

**US Philanthropy and the Global South: Trends, Opportunities and Challenges**  
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**8 November 2010**  
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**Overview of US Philanthropy** (source: Giving USA)

- Overall dollars
  - In 2009, Americans donated just under US\$304 billion
  - This is a drop of 3.2 % (adjusted for inflation) from 2008
  - Foundation giving fell by 8.6% (adjusted for inflation)
  - Total giving as a percentage of gross domestic product in 2009: 2.1%; this is the same as it was in 1969 (high: 2.3% in 2000, 2001 and 2005; low: 1.7% through most of period from 1975 to 1995, when giving began to grow)
  - Side note: There are over 1.2 million non-profits registered with the IRS
- Breakdown by category of giver
  - Individuals: 75% (\$228 billion)
  - Foundations: 13% (\$38 billion)
  - Bequests: 8% (\$24 billion)
  - Corporations: 4% (\$14 billion)
- Breakdown by (selected) issue
  - Religion: 33% (\$100 billion)
  - Education: 13% (\$40 billion)
  - Gifts to grantmaking foundations: 10% (\$31 billion)
  - Human services: 9% (\$27 billion)
  - Health: 7% (\$22 billion)
  - International affairs: 3% (\$8.89 billion)
    - One of the few areas to see an increase in 2009, by 6.6% (adjusted for inflation)
    - NB: This includes ALL of the following:
      - Grants to US-based INGOs
      - Grants to Israel, France, the UK...
      - Grants for scholarships for rich kids to study in the US
      - Grants to overseas groups of all kinds (and none of this from individuals)
- Foundation giving, percentage to international (source: Foundation Center, 2008)
  - Scope of study: All grants of \$10,000 or more awarded by a sample of 1,490 larger foundations, representing half of total giving by US foundations, between October 2008 and September 2009; includes independent, corporate, community and operating foundations
  - Confusing study, but here goes...
  - Total foundation giving during the period was approx. \$47 billion
  - Total in the study sample was about \$25 billion

- “International giving” totaled approx \$6 billion, or roughly a quarter of foundation giving in the sample
- This compares to approx. \$26 billion in US overseas development assistance
- This is a record: in prior years total international giving by foundations has hovered around 15-18%
- Of this (here’s part of the confusion):
  - 75% was for “domestic”
  - 16% was for “international: US-based recipients”
  - 8% was for “international: overseas recipients”
- In 2009, foundation giving dropped 8.4%, or approx. \$4 billion
- Numbers and assets of foundations in 2008
  - Total: 75,595 foundations; \$565 billion in assets (down from \$682 billion in 2007)
  - Independent: 67,379; \$456 billion (down from \$564 billion)
  - Corporate: 2,745; \$20 billion (down from \$22 billion)
  - Community: 709; \$50 billion (down from \$57 billion)
  - Operating: 4,762; \$39 billion (more or less even)
- Large foundations represent 86% of all international giving by foundations
- Giving by foundations to international causes, 2008 (see attachment)
- Overseas giving by major region, 2008 (see attachment)
- By issue area, 2008 (see attachment)
- Not measured in this: grantmaking public charities (Global Fund for Women, IDEX, Grassroots International, Global Greengrants Fund...)
- Small but important for social justice groups.

## Social Justice Grantmaking

- Foundation Center study of “social justice philanthropy”
  - Claims that about 15% of all foundation dollars went to “social justice” in 2008
  - This is up from about 12%, where it has hovered for many years
  - Why? Because of the entry of the Bill and Melinda Gates Foundation, which, according to the Foundation Center, is now the country’s “top social justice funder”
  - The Foundation Center defines social justice philanthropy as “granting of philanthropic contributions...in order to increase the opportunity of those who are least well off politically, economically and socially”
- Several academic studies that start with a more appropriate definition puts the figure at 3%-5%
- Grantmakers Without Borders’ definition:
  - Social change philanthropy is grantmaking rooted in the ideals of justice, equity, peace, democracy, and respect for the natural environment.
  - It is based upon a critical analysis of political, economic, and social systems as a starting point for determining strategy.

- It seeks to address fundamental causes of social ills and bring about systemic change.
- It values and respects the wisdom and experience of local communities in all their diversity and affirms their power to unite and build social movements for change.
- It serves those most acutely affected by injustice: low-income communities, women, children, Indigenous peoples, sexual minorities, and other traditionally marginalized groups.
- It seeks to give voice to the unheard, and power to the powerless.
- It employs grantmaking practices that are accountable, transparent and inclusive and which are highly responsive to the cultures, capacities and aspirations of grantees.

## Overview of the philanthropic support infrastructure

- Council on Foundations
  - 2,000 members
  - Mainstream, fairly conservative, disinclined to challenge its members
- Philanthropy Roundtable
  - 550 members
  - Very conservative: “to help donors advance liberty, opportunity and personal responsibility in America and abroad”
- Regional Associations of Grantmakers
- Funder Affinity Groups
- Watchdogs: National Committee for Responsive Philanthropy, some MSM newspapers, some politicians, Pablo Eisenberg (see Wall Street Journal, 9 November 2009, at <http://online.wsj.com/article/SB10001424052748704500604574481773446591750.html>)
- Research: Foundation Center, University of Indiana
- Where international donors network and learn: Grantmakers Without Borders, Africa Grantmakers Affinity Group, Funders Network on Transforming the Global Economy, International Funders for Indigenous Peoples, Peace and Security Funders Network; Global Philanthropy Forum and Clinton Global Initiative

## Trends

- Shift in the center of gravity from the Northeast/Midwest, i.e. Ford, Rockefeller, CS Mott, Kellogg, Carnegie, MacArthur... to West Coast (Silicon Valley and Seattle), i.e. Hewlett, Packard, Gates, Moore (traditional) and Skoll, Omidyar, Humanity United (non-traditional, so-called “new philanthropy”)
- Media bandwidth goes to Gates and the new philanthropy, even though the more traditional funders are still quite significant

- New theories of change and approaches to grantmaking:
  - Individual as agent of change (the “social entrepreneur”)
  - Market as solution, not problem (“Omidyar Network is a philanthropic investment firm. We create opportunity for people to improve their lives by investing in market-based efforts that catalyze economic, social and political change”; three main areas: microfinance, entrepreneurship, and property rights)
  - Business-like approach to everything (“investments” versus “funding” or “grants”)
  - Short-term horizon (akin to quarterly returns)
  - Fixation with measurement and deliverables.

## Problematics

- Obsession with microfinance
  - From Omidyar: “Billions of people worldwide are trapped in a cycle of poverty, **because they lack access to the financial services that would allow them to secure a loan and invest in their future.**” (emphasis added)
- Philanthro-capitalism
  - Exemplified by Matthew Bishop and Michael Green’s book, “Philanthrocapitalism: How the Rich Can Save the World” (apparently re-titled to “How Giving Can Save the World”)
  - Critique: Michael Edwards, “Small Change: Why Business Won’t Save the World”: “It’s time to turn away from the false promise of the market model and reassert the independence of global citizen action.”
- Fetish with the social entrepreneur
  - Exemplified by Ashoka Foundation (not actually a foundation by US definition)
  - “Social entrepreneurs are individuals with innovative solutions to society’s most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change. Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the system, spreading the solution, and persuading entire societies to take new leaps.... Each social entrepreneur presents ideas that are user-friendly, understandable, ethical, and engage widespread support in order to maximize the number of local people that will stand up, seize their idea, and implement with it. In other words, every leading social entrepreneur is a mass recruiter of local changemakers—a role model proving that citizens who channel their passion into action can do almost anything. Over the past two decades, the citizen sector has discovered what the business sector learned long ago: There is nothing as powerful as a new idea in the hands of a first-class entrepreneur. ....Just as entrepreneurs change the face of business, social entrepreneurs act as the change agents for society,

seizing opportunities others miss and improving systems, inventing new approaches, and creating solutions to change society for the better. While a business entrepreneur might create entirely new industries, a social entrepreneur comes up with new solutions to social problems and then implements them on a large scale.”

- Examples of Ashoka Fellows from South Africa (total of 90 Ashoka fellows since the early 1990s): Janice Webster (The ComaCARE Trust), Mitchell Besser (Mothers2Mothers), William Bird (Empowering Children and the Media), Garth Japhet (Soul City/Heartlines), Kovin Naidoo (International Center for Eyecare Education), Margaret Owen-Smith (Home Language Project), Tamzin Ractliffe (Greater Good South Africa Trust), Munyaradzi Saruchera (Seeding Food Security, Sovereignty and Culture), Craig Slevin (Vuvuzela)
- Techno-fixes (especially Gates)
  - Gates claims 15 principles, only one of which relates to a theory of change: “Guiding Principle #3: Science and technology have great potential to improve lives around the world”
- Obsession with “effectiveness” (shift from donor who puts trust in grantee to grantee as implementer of foundation priorities)
- 95% locked in an endowment/invested/5% payout (both grants and administration)
- Accountability
- Travel philanthropy
- Gates Foundation
  - From the Lancet, 9 May 2009: “Gates Foundation is a major contributor to global health with enormous financial power and policy leverage. Its decisions can have a substantial influence on other organisations. The foundation's emphasis on technology, however, can detract attention from the social determinants of health while promoting an approach to health improvement that is heavily dependent on clinical technologies. The support of vertical, disease-based programmes can undermine coherent and long-term development of health systems, and its sponsorship of global health policy networks and think tanks can diminish the capabilities of Ministries of Health in low-income and middle-income countries. Additionally, the foundation's generous funding of organisations in the UK and USA accentuates existing disparities between developed and developing countries while neglecting support for the civic and public institutional capacities of low-income and middle-income countries.”
- Perception vs. reality
  - From “The Global Role of US Foundations”, Joan E. Spero, Foundation Center, 2010: “This study describes the attributes of foundations that enable them to play a significant role in addressing global challenges: financial independence, which enables foundations to take political and economic risks; the ability to move quickly or, conversely, to take the long view and provide patient capital; and the possibility of engaging directly with foreign societies and politics.”