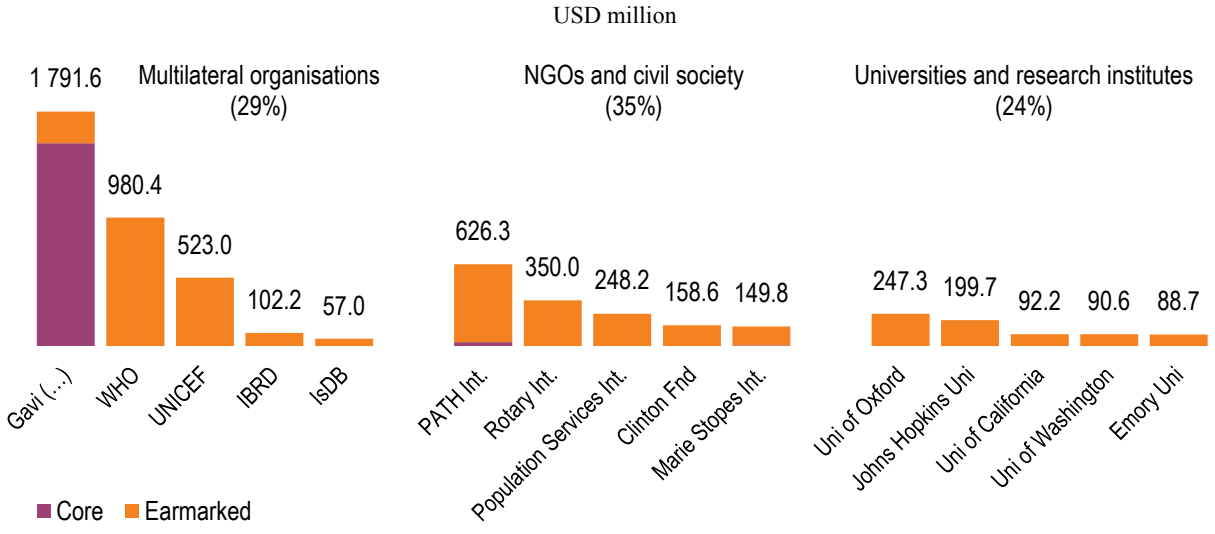
Contributed by Bent Lautrup-Nielsen, World Diabetes Foundation

2.3.3. Delivery of giving in health

The survey highlighted that most private philanthropic foundations used intermediaries to channel their funds for health-related activities (Figure 2.18). These intermediaries mainly comprised non-governmental organisations (NGOs) and civil society (35%); the multilateral system (29%); and universities, research institutes and think tanks (24%). The main delivery channels of health-related philanthropic giving were Gavi, the Vaccine Alliance, followed by the World Health Organization (WHO), PATH International, UNICEF, Rotary International, Population Services International (PSI) and the University of Oxford.

Most health-related giving channelled through intermediaries was earmarked for specific projects and/or countries or regions. The exception was the donation of USD 1.55 billion from the BMGF to Gavi, the Vaccine Alliance for its 2016-20 operations. This was the largest core contribution from a private foundation ever recorded.

Figure 2.18. Main channels of delivery of giving for health and reproductive health, 2013-15



Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

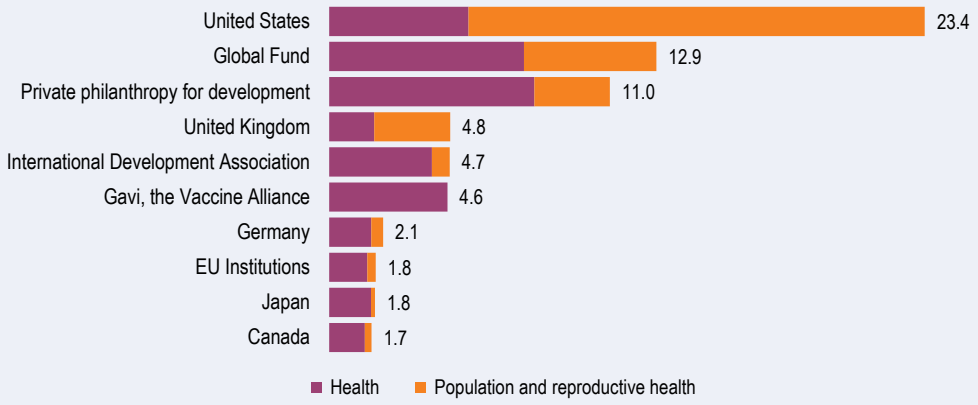
StatLink http://dx.doi.org/10.1787/888933695961

Box 2.5. Comparison of ODA flows and philanthropic giving for health and reproductive health

The OECD survey revealed that foundations' support was the third-largest source of financing for developing countries in the health and reproductive health sectors in 2013-15. It followed the United States and the Global Fund to Fight AIDS, Tuberculosis and Malaria. Focusing on the health sector alone, private philanthropic foundations were the most significant source of finance.

Figure 2.19. Top providers for health and population, and reproductive health sectors, 2013-15

USD billion, commitments



Note: This figure excludes core support to multilateral organisations in the health and reproductive health sector.
Source: OECD DAC statistics (database) www.oecd.org/dac/stats/idsonline.html and (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance.-standards/beyond-oda-foundations.htm.

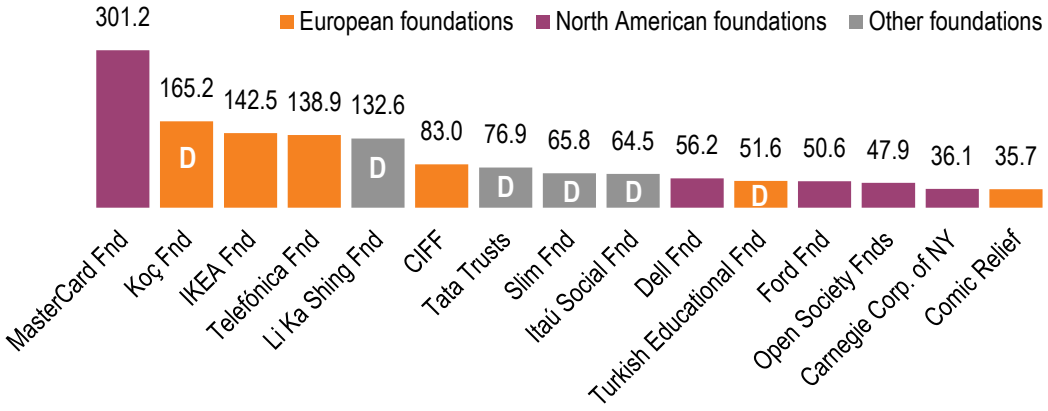
StatLink http://dx.doi.org/10.1787/888933695980

2.3.4. Education remains a popular cause among foundations

Education was the second largest sector supported by philanthropic foundations during 2013-15, with 2.1 billion (9% of the total) provided by more than 100 foundations. The main philanthropic funders in this sector were the MasterCard Foundation (15% of the sector total), Vehbi Koç Foundations (8%), IKEA Foundation (7%), Telefónica Foundation (7%) and Li Ka Shing Foundation (6%). Education accounted for more than half of overall giving from four of the five top foundations, IKEA being the exception. Only 26% of education funding originated from US-based foundations, essentially from the Dell Foundation, Ford Foundation, Open Society Foundations and the Carnegie Corporation of New York (Figure 2.20).

Figure 2.20. Top 15 foundations in education sector, 2013-15

USD million



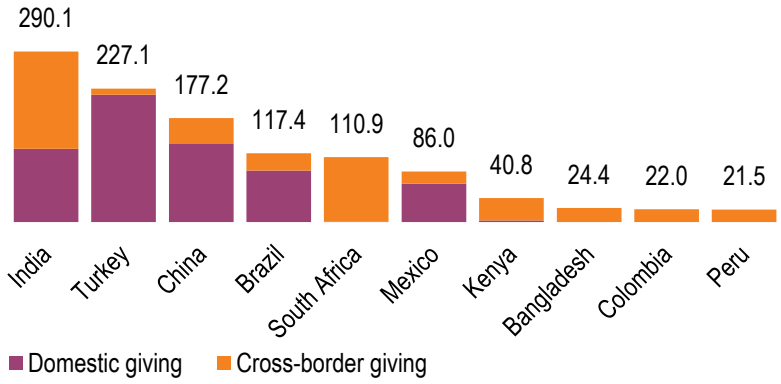
Note: D stands for foundations predominantly with domestic giving.
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933695999

Education was a prominent sector for the philanthropic foundations based in emerging countries and operating domestically (one quarter of total education giving). Major contributors included the Koç Foundation and Turkish Educational Foundation in Turkey, Li Ka Shing Foundation in Hong Kong, China, Tata Trusts in India, Carlos Slim Foundation in Mexico and Itaú Social Foundation in Brazil. Focusing on the top ten beneficiary countries in the education sector, the share of domestic philanthropy was even more significant: 54% of total education (Figure 2.21).

Figure 2.21. Top ten beneficiary countries in education, 2013-15

USD million



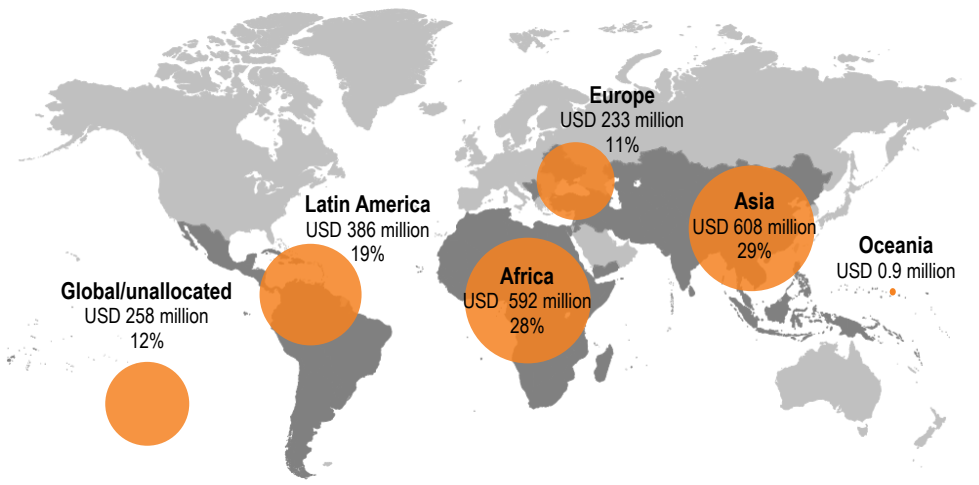
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933696018

Figure 2.22 shows that Asia received the largest regional share of philanthropic giving for education (29%), closely followed by Africa (28%). The share of Latin America and Europe in the sector total was also quite significant (19% and 11%, respectively), while global or unallocated activities accounted only for 12% of the sector total.

Figure 2.22. Geographic distribution of giving in the education sector, 2013-15

USD million



Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933696037

As Table 2.2 shows, giving in the education sector mainly targeted the post-secondary level (higher education and advanced technical and managerial training) and vocational training (together 37%). Early childhood, basic life skills, primary and secondary education level represented 20% of total giving to education. Around 18% was provided for capacity building in education (e.g. teacher training, education facilities, and training and education research).

Table 2.2. Philanthropic giving to education, 2013-15

Purpose code	Purpose description	Amount (USD thousand)	Share of sector total
11110	Education policy and administrative management, unspecified education activities	534 561.8	25.7%
11120	Education facilities and training	216 615.2	10.4%
11130	Teacher training	94 658.2	4.6%
11182	Educational research	53 385.7	2.6%
11220	Primary education	134 344.6	6.5%
11230	Basic life skills for youth and adults	87 628.1	4.2%
11240	Early childhood education	103 698.0	5.0%
11320	Secondary education	82 536.8	4.0%
11330	Vocational training	139 619.2	6.7%
11420	Higher education	549 458.4	26.5%
11430	Advanced technical and managerial training	80 742.2	3.9%

Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

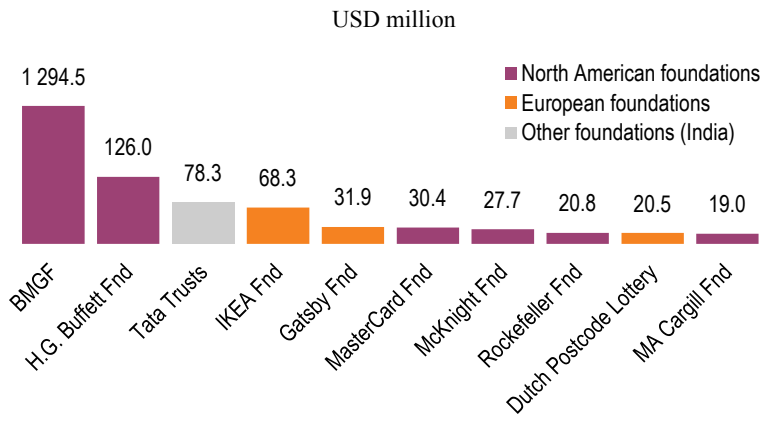
More than two thirds of total giving to education was channelled as earmarked contributions to specific projects or countries through intermediaries. These included NGOs (37%), universities and research institutes (30%), and multilateral organisations (10%). Direct funding from foundations to the education sector was mainly allocated to support the construction and maintenance of schools administered by foundations (15%) or was extended as direct scholarships to individuals (9%). Foundations providing such direct funding included the Koç Foundation, Telefónica Foundation, Bharti Foundation, Ayrton Senna Institute, and the Dell Foundation.

2.3.5. Agriculture

Agriculture was the third largest sector in total philanthropic giving with USD 1.9 billion over the period (8% of total giving).

In general, agriculture funding aimed to improve the food and income security of farmers through activities related to farm development. Indeed, 49% of funding focused on agricultural development, agricultural land resources, agricultural water resources, agricultural inputs, food crop production, industrial crops/export crops and livestock. The next largest category (19%) was dedicated to research (particularly on increase of nutritional and yield quality of staple and export crops). Further, 11% went to various agriculture services, such as plant and post-harvest protection and pest control, agricultural financial (and other) services, agricultural co-operatives and livestock/veterinary services. The remaining 21% was provided for other or unspecified activities in the agriculture sector.

Figure 2.23. Top ten foundations in agriculture, 2013-15



Note: The bar size for the BMGF was adjusted to 20% of the real size.
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933696056

As in the health and reproductive health sectors, the BMGF was the main provider in the agriculture sector (68% of the sector total). Apart from the BMGF, agriculture was mainly targeted by US-based foundations. Non-US-based foundations represented only 18% of the sector total, mainly driven by Tata Trusts and the IKEA Foundation.

India was also the main beneficiary country in this sector (10% of the sector total). Over two- thirds of agriculture giving (69%) was allocated to African countries, predominantly to Ethiopia (8%), Tanzania (8%), Nigeria (6%), Uganda (5%) and Rwanda (5%).

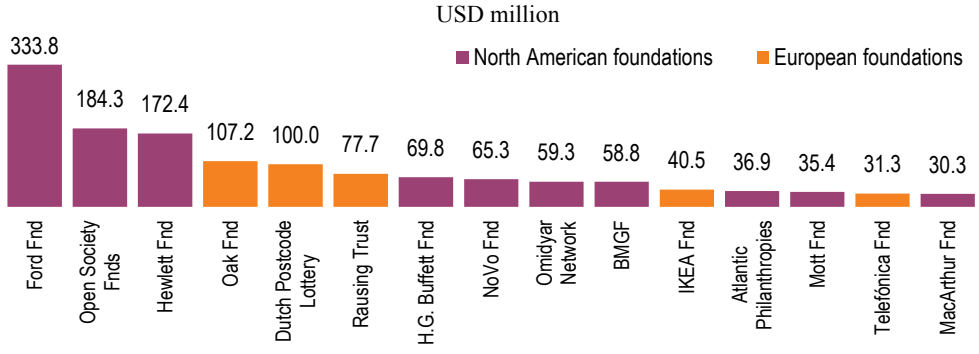
2.3.6. Government and civil society

According to the OECD-DAC sectoral classification, the government and civil society sector refers to activities aimed at strengthening the administrative apparatus and government. This includes, for example, human rights, democratic participation and civil society development, media and free flow of information, legal and judicial development, support to women's equality organisations, ending violence against women and girls, and conflict prevention and resolution.

Over 2013-15, foundations' giving in these areas amounted to USD 1.7 billion (i.e. 7% of total giving). This made government and civil society the fourth-largest sector of destination of philanthropic giving. Excluding the BMGF, government and civil society was the third most important sector.

Philanthropic giving for government and civil society originated predominantly from the United States (70%) and Europe (28%, mainly the Netherlands, Switzerland and United Kingdom). The main US-based foundations supporting this sector were the Ford Foundation (20% of the sector total), followed by the Open Society Foundations (11%) and Hewlett Foundation (10%). The most significant European private funders of these activities were the Oak Foundation (6%), Dutch Postcode Lottery (6%) and Sigrid Rausing Trust (5%).

Figure 2.24. Top 15 foundations in the government and civil society sectors, 2013-15



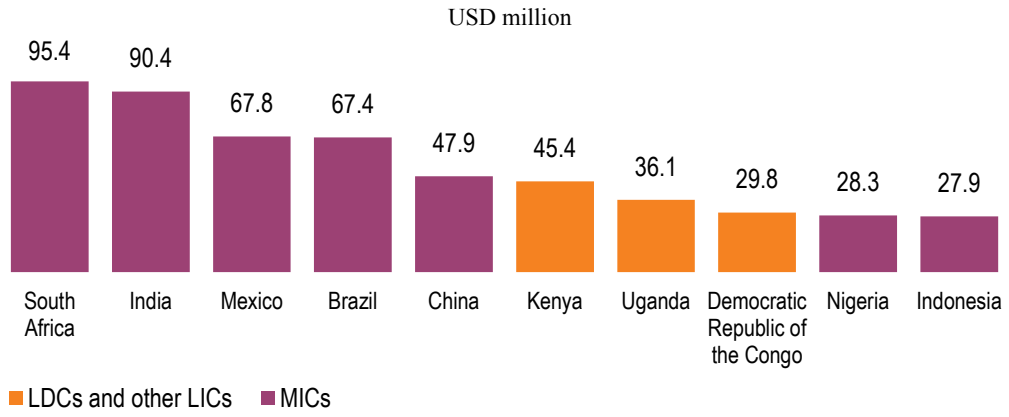
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933696075

Philanthropic funding in this sector was evenly distributed worldwide. With a share of 26% of the sector total, Africa was the main beneficiary region, followed by Asia (19%) and Latin America (15%) and Europe (4%). Around 35% had a global or multi-regional scope (e.g. global human rights, global human trafficking, etc.).

The geographical distribution by main recipient country (Figure 2.25) shows that most of the top 10 recipients were middle-income countries, notably South Africa, India, Mexico, Brazil and China.

Figure 2.25. Top 10 beneficiary countries in the government and civil society sectors, 2013-15



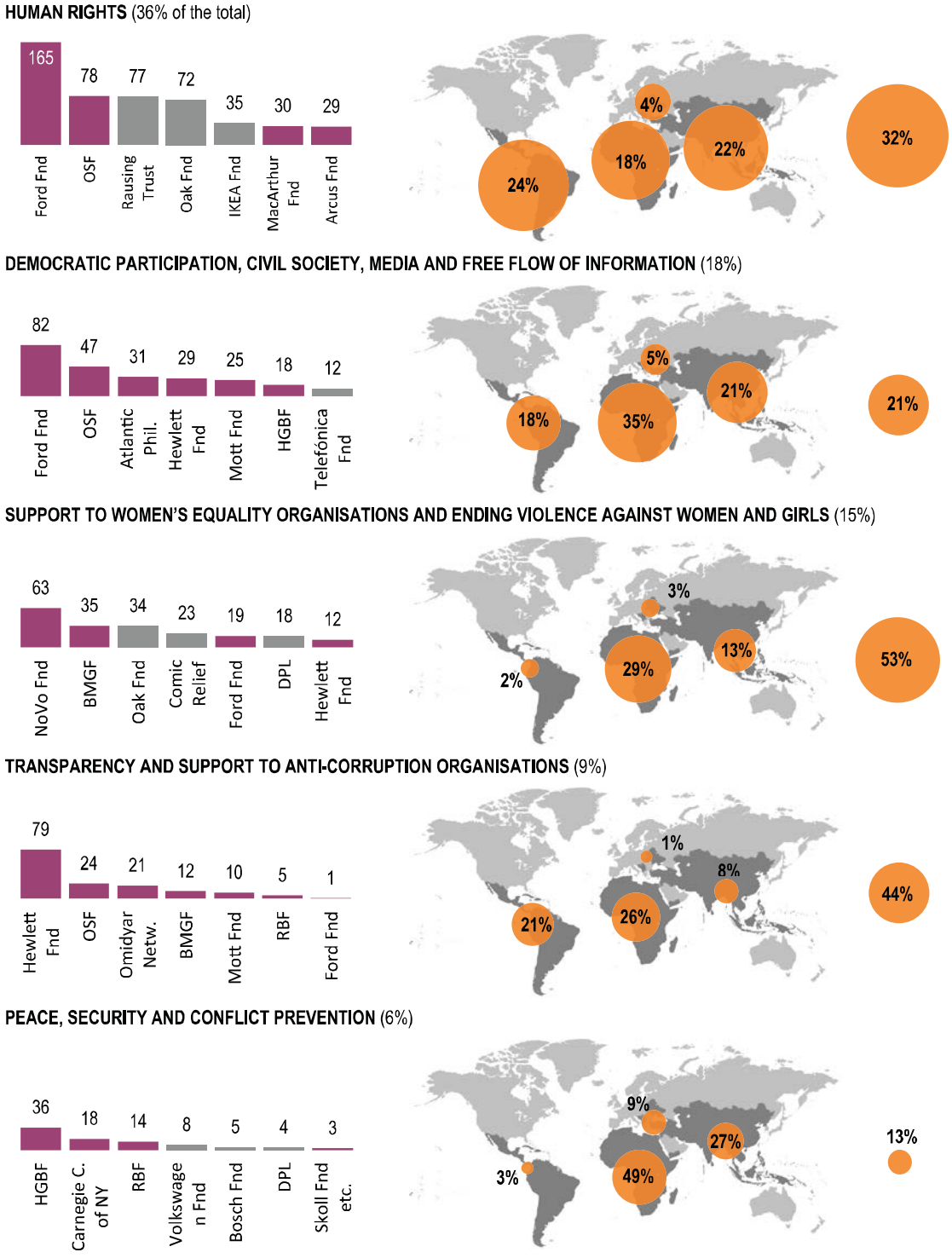
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933696094

As shown in Figure 2.26 support to human rights accounted for the largest share (36%) of government and civil society activities, followed by democratic participation, civil society development and free flow of information (18%). Support to women's quality organisations and institutions, together with support to ending violence again women and girls, accounted for 15% of total giving in this sector. Most funding for human rights, democratic participation, civil society development and media was evenly distributed among regions. However, giving for conflict-related activities, support to women's equality organisations and institutions as well as to ending violence against women and girls mainly targeted Africa and Asia (particularly Uganda, India and South Africa).

Figure 2.26. Philanthropic giving in the government and civil society sectors, 2013-15

USD million



Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

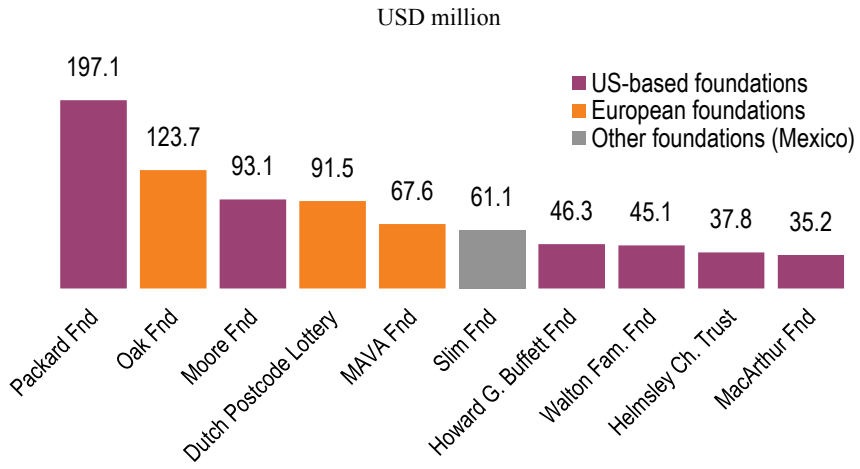
StatLink http://dx.doi.org/10.1787/888933696113

2.3.7. General environmental protection

Environmental protection attracted USD 1.1 billion (i.e. 5% of total foundations' giving during 2013-2015). It supported mainly biodiversity conservation, environmental research, biosphere and site preservation (e.g. maintenance of historical manuscripts and sites).

As indicated in Figure 2.27, the main foundations in this sector were the Packard Foundation, Oak Foundation, Moore Foundation, Dutch Postcode Lottery and MAVA Foundation. Foundations that allocated over 90% of their three-year funding for this sector included the MAVA Foundation, Marisla Foundation and Moore Foundation.

Figure 2.27. Top ten foundations supporting environmental protection, 2013-15



Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933696132

The main beneficiary region of foundations' giving in the environment sector was Latin America (28% of the sector total) – e.g. the Amazon region, Mesoamerican rainforests, and the Gulf of California. It was followed by sub-Saharan Africa (15%) and Asia (11%). Most activities related to conservation of unique and vulnerable biotopes, protection of apes, anti-poaching activities and restoration of national parks.

2.3.8. Philanthropic giving for cross-cutting issues

The survey also looked at the extent to which philanthropic giving aimed to support some cross-cutting issues that usually straddle multiple sectors. This subsection analyses foundations' support for:

- Research – all activities allocated under research purpose codes and all other activities explicitly aiming at research
- Climate change – all activities allocated in renewable energy and/or efficiency and all activities explicitly targeting climate change mitigation and/or adaptation, renewable energy, climate resilience, etc.

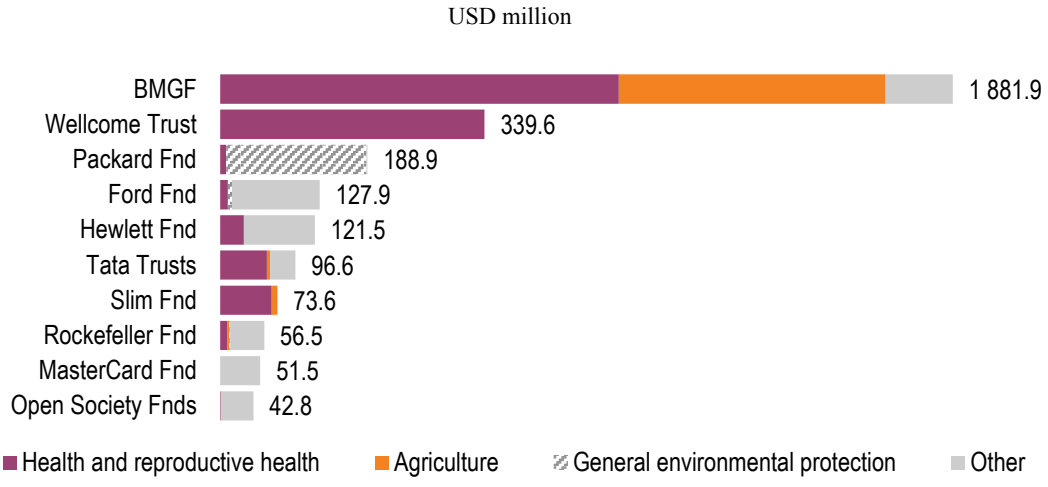
Research

Philanthropic giving in support of research amounted to USD 3.5 billion over 2013-15 (15% of the total). Most research activities funded by the philanthropic foundations were related to health and reproductive health (48%), followed by agriculture (22%), environment (7%), education (7%), and government and civil society (5%).

The BMGF was by far the main philanthropic provider in this area (54%), mostly for research in the health and reproductive health, and agriculture sectors (Figure 2.28). The second most significant funder in this category was the Wellcome Trust (10%), also in the health and reproductive health sectors. The third-largest provider was the Packard Foundation (5%), mainly for environmental research (Figure 2.28).

Foundations with the highest share of giving dedicated to research (over 75%) were the Bertelsmann Foundation, Carasso Foundation, Lloyd Register Foundation, Mellon Foundation and Wellcome Trust.

Figure 2.28. Top ten foundations supporting research activities, 2013-15



Note: The bar size for BMGF was adjusted to 50% of the real size.
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

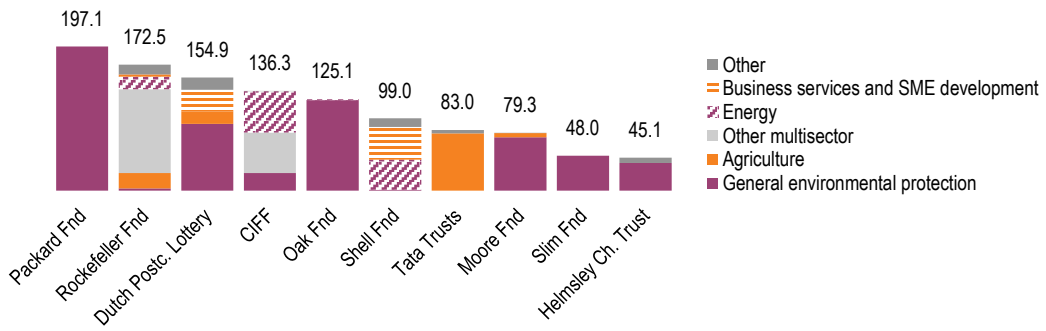
StatLink http://dx.doi.org/10.1787/888933696151

Combating climate change

Only USD 1.5 billion (6.5% of total philanthropic giving) aimed at combating climate change, mainly through activities targeting general environmental protection (44%), agriculture (16%) and energy (11%). The main players in this area were the Packard Foundation, followed by the Rockefeller Foundation, Dutch Postcode Lottery, CIFF and Oak Foundation (Figure 2.29). Foundations with the highest share of climate expenditure in their total outflows were the Moore Foundation, McKnight Foundation, Shell Foundation and EDF Foundation.

Figure 2.29. Top ten foundations active in combatting climate change, 2013-15

USD million



Note: Other multisector mainly includes rural or urban development programmes.
SME = small and medium-sized enterprise
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933696170

Box 2.6. Foundations' support to mitigating climate change: Climate Works Foundation

Less than 1% of total foundation giving in the European Union and the United States is devoted to mitigating climate change worldwide. However, these investments are still saving and improving lives, catalysing economic and human development, and protecting natural resources.

Through its collaborations with NGOs, foundations, and other climate leaders, the ClimateWorks Foundation tracks philanthropy-supported strategies, investments, and results, and strives to understand how charitable giving can best leverage the forces that are driving climate action around the world.

ClimateWorks estimates that climate-related giving has increased by more than 30% from 2015 to 2017. Collectively, leading climate change mitigation funders invested approximately USD 700 million to accelerate climate action in 2017. This funding, disbursed to over 1 500 grantees worldwide, supports causes and sectors critical to reducing climate pollution and promoting prosperity. Key sectors supported include electricity, transportation, forests and land use, energy efficiency, and communications and public engagement.

Individual philanthropists and foundations are also increasingly collaborative. For example, through the Kigali Cooling Efficiency Program, 18 foundations and individuals pledged USD 52 million in 2016 to promote energy efficient cooling in developing countries, in tandem with efforts to phase down the production and use of hydrofluorocarbons. These efforts could avoid up to a degree Celsius of warming by 2100. Improving the efficiency of cooling systems can also reinforce progress towards the achievement of multiple SDGs.

There are more opportunities than ever – in food and agriculture, energy, buildings and urban planning, transportation, among others – for foundations and donors to accelerate innovation and build a broader, more connected climate movement.

Contributed by Ann Cleaveland, ClimateWorks Foundation

2.3.9. Selected population groups targeted by philanthropy

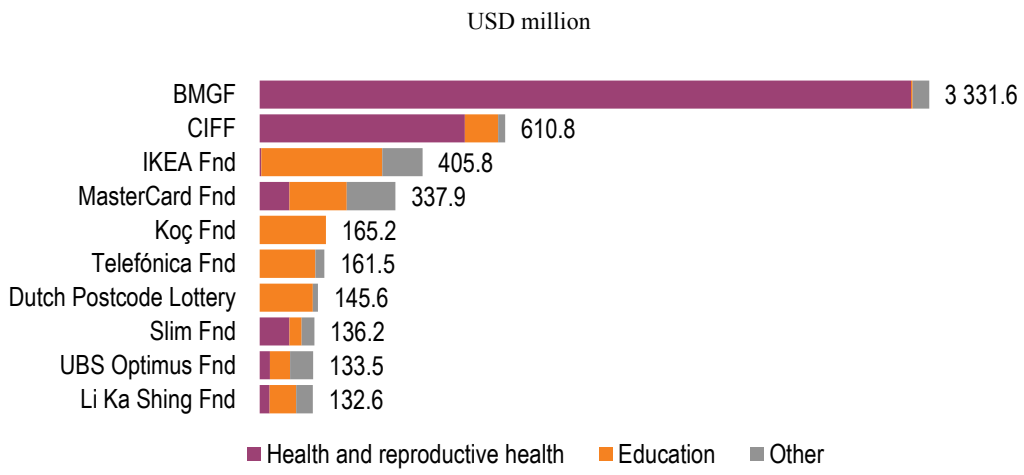
Information in the descriptive fields of the survey enabled an examination of some population groups targeted by foundations' giving. This analysis particularly focused on:

- **Children and youth** – all activities in the education sector and activities explicitly targeting children, youth, boys, girls, orphans, adolescents, etc.
- **Women and girls** – all activities allocated in the population policies/programmes and reproductive health except STD control, including HIV/AIDS; support to women's equality organisations and institutions; ending violence against women and girls and all other activities, explicitly targeting women, girls, brides etc.
- **Refugees, internally displaced and stateless persons** – all contributions to UN High Commissioner for Refugees (UNHCR), UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and all activities explicitly targeting refugees, internally displaced and stateless persons.

Support to children and youth

USD 7.5 billion (31%) of the total foundations' giving over 2013-15 was intended to address children and youth empowerment. More than half (57%) took the form of health and reproductive health activities – such as infectious diseases control, family planning and basic nutrition – and 27% as education projects. The BMGF was the main actor in this field (45% of total), followed by CIFF (8%), IKEA Foundation (5%) and MasterCard Foundation (5%). While the BMGF and CIFF supported children and youth mainly through health activities, education was the main entry point in this area for several other foundations such as IKEA Foundation, Koç Foundation, Telefónica Foundation and the Dutch Postcode Lottery.

Figure 2.30. Top ten foundations supporting children and youth, 2013-15



Note: The bar size for the BMGF was adjusted to 50% of the real size.
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933696189

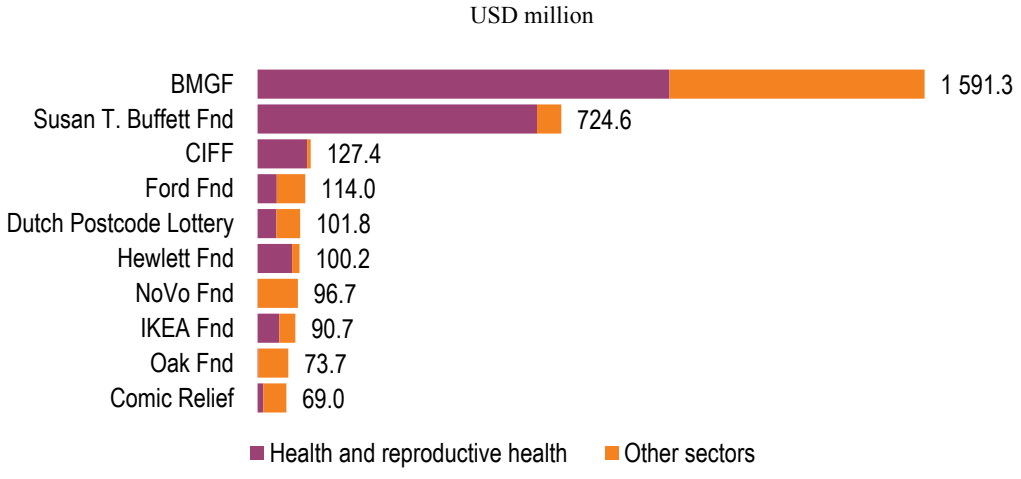
For 16 foundations, children and youth constituted the core of their support (more than 90% of their portfolio), e.g. IKEA Foundation, Mellon Foundation, Jacobs Foundation, Oprah Winfrey Leadership Academy Foundation, UBS Optimus Foundation, Stars Foundation and Dubai Cares.

Support to women and girls

Around USD 3.7 billion (16% of the three-year total) was provided for women and girls, mainly through health and reproductive health activities (74% of related funds), government and civil society (10%) and education (4%). Thus, reproductive health and family planning was the main vector for supporting women and girls (59%). This was followed by infectious diseases control (7%); basic nutrition (4%); support to women's equality organisations (3%); ending violence against women and girls, including FGM/C (3%); and activities in the agriculture sector (3%).

The BMGF (43%) and STBF (19%) provided the largest share of funds in support of women and girls (Figure 2.31). Other foundations supporting women and girls with significant funding were the CIFF, Ford Foundation, Dutch Postcode Lottery and Hewlett Foundation (3% each). Specialised foundations in this field (more than 90% of their portfolio) were STBF, NoVo Foundation, Walmart Foundation, Goldman Sachs Foundation, Oprah Winfrey Leadership Academy Foundation, Sabancı Foundation and Foundation CHANEL.

Figure 2.31. Main foundation supporting women and girls, 2013-15



Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

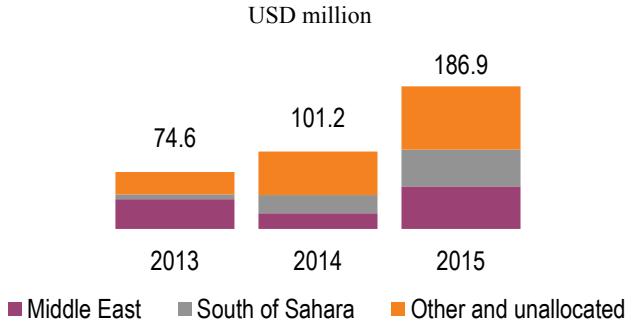
StatLink http://dx.doi.org/10.1787/888933696208

Refugees, internally displaced and stateless persons

Foundations' contributions to issues related to refugees, internally displaced and stateless persons (RIDSP) amounted to USD 361 million (2%) over the three years, following a clearly growing trend (Figure 2.32).

Two thirds of these funds were provided by the IKEA Foundation (28%), Dutch Postcode Lottery (20%) and the Emirates Red Crescent (18%). With a share of 32% of these funds, the Middle East was the main beneficiary sub-region, followed by sub-Saharan Africa (22%). Of these contributions, 39% were unallocated, reflecting foundations' contributions to organisations dealing with international migration at a global or multi-regional scale. The main channelling organisations were UNHCR (36%), VluchtelingenWerk Nederland (11%) and the UNRWA (3%). These were followed by a plethora of local and international humanitarian organisations.

Figure 2.32. Geographic allocation of funds for refugees, internally displaced and stateless persons, 2013-15



Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933696227

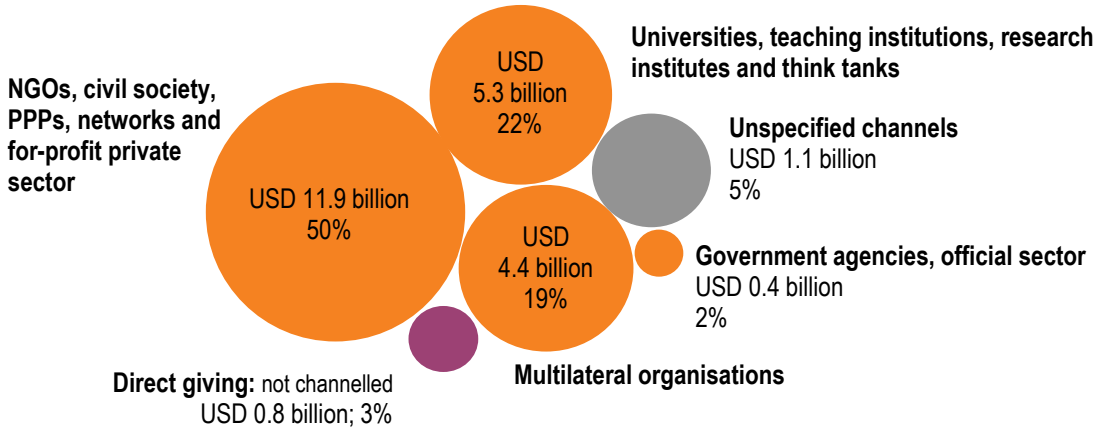
2.4. Implementation of philanthropic giving

2.4.1. Almost all philanthropic giving was channelled through intermediaries

According to the survey data, almost all philanthropic giving (97%) was implemented through intermediary institutions, also referred to as "channels of delivery". As shown in Figure 2.33, the main categories of channels of delivery[8] used by philanthropic foundations to implement their funding in 2013-15 were the following:

- NGOs, civil society, PPPs, networks and for-profit private sector (50% of total giving)[9]
- public or private universities, teaching institutions, research institutes and think tanks (22%)[10]
- multilateral organisations (19%)
- aid agencies and national governments (2%) and
- other/unspecified channels (5%).

Figure 2.33. Main channels of delivery of philanthropic giving, 2013-15



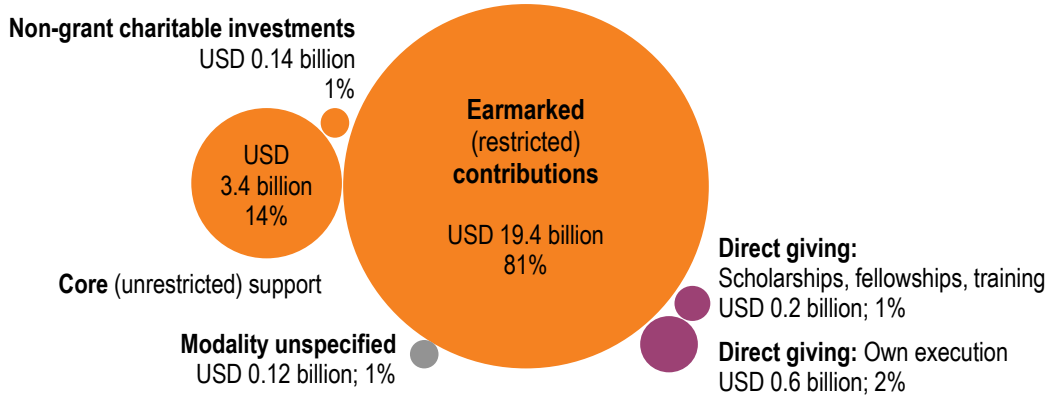
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933696246

As noted in Figure 2.33, only a very small share of total giving was implemented and executed by the foundations themselves (3%). The main foundations directly implementing their funding were the Koç Foundation, the Turkish Educational Foundation, Tata Trusts, Telefónica Foundation, McKnight Foundation, La Caixa Banking Foundation and the Ford Foundation.

Most philanthropic funds channelled through intermediary institutions took the form of earmarked funding for specific purposes (81%). Unearmarked or core contributions to implementing institutions represented only 14% of total philanthropic giving (Figure 2.34). These were provided mainly to multilateral organisations and NGOs such as Gavi, the Vaccine Alliance; ClimateWorks Foundation; Stichting DOEN; UNICEF; Médecins sans Frontières, World Wildlife Fund (WWF); and Oxfam.

Figure 2.34. Modalities of philanthropic giving, 2013-15



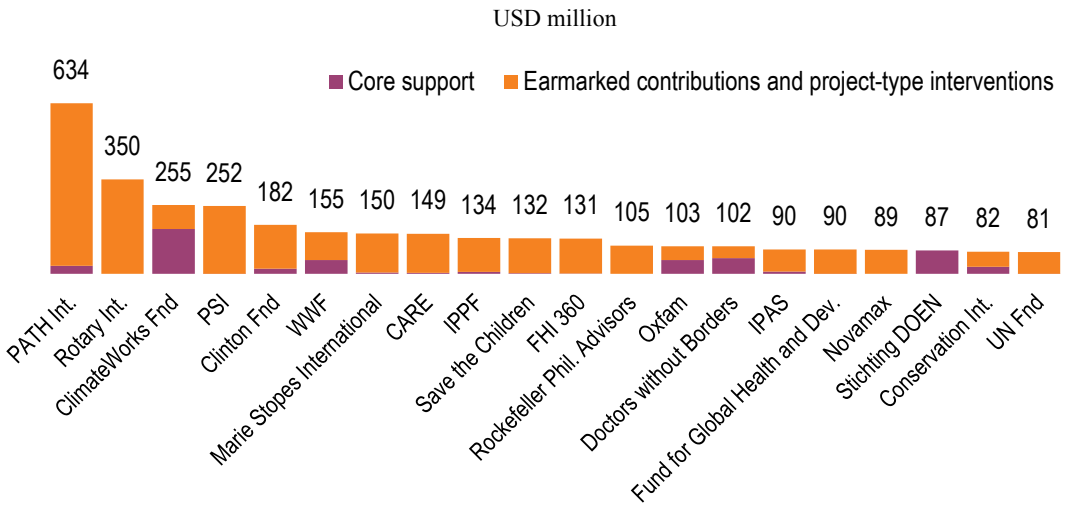
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933696265

Giving to/through NGOs, civil society, PPPs, networks and for-profit private sector

In 2013-15, half of philanthropic giving was channelled through NGOs, civil society, PPPs, networks and the for-profit private sector. As Figure 2.35 indicates, the main beneficiary institutions of these funds were organisations based in OECD countries, including PATH International, Rotary International, ClimateWorks Foundation, Population Services International, Clinton Foundation and WWF (each of which received more than USD 150 million). Most of these funds were earmarked for specific purposes (89%).

Figure 2.35. Top 20 channels of delivery among NGOs, civil society, PPPs, networks and the for-profit private sector, 2013-15



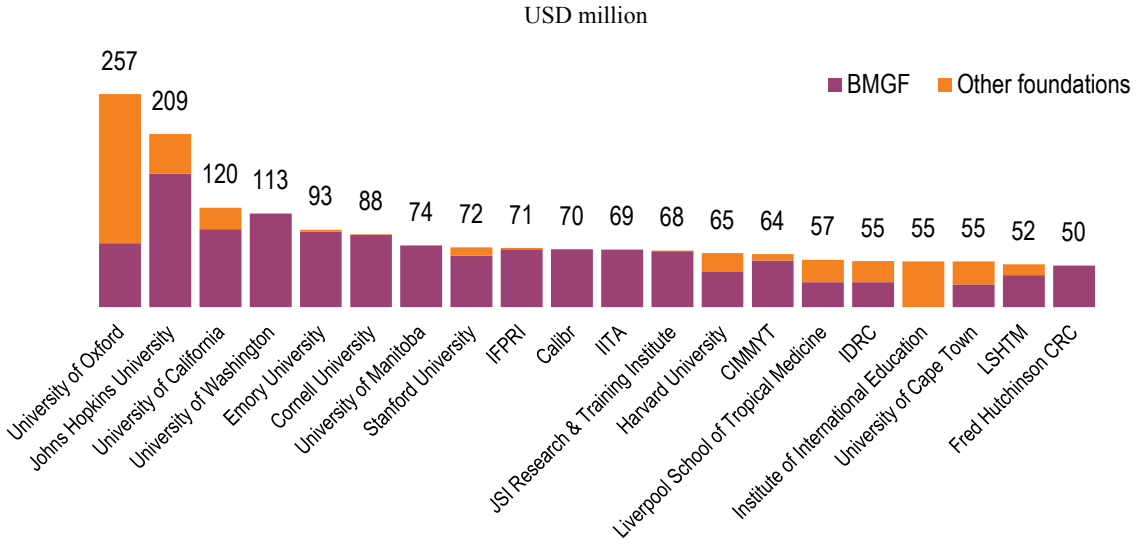
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933696284

Giving to/through universities, teaching institutions, research institutes and think tanks

Overall, philanthropic giving channelled through universities, teaching institutions, research institutes and think tanks targeted activities in research and education. The main receiving institution was the University of Oxford, followed by US-based universities or research institutes (Figure 2.36). Over 90% of the funds came from the following foundations: the BMGF (63%), Wellcome Trust (11%), Ford Foundation (6%), Li Ka Shing Foundation (6%) and Hewlett Foundation (4%).

Figure 2.36. Top 20 channels of delivery among universities, teaching institutions, research institutes and think tanks, 2013-15



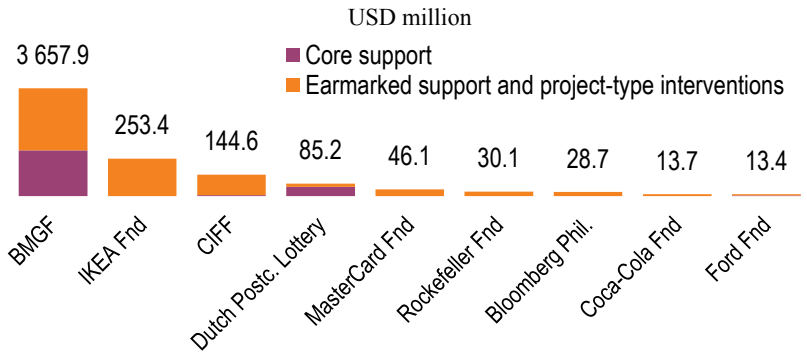
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933696303

Giving to/through the multilateral system

Multilateral organisations were the third channel of delivery category used by philanthropic foundations, with USD 4.4 billion transferred over 2013-15 (19% of total giving). Five foundations alone provided 94% of these funds: the BMGF (82%), IKEA Foundation (6%), CIFF (3%), Dutch Postcode Lottery (2%) and the MasterCard Foundation (1%).

Figure 2.37. Top ten foundations using the multilateral sector, 2013-15



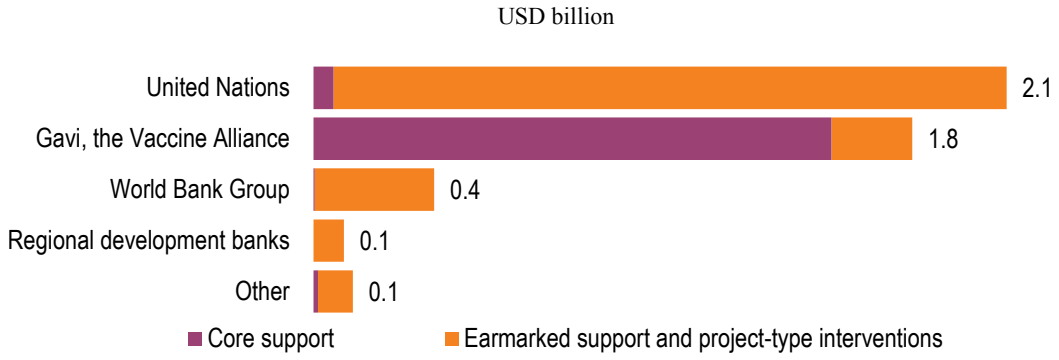
Note: The bar size for the BMGF has been adjusted to 20% of the real size.
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933696322

The United Nations system was the main beneficiary of philanthropic support to multilateral organisations (47% of the multilateral total), in particular through WHO, UNICEF and UNHCR. However, USD 1.8 billion (40% of total giving to multilaterals) was provided solely to Gavi, the Vaccine Alliance; this included a core contribution of USD 1.55 billion from the BMGF. The World Bank Group was also an important channel of delivery used by the foundations (8% of total giving to multilaterals), mainly through the International Development Association (IDA) and the International Finance Corporation (IFC).

With respect to funds channelled through the multilateral system, 37% took the form of unrestricted/core contributions. However, excluding the unprecedented BMGF contribution to Gavi, the Vaccine Alliance, core support to multilateral institutions only represented 3% of the remaining giving to multilateral organisations (mainly from the Dutch Postcode Lottery and the Ford Foundation).

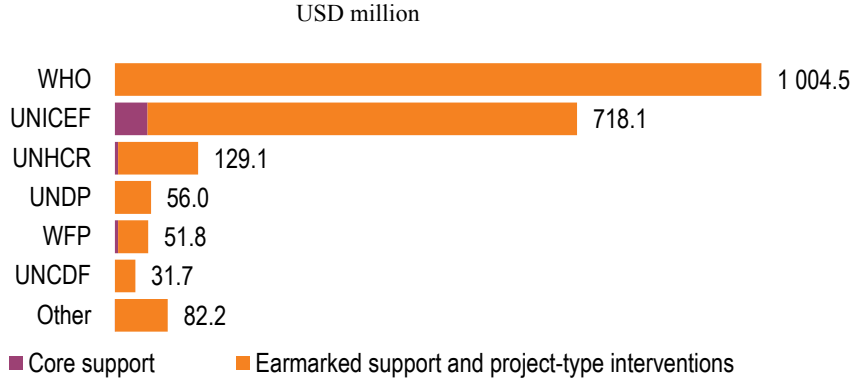
Figure 2.38. Main multilateral organisations supported, 2013-15



Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933696341

Figure 2.39. Support to the United Nations, 2013-15



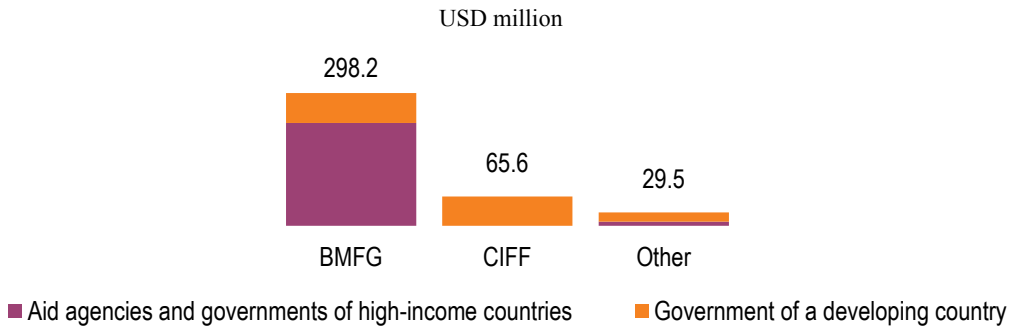
Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933696360

A tiny share was channelled to/through government agencies

Only 2% of philanthropic giving was channelled through government institutions. These included aid agencies and other government institutions in high-income countries (e.g. the French Development Agency [AFD], German Corporation for International Cooperation [GIZ], American US Agency for International Development [USAID] and United Kingdom Department for International Development [DFID]) and government agencies in developing countries (e.g. ministries of health). The BMGF and the CIFF were the main foundations channelling their funds through government institutions.

Figure 2.40. Top two foundations using government agencies, 2013-15



Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm.

StatLink http://dx.doi.org/10.1787/888933696379

Notes

1. The terms "developing countries" and "developing economies" refer to all countries and territories on the DAC List of Official Development Assistance (ODA) Recipients and consists of all low and middle income countries based on gross national income per capita as published by the World Bank, with the exception of G8 members, European Union members, and countries with a firm date for entry into the EU. The list also includes all of the least developed countries as defined by the United Nations (UN).

2. For the purpose of this publication, North America includes United States and Canada.

3. https://data.worldbank.org/indicator/SP.POP.TOTL.

4. http://www.oecd.org/dac/states-of-fragility-2015-9789264227699-en.htm.

5. In the DAC sector classification, **social infrastructure and services** refer to sectors such as education, health, population policies/programmes and reproductive health (further health and reproductive health), water supply and sanitation, government and civil society, and other social infrastructure and services. **Production sectors** include agriculture, forestry, fishing, industry/manufacturing, mineral resources and mining, construction, tourism, and trade policy, regulations and trade-related adjustments. **Economic infrastructure and services** include transport and storage, communications, energy generation, distribution and efficiency, banking and financial services, and business and other services.

6. For this publication, infectious diseases control refers to activities under the health sector (targeting malaria, tuberculosis, polio eradication, de-worming and other infectious diseases) and population policies/programmes and reproductive health (sexually transmitted diseases, including HIV/AIDS).

7. Activities related to female genital mutilation/cutting (FGM/C) are included under the sector "government and civil society", purpose "ending violence against women and girls".

8. Channels of delivery refer to the first institutional recipients/implementing partner of foundations' giving, i.e. the entity that has implementing responsibility over the funds and is, in principle, linked to the extending agency by a contract or other binding agreement, and is directly accountable to it. See also para 64 of www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DCDDAC(2016)3FINAL.pdf.

9. NGOs, civil society, PPPs, networks and for-profit private sector are presented together since, in the context of the high number of reported channels, it was not feasible to distinguish which channelling organisations had a not-for-profit or for-profit business model or, for example, to what extent they could qualify as PPPs or networks.

10. Organisations called "institute", "centre", or including "analysis" "analytical" or "research" in their title are considered to belong to this category.

References

OECD (n.d.), *OECD DAC statistics (database)*, http://www.oecd.org/dac/stats/idsonline.htm. [80]

OECD/World Bank (2016), *Climate and Disaster Resilience Financing in Small Island Developing States*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264266919-en. [19]

OECD (2015), *States of Fragility 2015: Meeting Post-2015 Ambitions*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264227699-en. [18]

OECD (2018), *Survey on Private Philanthropy for Development 2013-2015: Data questionnaire (internal database)*, OECD, Paris, http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.htm. [11]

World Bank (n.d.), *World Bank Data Portal (database)*, World Bank, Washington D.C., https://data.worldbank.org/indicator/SP.POP.TOTL. [17]

Chapter 3. Foundations as innovators

Foundations are often seen as innovators. This chapter explores the meaning of innovation in the philanthropic sector – focusing on organisational innovation and process innovation– as well as why and how foundations have innovated, supported by OECD survey results. It highlights a confluence of factors – growth and professionalisation of the philanthropic sector, foundations´ inner drive for innovation and a generational shift – has led to foundations to innovate in the way that they work. It finds that, in terms of organisational innovation, foundations have moved towards more "strategic" philanthropy and, in terms of process innovation, foundations are using new financial tools and changing their internal processes due to technology and access to data. OECD survey results show while foundations are increasingly changing their practices and delivery methods, these innovations are still far from being the norm across philanthropies.

By their very nature, foundations are often considered to be potential incubators of innovation. However, foundations used to be relatively traditional and some still are. For this study, "traditional philanthropy" can be defined as practices encompassing the following (OECD netFWD, 2014[20]):

- Short-term engagement (e.g. 1-2 years).
- Untargeted giving: traditional foundations give out many grants, in many different sectoral and geographical areas with limited focus.
- Project-based interventions: traditional foundations fund project by project, rather than an entire programme, and do not aim to achieve systemic change.
- Reactive attitude: they let grantees come to them (by filling out an online form, for instance), and do not try to identify them in advance.
- Input-focused: success is measured by spending their available budget entirely.

Against this background, this chapter will examine what innovation means, as well as why and how foundations have innovated.

The *Oslo Manual,* developed by the OECD and the European Commission (OECD and Eurostat, 2005[21]), offers the main international guidelines for the collection and use of data on innovation. It distinguishes four types of innovation: organisational, process, product and marketing. This chapter will focus on the first two as they are the most relevant for foundations.

Organisational innovation refers to the implementation of a new method in an organisation's "business practices". For foundations organisational innovation typically means transitioning out from traditional philanthropy and looking more strategically at how they can achieve more impact. The Shell Foundation, for instance, went through that process in the early 2000s. Ultimately, it developed a new strategy called the "enterprise-based" model.

Process innovation refers to implementation of a new delivery method. This includes significant changes in techniques, equipment and/or software. Applied to foundations, process innovation means developing and/or implementing new tools to achieve their goals, e.g. using innovative financial mechanisms and technology. The Shell Foundation, for example, used market-based solutions to social issues and worked mainly with social entrepreneurs to deliver its new strategy. Previously, it had supported exclusively non-governmental organisations (NGOs) for short-term projects (OECD and Eurostat, 2005[21]) (Shell Foundation, 2018[22]).

A convergence of factors has led foundations to innovate in the way they work. Three key factors, described in detail below, are growth and professionalisation of the philanthropic sector, an inner drive for innovation and a generational shift.

Professionalisation: as mentioned in Chapter 1, philanthropy has experienced a boom over the last 15 years, both in terms of financial resources available and number of foundations. For instance, in Kenya, over two thirds of foundations have been created since 2000 (OECD netFWD, 2017[23]). Alongside this growth, foundations – and the sector around them – have become more professional. They have built up their staff expertise by hiring professionals from development agencies, governments, and the non-profit or private sectors. Philanthropic infrastructure has also grown through the creation of thematic or regional networks of foundations and affinity groups. These include the Arab Foundations Forum, Asian Venture Philanthropy Network, European Foundation Centre, East Africa Philanthropy, Elevate Children Funders Group, Human Rights Funders Group, International Education Funders Group and the Network of Foundations

Working for Development. These networks and groups aim to improve knowledge and grantmaking practice of their members through peer-learning, dialogue and research. This professionalisation has translated into efforts to be more strategic and outcome-focused, which led to organisational innovation (Section 3.1).

An inner drive: foundations have many characteristics that are conducive to innovation. They are smaller and more flexible than governments or multilateral organisations, which enables them to test new approaches, tools and initiatives. For instance, the Ayrton Senna Institute has been testing and progressively expanding a programme to teach social and emotional skills in the public education system across Brazil. Unlike governments and private companies, foundations are neither bound by electoral cycles nor to delivering immediate results to taxpayers or shareholders. Foundations look at the context in which they operate and try to identify the gaps (e.g. failures in the market or in policies) before coming up with new solutions. Some, such as the Rockefeller Foundation, invest a lot in foresight to detect early signs of major social issues and changes in order to target their activities better. Finally, foundations' staff come from a broad range of sectors, including start-ups and small agile organisations where innovation is more critical to success than in larger corporations and institutions.

A generational shift: a new generation of philanthropists is disrupting the sector. They are often successful entrepreneurs who decide to devote part of their wealth to philanthropic causes, after making a fortune in business, especially in the tech sector (Bishop and Green, 2008[24]). They start their philanthropic ventures at a younger age than historical philanthropists (e.g. Andrew Carnegie, John D. Rockefeller, Henry Ford), and want to make an impact during their lifetime. They are often looking for ways to create value. Rather than funding long-standing institutions and giving out grants, they have come up with new approaches. Jeff Skoll, co-founder of Ebay, identifies high-potential social entrepreneurs. In another example, Azim Premji seeks to reform the education system in India by engaging teachers, school leaders, teacher educators and education officials. This new generation also tends to be more "hands on", getting involved themselves and trying to get their peers to donate. However, some of these new approaches to addressing social issues have yet to be fully evaluated. Consequently, it is not clear whether they can create impact and, more importantly, replicated this at scale. The issue of data sharing also remains a hurdle. Some smaller organisations created by high-net-worth individuals are often reluctant to share information on their giving and the results achieved.

3.1. Organisational innovation

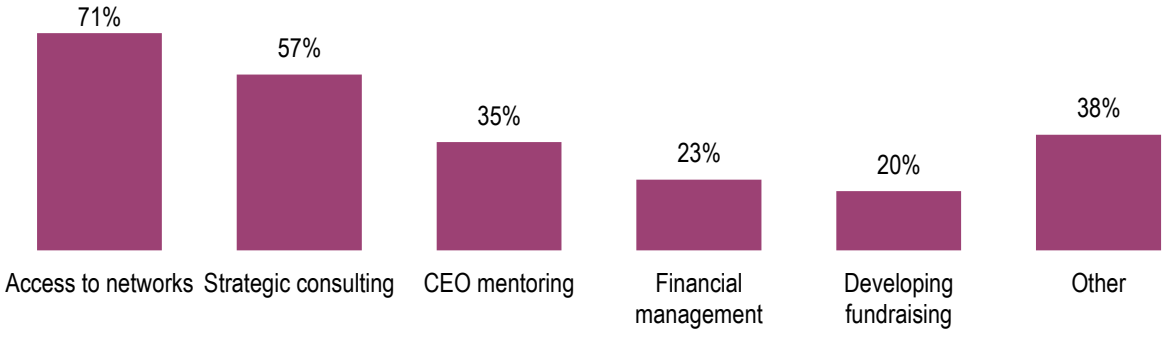
Philanthropy has undergone a paradigm shift in the last 15 years, embedded in the trend towards more "strategic" philanthropy. Traditional giving tends to focus on the importance of the cause and the giving/generosity element (the intention) rather than on its reach. More recently, founders or the chief executive officers of foundations themselves want to generate and measure their social or financial impact. Furthermore, these new "venture" philanthropists are trying to make strategic decisions grounded in evidence. This section explores three approaches underpinning these trends – venture philanthropy, systems change and big bet philanthropy – as well as a cross-cutting one, impact measurement.

3.1.1. Venture philanthropy: Spreading, but not yet widespread

The term "venture philanthropy" encompasses a broad range of practices. However, it can be defined as a high-engagement and long-term approach to generating social impact through tailored financing, organisational support, and impact measurement and management (EVPA, 2017[25]). Venture philanthropists view their grantees as partners and provide them with both financial and non-financial support, such as technical knowledge and capacity building. Instead of spreading their giving to a large number of projects, they make strategic and targeted "investment" choices to have the highest impact. These philanthropists are often not attached to working with a particular type of organisation, funding diverse social purpose groups that include for-profit enterprises, social enterprises and NGOs (OECD netFWD, 2014[20]).

This approach typically involves several phases, which enable foundations to test a model or an initiative and bring it to scale if it proves successful. For some foundations, the first phase often focuses on research and screening. Foundations assess needs and identify organisations already working on a social problem in a determined geographic area. The second phase includes developing a pilot initiative. This often involves blending several financial instruments (grants, loans, guarantees, etc.), and building partnerships with organisations able to deliver impact. These groups could include NGOs and social enterprises, but also the public and private sectors. Finally, if the pilot delivered satisfactory outcomes, foundations will seek to scale it up. To that end, they might further develop their emerging partnerships or expand the scope of outcomes, which could further involve governments.

Figure 3.1. Non-financial support to grantees



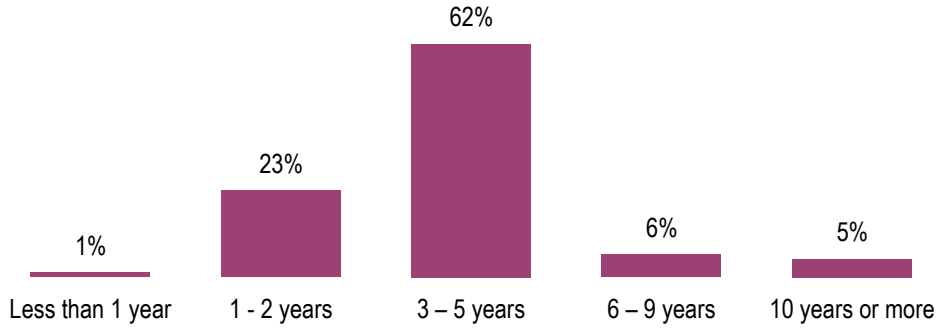
Source: (OECD, 2018[26]) Survey on Private Philanthropy for Development 2013-15: Qualitative questionnaire, www.oecd.org/site/netfwd/.

StatLink http://dx.doi.org/10.1787/888933696398

A growing number of foundations have been adopting such practices. The OECD survey highlights that almost half of foundations select their grantees proactively, and many provide them with non-financial support. For instance, 71% of foundations share their networks with their grantees, 57% offer strategic consulting and 35% provide mentoring for chief executive officers (Figure 3.1). This approach, however, is far from the norm. More than 20% of foundations surveyed focus on ten or more thematic areas, hence diluting their ability to work hand in hand with their partners. Only 26% target their action to between one and five thematic areas. Furthermore, long-term commitments are not yet the norm; 86% of foundations' grants are for no longer than five years

(Figure 3.2). This makes engagement over risky projects or support to social enterprises that are not yet viable more difficult. Short-term engagement also makes it more difficult to leave an impact on the enabling environment or a system change (see below).

Figure 3.2. Average engagement period



Source: (OECD, 2018[26]) Survey on Private Philanthropy for Development 2013-15: Qualitative questionnaire, www.oecd.org/site/netfwd/.

StatLink http://dx.doi.org/10.1787/888933696417

3.1.2. Systems change philanthropy: The challenge of achieving large-scale impact from the start

Systems change is a recent approach favoured by some foundations, which can be defined as a change in the policies, processes, relationships, knowledge, power structures, values or norms of participants within a system that affects a social issue (Kramer, 2017[27]). Systems are understood to be made up of interconnected parts, both tangible and intangible. They include people, institutions and resources, as well as relationships, values and perceptions (Abercrombie, Harris and Wharton, 2015[28]).

While the objective is the same as venture philanthropy, i.e. achieving large-scale impact and addressing bold social issues, processes differ in systems change philanthropy. Unlike venture philanthropy, which tests its approaches through a pilot and a scale-up phase if successful, foundations adopting a systems change approach aim to achieve systemic change immediately. This requires a good understanding of the political economy of a context to influence it beyond the individual or organisational level. To do so, philanthropists often look at the context in an interdisciplinary and holistic way, considering all aspects of a social issue from the outset. They seek to leverage existing expertise and organisations, and build cross-sector coalitions across them, instead of creating new institutions (Walker, 2017[29]). A considerable investment of time is therefore needed to map an entire ecosystem and co-ordinate the large numbers of actors involved. Substantive funding (most often as part of a coalition) is also required.

Influencing an entire ecosystem can be a major challenge for foundations that remain relatively modest in size and budget compared to governments or multilateral organisations. Moreover, the philanthropic sector is extremely fragmented. Funders follow internally defined priorities, and do not seek alignment. Getting others to converge, align and support a systems change approach, then, is a tall order. Box 3.1 explores these issues and offers insights on how collaborative solutions can be further optimised.

Box 3.1. Collaboration to create systems change

Whether the intent is to improve educational outcomes for girls or access to clean water in informal urban settlements, complex challenges are informed by multiple factors. Solving any single one on its own will not solve the overall problem. Going beyond symptoms to create lasting change requires a systems approach:

- Defining the boundaries of the system and understanding the problem in its context. For example: Is infant mortality a problem within the health system or does it need to be looked at in the context of urban planning and unhealthy living conditions?
- Working with many actors that are part of the system, across private, public and civil sectors.
- Identifying the levers that will alter the system, such as policy shifts, changes in public perception, behavioural changes, new data and insights and transformative technologies.
- Using iterative monitoring and learning methods to establish quick feedback loops, instead of operating in a linear fashion.

Many foundations are applying a systems change mindset to their way of working. But much more could be done to implement this approach collectively, mainly by changing how and how much we collaborate. As funders we come together, but often in a decentralised way – by topic, approach or geography – and in alliances that focus on pooling financial support.

To achieve systems change, foundations could be more effectively brought together according to their expertise in using a specific lever for change as defined by Donella Meadows (Meadows, 2008[30]).

The prevention of pandemics can provide an example. Established funders such as the Wellcome Trust support the creation and dissemination of new insights and data on vaccines. Conversely, foundations dedicated to social justice, such as the Ford Foundation and Open Society Foundation, support shifting the rules of the system. Such a shift could involve enabling local communities and local governments to define how to reach the poorest of the poor in remote locations. Foundations experienced in setting up new institutions, such as the Rockefeller Foundation, focus on founding Centres for Disease Control and Disease Surveillance Networks. Venture philanthropy organisations like the Omidyar Network or the Draper Richards Kaplan Foundation help create and scale social enterprises to foster new business models and make preventative services and products available to more people. Tech foundations, like Google.org or the Cloudera Foundation, can be a partner in identifying and applying transformative technologies, e.g. to integrate live streams of global epidemic intelligence from worldwide infectious disease monitoring systems.

If all of these activities sound familiar it is because they already coexist. However, these and many other activities in support of systems change are often not linked up to function as a powerful philanthropic value chain. To optimise the ecosystem of change, foundations need a clearer understanding of their role in the system. They must know where their resources and expertise best fit local needs. And they should not expect their single approach to be sufficient to affect systems change.

Approaching systems change even more collaboratively would allow us to make every dollar count at a time where we are facing a USD 2.5 trillion gap per year to achieve the Sustainable Development Goals. Moreover, it would also more effectively draw on other assets that large and small foundations have at their disposal – expertise, in-kind contributions and the ability to convene across sectors.

Contributed by Claudia Juech, Cloudera Foundation

3.1.3. Big bets: High risk, high reward – but only for some

"Big bets" is another concept emerging in the philanthropic sector, especially popular among large US foundations. The big bet approach dedicates a significant philanthropic investment – USD 10 million or more – to solving a social problem in a limited timeframe, generally by supporting a single organisation. Like systems change, big bet philanthropy aims to create systemic change by targeting key levers in the ecosystem. Nonetheless, the approach is fundamentally different. Instead of considering all the main aspects of a social problem, funders "bet" on what they view as the main lever to unlock the problem. The Bill & Melinda Gates Foundation (BMGF) has often followed this approach. It made 19 of the 58 big bets identified by the Bridgespan Group in 2015 (Dolan, 2016[31]). For instance, the BMGF committed USD 1.55 billion to Gavi, the Vaccine Alliance in that year. This aimed to provide 300 million children with vaccines by 2020, and save up to 6 million lives by protecting them from diseases such as pneumonia, measles and severe diarrhoea (Bill & Melinda Gates Foundation, 2015[10]).

Big bets offer interesting opportunities, especially for grantees. From their point of view, receiving a large grant can help ensure financial sustainability for several years, and relieves them from the hassle of constant fundraising. In addition, big bets are usually issued as core contributions to an organisation (thus not earmarked). From a funders' perspective, big bets can be particularly appealing due to the visibility they generate and the anticipated ability to solve an identified and quantifiable problem. Indeed, announcing a major investment attracts their peers, as well as the media's attention to their philanthropic commitments.

However, this approach generates some concerns among practitioners. First, big bet philanthropy can be seen as favouring a siloed approach and result in over-simplifying development challenges, whereas they are complex and multi-faceted (Kramer, 2017[32]). Further, grantees may decide to change their course of action to better fit the funder's strategy. The approach can also significantly influence the policy agenda, and end up taking over responsibilities that are normally the purview of governments (Jordan, 2017[33]). Indeed, large pledges by private donors to multilateral organisations that set global policy raise an important question. Is it legitimate for unelected and largely unaccountable organisations led by the wealthiest 1% to make decisions that have an impact on global public goods such as health? Finally, as shown in the OECD survey, big bets grants are likely to primarily benefit international NGOs and multilateral organisations. Such groups, including UNICEF, WHO or Save the Children, have all received multiple big bets grants between 2000 and 2012 (The Bridgespan Group et al., 2016[34]). Large grants (e.g. USD 10 million) are not typically directed at local organisations because they lack the capacity to handle such amounts and disburse them effectively.

3.1.4. Impact measurement: A cross-cutting trend and a common thread across innovations in philanthropy

Monitoring and evaluation (M&E) have become an integral part of the sector's evolution, as illustrated by some new approaches in previous sections of this chapter. Philanthropists increasingly want decisions informed by evidence. They develop theories of change to frame their action and to track measurable outcomes. They ask for regular reporting based on key performance indicators from their grantees, as well as from end beneficiaries. Finally, they invest in thorough impact evaluations, such as randomised control trials, whereby a population control group enables the rigorous assessment of the effectiveness of a specific intervention.

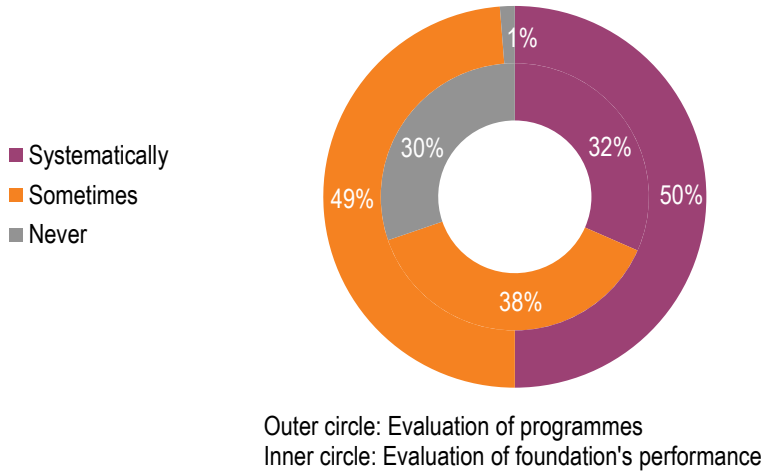
Box 3.2. OECD netFWD peer review methodology for multi-stakeholder partnerships

To address this drive towards better and more measurement, innovative evaluation practices have emerged. The OECD netFWD, for example, has developed a methodology to assess the impact of multi-stakeholder partnerships. The methodology examines three dimensions: i) partnership design and functioning; ii) results yielded by the partnership; and iii) partnership value-added. The methodology is applied through a peer review, where other foundations working in the same area assess a foundation's multi-stakeholder partnership in a policy area or sector. The first peer review on the quality of education, which began in September 2017 in Brazil, examined the partnership between Fundação Itaú Social and the Brazilian Ministry of Education. Their joint programme "Writing the Future" aims to improve the reading and writing skills of Brazilian students by providing training to public school teachers.

The OECD survey confirms the view that foundations are increasingly measuring impact. However, it also highlights significant gaps. Almost all foundations surveyed evaluate their programmes – half do it "sometimes" and half "systematically" (see Figure 3.3), which shows that foundations take impact measurement seriously. Yet measurement of institutional performance could still be improved. A third of surveyed foundations "never" evaluates its own impact as an organisation, while the remaining two-thirds are equally split between stating they "sometimes" and "systematically" evaluate.

Two main factors explain why foundations tend to be able to assess their programme performance more often than their own organisations'. First, institutional performance is hard to evaluate as it implies establishing cross-cutting indicators across foundations' programmes. This adds to the difficulty foundations see in attributing outcomes to their specific intervention; all development actors face this dilemma when working on complex issues with a variety of actors. Second, while institutional performance evaluation must be done at the foundation level, the burden of programme evaluation is often shared with grantees, who are bound to report to funders.

Figure 3.3. Foundations' performance evaluation



Source: (OECD, 2018[26]) Survey on Private Philanthropy for Development 2013-15: Qualitative questionnaire, www.oecd.org/site/netfwd/.

StatLink http://dx.doi.org/10.1787/888933696436

Although impact measurement is widely praised and often seen as a must-have in philanthropy, it can also produce negative effects. By focusing too strongly on evidence and measurable outcomes, foundations can lose their appetite for risk. As a result, they may avoid projects that won't necessarily yield results in the short term. This impact-centred approach encourages foundations to support more conventional or less risky programmes instead of experimenting with new ideas (Kasper and Marcoux, 2014[35]). It also pushes them to concentrate their activities in sectors where impact is easier to measure and becomes visible more quickly, such as the fields of health or entrepreneurship. As a result, areas where impact is hard to quantify, such as the fight against corruption or the defence of human rights, might seem less appealing to foundations. In addition, impact measurement generates heavy reporting burdens for grantees, thus increasing their administrative workload and overhead costs.

3.2. Process innovation

3.2.1. New financial tools for tailored support

Foundations are using new financial tools beyond traditional grantmaking. Some of these approaches, such as social impact investment, enable foundations to provide finance tailored to different grantees' needs or to the level of risk at stake. Other tools, such as mission-related investments and development impact bonds, enable foundations to explore and test new ways and mechanisms of pursuing their organisational mission. A foundation focusing on fighting climate change, for instance, will give out grants to NGOs' implementing recycling initiatives, and also invest its endowment in renewable energy companies or funds.

Social impact investing: Social impact investment can be defined as the provision of finance to organisations with the explicit expectation of both a measurable social and financial return (OECD, 2015[36]). Social impact investors include those willing to provide funding for organisations that are not able to generate market returns, such as foundations. But they also include more traditional investors with an interest in having a social impact.

Foundations have played a critical role in the evolution of the social impact investment market through market-building activities (research and knowledge exchange) and mission-related or programme-related investments (investments of their endowment into ventures that are related to their core mission). These investments may be made in parallel to the regular grantmaking of the foundation and typically take the form of loans, guarantees or equity investment; their repayments or returns are reinvested in new projects (Rangan, Appleby and Moon, 2012[37]). Grants, both public and private, continue to play an important role by providing "first loss" or "catalytic" funding. This means the grant provider is willing to bear the risk to attract additional funding (GIIN, 2013[38]). Grants and technical assistance are often needed before or alongside social impact investment to help social ventures addressing social challenges develop commercially viable solutions (Bridges Ventures, 2012[39]).

Mission-related investments (MRIs): Through MRIs, foundations no longer distinguish between investments to maintain and expand their endowment, and their grantmaking strategies. MRIs can be viewed as a type of social impact investment. They refer to market-rate investments that support the mission of a foundation by generating a positive social or environmental impact (Mission Investors Exchange,(n.d.)[40]). They are usually expected to generate competitive financial returns. Conversely, programme-related investments (PRIs) put more emphasis on achieving a social impact, and thus are often below-market rate.

Foundations use this approach for several reasons. First, it allows them to expand the resources available to advance their missions. Second, it helps attract mainstream investors to sustainable funds, i.e. funds that do not support economic activities harming social justice or the environment, such as oil and gas drilling.

In the United States, foundations are legally required to disburse 5% of their assets annually – called pay-out – to keep their tax exemptions. Grants and PRIs are typically counted in the pay-out, but MRIs are made directly from the endowment. MRIs therefore have the potential to leverage foundations' 95% untapped capital. For example, in 2017, the Ford Foundation decided to devote USD 1 billion out of its USD 12-billion endowment to MRIs over the next ten years. This was the largest commitment to MRIs made by a foundation to date. The Ford Foundation aims to help build the market for MRIs by creating impact funds, and to encourage other foundations to follow their lead.

Development impact bonds (DIBs): Similarly to social impact bonds (SIBs), DIBs are a financial mechanism in which private investors provide up-front capital for social services. They are repaid by an outcome funder contingent on the achievement of agreed-upon outcomes (OECD, 2015[41]). There are two main differences between them. First, DIBs are implemented in low and middle-income countries. Second, in DIBs, the investors and/or the outcome funders are often bilateral donors or foundations. In fact, a recent study revealed that foundations of different scale are the predominant investors of DIBs (Gustafsson-Wright, Boggild-Jones and Segell, 2017[42]). For example, in India, the UBS Optimus Foundation (the investor) and CIFF (the outcome payer) are joining forces to enhance education outcomes for 18 000 children (Instiglio, 2018[43]). Most DIBs focus on health outcomes, such as the improvement of maternity and child care, HIV prevention or the treatment of cataracts. Conversely, SIBs primarily focus on employment. DIBs are spreading at a slow pace; to date, only 4 DIBs have been implemented and 25 are being designed (Instiglio, 2018[44]); 90 SIBs have been set up since the first one in 2010 in the United Kingdom.

Box 3.3. Potential and shortcomings of development impact bonds

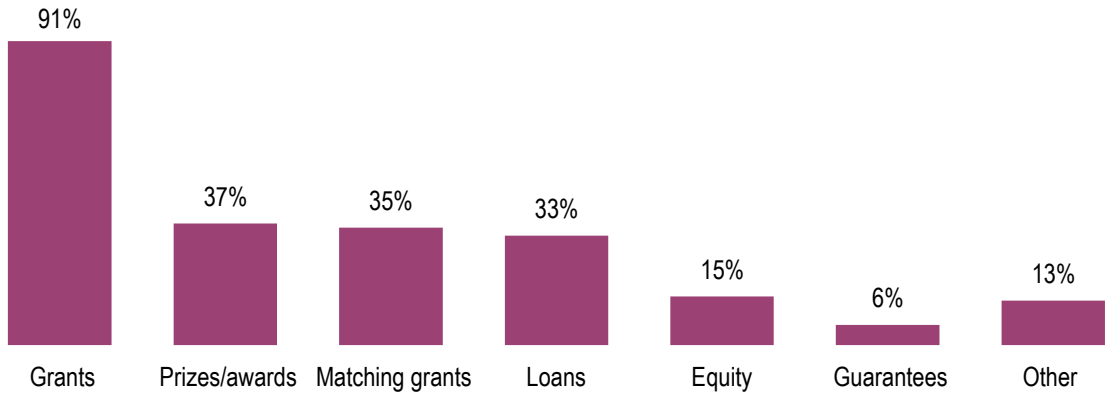
In light of the ambitious Agenda 2030, development impact bonds (DIBs) could ensure efficient use of available funds and effective delivery of social services. With their ability to target hard-to-reach populations and to save public funds, DIBs may also help enhance accountability for funders and social service providers (both social enterprises and NGOs). In addition, DIBs could promote learning through evaluation and act as a compass for foundations to invest in what works. DIBs may allow governments to test innovative approaches of delivering social services. They may also allow governments to invest more on prevention, which can impact citizens' well-being and yield long-term savings. Finally, DIBs could break silos, enhancing collaboration among relevant actors.

At the same time, DIBs have several shortcomings. First, as DIBs are implemented in low- and middle-income countries, they need serious risk management. Due to wider political or financial instability, stakeholders face greater uncertainty in terms of political commitment and financial returns, which are calculated based on future government savings. Second, although stakeholders may already have experience in results-based financing, DIBs remain costly and complex. They are based on tailored agreements that are hard to fully replicate, and which require patience and time to be carved out. Third, the lack of a clear regulatory framework may hinder development of DIBs. Fourth, DIBs may create the wrong kinds of incentives for measuring outcomes for social services providers. For instance, they could lead them to target the easiest results (cream-skimming). They could also lead them to leave aside the hardest-to-reach populations (cherry-picking) that could exaggerate success (gaming of results). Finally, some funders and particularly foundations used to hands-on grant-giving, may feel they have less control over their funding since DIBs empower social services providers to be more autonomous.

Source: Antonella Noya and Stellina Galitopoulou, OECD Centre for Entrepreneurship, SMEs, Local Development and Tourism

While these innovations generate interest and enthusiasm in the philanthropic sector, they are still far from the norm. To date, only the most cutting-edge foundations are pioneering DIBs. They are used mostly in the United States, but with notable exceptions elsewhere. The vast majority of foundations worldwide are much more traditional. The OECD survey results on financial support provide a telling example. As Figure 3.4 shows, 91% of foundations prefer grants as financial support. The predominance of grants is even more impressive when looking at volumes, as they represent (together with prizes and awards) about 99% of the total. A third of foundations offer loans and only 15% use equity. In terms of volumes, these two instruments represent less than 1%.

Figure 3.4. Financial support



Source: (OECD, 2018[26]) Survey on Private Philanthropy for Development 2013-15: Qualitative questionnaire, www.oecd.org/site/netfwd/.

StatLink http://dx.doi.org/10.1787/888933696455

Foundations have relatively low levels of risk aversion and are willing to invest in innovative business concepts and financing models. Consequently, they are also becoming increasingly important players in the blended finance market. Whether a development finance provider uses concessional or non-concessional resources, they can help mobilise commercial capital to support development outcomes (OECD, 2018[45]).

3.2.2. Technology and access to data can enhance transparency, accountability and more direct giving

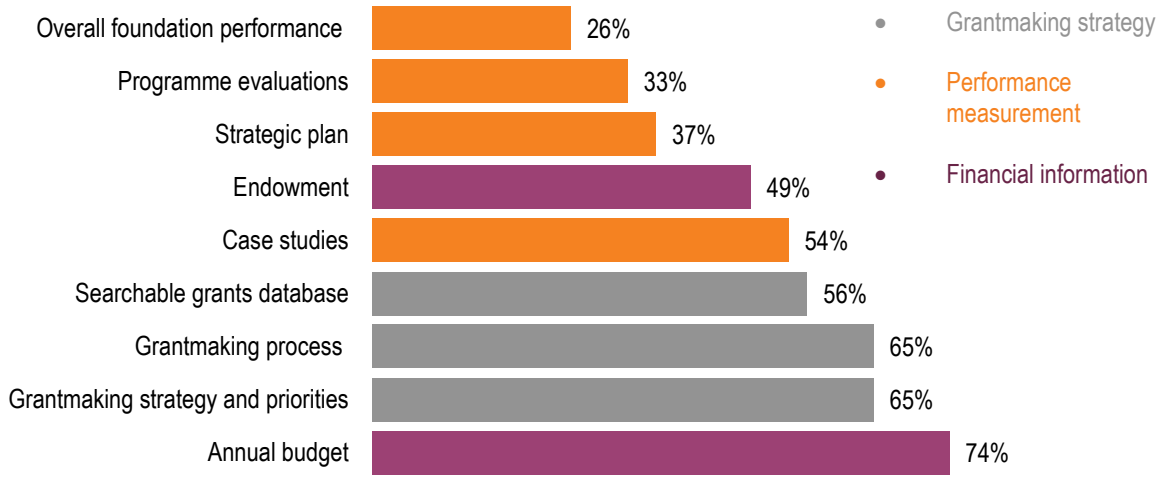
Technology and access to data are changing foundations' internal processes. First, they change the way foundations allocate grants. Foundations increasingly digitalise their workflows, and thus save time Second, as more data on philanthropic giving are available online, foundations can learn from their own and others' positive and negative experiences (Ricci, 2017[46]). For example, the Colombian Association of Family and Corporate Foundations (AFE) set up an online platform that provides detailed relevant information on their members' projects. Increased knowledge sharing holds the potential to produce a global record system that could facilitate mappings, due diligence and impact assessments, and thus enhance transparency and accountability.

Technology also gives individual donors easier access to information on the interests and performance of organisations. Further, they can fund these organisations directly instead of through intermediaries such as foundations. Crowdfunding platforms also offer a wide number of projects, social enterprises, start-ups, etc. to choose from for whoever wants to give. Moreover, funders (individual and institutional alike) can now select their own beneficiaries through online platforms such as GiveDirectly. GiveDirectly enables anyone to provide direct cash transfers to the poor based on thorough due diligence and needs assessment.

That said, transparency and accountability imply that foundations share data, a practice that is not yet widespread. Historically, foundations have been reluctant to make internal information publicly available. They argue the need to protect their grantees from governments' scrutiny. In some cases, for example, they fund NGOs and other organisations that are part of the opposition under an autocratic regime. Although

foundations have become more willing to share certain types of information, the OECD survey shows they carefully choose what they disclose. As presented in Figure 3.5, they make information about their inputs more easily available, e.g. budget (74%), strategy (65%), process (65%) and grantees (56%) than about their outcomes, e.g. programme evaluation (33%) and institutional performance (26%).

Figure 3.5. Type of data publicly shared by foundations



Source: (OECD, 2018[26]) Survey on Private Philanthropy for Development 2013-15: Qualitative questionnaire, www.oecd.org/site/netfwd/.

StatLink http://dx.doi.org/10.1787/888933696474

References

Abercrombie, R., E. Harris and R. Wharton (2015), *Systems Change: A guide to what it is and how to do it*, New Philanthropy Capital, London, http://www.thinknpc.org/publications/systems-change/. [28]

Bill & Melinda Gates Foundation (2015), *Hundreds of millions more children to receive protection against deadly diseases, a chance at a healthy future, Press Release, 25 January 2015*, (Webpage) https://www.gatesfoundation.org/Media-Center/Press-Releases/2015/01/GAVI-Replenishment-Conference. [10]

Bishop and Green (2008), *Philanthrocapitalism: How giving can save the world*, Bloomsbury Press, New York, https://www.bloomsbury.com/us/philanthrocapitalism-9781596913745/ [24]

Bridges Ventures (2012), *Sustainable and Impact Investment – How we define the market*, Bridges Ventures, London, http://docplayer.net/17850360-Bridges-ventures-august-2012-sustainable-impact-investment-how-we-define-the-market.html. [39]

Dolan, K. (2016), *Big Bet Philanthropy: How more givers are spending big and taking risks to solve society's problems*, Forbes blog, www.forbes.com/sites/kerryadolan/2016/11/30/big-bet-philanthropy-solving-social-problems/#71f8c05179c5. [31]

EVPA (2017), *Venture Philanthropy Glossary*, European Venture Philanthropy Association, Brussels, https://evpa.eu.com/uploads/documents/Glossary-2017.pdf. [25]

GIIN (2013), *Catalytic First-Loss Capital*, Global Impact Investing Network, New York, https://thegiin.org/assets/documents/pub/CatalyticFirstLossCapital.pdf. [38]

Gustafsson-Wright, E., I. Boggild-Jones and D. Segell (2017), *Impact Bonds in Developing Countries: Early learnings from the field, global economy and development programme*, Brookings Institution, http://www.brookings.edu/wp-content/uploads/2017/09/impact-bonds-in-developing-countries_web.pdf. [42]

Instiglio (2018), *Educate Girls Development Impact Bond,*, http://instiglio.org/educategirlsdib/about-the-dib/ (accessed on 12 January 2018). [43]

Instiglio (2018), *Impact Bonds Worldwide (database)*, www.instiglio.org/en/sibs-worldwide/ (accessed on 12 January 2018). [44]

Jordan, L. (2017), *Keeping Faith with the Promise of a Private Foundation*, Alliance, London, http://www.alliancemagazine.org/analysis/keeping-faith-promise-private-foundation/. [33]

Kasper, G. and J. Marcoux (2014), "The Re-Emerging Art of Funding Innovation", *Stanford Social Innovation Review,* Spring 2014, https://ssir.org/articles/entry/the_re_emerging_art_of_funding_innovation. [35]

Kramer, L. (2017), "Against Big Bets", *Stanford Social Innovation Review* Summer 2017, https://ssir.org/articles/entry/against_big_bets. [32]

Kramer, M. (2017), "Systems Change in a Polarized Country", *Stanford Social Innovation Review,* April, 2017, https://ssir.org/articles/entry/systems_change_in_a_polarized_country. [27]

Meadows D.H. (2008), Thinking in Systems: A primer, Chelsea Green Publishing Company, http://wtf.tw/ref/meadows.pdf.

Mission Investors Exchange((n.d.)), *What is Mission Investing? (webpage)*, http://web.cof.org/2013fall/docs/resources/Impact-Investing-Basics.pdf (accessed on 20 December 2017). [40]

OECD netFWD (2014), *Venture Philanthropy for Development: Dynamics, Challenges and Lessons in the Search for Greater Impact*, OECD Publishing, Paris, www.oecd.org/dev/Venture%20Philanthropy%20in%20Development-BAT-24022014-indd5%2011%20mars.pdf. [20]

OECD netFWD (2017), Bringing Foundations and Governments Closer: Evidence from Kenya, OECD Development Centre, Paris www.oecd.org/site/netfwd/Kenya_EAAG_GEPE_Report_2017.pdf. [23]

OECD and Eurostat (2005), *Oslo Manual: Guidelines for Collecting and Interpreting Innovation Data,*, OECD Publishing, Paris, www.oecd.org/sti/inno/oslomanualguidelinesforcollectingandinterpretinginnovationdata3rdedition.htm. [21]

OECD (2015), *Social Impact Investment: Building the Evidence Base*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264233430-en. [36]

OECD (2015), "Understanding Social Impact Bonds", OECD, Paris, www.oecd.org/cfe/leed/UnderstandingSIBsLux-WorkingPaper.pdf. [41]

OECD (2018), *Making Blended Finance Work for the Sustainable Development Goals*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264288768-en. [45]

OECD (2018), *Survey on Private Philanthropy for Development 2013-2015: Qualitative questionnaire (internal database)*, www.oecd.org/site/netfwd/. [26]

Rangan, K., S. Appleby and L. Moon (2012), *The Promise of Impact Investing. Background note*, Harvard Business School, Boston, https://www.hbs.edu/faculty/Pages/item.aspx?num=41512. [37]

Ricci, J. (2017), *The Future Tech Infrastructure for Philanthropy: 10 per cent Tech, 90 per cent Paradigm Shift,*, http://www.alliancemagazine.org/blog/future-tech-infrastructure-philanthropy-10-per-cent-tech-90-per-cent-paradigm-shift/. [46]

Shell Foundation (2018), *The Evolution of our Enterprise-Based Model (webpage)*, http://www.shellfoundation.org/our-approach.aspx (accessed on 01 February 2018). [22]

The Bridgespan Group, W. et al. (2016), "Making Big Bets for Social Change", *Stanford Social Innovation Review,* Winter, http://ssir.org/articles/entry/making_big_bets_for_social_change. [34]

Walker, J. (2017), "Solving the World's Biggest Problems: Better philanthropy through systems change", *Stanford Social Innovation Review* April, https://ssir.org/articles/entry/solving_the_worlds_biggest_problems_better_philanthropy_through_systems_cha. [29]

Chapter 4. Foundations as partners

Historically foundations have partnered with civil society and non-governmental organisations. However, over the last 15 years foundations have changed the way they operate and now work with a wider spectrum of development actors. Yet, while there is a trend towards collective action and multi-stakeholder initiatives, many barriers to forming coalitions remain.

This chapter examines the drivers and hurdles for collaboration. It finds interactions between foundations and other actors working for development differ significantly depending on the type of stakeholder and highlights how and how much foundations collaborate with other foundations, with the donor community, with governments in developing countries and with civil society organisations.

Historically, foundations have worked primarily with civil society and non-governmental organisations (NGOs). However, over the past 15 years, several factors have drawn foundations to co-ordinate and partner with a larger spectrum of actors.

First, many foundations are considered influential figures on the international development scene. To live up to their reputation, ambition and mission, they recognise the need to scale up their relatively modest financial contribution by capitalising on other resources. To that end, they have begun cultivating networks with other foundations, governments and the ODA donor community to enhance their footprint and impact. Such partnerships have helped foundations influence policy and develop innovative, cross-sector solutions to address social and environmental problems.

Second, venture philanthropy has achieved more widespread appeal. The increasing number of foundations following this approach has further drawn foundations to focus on impact and to explore how to achieve systemic change.

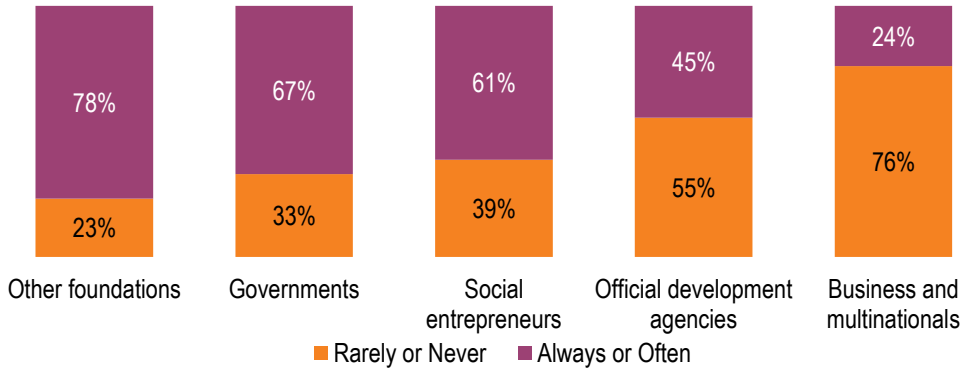
Similar trends have been more widely observed among other development actors, such as national governments, the donor community, civil society organisations (CSOs) and the private sector. The development community at large has recognised the complexity of global challenges. It has progressively embraced the idea that impact at scale requires a better understanding of the political economy, of collaboration with a variety of stakeholders and a multidimensional understanding of issues at stake. Uncoordinated, "pick and choose" or ad hoc interventions among disparate stakeholders simply cannot succeed in achieving results expected from the 2030 Agenda for Sustainable Development.

Indeed, Agenda 2030 recognises that achieving the Sustainable Development Goals (SDGs) will hinge on multi-stakeholder involvement. Success requires mobilising resources from a range of groups across the public, philanthropic and private sectors, as well as civil society (SDG 17). Building on this momentum, and in the run up to the adoption of the SDGs, there has been a surge of collective action. The period of 2000-15 alone saw more than a fourfold increase in multi-stakeholder partnerships (GDI, 2015[47]).

Despite the rise in collaboration, barriers remain. The very factors that make partnerships seem so auspicious – the benefits of combining different outlooks, competences and expertise – may well be the same factors that render them difficult to create.

Figure 4.1 shows that foundations' interest in working with other stakeholders differs considerably by their type. For example, foundations are more inclined to work closely with each other than with the private sector. The sections below discuss the drivers and barriers for collaboration between foundations and other actors working for development.

Figure 4.1. Engagement of foundations with other actors



Source: (OECD, 2018[26]) Survey on Private Philanthropy for Development 2013-15: Qualitative questionnaire, www.oecd.org/site/netfwd/.

StatLink http://dx.doi.org/10.1787/888933696493

4.1. Partnering with other foundations

According to the OECD qualitative survey (OECD, 2018[26]) (Figure 4.1), collaborations between foundations are the most common form of engagement with other actors. More than three quarters of foundations say they always or often consider engaging with other foundations when designing and implementing their programmes. Foundations may collaborate in several ways: they can network to exchange experiences and good practice, engage in joint advocacy or co-fund programmes and projects.

4.1.1. Networking between foundations is on the rise, but slower in developing countries

The increase in the number of networks and associations of foundations reflects the general trend towards increased collaboration. In the "network society" (Castells, 1996[48]), complex problems require multiple perspectives and actors joining forces to solve them. Indeed, networks provide an opportunity for foundations to learn about one another's activities, experience and priorities. This, in turn, builds a solid base upon which joint programmes and partnerships can be forged.

While networks of foundations are on the rise, there are fewer in developing countries[1] and regions than in North America. The Worldwide Initiatives for Grantmaker Support (WINGS) – a global network of networks and organisations serving philanthropy – mapped the date of establishment of their members. During the 1980s and 1990s, 141 philanthropy networks in North America and Europe were launched, but the growth of such networks has since stagnated. Since the early 2000s, WINGS has increasingly seen networks emerge in sub-Saharan Africa, Latin America and the Asia-Pacific region. Yet the 49 networks in these countries still lag substantially behind those in Europe and North America. For example, there are only four WINGS-affiliated philanthropy networks in the Middle East (WINGS, 2014[7]).

Most networks are geographic in scope (established at national or regional level) and often focus on networking, sharing good practice and advocacy activities (e.g. pushing back against policies that limit the scope and independence of philanthropy and civil society). Fewer networks have a thematic focus, such as education, governance and health. Although thematic networks are smaller, they are more conducive to building more tangible partnerships and sharing funding and good practices (Box 4.1).

4.1.2. Foundations partner in a variety of ways

Other forms of foundations' co-operation include funding one another, joint advocacy or co-funding of projects and programmes.

According to the OECD qualitative survey, half of the foundations sometimes fund other foundations. This happens for several reasons. First, some foundations may not have a presence in certain countries. Therefore, they rely on other foundations with field offices to identify recipients, register with local or national authorities, or monitor and evaluate joint grantees. Further, some foundations may have established legitimacy and expertise in specific regions. On the other hand, many foundations, despite having endowment and resources of their own, are also actively looking for additional funding from other foundations. This is the case of several foundations from the Middle East and North Africa (MENA) region. The public sector often covers their administrative costs, but they need to fundraise to implement their programmes and financially support their partners in-country.

Co-funding of joint projects and programmes is another form of collaboration among foundations. Although examples of fruitful coalitions and pooled funding exist (Box 4.1), examples of large-scale partnerships and repeated co-funding between foundations are still rare.

Box 4.1. Examples of philanthropic coalitions

- **ClimateWorks Foundation** is a group of foundations committed to addressing the challenge of global climate change through strategic collective grantmaking. Five foundations have provided core funding (the William and Flora Hewlett Foundation, KR Foundation, the John D. and Catherine T. MacArthur Foundation, the Oak Foundation, and The David and Lucile Packard Foundation). Other foundations such as Margaret A. Cargill Foundation, the Children's Investment Fund Foundation (CIFF), the Ford Foundation, the Grantham Foundation for the Protection of the Environment, and the Gordon and Betty Moore Foundation co-finance specific projects.
- **The Freedom Fund** receives support from five anchor foundations; CIFF, Humanity United, Legatum, Minderoo Foundation and the Stardust Fund. Other major investors include the C&A Foundation and the UBS Optimus Foundation, and the United Kingdom Home Office. The coalition seeks to mobilise the capital needed to drive systemic change and strengthen anti-slavery infrastructure globally. The group identifies and supports more than 100 partner organisations working to end slavery across the world.
- **The Global Dialogue for Human Rights and Social Change,** which has five programmes supporting human rights around the world, specialises in collaboration between funders across Europe. Its biggest programme is Ariadne (European Funders for Social Change and Human Rights), a network of more than 600 funders and philanthropists. Ariadne is a practical mechanism for funders to cut costs and increase the benefits of working together.
- **The With and For Girls Collective** is a group of organisations – Comic Relief, FRIDA - The Young Feminist Fund, EMpower, Global Fund for Children, MamaCash, Nike Foundation, NoVo Foundation, Plan International UK and Stars Foundation with combined annual grantmaking of over USD200 million that share the belief that girls' voices matter; girls are best placed to lead and inform on issues that affect them. The Collective has developed a global awards initiative: the With and For Girls Awards, which identifies strong grassroots girl-led and girl-centred groups around the world and provides them with flexible funding, profile raising opportunities, capacity building support and training to ensure that they have the resources and platform they need to drive change. It also works with funders to leverage additional resources for girl-led and girl-centred groups, and to shift funding practices so that these organisations can receive more of the support they need to take action and to thrive.

Sources: www.climateworks.org/ http://freedomfund.org/ http://global-dialogue.eu/; www.starsfoundation.org.uk/blog/and-girls-collective. Websites accessed on 10 January 2018.

4.1.3. Overcoming barriers to the formation of further partnerships

There is scope for further and deeper collaboration that goes beyond sharing information and good practice to developing a common strategy, sharing decision making and pooling resources. These more intricate forms of partnerships permit foundations to achieve greater impact, and also allow less experienced or smaller foundations to benefit from the expertise of more established players (Seldon, Tierney and Fernando, 2013[49]).

However, three main factors inhibit these deeper forms of collaboration between foundations:

- **Lack of information** - According to the OECD survey, more than two thirds of foundations share data with other foundations. However, they may not be sharing the information that could lead to partnerships. Foundations are cautiously transparent about their strategy, performance and grants, which could mean that potential partners are hard to identify. Few organisations share data about their strategy (37%), performance (26%) and evaluations (33%). More share data about their endowment (49%) and their grantmaking (56%), but this still leaves a sizeable share that prefers to keep this information private.
- **Independence** - One of foundations' most prominent claims and most closely guarded assets is their independence from other actors, particularly government (Missika, 2016[50]). The habit of independence may become engrained, which could render it costly to sacrifice. They are accountable only to their trustees and founders, whether it be an individual, a family or a firm. Foundations may be reluctant to give up this independence, especially when the implications for beneficiaries on the ground have not yet been assessed. Even when the case for collaboration is strong, some funders may be reluctant to dilute the credit they can earn for successfully tackling social and environmental programmes (Seldon, Tierney and Fernando, 2013[49]).
- **Scale and scope -** As Chapter 2 highlights, many foundations have limited means compared to bilateral and multilateral donor agencies. As one way to manage this constraint, trustees and staff focus on a few areas and geographies of interest to achieve a quantifiable impact on a targeted area. This limited scope, however, could make it difficult for foundations to find partners with the same or similar focus. Further, a study suggests that differences in foundation size will have a deleterious effect on funding partnerships. (Sandford and Scharf, 2015[51]) point out that large donors tend to exert a greater influence on grantees. This means that partnerships will tend to emerge between foundations of comparable financial clout. A theoretical argument shows that partnerships that could be socially beneficial between large and small donors will not be formed, leading to fragmentation and inefficiency within the philanthropic sector.

4.2. Partnering with the donor community

4.2.1. Development policy dialogue: Gaining ground following a sluggish start

When the OECD commissioned an earlier study on the role of foundations in development (OECD, 2003[1]), interactions between foundations and the donor community were rare, particularly at the policy level. Several major declarations on global development policy and financing were endorsed between 2000 and 2010, including the 2000 Millennium Development Goals (MDGs), the 2002 *Monterrey Consensus on Financing for Development*, the 2005 *Paris Declaration on Aid*

Effectiveness and the 2008 *Accra Agenda for Action*. None mentioned philanthropy as a development actor or as a source of finance.

A few large foundations, notably the Bill & Melinda Gates Foundation (BMGF), had participated in some of the above policy discussions. The UN Secretary-General appointed Bill Gates to his MDG Advocacy Group, for example, to support Gates in building political will and rallying additional support to achieve the MDGs. However, this was the exception rather than the rule (Martens and Seitz, 2015[52]).

From 2010 onwards, partners in the global development agenda began formally recognising the potential of foundations. As a result, the donor community has progressively opened the development policy space to foundations. In addition, due to the scarcity of available funding, it has recognised the importance of financial contributions from foundations.

In 2011, the Busan High Level Forum on Aid Effectiveness recognised CSOs and private actors, including foundations, for the first time as one of the partners of the donor community working towards a common development agenda (OECD, 2011[53]). In 2015, the Addis Ababa Forum on Financing for Development explicitly welcomed the role of foundations and their financial and non-financial contributions towards development goals (United Nations General Assembly, 2015[54]). In a speech to the Global Philanthropy Forum Conference 2015, delivered by Amina J. Mohammed, UN Special Advisor on Post-2015 Development Planning, UN Secretary General, Ban Ki Moon praised foundations' role as drivers of social, economic and political transformation (Martens and Seitz, 2015[52]).

Following this growing recognition, several global dialogue platforms have evolved from inter-governmental into multi-stakeholder initiatives. These platforms include the Global Partnership for Education (GPE), the Global Partnership for Effective Development Co-operation (GPEDC) or the International Health Partnership for Universal Health Coverage 2030 (UNHC2030). They have all made space on their governing boards for the private sector, civil society and foundations (Box 4.2).

Box 4.2. Foundations' participation in global dialogue platforms

- **Global Partnership for Education:** The GPE is a coalition of actors working together to achieve SDG4 (Ensure inclusive and quality education for all and promote lifelong learning). More specifically, it seeks to strengthen education systems in developing countries. It also finances projects and encourages new funders to join the coalition. Its latest strategy is based on setting standards for education planning and policy making with local buy-in and mobilising development financing from public and private donors around the world. The GPE created a seat on its board for foundations and the private sector in 2012. The Porticus Foundation represents foundations on the board, while consulting around 30 other foundations. In December 2017, the GPE had adopted a formal Private Foundations Engagement Strategy 2018-2020 (Global Partnership for Education, 2018[55]).
- **Global Partnership for Effective Development Co-operation**: The GPEDC is a multi-stakeholder platform that provides practical guidance and shares knowledge to boost development impact. It officially recognised foundations as partners at its 2014 ministerial meeting (First High-Level Meeting) in Mexico. Its final

communiqué recognises the power of philanthropy to surpass its financial contribution through contributions of knowledge and expertise. Thus far, foundations have been represented on its board by (consecutively) the Stars Foundation, the Calouste Gulbenkian Foundation and Aga Khan Foundation. OECD netFWD, hosted by the OECD Development Centre, has been providing ongoing secretariat support to the foundations' representative on the Steering Committee of the GPEDC.

- **International Health Partnership for Universal Health Coverage**: UHC2030, named IHP+ at its creation in 2007, is an international partnership to improve effective development co-operation in health to help meet the MDGs. Initially, the partnership included developing countries, bilateral donors and international development agencies, while CSOs were not formally involved. In 2016, IHP+ transformed into UHC2030 to respond to the health-related SDGs. To that end, it expanded its scope to include health systems strengthening to achieve universal health coverage (UHC). In addition, it expanded its steering committee, creating a separate seat for foundations. Three foundations are cited as UHC partners: the BMGF, Rockefeller Foundation and United Nations Foundation.

Source: GPEDC website http://effectivecooperation.org/about/leadership/ accessed 10 January 2018; GPE (2018); UHC 2030 website https://www.uhc2030.org/about-us/uhc2030-partners/ accessed 10 January 2018.

Other inter-governmental organisations made space for foundations to make their voices heard at the policy level and strengthen dialogue and co-operation with policy makers. In 2012, the OECD Development Centre launched the Network of Foundations Working for Development (netFWD). In 2014, the UN Development Programme launched the SDG Philanthropy Platform (Box 4.3).

Box 4.3. Global platforms for co-operation between foundations and policy makers

- **Network of Foundations Working for Development (netFWD)** was launched in 2012 by the OECD Development Centre. It recognises the increasing role of foundations in the development arena, the innovative practices emerging from the philanthropic sector and the demand for an effective platform for co-operation between foundations and policy makers. netFWD brokers dialogue with governments and traditional development actors to enhance mutual understanding and spark collaboration. As part of the OECD Development Centre, netFWD can facilitate links with the Centre's 52 members. Beyond governments, netFWD has access to bilateral and multilateral donors through the OECD DAC and connections with the UN system.
- **SDG Philanthropy Platform** facilitates dialogue between philanthropic organisations, the United Nations, governments, civil society, businesses, and other stakeholders, mainly at the local level. SDGPP is led by UNDP and Rockefeller Philanthropy Advisors (RPA) and supported by the Conrad N. Hilton Foundation, Ford Foundation, Brach Family Charitable Foundation and UN Foundation.

Source: www.oecd.org/site/netfwd/ and www.sdgphilanthropy.org. Websites accessed on 10 January 2018.

4.2.2. Despite progress, the development policy space remains open and attractive to a small group of foundations

Foundations actively taking part in global development dialogue tend to be drawn from a rather small group of wealthy North American foundations. These include, among others, the BMGF, the Warren Buffet Foundation, the Rockefeller Foundation, the MacArthur Foundation, the Open Society Foundation, the Hewlett Foundation, the Mott Foundation and the MasterCard Foundation. With a few notable exceptions (e.g. the Aga Khan Foundation, Porticus Foundation), those foundations tend to be based in North America.

This group is rather homogeneous compared to the sector worldwide. The American philanthropic tradition of supporting social causes, along with the geographic/cultural proximity of many to the United Nations, allows these foundations to embrace and participate in the global development policy dialogue more easily. Their considerable financial resources, personal networks and active advocacy enable them to have a credible voice when engaging with governments, and bilateral and multilateral donors.

Another group of foundations, while mindful of the 2030 Agenda and the importance of connecting with the donor community, keeps its distance from international conferences and United Nations discussions. It remains unclear on the value of engaging at the global policy level, or the means to do so. As a result, it prefers to focus on more tangible co-operation opportunities, such as partnerships on the ground.

Finally, numerous foundations do not see the value of engaging with the donor community on development policy. Indeed, according to the OECD qualitative survey, 25% of foundations say that a seat at the policy table is not even a consideration for them when thinking about partnering with official development agencies.

There are many reasons why foundations are inclined to take a backseat in policy processes and do not enter into collaboration with the donor community. Some wish to avoid red tape or lack capacity to engage. Others want to maintain an active, value-driven mission independent of governments. Still others believe that development policy forums have not sufficiently proven their value to the foundation community (Missika, 2016[50]). Failure to establish clear pathways for engagement might perpetuate the "go it alone" model of engagement of philanthropy (Van Fleet, 2012[56]).

By remaining open and attractive to a small group of large foundations, the development policy space creates risk – intended or unintended – of undue influence of large foundations. In other words, a few rich philanthropists or vested interests could determine policy and funding priorities. This concern is particularly relevant to areas of global health, food and agriculture. It also concerns highly visible and wealthy philanthropists like Bill Gates or George Soros and other prominent foundations, such as the Rockefeller Foundation (West, 2008[57]) (Martens and Seitz, 2015[52]). Consequently, the donor community needs to provide more clarity, rules and tools to ensure that foundations' engagement in policy dialogue is more diverse, transparent and accountable.

4.2.3. Partnerships: A greater appetite for collaboration on the ground

Only a few foundations systematically participate in global policy-making processes. However, both foundations and the donor community show a greater appetite for concrete partnering opportunities on the ground, often involving joint financing or advocacy.

Following the first OECD study on global philanthropy (OECD, 2003[1]), bilateral donors in the United Kingdom, France and Germany[2], as well as the World Bank and

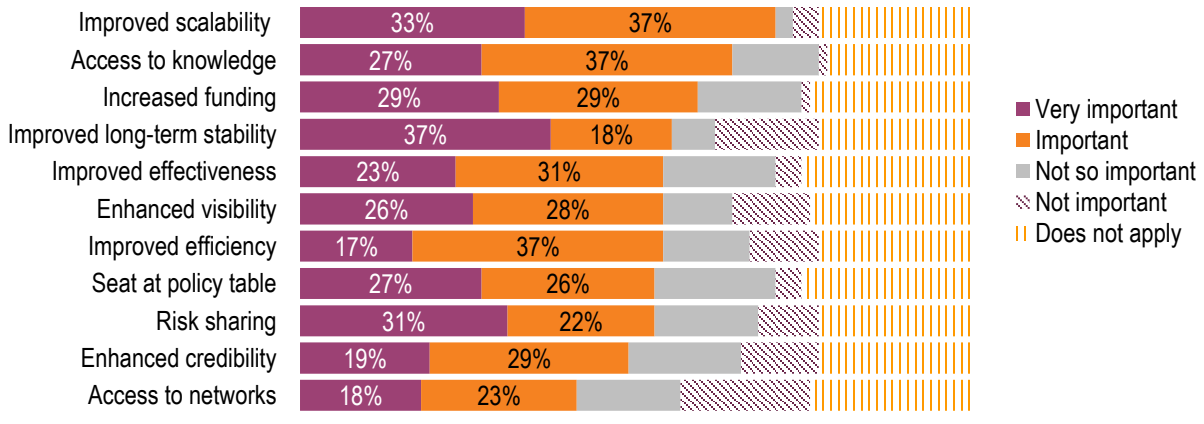
Asian Development Bank, commissioned further exploratory studies. These sought to better understand the challenges and opportunities of foundations' engagement in the developing world, and to identify potential partners. In 2012, a United Kingdom parliamentary report urged the Department for International Development (DFID) to foster closer ties with private foundations to maximise the impact of philanthropy in the developing world (House of Commons International Development Committee, 2012[58]).

As a result, several bilateral and multilateral donors have strengthened their collaboration with private foundations, mainly to implement projects and programmes. For example, between 2005 and 2013, the German Federal Ministry for Economic Cooperation and Development (BMZ) worked with about 60 foundations, 47 of them from Germany (BMZ, n.d.[59]). The French Development Agency (*Agence Française de Développement*, AFD) and the French Ministry of Foreign Affairs have developed bilateral agreements with the BMGF and the Aga Khan Foundation. DFID has worked with some large foundations. It has a strong and structured relationship with the BMGF on a wide range of projects and programmes in the health, agriculture, financial services and sanitation sectors. In addition, it works with smaller foundations on a practical level.

The World Bank Group partners with more than 100 foundations on initiatives ranging from tuberculosis treatment to preserving the Amazon. Foundations contributed USD 1 billion – about 2% of the total budget – to World Bank-managed trust funds between 2008 and 2013 (World Bank, 2013[60]).

According to the recent OECD qualitative survey, 45% of foundations claim that they systematically consider engaging with official development agencies when designing or implementing a programme (Figure 4.1). Further, 32% of foundations fund intergovernmental organisations. Indeed, multilateral organisations, such as the World Health Organization (WHO), UNICEF and the World Bank, are among the largest delivery channels (Chapter 2). Foundations perceive several benefits of working with the donor community. For 70% of foundations, increased long-term stability is considered very important. In addition, foundations appreciate the capacity for collaborations to bring initiatives to scale, the potential for risk-sharing and increased funding.

Figure 4.2. Main drivers for foundations to engage with official development agencies



Source: (OECD, 2018[26]) Survey on Private Philanthropy for Development 2013-15: Qualitative questionnaire, www.oecd.org/site/netfwd/.

StatLink http://dx.doi.org/10.1787/888933696512

As a result, partnerships between foundations and the donor community around specific issues are becoming increasingly widespread (Box 4.4). In most cases, foundations contribute resources to donors' programmes or co-develop and co-fund joint projects to leverage their own investments.

Box 4.4. Examples of multi-stakeholder partnerships involving foundations and the donor community

- **Better Than Cash Alliance** is a coalition of bilateral and multilateral donors, private companies and foundations (e.g. Ford Foundation, BMGF, Omidyar Network) united around the promotion of electronic payments in developing countries.
- **The Consultative Group to Assist the Poor** is a partnership of more than 30 organisations, including governments, multilateral organisations and foundations (BMGF, Citi Foundation, MasterCard Foundation, MetLife Foundation, Michael & Susan Dell Foundation, Omidyar Network) that seek to advance financial inclusion.
- **Global Alliance for Clean Cookstove** is a coalition of over 1 700 partners, including foundations, governments, multilateral organisations, private companies, NGOs and academics. Thirty-nine foundations participate in the roll-out of the partnerships interventions. Other foundations contribute financially, including the Shell Foundation, Accenture Development Partnerships and the Caterpillar Foundation. The Alliance seeks to create a thriving global market for clean and efficient household cooking solutions. In particular, it aims for 100 million households to adopt clean and efficient cookstoves and fuels by 2020.
- **The Power of Nutrition** is supported by two foundations: CIFF and UBS Optimus Foundations. Other partners include UNICEF and the World Bank – its first two implementing partners – and UK Aid. Its model focuses on turning investment into impact, ensuring each invested dollar is multiplied by four before being directed to the approved programme. Implementing partners deliver programmes.

In rare cases, foundations can also act as implementing partners (especially operating foundations). They may also encourage bilateral and multilateral donors to assume responsibility for projects supported by foundations over the long term. In the Middle East, for example, the AFD channels funding through the Aga Khan Foundation, which has the field presence in the region that the AFD lacks. In 2011, DFID made a grant to the Shell Foundation enabling it to extend its support for M-KOPA-Solar, a small start-up company based in Nairobi, Kenya. The company helps low-income consumers in off-grid communities access what would normally be prohibitively expensive energy products such as solar home systems.

In that case, DFID wanted to support enterprises in its target countries directly, but wanted to work through intermediaries to do due diligence and relationship-building. Shell Foundation was identified as a partner who could identify innovators; build strong, trusting relationships with partners; and provide business expertise to support them to scale. These two examples show foundations can complement the work of donors, providing expertise and field experience that official donors can amplify with additional funding.

4.2.4. Attracted by financial resources, the donor community still lacks deeper knowledge and a more strategic approach to partnerships with foundations

While partnering is on the rise, the bilateral and multilateral donor community seems predominantly attracted to foundations for two reasons. First, foundations bring increased financial resources to the table. Second, they leverage donors' development co-operation policies and programmes. Beyond that, the donor community still lacks deeper awareness of foundations' distinctive characteristics and a more strategic approach to collaboration.

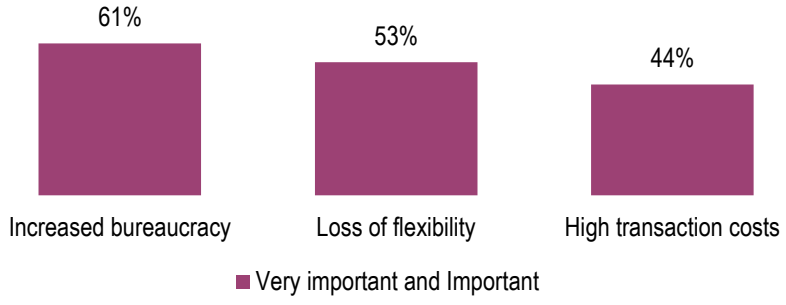
Several international bodies (particularly, the United Nations) and bilateral donors lump foundations with the private sector or civil society. They have a single point person or approach for all these actors. The International Monetary Fund (IMF) and the United Nations do not consider foundations to be CSOs. They are thus missing out on the potential role of foundations as funders, policy experts, partners and evaluators of CSOs that they support.

Several multilateral development banks and international organisations have a unique point of contact for foundations within the resource mobilisation departments. Such a policy reveals a primary identification of foundations as financers. This is the case for the Islamic Development Bank, Asian Development Bank, Inter-American Development Bank and International Fund for Agricultural Development.

The largest foundations may have high-profile partnerships, but such engagement is far from the norm for smaller foundations. Most donors tend to concentrate on relationships with the largest funders as they believe transaction costs for collaborating with foundations outweigh the benefits to countries (House of Commons International Development Committee, 2012[58]).

Some foundations showing increased interest in becoming active partners at all levels. They want to bring their expertise, networks and financing to the table, in addition to financial resources. However, poor understanding of foundations' incentives and high transaction costs for setting up partnerships remain important barriers. Indeed, when asked about the disadvantages of working with the donor community, foundations cite reduced flexibility (53%) and increased bureaucracy (61%).

Figure 4.3. Foundations' perception on main downsides of collaborating with developing agencies

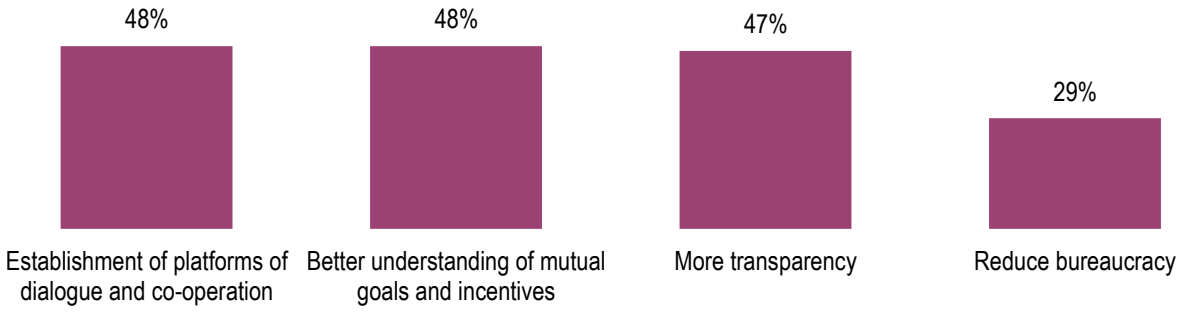


Source: (OECD, 2018[26]) Survey on Private Philanthropy for Development 2013-15: Qualitative questionnaire, www.oecd.org/site/netfwd/.

StatLink http://dx.doi.org/10.1787/888933696531

The OECD qualitative survey shows that foundations aspire to improve relations with the donor community: 48% seek a better understanding of mutual goals and incentives; 48% support platforms of dialogue and collaboration; and 47% want to see greater transparency.

Figure 4.4. Foundations' perception on how to improve collaboration with other development actors



Source: (OECD, 2018[26]) Survey on Private Philanthropy for Development 2013-15: Qualitative questionnaire, www.oecd.org/site/netfwd/.

StatLink http://dx.doi.org/10.1787/888933696550

For the donor community, partnering with foundations requires sufficient staffing, financial resources and operation procedures. In this way, it can develop and maintain relations, while ensuring robust, yet more flexible, modes of partnership. To date, few bilateral and multilateral donors have established designated positions for relations and partnerships with foundations. In Germany, the Federal Ministry for Economic Cooperation and Development (BMZ) has created two full-time positions in charge of German and international foundations. In the case of multilateral donors, the World Bank has a small team dedicated to engaging with foundations at all levels. Similarly, few donors seek to engage in more systematic and structured arrangements that go beyond ad hoc joint projects (Box 4.5).

Box 4.5. Co-operation of Germany (BMZ) with private foundations and philanthropists

The 2030 Agenda and the Addis Ababa Action Agenda call for renewed partnerships and stronger co-operation among all actors in the pursuit of sustainable development. Against this background, the German Federal Ministry for Economic Cooperation and Development (BMZ) has stepped up efforts to engage more strongly and more strategically with German and international private foundations and philanthropists. BMZ's aim in this context is twofold: to encourage more foundations to support the sustainable development goals as spelled out in the 2030 Agenda; and to implement new partnerships between foundations and the German government in development co-operation.

To this end, BMZ:

- operates, together with "Engagement Global" (an implantation agency of BMZ supporting civil society activities in the context of development co-operation), a service point for foundations and philanthropists interested in the 2030 Agenda;
- funds four experts to help major German associations of foundations and leading advisory organisations increase their activities related to the 2030 Agenda;
- offers "foundation matching" to help foundations find experienced non-governmental partners to finance their activities or to carry out activities jointly;
- works with KfW Development Bank to enhance impact investment options that meet the needs of foundations; e.g. funds which finance micro finance institutions or start-ups in Africa and guarantee a certain rate of return;
- intensifies its partnerships with international foundations, e.g. by signing a new Memorandum of Understanding with the BMGF.

These efforts will contribute to Germany's efforts towards the SDGs. They are underpinned by the belief that partners need to combine their expertise, networks and resources, and harness the resulting synergies.

Contributed by Joachim Schmitt, Federal Ministry for Economic Cooperation and Development (BMZ)

4.3. Partnering with governments in developing countries

4.3.1. An enabling environment for philanthropy: An aspiration not universally shared

Developing countries set the tone for philanthropy on their soil. On the one hand, governments can encourage philanthropy through conducive regulation of civil society and favourable tax policies. On the other, they can inhibit the sector directly through repressive crackdowns on NGOs and limitations on international giving. Policies such as anti-money laundering regulations can also indirectly discourage philanthropy. While over three quarters of countries now offer tax incentives for giving, more than 30 countries have imposed or extended limitations on cross-border philanthropy since 2012 (WINGS, 2017[61]).

Governments around the world overwhelmingly encourage private giving. They recognise that philanthropy can provide targeted resources in ways that respond to community needs. Such giving is also agile in the face of changing conditions, can be used innovatively and is trusted by the public (WINGS, 2014[7]). According to the 2014 Rules to Give by Index, 66% of countries offer tax incentives to individuals and 77% offer incentives to companies. There is considerable variation around the world, with lower income and African countries tending to offer fewer incentives for giving to not-for-profits. For example, only 44% of low-income countries and 46% of African countries offer individual tax incentives for giving (Quick, Kruse and Pickering, 2014[62]).

Countries that offer individual or corporate incentives for giving have a higher incidence of charitable giving than those that do not. However, this does not mean that tax incentives encourage giving in all countries and contexts. Studies show the effect of tax

incentives differs across countries. Many studies in the United States, for example, show that tax incentives that decrease tax revenue by one dollar result in at least one dollar of donations to non-profits. However, a study in France (Fack and Landais, 2010[63]) shows that donations respond less strongly to incentives. Even in the United States, tax incentives may not lead to more effective use of funds. Much depends on whether non-profits produce the same quality of public goods that the government could achieve through direct funding and policy. Finally, the benefits of tax breaks on the use and impact of philanthropic funding would have to be systematically evaluated and compared with similar interventions performed by, say, a development agency in similar contexts.

Government policy can also increase – or diminish – trust in the not-for-profit sector. Requiring non-profits (which are exempt from tax in 95% of countries worldwide) to report to government on their use of funds is one way to build confidence. They could do this by filing financial records or providing a detailed account of activities. This approach would not reveal the impact achieved with these funds. Still, the increased traceability and transparency could increase the confidence of taxpayers and governments that non-profits are committed to using their resources to achieve a social or environmental mission. Worldwide, 80% of countries impose reporting requirements on not-for-profit organisations. Yet this measure alone is not sufficient to measure countries' openness towards philanthropy.

Since 2012, 30 countries have introduced or extended restrictions on cross-border philanthropy (Rutzen, 2015[64]). Causes vary, but may include rising nationalism, a questioning of Western power and a clash between a country's economic interest and the agendas of NGOs funded by foundations. As noted earlier, anti-terrorist and anti-money laundering legislation, albeit introduced for the best of intentions, can also make it harder to give to organisations in developing countries (Carothers, 2015[65]). In Kenya, an Act of Parliament attempted to limit international donations to 15% of an NGO's funding – a move that could have jeopardised many large foundations' activities on the ground. This law was eventually not adopted, but it did disrupt emerging collaboration between the government and international foundations (Pickering, 2015[66]).

Countries may also have a seemingly ambivalent approach to philanthropy. On the one hand, they want to restrict foreign influence and advocacy. On the other, they want to create favourable tax incentives. This ambivalence may well reflect underlying attitudes to philanthropy's tendency to support civil society's role as watchdog of government policy. Governments may welcome the resources that private donors steward, while fearing loss of control over the country's national moral and political narrative. As a result, countries are tempted to encourage philanthropy that supports its own agenda and inhibit philanthropy that challenges it (Pickering, 2015[66]).

4.3.2. Foundations and governments perceive value in forging closer co-operation

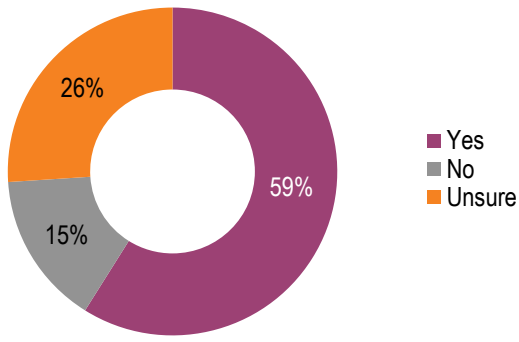
Since foundations are considered to be financially independent and privately governed, it is often assumed they may not recognise the benefit of close co-operation with others. Such co-operation could take the form of aligning their funding to support national development strategies or co-ordinating other development actors at the country level (Marten and Witte, 2008[67]) (Edwards, 2008[68]).

Independence from politics and governments has both positive and negative implications. It may allow foundations to focus on issues neglected by the government and advance innovative or potentially unpopular ideas. However, detachment from governments and

national co-ordination could also create parallel structures, as well as duplicate and interfere with other strategies, programmes and projects. As such, foundations may be perceived as a potential challenge to the international development effectiveness agenda.

Information obtained through the OECD survey does not provide strong support for the claim that foundations avoid alignment and co-ordination with governments. In fact, 67% of foundations interviewed say they systematically consider engaging with governments when designing or implementing their programmes and projects (Figure 4.1). In addition, 59% of foundations surveyed claim to align their projects to the SDGs (Figure 4.5).

Figure 4.5. Foundations' alignment with the SDGs



Source: (OECD, 2018[26]) Survey on Private Philanthropy for Development 2013-15: Qualitative questionnaire, www.oecd.org/site/netfwd/.

StatLink http://dx.doi.org/10.1787/888933696569

The latter figure must be interpreted with caution. Foundations may share overall goals with the donor community and national governments, or even use national development strategies as a point of orientation for their work. However, they may engage in little or no dialogue or formal co-ordination for managing development co-operation in-country within national systems. The broad nature of the SDGs and national development strategies also makes it easy to claim alignment, even if a foundation does not consider its activity to be closely aligned with governmental policy.

The OECD netFWD has led[3] on the development of guidelines for engagement between governments and philanthropies: *Guidelines for Effective Philanthropic Engagement* (OECD netFWD et al., 2014[16]). The Guidelines, which are voluntary and non-binding, comprise three pillars: dialogue, data and information sharing, and partnerships (Box 4.6). They seek to promote mutual recognition and to help governments and foundations connect at the country level. In this way, the Guidelines can enable collaboration for development, poverty reduction and the creation of effective public policies.

Since 2014, netFWD has been using the Guidelines in several pilot countries, including India, Mexico, Myanmar and Kenya. Using data collected on the relationship between foundations and governments, netFWD is testing whether a better application of these principles could lead to more effective collaboration. In addition, these pilots have led stakeholders in the four countries to identify concrete steps – in the form of action plans – for more effective future collaboration.

Box 4.6. Guidelines for Effective Philanthropic Engagement

Dialogue

- Engage in multi-level dialogue and co-ordination among foundations, governments and other development stakeholders.
- Promote inclusive dialogue and co-ordination between foundations and governments.
- Engage in dialogue for policy-setting processes and designing development frameworks.
- Set up permanent forums for community dialogues.
- Build public-private partnerships.

Data and information sharing

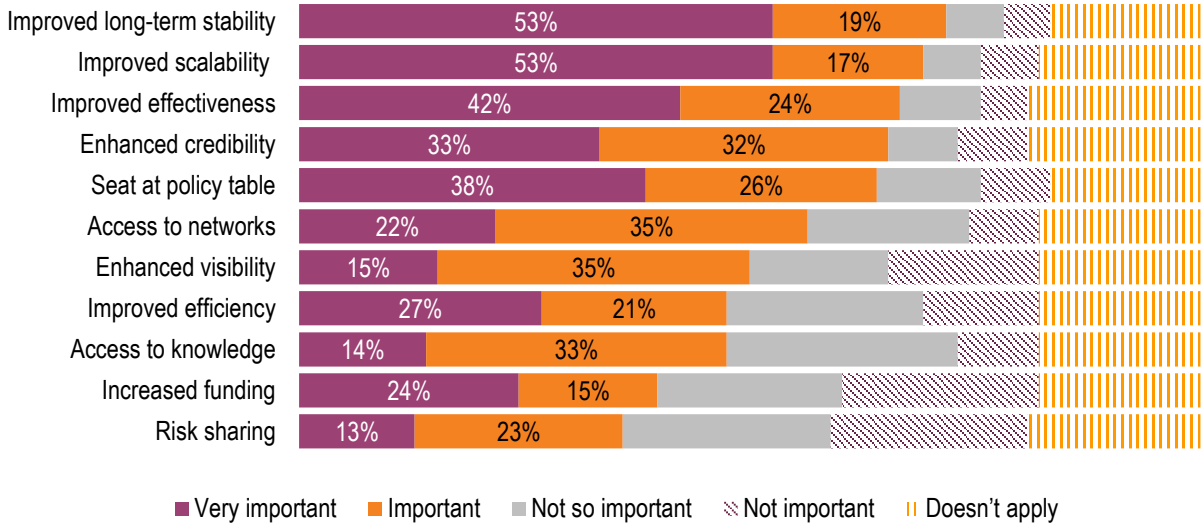
- Gather timely and accurate data to support better decision making.
- Share knowledge and experience across sectors to help development actors engage more effectively.
- Amplify effectiveness by working together more closely with other foundations and governments.

Partnerships

- Collaborate among foundations at different levels, through different approaches.
- Set up partnerships to increase impact and support innovation.
- Empower local partners and contribute to a more conducive enabling environment for philanthropy in which local partners can thrive and operate more effectively.
- Initiate and consolidate partnerships across sectors that enhance synergies and leverage the distinct comparative advantages of foundations, government and other development actors towards advancing a shared vision for a more inclusive and sustainable world.

According to the OECD survey, foundations primarily engage to enhance scale and long-term stability by working together (see Figure 4.6).

Figure 4.6. Main drivers for foundations to engage with governments



Source: (OECD, 2018[26]) Survey on Private Philanthropy for Development 2013-15: Qualitative questionnaire, www.oecd.org/site/netfwd/.

StatLink http://dx.doi.org/10.1787/888933696588

Many governments in developing countries engage with foundations as a way to access philanthropic funds that can compensate for diminishing ODA. In the case of recent graduates to the middle-income category, foundation funding can help make up for a progressive withdrawal of ODA (see Section 1.5). Beyond the economic pressures that have helped push philanthropy and government together, many governments recognise foundations' capacity for innovation and risk taking. They also appreciate foundations' implementation capacity, particularly their technical expertise and proximity to communities (OECD, 2017[8]).

Foundations' engagement with governments in developing countries can take place at various levels. These can range from participating in dialogue about the national development agenda to engaging in concrete partnerships to implement joint programmes or projects.

4.3.3. Policy dialogue between foundations and governments in developing countries is nascent and ad hoc

Many foundations and policy makers perceive value in forging closer bonds. However, there is little evidence of institutionalised and systematic participation of foundations in national co-ordination structures (often called Development Partners Group, DPG). A public list of formal multi-stakeholder engagement platforms recently created in developing countries[4] includes a fuller range of development actors in policy dialogue (GPEDC, 2017[69]). However, no conclusions can be drawn about the type of foundations involved and the extent of their involvement.

Even below the level of formal co-ordination, governments and foundations could improve the consistency of their respective programmes and policies through dedicated dialogue platforms. However, evidence suggests that consultation between government and foundations is largely ad hoc, often without any established platform for systematic

engagement. This means that dialogue is fragile, particularly to changes of government that give rise to shifts in priorities. Sweeping changes of personnel can erase the benefits of personal relationships built up over several years.

Apart from Rwanda, governments in Africa have limited strategies or platforms to engage with philanthropy (Moyo, 2017[70]). South Africa has ad hoc engagements with philanthropy, particularly through the departments of health, education, science and technology, and treasury. Liberia introduced a philanthropy secretariat in 2008, but its impact has been minimal; its primary goal was to be a one-stop shop to collect philanthropic giving (Moyo, 2017[70]).

However, promising platforms for dialogue exist in some countries. For example, the Kenya Philanthropy Forum was set up in 2014 (OECD netFWD, 2017[23]). A four-country OECD study indicates that 91% of foundations in Kenya had participated in dialogue with government in the previous year (OECD netFWD, 2017[23]).

4.3.4. Engagement with governments appears to be more prominent at the level of implementation

A second level of co-operation between foundations and governments related to implementation seems to be more prominent.

Co-implementation of projects and programmes was the most common form of collaboration identified across the four surveyed countries – India, Kenya, Myanmar and Mexico. The nature of collaborations mainly involves co-financing for initiatives in education and health (which tend to be more consensual topics). Fewer partnerships involve co-design or programmes, or collaborative evaluation of those that are supported (OECD netFWD, 2016[71]).

Box 4.7. Examples of partnerships between foundations and governments in developing countries

- **Ananya partnership (India):** the BMGF is working with three government departments in the state of Bihar, India, to accelerate progress towards health care goals, particularly health care and nutrition for pregnant women and young children in the state.
- **OneFamilyHealth Partnership (Rwanda)** is a public-private partnership between the Government of Rwanda, Ecobank Foundation, Pharmaccess Foundation, the Pfizer Foundation and several private companies, such as GlaxoSmithKline. The partnership aims to improve access to basic health care and prevention services in isolated rural communities in Rwanda. Through OneFamilyHealth, a sustainable franchised network of clinics is being set up to decrease the burden on government funds and resources. The clinics are owned and operated by community-based nurse franchisees, the majority of whom are female. These nurses conduct regular outreach activities in communities to promote healthy behaviour. For example, they visit schools to encourage hand washing and good hygiene.
- **Writing the Future (Brazil)** is a partnership between Fundação Itaú Social and the Brazilian Ministry of Education (MEC), and several other NGOs. The partnership aims to improve the reading and writing skills of Brazilian students by providing training to public school teachers.

Domestic foundations work a lot with governments at the sub-national level – particularly community foundations, which are defined by their limited geographical scope. Some governments seem to privilege working with these actors. In Kenya, community foundations make up 50% of the foundations that collaborate with the government, while in Mexico the corresponding figure is 36%. The operational expertise of these foundations in a community can make them valuable partners for a national government. In contrast, in India, small foundations, including those with limited geographical scope, tend to have a harder time getting government buy-in. The latter tend to focus their partnering on international and corporate foundations (OECD netFWD, 2016[71]).

4.3.5. Barriers: Lack of understanding and weak structures inhibit closer collaboration with national governments

While the degree of engagement and joint work between foundations and government varies across countries, those interactions are generally at an early stage. Lack of understanding and weak structures are two key barriers to closer collaboration with national governments.

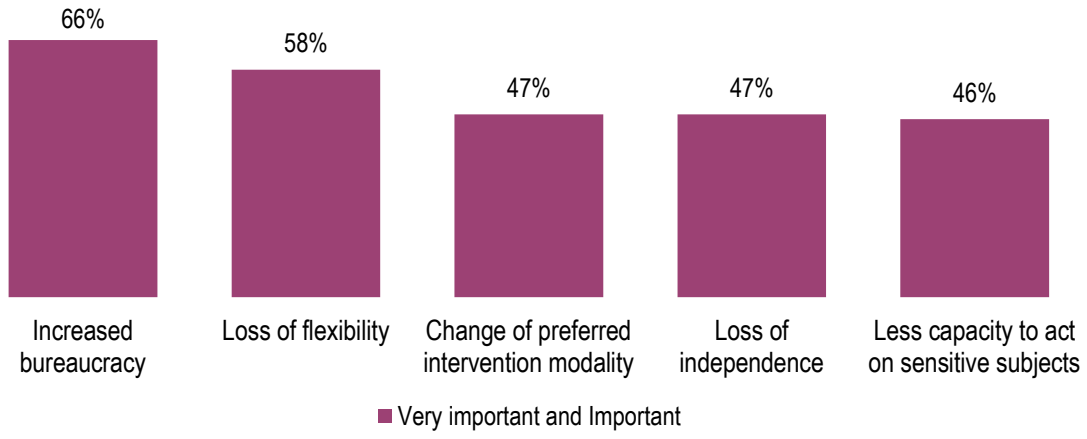
Lack of mutual knowledge and understanding between foundations and governments creates confusion and mistrust. Governments in developing countries are often unaware of foundations' potential added value and how they operate. Some cannot distinguish foundations from the broader CSO community. There are several explanations for this. First, many countries lack regulations for foundations. For example, no country in Africa has a specific philanthropy law. Regulations governing philanthropy usually apply to CSOs, particularly NGOs or to corporate social investment (Moyo, 2017[70]). Second, even when some legislation exists, it varies considerably from one country to another. Moreover, many laws do not restrict organisations from calling themselves "foundations''. This further hampers identification of these organisations and development of relevant regulations surrounding their activities. As a result, in some countries many NGOs call themselves foundations without meeting the definition set out in Section 1.2 (OECD netFWD, 2016[71]).

The sustainability of foundations' relationship with governments is limited by the lack of co-ordination structures and platforms for institutional engagement. From the government's perspective, there are several obstacles to the formal inclusion of foundations into national co-ordination structures. These include the unclear distinction between foundations and NGOs mentioned above, as well as foundations' limited or non-existent presence on the ground; this is particularly true of international foundations (OECD netFWD, 2016[71]). Further, the integration of too many foundations, especially the numerous smaller ones, may overburden already complicated co-ordination structures (Marten and Witte, 2008[67]). From foundations' perspectives, other factors limit their participation in formal government-donor co-ordination processes. Compared to bilateral and multilateral donors, for example, foundations are smaller with limited capacities. Smaller foundations with no country presence will understandably have difficulties committing resources for co-ordination processes in developing countries. They must thus rely on the ability of their grantees to align and co-ordinate with local governments and partners.

Rigidity of government structures' and procedures makes it hard to collaborate. Foundations often perceive governments' structure and procedures to be rigid. Conversely, many take pride in their ability to deploy their resources flexibly and to take risks. Further, the difference in budgetary calendars is problematic. Governments often

have annual budget timelines, while foundations make multi-year commitments. This can prevent partnerships involving joint funding. Increased bureaucracy (66%) and reduced flexibility (58%) are foundations' most common concerns about working with government (Figure 4.7).

Figure 4.7. Main downsides when collaborating with national governments



Source: (OECD, 2018[26]) Survey on Private Philanthropy for Development 2013-15: Qualitative questionnaire, www.oecd.org/site/netfwd/.

StatLink http://dx.doi.org/10.1787/888933696607

4.4. Partnering with non-governmental organisations

In developing countries, many foundations can play a decisive role in the development of the civil society ecosystem. Two trends are worth noting.

First, foundations have become an important funding source for NGOs as their more traditional funding sources, such as ODA, have come under pressure after the global financial crisis (Leibl and Van Severen, 2016[72]). A global study of 640 NGOs around the world found a more difficult financial context for them between 2008 and 2010 (Hanfstaengl, 2010[9]). These challenges are particularly (though not exclusively) experienced by NGOs that prioritise human rights and social justice. Many in this sub-group lack a strong domestic resources base, and tend not to have a strong membership base either. Further, many are unsuccessful at accessing domestic funding from the state or private sector. Domestic funding may not be available or be withheld because NGOs are seen as working on controversial issues (Leibl and Van Severen, 2016[72]).

Second, foundations can contribute to strengthening the capacities of NGOs in developing countries (also called “frontline NGOs”). First, they can provide non-financial support (e.g. capacity building in grant proposals, monitoring and evaluation, access to networks, etc.), Second, they adopt a hands-on approach that falls short of venture philanthropy (Sandford, Gautier and Pache, 2017[73]).

The OECD survey results show that foundations provide substantial financial support to NGOs, including in the areas of human rights and justice. However, NGOs increasingly face competition from international organisations, social entrepreneurs, and/or large

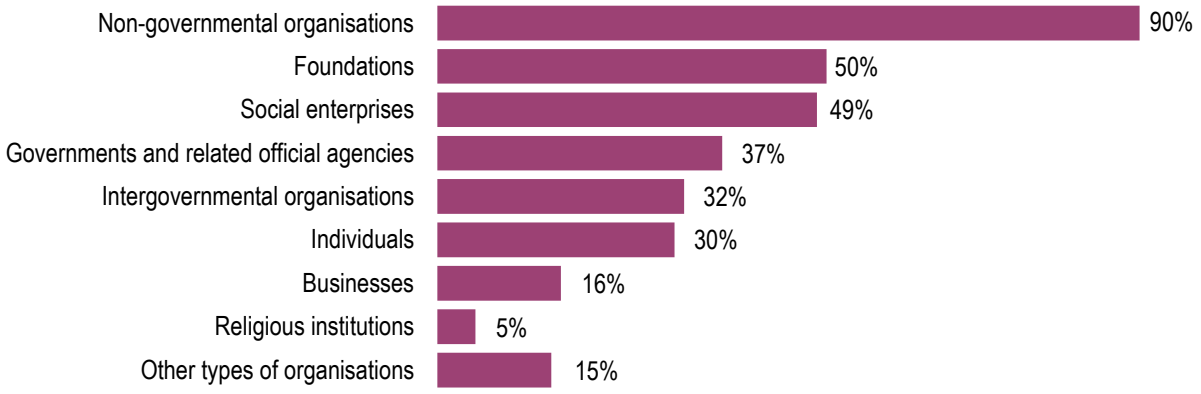
international NGOs. The nature of foundations' funding (earmarked and short-term) offers several challenges to NGOs in developing countries.

4.4.1. Support for NGOs ranks high on foundations' agendas but frontline NGOs face more competition when seeking foundations' support

According to the OECD survey, over 2013-15, 90% of surveyed foundations have provided financial support to NGOs. This support accounted for half of overall philanthropic giving over the period (OECD, 2018[11]) (see Chapter 2).

Even though most foundations channel their resources through NGOs, they increasingly engage with a wider range of actors. Thus, NGOs face greater competition for funds. According to the OECD qualitative survey, 49% of foundations sometimes fund social enterprises, 37% sometimes fund governments and 32% sometimes fund multilaterals (Figure 4.8).

Figure 4.8. Types of organisations supported by foundations

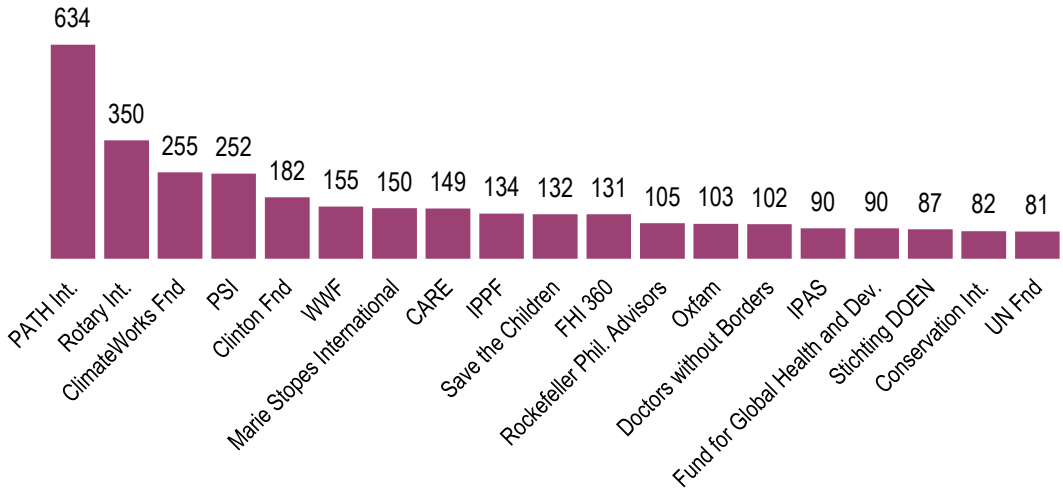


Source: (OECD, 2018[26]) Survey on Private Philanthropy for Development 2013-15: Qualitative questionnaire, www.oecd.org/site/netfwd/.

StatLink http://dx.doi.org/10.1787/888933696626

In addition, even when foundations do channel their funding through NGOs, data show that a substantial amount of funding goes to large international NGOs rather than local organisations. In the list of top 20 channels of delivery among NGOs majority are large international NGOs (Figure 4.9). The main beneficiary institutions of these funds were PATH International, Rotary International, ClimateWorks Foundation or Population Services International (each of which received more than USD 200 million). Outflows from these beneficiary institutions, including funding regranted to local NGOs, were outside the scope of the OECD survey.

Figure 4.9. Top 20 channels of delivery among NGOs



Source: (OECD, 2018[11]) *Survey on Private Philanthropy for Development 2013-15*: Data questionnaire www.oecd.org/dac/financing-sustainable-development/development-finance-standards/beyond-oda-foundations.html.

StatLink http://dx.doi.org/10.1787/888933696645

Foundations' quest for greater impact and scale to reach their social and environmental goals may partly explain their interest in larger NGOs. In line with venture philanthropy trends, some foundations have reduced the number of grantees. Further, they treat them as partners, and provide financial and non-financial support, while raising expectations for results (Chapter 3). This "high-engagement" approach means that NGOs face both greater opportunities and greater demands on their organisation. These dual impacts manifest throughout the selection process, in their interactions with funders, and with respect to reporting.

Larger, international NGOs find it easier to attract funding and comply with foundations' reporting requirements than smaller or newer NGOs. With technology playing an increasing role in the screening and monitoring of grants (Chapter 3), some critics are concerned more sophisticated NGOs could manipulate reports through strategic use of key words (Sandford, Gautier and Pache, 2017[73]). In developing countries with a strong tradition of informal, religious or clan-based giving, NGOs may not be used to the accountability expectations of some foundations.

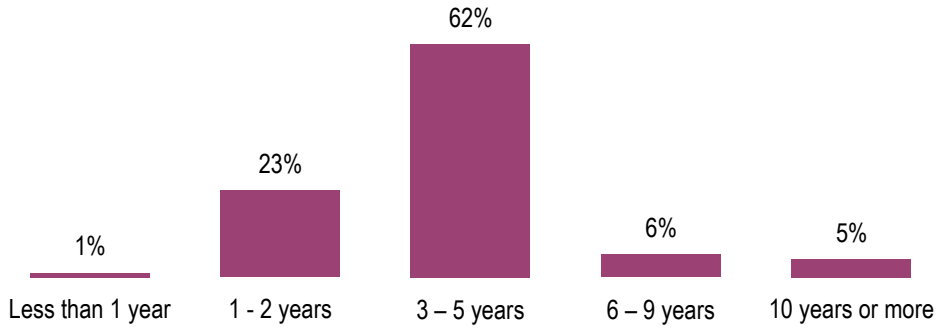
4.4.2. Most funding from foundations is earmarked and short term leaving NGOs in a constant battle to sustain their financial viability

Many NGOs struggle to cover their core (overhead) costs, such as office space and management time. In response, they scrabble around to fill holes or cut corners at the expense of their resilience, sustainability and efficacy (McCray, 2014[74]). As a result, some foundations are moving towards providing unrestricted funding to NGOs. In the OECD qualitative survey, 35% foundations claim to sometimes use this form of support. A 2014 study found that core support was making up a greater share of total grants in the United States than in 2011 (McCray, 2014[74]). Several foundations actively advocate and provide unrestricted funding. For example, the United Postcode Lotteries, the Comic Relief Foundation, Esmée Fairbairn Foundation, the Northern Rock Foundation, Stars Foundation and the Mulago Foundation actively support the need to treat partner organisations as

financially responsible partners. They believe these partners should be awarded unrestricted financing to achieve their objectives in the best possible way (Cairns, Mills and Ridley, 2013[75]; OECD, 2018[26]). This trend is not yet mainstream. According to the OECD survey, 89% of funds channelled through NGOs were earmarked to specific projects as opposed to core funding (OECD, 2018[26]).

In addition, most funding from foundations is short-to-medium term, with longer term funding a rarity. Again, this leaves NGOs in a constant battle to sustain their financial viability, taking energy from achieving their mission. The OECD survey shows that only 11% of foundations provide funding for periods beyond six years, and 89% of foundations provide funding for periods between one to five years (Figure 4.10).

Figure 4.10. Foundations' average engagement period



Source: (OECD, 2018[26]) Survey on Private Philanthropy for Development 2013-15: Qualitative questionnaire, www.oecd.org/site/netfwd/.

StatLink http://dx.doi.org/10.1787/888933696664

Notes

1. The terms "developing countries" and "developing economies" refer to all countries and territories on the DAC List of Official Development Assistance (ODA) Recipients and consists of all low and middle income countries based on gross national income per capita as published by the World Bank, with the exception of G8 members, European Union members, and countries with a firm date for entry into the EU. The list also includes all of the least developed countries as defined by the United Nations (UN).

2. Respectively, these are (MacArthur, 2006[76]), The Scaling up of Private Philanthropy: Implications for Development Outcomes, Mimeo, DFID, London; (Chervalier and Zimet J, 2006[78]), American Philanthropic Foundations: Emerging Actors of Globalization and Pillars of the Trans-Atlantic Dialog, Agence Française de Développement; (Schuyt, 2017[77]), Philanthropy and Official Development Assistance: The Role of Private Foundations and the Potential for Collaboration, Agence Française de Développement; and (Witte, 2008[79]), Private Geber in der internationalen Entwicklungszusammenarbeit: Trends und Herausforderungen, Mimeo, Global Public Policy Institute, Berlin.

3. In collaboration with other philanthropic organisations: the European Foundation Centre (EFC), the Rockefeller Foundation, the Stars Foundation, the UN Development Programme (UNDP) and the Worldwide Initiatives for Grantmaker Support (WINGS).

4. Such platforms were created in Afghanistan, Botswana, El Salvador, Ethiopia, Guinea, Honduras, Indonesia, Kenya, Lao PDR, Liberia, Maldives, Myanmar and the United Republic of Tanzania.

References

BMZ (n.d.), *Private Foundations and Philanthropists*, (accessed on 10 January 2018), Federal Ministry for Economic Cooperation and Development www.bmz.de/en/ministry/approaches/bilateral_development_cooperation/players/private-foundations-and-philanthropists/index.html. [59]

Cairns, B., C. Mills and S. Ridley (2013), *Thinking About Core Funding*, Institute for Voluntary Action Research, London, https://www.ivar.org.uk/publication/thinking-about-core-funding/. [75]

Carothers, T. (2015), *The Closing Space Challenge, How are funders responding?*, Carnegie Endowment for International Peace, http://carnegieendowment.org/2015/11/02/closing-space-challenge-how-are-funders-responding-pub-61808. [65]

Chervalier, B. and Zimet J (2006), *American Philanthropic Foundations: Emerging actors of globalization and pillars of the trans-Atlantic dialog*, Agence française de développement, http://www.afd.fr/en/american-philanthropic-foundations-emerging-actors-globalization-and-pillars-transatlantic-dialog [78]

Edwards, M. (2008), *Just Another Emperor?: The myths and realities of philanthrocapitalism*, The Young Foundation, New York, http://futurepositive.org/edwards_WEB.pdf. [68]

Fack, G. and C. Landais (2010), "Are Tax Incentives for Charitable Giving Efficient? Evidence from France", *American Economic Journal: Economic Policy*, Vol. 2/2, http://econ.lse.ac.uk/staff/clandais/cgi-bin/Articles/giftfrance.pdf, pp. 117-14. [63]

GDI (2015), *More than the sum of its parts: Making a multi-stakeholder inititiave work*, Global Development Indicator, New York, http://globaldevincubator.org/more-than-the-sum-of-its-parts-making-multistakeholder-initiatives-work/ [47]

Global Partnership for Education (2018), *Private Foundations Engagement Strategy 2018-2020,*, Global Partnership for Education,https://www.globalpartnership.org/content/private-foundations-engagement-strategy-2018-2020 (accessed on 16 January 2018). [55]

GPEDC (2017), *Enhanced Support to Effective Development Co-operation at the Country Level: Illustrative Country/Territory Examples*, Global Partnership for Effective Development Co-operation, Paris/New York, http://effectivecooperation.org/wp-content/uploads/2017/07/GlobalPartnership_CountryCompendium.pdf?utm_source=Global+Partnership+Email+Newsletter&utm_campaign=d1ca669cc4-EMAIL_CAMPAIGN_2017_08_10&utm_medium=email&utm_term=0_fe08ad07ed-d1ca669cc4-263560165. [69]

Hanfstaengl, E. (2010), "Impact of the global economic crises on civil society organizations", *DESA Working Papers*, No. 97, UN Department of Economic and Social Affairs, New York, http://www.globalpolicy.org/images/pdfs/C__Documents_and_Settings_Theta_Theta_Local_Settings_Application_Data_Mozilla_Firefox_Profiles_s5m26nd1.pdf. [9]

House of Commons International Development Committee (2012), *Private Foundations: Thirteenth report of session 2010-12. Volume I: Report, together with formal minutes, oral and written evidence*, The Stationary Office Ltd, London, https://publications.parliament.uk/pa/cm201012/cmselect/cmintdev/1557/1557.pdf. [58]

Leibl, F. and I. Van Severen (2016), *Southern Philanthropy, Social Justice and Human Rights*, Civicus, Washington, D.C., www.civicus.org/images/Southern%20Philanthropy%20Social%20Justice%20and%20Human%20Rig [72]

hts_apr2016_FINAL.pdf.

MacArthur, T. (2006), *The Scaling up of Private Philanthropy: Implications for Development Outcomes*, Mimeo, DFID. [76]

Marten, R. and J. Witte (2008), "Transforming Development? : The role of philanthropic foundations in international development cooperation", No. Research Paper 10, Global Public Policy Institute, Berlin, https://www.issuelab.org/resource/transforming-development-the-role-of-philanthropic-foundations-in-international-development-cooperation.html. [67]

Martens, J. and C. Seitz (2015), *Philanthropic Power and Development. Who shapes the agenda?*, Brot für die Welt/Global Policy Forum/MISEREOR, Aachen, Germany, https://www.globalpolicy.org/component/content/article/270-general/52829-philanthropic-power-and-development-who-shapes-the-agenda.html. [52]

McCray, J. (2014), *Is Grantmaking Getting Smarter?: A national study of philanthropic practice*, Grantmakers for Effective Organisations, Washington, https://ncg.org/search?keys=sites%20default%20files%20resources%20GEO%20IsGrantmakingGettingSmarter%202014%20field%20study%20pdf. [74]

Missika, B. (2016), *The Three Circles of Philanthropy: Taking a tiered approach to achieving the Sustainable Development Goals*, https://oecd-development-matters.org/2016/11/02/the-three-circles-of-philanthropy-taking-a-tiered-approach-to-achieving-the-sdgs/ (accessed on 01 January 2018). [50]

Moyo, B. (2017), "The Infrastructure for Philanthropy in Africa: Developments, challenges and opportunities", in *WINGS: A new global picture of organisations serving philanthropy: growing and strengthening the field*, Worldwide Initiatives for Grantmaker Support, Sao Paolo, https://www.issuelab.org/resource/infrastructure-in-focus-a-new-global-picture-of-organizations-serving-philanthropy.html. [70]

OECD netFWD et al. (2014), *Guidelines for Effective Philanthropic Engagement,*, OECD Publishing, Paris, http://www.oecd.org/site/netfwd/theguidelinesforeffectivephilanthropicengagementgepes.htm. [16]

OECD netFWD (2016), *Bringing Foundations and Governments Closer, A Cross-Country Analysis*, OECD Publishing, Paris, https://www.oecd.org/site/netfwd/ebook_Cross_Country_Analysis.pdf. [71]

OECD netFWD (2017), *Bringing Foundations and Governments Closer: Evidence from Kenya*, OECD Development Centre, https://www.oecd.org/site/netfwd/Kenya_EAAG_GEPE_Report_2017.pdf. [23]

OECD (2003), *Philanthropic Foundations and Development Co-operation*, OECD Publishing, Paris, http://dx.doi.org/10.1787/journal_dev-v4-art23-en. [1]

OECD (2005), *Paris Declaration on Aid Effectiveness*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264098084-en. [81]

OECD (2008), *Accra Agenda for Action*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264098107-en. [82]

OECD (2011), *Busan Partnership for Effective Development Co-operation*, OECD, Paris, http://www.oecd.org/dac/effectiveness/49650173.pdf. [53]

OECD (2017), *Official Development Assistance: Net ODA*, https://data.oecd.org/oda/net-oda.htm. [8]

OECD (2018), *Survey on Private Philanthropy for Development 2013-2015: Qualitative questionnaire (internal database)*, https://www.oecd.org/site/netfwd/. [26]

OECD (2018), *Survey on Private Philanthropy for Development 2013-2015: Data questionnaire (internal database)*, OECD, Paris, http://www.oecd.org/dac/financing-sustainable-development/development- [11]

finance-standards/beyond-oda-foundations.htm.

Pickering, A. (2015), *New Opportunities, Bigger Barriers: How to open space for philanthropy*, www.alliancemagazine.org/feature/new-opportunities-bigger-barriers-how-to-open-space-for-philanthropy/. [66]

Quick, E., T. Kruse and A. Pickering (2014), *Rules to Give By: A global philanthropy legal environment index*, Nexus, Charities Aid Foundation and Mc Dermott Will & Emery LLP, http://idis.org.br/wp-content/uploads/2014/12/RULES-TO-GIVE-BY-FINAL-with-Country-Reports.pdf. [62]

Rutzen, D. (2015), *Protectionism chills cross-border giving*, Alliance, London, http://www.alliancemagazine.org/magazine/issue/september-2015/. [64]

Sandford, S. and K. Scharf (2015), "Mission Impossible: donor influence and economies of scale in the charitable sector". [51]

Sandford, S., A. Gautier and A. Pache (2017), *Frontier Philanthropies: Around the world in selected case studies*, F. Edmond de Roschild Foundations and ESSEC Philanthropy Chair, Paris. [73]

Schuyt, T. (2017), *Philanthropy and Official Development Assistance: The Role of Private Foundations and the potential for collaboration*, Agence Française de Développement., Paris. [77]

Seldon, T., J. Tierney and G. Fernando (2013), "High stakes donor collaboration", *Stanford Social Innovation Review* Spring. [49]

United Nations General Assembly (2015), *Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda),*, United Nations, New York, http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/69/313&Lang=E,. [54]

Van Fleet, J. (2012), "Private Philanthropy & Social Investment in Support of Education for All", in *Background paper provided for the Education for All Global Monitoring Report 2012*, UNESCO, Paris, http://unesdoc.unesco.org/images/0021/002179/217920E.pdf. [56]

West, D. (2008), "Angelina, Mia, and Bono: Celebrities and international development", in Brainard, L. and D. Chollet (eds.), *Global Development 2.0: Can philanthropists, the public, and the poor make poverty history?,*, Brookings Institution Press, Washington, DC, https://www.brookings.edu/wp-content/uploads/2012/04/2007west.pdf [57]

WINGS (2014), *Infrastructure in focus,a global picture of organisations serving philanthropy*, Worldwide Initiatives for Grantmaker Support, Sao Paolo, http://www.issuelab.org/resource/infrastructure-in-focus-a-global-picture-of-organizations-serving-philanthropy.html. [7]

WINGS (2017), *Infrastructure in Focus: A new global picture of organisations serving philanthropy*, Worldwide Initiatives for Grantmaker Support , Sao Paulo, http://www.issuelab.org/resource/infrastructure-in-focus-a-new-global-picture-of-organizations-serving-philanthropy.html. [61]

Witte, J. (2008), *Private Geber in der internationalen Entwicklungszusammenarbeit: Trends und Herausforderungen*, Global Public Policy Institute, Berlin, http://www.gppi.net/fileadmin/user_upload/media/pub/2008/Witte_2008_private_geber.pdf. [79]

World Bank (2013), *Foundations Bring Philanthropy, Know-how, Vision*, http://www.worldbank.org/en/news/feature/2013/05/28/foundations-bring-philanthropy-know-how-vision (accessed on 10 January 2017). [60]

Chapter 5. Policy recommendations and a way forward

This chapter summarises the findings from the OECD survey and presents an overview of how foundations behave as partners as well as notable successes and challenges in their ways of working to achieve development goals.

The chapter offers policy recommendations for foundations, to enhance their impact in support of development as well as for providers of official development assistance and for governments.

5.1. Recommendations for foundations

5.1.1. Geographical allocation of resources

Comparing the **geographical distribution** of philanthropic giving with that of official development assistance (ODA) shows many similarities and confirms a high concentration of giving in some middle-income countries and some regions such as Africa.

- **Position funding for greatest impact.** While foundations are sometimes expected to fill gaps, it is challenging to assess the extent to which foundations should complement ODA, i.e. work in certain regions or types of countries that are less targeted by the donor community. Foundations with large budgets might, however, be better positioned to deploy their funding across middle-income countries, as well as some least developed countries. Smaller ones might only be able to achieve impact when focusing on a limited number of countries.
- **Improve knowledge sharing with both governments and donors to contribute to better co-ordination of efforts.** There is limited evidence of knowledge sharing between foundations and ODA providers which may lead to unintended overlap between philanthropic and ODA-supported initiatives. Thus, foundations working in middle-income countries could seek closer co-ordination with both governments and the donor community (see Section 5.2.1 and Section 5.3.2). This would ensure that efforts are mutually reinforcing, mindful of national development strategies and complementary rather than duplicative.

5.1.2. Sectoral allocation of resources

Health is the first sector targeted by foundations in terms of funding allocated over the period of the OECD survey. In this area, foundations tend to work with large international non-governmental organisations (NGOs) and international organisations as their implementers on the ground. From this perspective, their priorities and partners of choice are quite similar to those of ODA providers.

- **Explore pooled funding and greater co-ordination**. It is hard to assess whether philanthropic funding in support of health would have more impact if deployed through alternative channels (i.e. small NGOs and local social enterprises). Since health requires substantive investments in infrastructure and capacity building, pooled funding and co-ordinated approaches are needed to fund transformative health programmes.
- **Compare impact of philanthropy with other investments**. Yet this approach raises the question of whether philanthropy is really maximising its comparative advantage as a "gap filler" and innovator outside of mainstream programmes. The performance and impact evaluations of programmes funded by philanthropy should be compared to those supported by ODA donors. Would philanthropic investments in other sectors have generated greater value for money than niche investments handled by local implementing organisations?

Education is another prominent focus of philanthropic giving, with more than 100 surveyed foundations having activities in this area.

- **Engage in national, multi-stakeholder coalitions.** Philanthropic investments in education are relatively small compared to government expenditures or even compared to ODA funding. Therefore, it would make more sense (from a value

for money perspective) for foundations to engage in multi-stakeholder coalitions at the national level in developing countries[1]. In this way, they could aim to operate at scale for maximum impact.

- **Prioritise marginalised populations, where possible.** Foundations able to engage in situations of fragility and interested in testing new approaches might take another approach in these countries. They could prioritise education for the most marginalised populations, which tends to fall through the cracks of public funding.

5.1.3. Innovation

Foundations have both the resources and ambition to **design and implement innovative approaches** across a range of development issues. However, the results of the OECD survey show that their risk-tolerance seems limited. They invest mainly in middle-income countries, working with international NGOs as their implementing partners on short-term projects. This is unfortunate given that experimenting with new approaches and the ability to innovate remain some of philanthropy's most prominent comparative advantages. However, the culture of "failure" still seems more rhetorical than widely accepted by philanthropic leaders, their boards and their implementing partners. Nevertheless, there are different ways in which foundations can step up their ability to take risks and innovate in support of global development:

- **Provide seed capital**. For larger organisations with substantive financial means, providing seed capital to de-risk social impact investments could be an important step. Their contribution to "blended finance" could be an example of such an approach.
- **Build local capacities.** For organisations with more modest means, "strengthening the front line", i.e. supporting local NGOs and entrepreneurs at the local level, would help build local capacities. This, in turn, would diversify the range of implementing partners even if at a cost (more due diligence needed) and the risk that some organisations will not necessarily deliver. However, outsiders cannot dictate such approaches and funding decisions. Further, evaluation criteria will be different from those used to measure public sector development effectiveness.
- **Replace the "culture of failure" with a culture of learning.** More foundations could be encouraged to invest in trying new approaches, documenting results (as well as possible failures) and investing further on that basis. Long due-diligence processes are also not always needed when testing partnerships and investing very small amounts to test an idea. Testing new approaches could also be done together with other funders to limit each organisation's own risks.
- **Evaluate both failure and success.** Innovative approaches, even if they fail, must be more systematically evaluated to determine their potential for impact. More importantly, they must be assessed for how they could be replicated at scale.
- **Share lessons and develop new tools.** Learning within foundations themselves must have the potential to inform other foundations or partners operating in the same sector. Thus, sharing lessons learned about the effectiveness of innovative approaches, but also developing assessment tools and approaches (e.g. due diligence and impact audits) within trusted groups of peers could help foundations better manage risks in selecting partners or investing in risky projects.

5.1.4. Partnering with other foundations

There is scope for further and more sustained collaboration between foundations themselves that go beyond sharing of information and good practice. This could include **developing common strategies, sharing decision making and pooling resources.**

- **Create safe spaces to share information.** Networks of foundations hold the potential to support the process of building and further nurturing collaboration between foundations at various levels. The OECD survey shows that foundations are still somewhat reluctant to share certain types of information. In particular, they closely guard information related to their overall strategy, performance and performance evaluations (of their programming and of their grantees). Networks provide a "safe space" and circle of trust where information can be shared more regularly with trusted peers.
- **Promote a collective voice through co-ordinated action:** In addition, networks or associations of foundations, especially at the country level, provide a certain level of formalisation and institutionalisation. This is needed for foundations to engage meaningfully and over time with governments. When foundations co-ordinate and speak with a single voice (e.g. on fiscal incentives), their messages become more powerful and have more chances to be heard. In countries where associations of foundations exist, they also serve as entry points for governments willing to reach out to foundations (e.g. Cemefi in Mexico or AFE - Asociación de Fundaciones Empresariales - in Colombia).
- Despite existing organisations, there is potential to establish and further support networks and associations of foundations in **low- and middle-income countries**, as well as at a **regional level.**
- Thematic networks should also be encouraged and further supported as they can be even more conducive than regional networks to help build partnerships or broker joint funding (e.g. ClimateWorks Foundation, the Freedom Funds, or Ariadne).

5.1.5. Partnering with other development actors

Foundations aiming at achieving system change and greater impact should be ready to **work more closely with other development actors.**

- **Identify how foundations' activities align with global and national policy goals in the sectors where they intervene.** This requires a solid investment in understanding the political economy of the countries where they work, as well as of the local ecosystem of development co-operation. For foundations with limited field presence, this implies working with solid partners who are mindful of these dimensions and focused on leveraging existing efforts and building local capacities. (See Sections 5.2; and 5.3). This also sometimes implies subordinating some individual foundation goals for collective ones.
- **Pool contacts to reduce costs.** As the OECD survey shows, too few foundations fund frontline NGOs in developing countries. Larger international NGOs seem to capture most funding. Yet, to allow the philanthropic ecosystem to thrive, foundations need to support local organisations (civil society organisations [CSOs], social enterprises, etc.). Being near the same location as grantees can result in greater interaction and flexibility, a better identification of issues and needs on the ground, and more appropriate tools to select and assess the work of grantees. Doing so comes at a cost, however. Due diligence of local partners is

costly and time consuming. In response, foundations could allow other philanthropists to get to know their trusted grantees that have been thoroughly screened. Pooling contacts of solid impact-oriented organisations could help smaller foundations select from high-performing grantees without bearing the cost of lengthy due diligence. Associations of foundations could help share these contacts and broker partnerships between foundations and NGOs.

5.1.6. Data

Increasing the availability of information on philanthropic giving comes at a cost for foundations. However, these costs should be offset by the **benefits from greater transparency** in the sector. The ability to connect with peers working in similar countries or sectors and to broker larger partnerships should emerge as an advantage and a positive result of the push towards greater transparency.

Transparency and the availability of comparable and reliable data are central to more effective co-ordination, partnerships and other forms of collaboration. International databases enable funders to better allocate their funds (through identifying financing gaps and avoiding duplications). Further, they also enable current and prospective grantees to target their fundraising more efficiently. Achieving this, however, requires a certain level of data standardisation at the international level. This, in turn, implies **comparability** with other international standards such as ODA; and reliability through comprehensive data quality checks (including to avoid double counting).

- **Make better use of platforms at the global, regional and local levels.** This could improve transparency and availability of data on philanthropic giving in support of development. This, in turn, would allow foundations to pursue and enhance efforts to systematise data sharing. In this way, data collected would be comparable to other development flows. There are multiple country-level and international reporting templates available, such as the 360giving, Glasspockets, the International Aid Transparency Initiative (IATI) and the OECD-DAC statistics on development finance administered by DCD through the Creditor Reporting System (CRS). The **OECD-DAC statistics ensure data comparability** (e.g. philanthropic flows and ODA) and **reliability**, while making data available free through centralised online databases. Almost 100 governments and organisations publish their data through the OECD CRS, including 4 philanthropic foundations (the Bill & Melinda Gates Foundation, Dutch Postcode Lottery, Swedish Postcode Lottery and People's Postcode Lottery – grouped under United Postcode Lotteries). The OECD also invites other private financiers active in development to follow their example in data transparency and standardisation.
- **Make data a global public good.** In addition, networks like netFWD together with the Foundation Center, WINGS and others should encourage the philanthropic sector to share information and help make data a global public good.

5.2. Recommendations for the donor community

5.2.1. Dialogue

The development policy space remains open and attractive to only a small group of well-endowed foundations. Foundations with significant field presence and the ability to network and dialogue with donors in capitals or large regional hubs create a dichotomy in the market. As a result, a handful of (mainly North American) foundations are perceived as having excessive influence over policy discussions and seem to be dominating large coalitions.

- **Broaden dialogue between foundations and ODA donors to create wider and more diverse participation.** Increased dialogue at the global level would allow foundations with no field presence to take part in discussions and engage in partnerships. Further strengthening dialogue forums in-country would allow smaller local foundations, as well as decentralised offices to take part in these conversations.
- **Co-ordinate action by sector.** Given that foundations tend to invest thematically, co-ordination could be most effective and relevant at the sectoral level (e.g. through global-level mechanisms such as the Global Partnership for Education).
- **Develop flexible dialogue and partnership mechanisms.** This would allow more synergies and possible co-ordination between ODA donors and foundations, given that foundations are unlikely to join donor co-ordination groups in the field. Indeed, the latter are seen by philanthropic actors as time-consuming and mainly aimed for donors and recipients.

5.2.2. Partnerships

As reflected in the OECD survey, the donor community seldom engages with philanthropy. This is partly because ODA donors often lack knowledge on how philanthropy operates, as well as entry points to reach out to relevant foundations. As a result, it is often difficult to engage more regularly in sustainable partnerships with foundations. More systematic approaches to engagement on both sides could help build trust and sustain linkages. However, these would require further investing in **staffing, and developing a flexible approach to partnering**:

- **Develop overall strategies for engagement with foundations acknowledging their financial and non-financial contributions to development** (disconnected from the objective to fundraise). This strategy should be developed in close co-operation with foundations and networks or associations of foundations based in donor countries, whose members operate in developing countries. Donors should embrace a long-term approach to develop dialogue and mutual trust in complementary areas. A critical success factor to this approach will be a change in mindset: seeing foundations as partners with a distinct contribution to make, rather than only as funders.
- **Identify foundations beyond the "usual suspects".** A longer term approach must go hand in hand with identifying foundations outside of the "usual suspects''. Indeed, many ODA donors favour engagement with a handful of visible and well-off foundations to the detriment of other ones with both the capacity and the desire to engage with them at the field level.
- **Appoint dedicated focal points within donors.** These focal points could develop and maintain relations and work with policy, programme, financial and legal

teams within foundations, as well as across donor institutions. Several donors are well engaged on that front (France, Germany, United Kingdom, Netherlands, World Bank and UNICEF, to name a few).

- **Develop staff exchange programmes between foundations and donor institutions to help build trust and mutual understanding.** Indeed, a few donors, such as the BMZ in Germany, have put in place such programmes that are quite promising.
- **Consider flexible partnerships.** Pooled funding could address the constraints of smaller foundations, which often cannot afford the price of admission to a traditional partnership. In addition, funding pilot projects in selected countries around issues of common interest, where foundations and donors can co-design projects from the outset, might be a good entry point before engaging further with a larger number of foundations.

5.3. Recommendations for governments in developing countries

5.3.1. Enabling environment

Governments in developing countries have started to take a keen interest in foundations. Some are already engaging in solid partnerships with philanthropic actors (Brazil, South Africa, India, Indonesia, People's Republic of China). Nevertheless, for collaboration to be sustainable, a more conducive enabling environment is needed.

- **Further explore how governments can adopt or adapt regulation for philanthropy.** Tactics include creating a legal status that distinguishes foundations from CSOs to possible tax incentives. It also means ensuring that foundations' partners can receive funding, are protected by law and are free to perform the activities in their mandate.
- **Examine unintended consequences.** Recent examples of government crackdowns on civil society and international funding flows have shown the fragility of the environment in which philanthropy operates in some countries. In many cases, anti-terrorist laws and anti-money laundering regulations have had disastrous effects on the ability for foundations to support partner NGOs on the ground.
- **Consider strengthening transparency and accountability requirements for foundations' grantees, in addition to creating positive conditions for philanthropy to thrive.** This would benefit the sector as a whole and would limit applying restrictive measures across the board regardless of organisations' track record. Naturally, in countries where civil liberties are not guaranteed and where CSOs are at risk, philanthropists will primarily investigate ways to support partner organisations without putting them in jeopardy. Collaboration with these governments is thus expected to be limited.

5.3.2. Dialogue and partnerships

There is scope for closer co-ordination between foundations, governments in developing countries and the donor community. This is especially true in middle-income countries, where most philanthropic flows are concentrated. However, it is unrealistic to assume that foundations could be influenced to operate like traditional bilateral donors and would join co-ordination or harmonisation groups in the field together with government counterparts.

- **Create dedicated philanthropic dialogue platforms** (e.g. the Kenya Philanthropy Platform) between the government and foundations as an alternative to engaging foundations through donors' co-ordination groups. Institutionalised platforms could provide a more stable and sustainable base for ongoing co-operation. This, in turn, would allow engagement to continue beyond the short lifecycle of personal relationships between the government and foundation staff.
- **Identify relevant entry points for partnership between foundations and governments.** While large-scope Memoranda of Understanding can be developed between foundations and governments, partnerships are likely to unfold when organisations identify where their priorities intersect. Finding this strategic intersection is an indispensable first step to any solid partnership.
- **Commit resources and time on both sides.** Education, for instance, is a prominent focus of philanthropic giving, especially favoured by South-South and domestic giving. Therefore, governments in developing countries could prioritise dialogue with foundations operating on their soil that work in the education sector. This would help optimise pooled funding and partnerships on post-secondary education (higher and university) and vocational training, which are sub-sectors mostly supported by foundations.

Notes

1. The terms "developing countries" and "developing economies" refer to all countries and territories on the DAC List of Official Development Assistance (ODA) Recipients and consists of all low and middle income countries based on gross national income per capita as published by the World Bank, with the exception of G8 members, European Union members, and countries with a firm date for entry into the EU. The list also includes all of the least developed countries as defined by the United Nations (UN).

Annex A. Giving by provider

Table A A.1. List of foundations included in the survey and total giving

Name of private provider	Qualitative questionnaire	Data questionnaire	Giving, 2013-2015, USD thousand
Abbott Fund	-	Estimate	21 252.7
Ahmed Bin Zayed Al Nahyan Charitable and Humanitarian Foundation	-	Yes	3 403.2
Al Rahma Charity Association	-	Yes	5 019.3
Alcoa Foundation	-	Estimate	11 434.0
Andrew W. Mellon Foundation	Yes	Yes	35 313.2
Annenberg Foundation	-	Estimate	4 329.5
Arcus Foundation	Yes	Yes	55 062.5
Atlantic Philanthropies	-	Estimate	74 708.2
Avina Foundation (Panama)	Yes	Yes	10 998.2
Avina Foundation (Switzerland)	Yes	-	-
Ayrton Senna Institute	Yes	Yes	23 578.1
Azim Premji Foundation	Yes	-	-
Bank of America Charitable Foundation	-	Estimate	42 806.0
Barr Foundation	-	Estimate	24 216.8
Bernard van Leer Foundation	Yes	Yes	9 377.9
Bertelsmann Foundation	Yes	Yes	4 417.4
Bharti Foundation	Yes	Yes	26 352.3
Big Lottery Fund	Yes	Yes	71 821.2
Bill and Melinda Gates Foundation	Yes	Yes	11 627 212.9
Bloomberg Philanthropies	-	Estimate	417 655.4
Blue Moon Fund	-	Estimate	27 696.5
Bristol-Myers Squibb Foundation	-	Estimate	19 933.4
C&A Foundation	Yes	Yes	53 731.8
Calouste Gulbenkian Foundation	Yes	Yes	8 909.9
Cariplo Foundation	-	Estimate	4 056.0
Carlos Slim Foundation	Yes	Yes	366 172.4
Carnegie Corporation of New York	Yes	Yes	54 937.8
Caterpillar Foundation	Yes	Yes	60 462.2
Charles Stewart Mott Foundation	Yes	Yes	41 943.0
Chengmei Charity Foundation	Yes	Yes	4 014.1
Children's Investment Fund Foundation	Yes	Yes	747 854.8
Christensen Fund	-	Estimate	30 823.6
Citi Foundation	Yes	Yes	50 887.2
Coca-Cola Foundation	-	Estimate	112 660.2
Comic Relief	-	Estimate	172 414.7
Conrad N. Hilton Foundation	-	Estimate	133 507.5
Dalio Foundation	-	Estimate	75 596.0
Daniel & Nina Carasso Foundation	Yes	Yes	3 103.3
Dar Al Ber Society	-	Yes	35 036.9

David and Lucile Packard Foundation	-	Estimate	284 464.9
Doris Duke Charitable Foundation	-	Estimate	5 414.2
Dubai Cares	Yes	Yes	13 485.8
Dubai Charity Association	-	Yes	5 279.6
Dunhe Foundation	Yes	-	-
Dutch Postcode Lottery	Yes	Yes	666 368.6
eBay Foundation	-	Estimate	1 608.0
EDF Foundation	Yes	Yes	6 077.2
Emirates Red Crescent	-	Yes	251 435.1
ExxonMobil Foundation	-	Estimate	74,160.3
FHI Foundation	Yes	Yes	8,590.0
Fondation de France	Yes	Yes	14 654.8
Foundation CHANEL	Yes	Yes	3 036.7
Ford Foundation	Yes	Yes	613 411.0
General Electric Foundation	-	Estimate	66 843.8
Gerda Henkel Foundation	Yes	Yes	10,512.1
Goldman Sachs Charitable Gift Fund	-	Estimate	11 893.3
Goldman Sachs Foundation	-	Estimate	24 981.4
Google Foundation and L. Page donations	-	Estimate	83 726.6
Gordon and Betty Moore Foundation	Yes	Yes	102 256.2
Grameen Crédit Agricole Foundation	Yes	Yes	57 197.4
H&M Foundation	Yes	Yes	52 722.5
Haci Ömer Sabanci Foundation	Yes	Yes	3 380.0
Hewlett-Packard Company Foundation	-	Estimate	9 280.9
Howard G. Buffett Foundation	-	Estimate	312 162.3
Huamin Charity Foundation	Yes	Yes	12 140.8
Human Dignity Foundation	Yes	Yes	20,378.7
IKEA Foundation	Yes	Yes	405 777.3
International Humanitarian City of Dubai	-	Yes	8 896.3
Itaú Social Foundation	Yes	Yes	64 453.8
Jacobs Foundation	Yes	Yes	8 205.2
John D. and Catherine T. MacArthur Foundation	Yes	Yes	116 411.7
Johnson & Johnson Family of Companies Contribution Fund	-	Estimate	54 633.4
JPMorgan Chase Foundation	-	Estimate	29 175.6
K. C. Mahindra Education Trust	Yes	Yes	20 781.5
Kenya Community Development Foundation	Yes	Yes	3 369.9
King Baudouin Foundation	Yes	Yes	10 691.7
Kresge Foundation	-	Estimate	5 298.8
La Caixa Banking Foundation	Yes	Yes	33 883.7
Lemelson Foundation	-	Estimate	9 933.7
Leona M. and Harry B. Helmsley Charitable Trust	-	Estimate	70 633.4
Li Ka Shing Foundation	-	Estimate	192 614.3
Lloyd's Register Foundation	Yes	Yes	3 655.6
Lundin Foundation	-	Estimate	24 772.1
Margaret A. Cargill Foundation	Yes	Yes	145 337.9
Marisla Foundation	-	Estimate	25 458.3
MasterCard Foundation	-	Estimate	533 031.8
MAVA Foundation	Yes	Yes	74 638.6
McKnight Foundation	Yes	Yes	32 328.9
Merck Company Foundation	-	Estimate	24 994.7
Mérieux Foundation	Yes	Yes	18 564.2
Metlife Foundation	Yes	Yes	52 728.5
Michael and Susan Dell Foundation	Yes	Yes	69 413.6

Mondeléz International Foundation	Yes	Yes	12 599.3
Nelson Mandela Children's Fund	Yes	Yes	4 194.9
Nippon Foundation	Yes	Yes	37 576.3
Noor Dubai Foundation	-	Yes	1 400.0
Novartis Foundation	Yes	Yes	9 926.1
NoVo Foundation	-	Estimate	96 680.8
Oak Foundation	Yes	Yes	270 805.6
Omidyar Network	-	Estimate	106 507.8
Open Society Foundations	Yes	Yes	309 519.8
Oprah Winfrey Leadership Academy Foundation	-	Estimate	28 168.5
Other UAE private philanthropies	-	Yes	102 582.8
PepsiCo Foundation	-	Estimate	25 169.9
Pfizer Foundation	-	Estimate	15 211.4
Philips Foundation	-	Estimate	2 365.7
Queen Elizabeth Diamond Jubilee Trust	Yes	Yes	25 806.4
Robert Bosch Foundations	-	Estimate	37 604.3
Rockefeller Brothers Fund	Yes	Yes	45 401.2
Rockefeller Foundation	Yes	Yes	361 488.9
Sainsburys Fam. Char. Tr.: Indigo Trust	-	Yes	2 601.9
Sainsburys Fam. Char. Tr.: Staples Trust, True Colours Trusts	-	Yes	222.0
Sainsburys Family Charitable Trusts: Gatsby Charitable Foundation	Yes	Yes	47 833.9
Sanofi Espoir Foundation	Yes	Yes	13 785.8
Sawiris Foundation for Social Development	Yes	Yes	31 172.9
Segal Family Foundation	Yes	Yes	27 076.9
Sharjah Charity Association	-	Yes	19 521.1
Sharjah Charity House	-	Yes	3 801.0
Shell Foundation	-	Estimate	98 047.0
Siemens Foundation	Yes	Yes	27 619.4
Sigrid Rausing Trust	Yes	Yes	78 428.2
Silicon Valley Community Foundation	-	Estimate	95 599.3
Skoll Foundation, Skoll Global Threats Fund	-	Estimate	38 167.8
Small Foundation	Yes	Yes	4 437.4
Stars Foundation	Yes	Yes	4 780.0
Sultan Bin Khalifa Bin Zayed Al Nahyan Humanitarian and Scientific Foundation	-	Yes	341.7
Susan Thompson Buffett Foundation	-	Estimate	724 576.3
Swiss Re Foundation	Yes	-	-
Tata Trusts	Yes	Yes	303 480.0
Telefónica Foundation	Yes	Yes	171 471.8
The Big Heart Foundation	-	Yes	4 400.5
Tony Elumelu Foundation	Yes	Yes	10 000.0
Toyota Foundation	Yes	Yes	3 043.8
Turkish Educational Foundation	-	Estimate	51 605.4
UBS Optimus Foundation	Yes	Yes	134 481.1
UPS Foundation	-	Estimate	30 127.0
Vehbi Koç Foundation	-	Estimate	206 443.6
Veolia Foundation	Yes	Yes	3 048.4
Volkswagen Foundation	-	Estimate	44 192.5
W. K. Kellogg Foundation	-	Estimate	80 690.2
Walmart/Walmart Foundation	Yes	Yes	29 689.7
Walton Family Foundation	-	Estimate	77 580.2
Weberg Trust	-	Estimate	12 162.3

Wellcome Trust	Yes	Yes	393 718.3
Wildlife Conservation Trust	Yes	Yes	4 212.7
William and Flora Hewlett Foundation	-	Estimate	321 535.0
World Diabetes Foundation	Yes	Yes	31 412.9
Zakat Foundation	Yes	Yes	15 975.8
TOTAL			**23 868 140.3**

Glossary

Bilateral flow

Bilateral transactions are those undertaken by a development assistance provider directly with a developing country. They also encompass transactions channelled through multilateral agencies ("multi-bi" or "earmarked" contributions), transactions with non-governmental organisations active in development and other, internal development-related transactions such as interest subsidies, spending on promotion of development awareness, debt reorganisation and administrative costs.

Commitment

A commitment is a firm written obligation by a government or official agency, backed by the appropriation or availability of the necessary funds, to provide resources of a specified amount under specified financial terms and conditions and for specified purposes for the benefit of a recipient country or a multilateral agency.

Channels of delivery

Channels of delivery refer the first institutional recipients/implementing partner of foundations' giving, i.e. the entity that has implementing responsibility over the funds and is, in principle, linked to the extending agency by a contract or other binding agreement, and is directly accountable to it. See also paragraph 164 of www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DCDDAC(2016)3FINAL.pdf.

Civil society organisations (CSOs)

CSOs can be defined to include all non-market and non-state organisations outside of the family in which people organise themselves to pursue shared interests in the public domain. Examples include community-based organisations and village associations, environmental groups, women's rights groups, farmers' associations, faith-based organisations, labour unions, co-operatives, professional associations, chambers of commerce, independent research institutes and the not-for-profit media.

Creditor Reporting System (CRS)

CRS is the central statistical reporting system of the Development Assistance Committee (DAC) whereby bilateral and multilateral providers of development co-operation report at item level on all flows of resources to developing countries. It is governed by reporting rules and agreed classifications, and used to produce various aggregates, making DAC statistics the internationally recognised source of comparable and transparent data on official development assistance (ODA) and other resource flows to developing countries.

Core allocations

Core allocations are un-earmarked contributions; the development assistance provider relinquishes the exclusive control of funds allocated to non-governmental or multilateral agencies.

DAC List of ODA-Eligible International Organisations

The *DAC List of ODA-Eligible International Organisations*, including multilateral agencies, international NGOs, networks and PPPs. Core budget (unearmarked) contributions to these organisations may be reported as ODA in whole or in part. The *DAC List of ODA-Eligible organisations* complements the *DAC List of ODA Recipients*. This List of ODA-Eligible Organisations is reviewed annually by the DAC Working Party on Development Finance Statistics (WP-STAT).

Earmarked contributions to organisations not on the List may also be ODA-eligible provided the contribution meets the ODA criterion of having the promotion of economic development and welfare of developing countries as the main objective (see ODA definition). Such contributions would be reported by members under bilateral ODA.

A listing of INGOs, networks and PPPs is circulated to members for reporting but is not exhaustive. Contributions (both core and earmarked) to INGOs, networks and PPPs are reportable under bilateral ODA, provided the main objective of the organisation is the promotion of economic development and welfare of developing countries (see ODA definition). For more information refer to www.oecd.org/dac/stats/annex2.htm.

DAC List of ODA-Eligible Multilateral Organisation

DAC List of ODA Recipients is the list of developing countries eligible for official development assistance (ODA). This list is maintained by the Development Assistance Committee (DAC) and revised every three years. The countries on the List are structured in the following income group categories:

- Least developed countries (LDCs): a group established by the United Nations. To be classified as an LDC, a country's income, economic diversification and social development must fall below established thresholds. The DAC List of ODA Recipients is updated immediately to reflect any change in the LDCs group.
- Other low-income countries (LICs): includes all non-LDCs with per capita gross national income (GNI) of USD 1 045 or less in 2013 (World Bank Atlas basis).
- Lower middle-income countries (LMICs): countries with GNI per capita (World Bank Atlas basis) between USD 1 046 and USD 4 125 in 2013. LDCs which are also LMICs are only shown as LDCs, not as LMICs.
- Upper middle-income countries (UMICs): countries with GNI per capita (World Bank Atlas basis) between USD 4 126 and USD 12 745 in 2013.

When a country is added to or removed from the LDCs group, totals for the income groups affected are adjusted retroactively to maximise comparability over time with reference to the current list. For the current income classifications as defined by the World Bank, please see: http://data.worldbank.org/news/2015-country-classifications. For more details on the List see http://www.oecd.org/dac/stats/daclist.htm.

Development Assistance Committee

Development Assistance Committee (DAC) is the committee of the Organisation for Economic Co-operation and Development (OECD) that deals with development co-operation matters. A description of its aims and a list of its members are available at: www.oecd.org/dac.

Development Co-operation Directorate

The OECD Development Co-operation Directorate (DCD) supports the DAC, contributing to developing better policies for better lives through transparent data on development finance, and improved development co-operation practices and policies.

Disbursement

Disbursements refer to the release of funds to or the purchase of goods or services for a recipient; by extension, the amount thus spent. Disbursements record the actual international transfer of financial resources, or of goods or services valued at the cost to the provider.

Economic infrastructure and services

In the DAC sectoral classification, economic infrastructure and services relate to assistance for networks, utilities and services that facilitate economic activity, notably transport & storage, communications, energy generation, distribution & efficiency, banking & financial services and business & other services. For more information see www.oecd.org/dac/stats/purposecodessectorclassification.htm.

Ending violence against women and girls

In the DAC sectoral classification, ending violence against women and girls refers to support to programmes designed to prevent and eliminate all forms of violence against women and girls/gender-based violence. This encompasses a broad range of forms of physical, sexual and psychological violence including but not limited to: intimate partner violence (domestic violence); sexual violence; female genital mutilation/cutting (FGM/C); child, early and forced marriage; acid throwing; honour killings; and trafficking of women and girls. Prevention activities may include efforts to empower women and girls; change attitudes, norms and behaviour; adopt and enact legal reforms; and strengthen implementation of laws and policies on ending violence against women and girls, including through strengthening institutional capacity. Interventions to respond to violence against women and girls/gender-based violence may include expanding access to services including legal assistance, psychosocial counselling and health care; training personnel to respond more effectively to the needs of survivors; and ensuring investigation, prosecution and punishment of perpetrators of violence. For more information see http://www.oecd.org/dac/stats/purposecodessectorclassification.htm.

Global High Net Worth Individual (HNWI)

HNWI are defined as investors that have at least USD 1 million to a maximum of USD 30 million in financial assets. Those who exceed that limit are considered ultra-high net-worth individuals (UHNWI).

Human rights

In the DAC sectoral classification, human rights refer to measures to support specialised official human rights institutions and mechanisms at universal, regional, national and local levels in their statutory roles to promote and protect civil and political, economic, social and cultural rights as defined in international conventions and covenants; translation of international human rights commitments into national legislation; reporting and follow-up; human rights dialogue. It may also refer to human rights defenders and human rights NGOs; human rights advocacy, activism, mobilisation; awareness raising and public human rights education; human rights programming targeting specific groups, e.g. children, persons with disabilities, migrants, ethnic, religious, linguistic and sexual

minorities, indigenous people and those suffering from caste discrimination, victims of trafficking, victims of torture. For more information see www.oecd.org/dac/stats/purposecodessectorclassification.htm.

Humanitarian assistance

In the DAC sectoral classification, humanitarian assistance includes activities to save lives, alleviate suffering and maintain and protect human dignity during and in the aftermath of emergencies. For more information see www.oecd.org/dac/stats/purposecodessectorclassification.htm.

Infectious diseases control

For the purpose of this publication, infectious diseases control refer to activities under the health sector (targeting malaria, tuberculosis, polio eradication, de-worming and other infectious diseases) and population policies/programmes & reproductive health (sexually transmitted diseases including HIV/AIDS).

Key performance indicators (KPIs)

A set of quantifiable measures that a company or industry uses to gauge or compare performance in terms of meeting their strategic and operational goals. (Source: www.investopedia.com).

Multilateral development banks

Multilateral development banks are institution created by a group of countries, which provides financing and professional advice for the purpose of development. The main multilateral development banks are the World Bank, the European Investment Bank (EIB), the Asian Development Bank (ADB), the New Development Bank (NDB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank Group (IDB or IADB), the African Development Bank (AfDB), and the Islamic Development Bank (IsDB).

Multilateral system

In DAC statistics, the multilateral system refers to international institutions with governmental membership that conduct all or a significant part of their activities in favour of development and aid recipient countries. They include multilateral development banks (e.g. the World Bank, regional development banks), United Nations agencies and regional bodies (e.g. certain European Union and Arab agencies). A contribution by a DAC member to such an agency is deemed to be multilateral if it is pooled with other contributions and disbursed at the discretion of the agency.

Multisector/cross-cutting

In the DAC sectoral classification, multisector/cross-cutting support refers to general environmental protection and other projects which straddle several sectors. For more information see http://www.oecd.org/dac/stats/purposecodessectorclassification.htm.

Non-governmental organisation (NGOs)

A non-governmental organisation (NGO) is any non-profit entity in which people organise themselves on a local, national or international level to pursue shared objectives and ideals, without significant government-controlled participation or representation. NGOs include co-operative societies, trade unions, and ad-hoc entities set up to collect funds for a specific purpose.

Official development assistance (ODA)

The DAC defines ODA as those flows to countries and territories on the DAC List of ODA Recipients which are:

1. provided by official agencies, including state and local governments, or by their executive agencies; and
2. each transaction of which:
   a. is administered with the promotion of the economic development and welfare of developing countries as its main objective; and
   b. is concessional in character and conveys a grant element of at least 25% (calculated at a rate of discount of 10%)."

ODA is the basic financial support used to develop the building blocks of nations, from healthcare and education services, to building infrastructure. Once these are firmly in place, nations can typically start to attract or develop other sources of development finance, as they move up the income scale.

ODA can flow directly from a donor to a recipient country (bilateral ODA) or be provided via a multilateral agency (multilateral ODA). (Source: OECD DAC).

Other official flows

Other official flows (OOF) refer to transactions by the official sector which do not meet the conditions for eligibility as official development assistance (ODA), either because they are not primarily aimed at development or because they have a grant element of less than 25%.

Production sectors

In the DAC sectoral classification, production sectors include activities in support of agriculture, forestry, fishing, industry/manufacturing, mineral resources & mining, construction, tourism and trade policy & regulations & trade-related adjustments. For more information see www.oecd.org/dac/stats/purposecodessectorclassification.htm.

Public-private partnerships (PPPs) and networks

Public-private partnerships (PPPs) and networks are collaborative arrangements between private actors and bilateral/multilateral agencies or governments to address specified developmental issues. A PPP is an operational partnership whose board or other governance structure includes both public officials and private individuals. A network is a global or regional organisations that supports and brings together public sector, private sector and civil society organisations with similar goals to facilitate knowledge sharing.

Residence principle

The concept of "residence" is not based on nationality or legal criteria, but on the transactor's centre of economic interest: an institutional unit has a centre of economic interest and is a resident unit of a country when, from some location (dwelling, place of production, or other premises) within the economic territory of the country, the unit engages and intends to continue engaging (indefinitely or for a finite period) in economic activities and transactions on a significant scale. (One year or more may be used as a guideline but not as an inflexible rule.).

Small island developing states

SIDS include some of the world's smallest and most remote states in the world. They are a diverse group of countries, differing in terms of population size and densities,

geographical spread and relative development progress. Yet, they share common challenges and vulnerabilities that prevent them from investing in resilient development and seriously hinder their growth prospects. These include: high exposure to natural disasters and climate change, high exposure to global economic shocks, small or unstable domestic revenues and limited borrowing opportunities. For more information see www.oecd.org/dac/financing-sustainable-development/development-finance-topics/small-island-developing-states.htm.

Social enterprises

Any private entity conducted in the public interest, organised with an entrepreneurial strategy but whose main purpose is not the maximisation of profit but the attainment of certain economic and social goals, and which has a capacity of bringing innovative solutions to the problems of social exclusion and unemployment.

Social infrastructure and services

In the DAC sectoral classification, social infrastructure and services refer to efforts to develop the human resource potential of developing countries in the sectors of education, health, population policies/programmes & reproductive health (further health & reproductive health), water supply & sanitation, government & civil society and other social infrastructure & services. For more information see http://www.oecd.org/dac/stats/purposecodessectorclassification.htm.

Social purpose organisations (SPOs)

The EVPA uses the term SPO to show that venture philanthropists may fund a range of organisational types, from charities and non-profit organisations through to socially driven and even purely commercial businesses. What unites these organisations is their individual or collective contribution to positive social/and or environmental impact rather than their legal status or the generation of profit.

South-South co-operation

There are numerous descriptions of South-South co-operation, but the UN General Assembly describes it as "… a manifestation of solidarity among peoples and countries of the South that contributes to their national well-being, their national and collective self-reliance and the attainment of internationally agreed development goals, including the Millennium Development Goals" (UN General Assembly Resolution 64/222).

According to UNOSSC, South-South co-operation is about developing countries working together to find solutions to common development challenges. Linked by similarities in their development contexts and challenges, the countries of the South have been increasingly active in sharing knowledge, exchanging technologies and forming common agenda and collective actions. www.arab-ecis.unsouthsouth.org/about/what-is-south-south-cooperation/.

Support to fragile context

Support to fragile contexts corresponds to gross bilateral ODA to the list of fragile contexts as identified in the 2015 OECD report on fragility. For information on the States of Fragility report, see: www.oecd.org/dac/conflict-fragility-resilience/listofstateoffragilityreports.htm.

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

The OECD member countries are: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The European Union takes part in the work of the OECD.

OECD Publishing disseminates widely the results of the Organisation's statistics gathering and research on economic, social and environmental issues, as well as the conventions, guidelines and standards agreed by its members.

OECD DEVELOPMENT CENTRE

The OECD Development Centre was established in 1962 as an independent platform for knowledge sharing and policy dialogue between OECD member countries and developing economies, allowing these countries to interact on an equal footing. Today, 27 OECD countries and 25 non-OECD countries are members of the Centre. The Centre draws attention to emerging systemic issues likely to have an impact on global development and more specific development challenges faced by today's developing and emerging economies. It uses evidence-based analysis and strategic partnerships to help countries formulate innovative policy solutions to the global challenges of development.

For more information on the Centre and its members, please see *www.oecd.org/dev.*

NETFWD

netFWD is a global network of foundations committed to optimising the impact of philanthropy for development. The Network spans 5 continents and brings together foundations and associate organisations from over 15 different countries. netFWD's mission is to support foundations in their efforts to dialogue and partner with governments. Why? We believe that bringing foundations and governments closer together delivers far greater development outcomes. The OECD Development Centre officially launched the Network of Foundations Working for Development (netFWD) in October 2012, recognising the increasing role foundations play in the development arena, the innovative practices emerging from the philanthropic sector and the demand for an effective platform for co-operation and exchange.

OECD PUBLISHING, 2, rue André-Pascal, 75775 PARIS CEDEX 16
(03 2018 15 1 P) ISBN 978-92-64-08517-6 – 2018

The Development Dimension

Private Philanthropy for Development

Philanthropy's role in advancing sustainable development attracts a lot of attention. This report calls into question long-held assumptions about the volume, nature and potential of foundations' engagement in developing countries, and the role they can play to support the SDGs. It presents ground-breaking data and analysis that capture previously non-existent global and comparable quantitative and qualitative data on how foundations support development.

The report examines philanthropic resource flows for development purposes, as well as foundations' priorities, practices and partnering behaviours. It presents fresh perspectives and action-oriented recommendations to optimise philanthropy's role in support of sustainable development.

This report offers practical insights for government policy makers and decision makers in civil society organisations, social enterprises and foundations. It results from close co-operation between the OECD Development Centre's Network of Foundations Working for Development (netFWD) and the OECD Development Co-operation Directorate.

Consult this publication on line at ***http://dx.doi.org/10.1787/9789264085190-en***.

This work is published on the OECD iLibrary, which gathers all OECD books, periodicals and statistical databases. Visit ***www.oecd-ilibrary.org*** for more information.

OECD*publishing*
www.oecd.org/publishing

THE LONDON BOOK FAIR WINNER
INTERNATIONAL EXCELLENCE Awards 2017
IN PARTNERSHIP WITH THE PUBLISHERS ASSOCIATION

ISBN 978-92-64-08517-6
03 2018 15 1 P

9 789264 085176