



# **Global Social Investing:**

## **A Preliminary Overview**

**The Philanthropic Initiative, Inc.**

77 Franklin Street

Boston, Massachusetts 02110

Tel. 617.338.2590

[www.tpi.org](http://www.tpi.org)

*May 2001*

# Global Social Investing: A Preliminary Overview

## Table of Contents

Section I: The Opportunity.....	4
Section II: Growth and Development .....	9
Section III: The Landscape of Global Social Investing.....	11
Section IV: Barriers and Obstacles.....	23
Section V: Mechanisms for Giving.....	28
Section VI: Issues and Considerations for Future Work on GSI.....	35
Appendix A: Organizations that Promote and Support Global Philanthropy .....	37
Endnotes .....	44

© The Philanthropic Initiative, May 2000

Preparation of this report was supported by the Rockefeller Foundation. The principal author was Paula Johnson, consultant to TPI. The principal editor was Steve Johnson, Director of Philanthropy Promotion, TPI. Major contributions were provided by Adele Simmons, Senior Advisor, TPI.

*“The global agenda has never been so varied, so pressing, or so complex. It demands of the international community new approaches, new resources and new commitments of political will.”*

*--Kofi Annan, United Nations Secretary General*

## **I. The Opportunity**

### **What is Global Social Investing?**

“Global social investing” has no commonly accepted definition. As used here, it refers to the strategic and systematic investment of private philanthropic resources to address complex, inter-connected manifestations of chronic underdevelopment. Representative targets of global social investing include poverty, health, the environment, human security, and basic education.

Global social investing (GSI) is driven in part by the imperative to address vast inequities among rich and poor – the “haves and have-nots” of the world – that have become all too evident since the debate on globalization began. It is also driven by the realization that many of the world’s problems are indeed global, threatening the health and security of people throughout the world, regardless of their economic situation. Examples of such truly global threats include drug resistant infectious diseases, global warming, and escalating ethnic conflicts that threaten world peace.

Global social investing can be practiced strategically at both the macro and micro level. It can address global challenges worldwide, or at the village level. Its practitioners can seek to develop and deliver an AIDS/HIV vaccine worldwide, or provide hospice care to those affected by the disease in a single village. It can tackle national education reform or promote girls’ access to schooling in a single community. GSI presents opportunities to make significant differences, almost irrespective of the level of available resources.

As used here, the term “global social investors” refers both to (1) donors in wealthy nations whose philanthropy targets social, economic and environmental challenges in poor nations, and (2) donors in poorer nations who provide leadership and resources to address those same issues in their own countries.

### **Why Global Social Investing?**

The magnitude and complexity of the challenges confronting the global society provide a compelling case for practicing philanthropy without regard to national borders. Growing interdependence argues for global approaches to global issues.

The manifestations of chronic underdevelopment and extreme poverty are among the most challenging and worrisome issues of the modern era. While the planet almost certainly has the physical capacity to provide every man, woman and child with life’s essentials – e.g., food, shelter, and basic medical services – an astounding 1.2 billion individuals worldwide earn less than US\$1 a day. In addition, nearly 1.24 billion people in developing countries cannot read and write, and 56% lack access to basic sanitation. For many global social investors, these stark contrasts constitute a moral imperative that drives their philanthropy.

Extreme poverty is the consequence of a web of complex, interconnected causes. For example, as health deteriorates, school attendance is replaced by activities aimed at basic survival. As overpopulation increases, the environment often pays the price. As human rights are eroded, basic human dignity suffers.

Ultimately, the poor must produce their own wealth. But as a global society we bear the responsibility to put our creativity, intelligence, and compassion to work in breaking the debilitating cycle of poverty. This process can begin by bringing new resources to bear to create new opportunities from which even the poorest can benefit, even thrive. As social and economic inequality increase, greater resources and more effective and more efficient mechanisms will be needed to address the fundamental causes of poverty. In a word, the need has never been greater for “strategic philanthropy,” played out on the global stage.

### **Why Now?**

Never before has a similar confluence of forces and needs combined to create such an opportunity to convert private wealth to global philanthropic capital and utilize it effectively to address critical global problems. The predominant forces include: globalization and its repercussions, the growth of global wealth, the development of a global nonprofit sector, and trends in philanthropy generally.

#### *Globalization*

Globalization has blurred the distinction between what is local, domestic, and international. In the economic sphere, global economic integration has rendered each of us vulnerable to economic and political activities in any one region. Culturally, nations and peoples are deeply affected by the increased mobility of workers, tourists and refugees, and by the growth of communications media that know no borders. Globalization has extended personal and professional ties, broadened awareness of global problems, and expanded the interest in world affairs.

As the world has become increasingly interconnected, problems too have become more global and complex. Environmental degradation – e.g., acid rain and global warming – that begins locally increasingly shows its global face. Epidemics (e.g., AIDS) and infectious diseases (malaria and tuberculosis, for instance) travel swiftly, partially attributable to the dramatic increases in international travel and the global trade in food products.

The globalization of the economy affects individuals in all counties and in every economic stratum. For a fortunate minority, the globalization of commerce has produced enormous wealth. But they are a small minority of the world’s population. A vast percentage of that population has either been left out of the process or actually been adversely affected by it.

The view of a growing number of concerned world citizens is that globalization brings with it a global social imperative, the imperative to *invest* globally.

Globalization effects global philanthropy in several other ways:

- Shifts in demographics have significant implications for global philanthropy. The increased rate of migration to centers of the “global economy” such as Silicon Valley and London has created large subpopulations of ethnic groups, many of which retain close ties with families and communities at home. There is a growing trend for expatriates to “give back” to their home communities.
- The technological developments that have made globalization possible also facilitate efficient and effective global philanthropy. Opportunities are growing for individuals and organizations to collaborate in global social investments; donors and recipient organizations now have the technological tools to create real partnerships. In addition, new technology also creates new vehicles for giving, such as e-philanthropy in support of grass roots organizations and programs.
- While the evidence is anecdotal and the trend too new to quantify, it appears that as the number of individuals traveling globally for both business and pleasure increases, so does transnational giving.

### *Global wealth*

The growth of personal wealth worldwide over the last three decades is nothing less than astounding. In the United States, major influences include both the intergenerational transfer of “old wealth” and the accumulation of new wealth through a panoply of “new economy” financial enterprises. In the oil-rich countries of the Middle East, vast amounts of wealth have been created since the 1970s. In Europe and Asia, growth in wealth has been fueled by global economic integration. Increasingly, lesser fortunes are being amassed in Russia and Eastern Europe, often from the transfer of state-owned enterprises to private control.

A look at just a few of the numbers hints at the very real possibility of a surge in global social investing:

- It is estimated that in the United States alone there are 270 billionaires and over five million millionaires. The global business interests of many of these new donors may steer at least some of them to adopt a similarly global view of their philanthropy.<sup>i</sup>
- Over the next decade, the intergeneration transfer of wealth in Europe will be massive. In Germany alone it is estimated that \$300 billion will be transferred in the next ten years from one generation to another.<sup>ii</sup>
- There is enormous individual wealth outside of the North America and Western Europe that could be utilized for global social investing both internationally and within individual countries. CCS Research identified billionaires in Asia (78), Latin America (32), and the Middle East (12).<sup>iii</sup>

- In Silicon Valley, Asian Americans represent one-third of the region's millionaires. Immigrants account for 32 percent of Silicon Valley's highly-paid scientific and engineering workforce. At the time of the 1990 census Chinese-American and Indian-American entrepreneurs ran approximately 25 percent of Silicon Valley high-technology businesses.<sup>iv</sup> Many of these newly wealthy have a strong ethic of "giving back," and social investing in their home countries is rapidly becoming institutionalized.

### *Growth and development of international non profit/ independent sector*

There has been immense growth in the global nonprofit sector over the last 20 years, fuelled by forces both internal and external. While the size, scale, and scope of the nonprofit world differs tremendously from country to country, progress is seen in almost all regions. In many nations, political reform and changes in government policy have encouraged individual action and intensification of nonprofit activities. The collapse of communism in Russia, Eastern Europe and the Balkans opened the door for previously suppressed voluntary organization and association. In Africa and Latin America, a cutback in government services led to the development of non-governmental organizations (NGOs) to provide basic services. In Asia, new laws and governments created a more receptive environment for the establishment of NGOs. The external forces of globalization and international monetary and technical aid have profoundly influenced the development of the nonprofit sector in some regions.

### *Philanthropic trends*

Over the last decade and most particularly in the last five years both the understanding and practice of global philanthropy has evolved significantly. Developments within the philanthropic sector have promoted both the infrastructure as well as the "culture" needed to support global giving. Consider the following trends:

- New giving vehicles. An increasing number of giving vehicles are available to donors who wish to invest globally. Significantly, for Americans there are a growing number and range of intermediaries available to channel gifts to non-U.S. organizations. Mechanisms include donor-advised funds managed by groups with international expertise, global issue funds with worldwide networks, e-philanthropy sites allowing contributions to global issues or to specific grassroots projects, and global giving circles. Some of these intermediaries offer donors the opportunity to address particular global constituencies such as women or youth. Others match donors directly with specific grassroots projects or overseas organizations. Such intermediaries provide assurance that a grant will go to a reliable and accountable organization.
- Development of philanthropic infrastructure. An infrastructure to educate, inform, support and guide international donors in GSI is rapidly taking form. The infrastructure (further described in Appendix A) includes philanthropic networks, affinity groups, advisory services, nonprofit organizations and others. A similar infrastructure is developing in many regions of

the world to serve local donors and foundations. CEMEFI in Mexico, the Asia Pacific Philanthropy Consortium (APPC), GIFE in Brazil, and similar organizations in other countries can all help new donors develop a professional, strategic approach to their philanthropy.

- Changing paradigms of collaboration. Donors are collaborating with each other in new and expanded ways to address global concerns and opportunities. Combining not only resources but diverse and complementary expertise, these partnerships have the potential to address issues and problems on a large-scale. Collaborations include partnerships among foundations, between foundations and other groups (such as government, corporate foundations, and NGOs), between foundations in the U.S. and other countries, and among individual donors. For example, a partnership among Ford, Rockefeller, and other U.S. and European donors has created and endowed (with 50 million dollars) *The Trust for Civil Society*, to support the growth and vitality of civil society in Eastern and Central Europe.
- Creation of high-profile internationally-focused foundations. The creation of several extremely large foundations has altered the perception of global social investing among donors and the general public. The Bill and Melinda Gates Foundation, the United Nations Foundation, and the Soros Network of Foundations have focused their philanthropy on global issues. In doing so, they have both increased the visibility of the issues and set an example for current and emerging donors. In addition, these and other international donors are actively encouraging others to become more involved in addressing global issues.

## **II. Growth and Development of Global Philanthropy**

Philanthropy is deeply rooted in the religious and cultural heritage of its practitioners. It is also inextricably linked with the political, economic, and demographic developments of the societies in which it occurs, reflecting a population's broader interests and priorities. Until recently, philanthropy has evolved primarily within a specific culture, population, or nation with little direct outside influence in the form of resources or "expert advice."

Most cultures throughout history seem to have developed practices of helping those in greatest need. The impulse to help others and come together to address a shared need or provide a public service seems to be a basic human impulse. However, much of the early institutionalized philanthropy, such as the charity practiced by the Catholic church and wealthy landowners in Latin America, effectively maintained the status quo rather than fundamentally helping the poor to achieve greater well being.

Organized philanthropy with a significant global component became institutionalized in the early 1900s with the creation of several large United States foundations, notably the Carnegie Foundation (1911), the Rockefeller Foundation (1913), the Mott Foundation (1926), the Kellogg Foundation (1930), and the Rockefeller Brothers Fund (1940). Early international giving by these philanthropic leaders focused predominantly on disaster relief and humanitarian aid. With some important additions, these foundations continue to dominate global giving today.

A significant shift in global philanthropy occurred after the Second World War, when both private and public overseas assistance expanded considerably. In addition to the private foundations, church organizations became increasingly active in international relief efforts (CRS - 1943, Church World Service - 1946). While much international philanthropy continued to focus on humanitarian aid, the aftermath of the War saw new and significant giving to promote peace and international understanding, to build and rebuild educational facilities and other institutions, to provide international scholarships, and to eradicate disease.

By the late 1950s-60s, consistent with priorities in public international aid and in concert with popular development paradigms, internationally-oriented philanthropic institutions began to give increased attention to the basic causes of poverty and disease in the world's poorest societies. Development oriented programs became popular. In 1967, the Aga Khan Foundation was established to bring philanthropic dollars to bear on development in Asia and East Africa. The Ford and Rockefeller Foundations began to achieve significant global successes, e.g., in international crop research (the "green revolution"). In the 1960s, several foundations also turned their attention to the growing concern with global population growth.

The 1960s and 70s were also witness to a growing interest in international giving in Western European countries. Fueled by a period of strong economic growth, over 200 overseas trusts were established in the U.K. alone during these two decades. Continued Cold War concerns about peace, security, and international relations and the growing interest in the development process of less developed countries influenced grantmaking patterns.

The 1980s and early 1990s were characterized by powerful economic and political forces that dramatically affected the landscape of philanthropy, bringing increased resources and a new breadth to global social investing. Strong economic growth, the globalization of both business and culture, and political reform in countries worldwide created new opportunities for philanthropic impact. The most recent decade has been profound for global social investing, practiced both internationally and locally. Two particularly significant developments have changed the landscape:

- In the international arena, increases in both the level of attention and the level of resources trained on global issues have been dramatic. Several new leaders have emerged in international giving, including not only prominent new foundations but also established grantmakers whose wealth grew dramatically during the 90s and who have greatly expanded their international programs.
- Concurrently -- and perhaps more significantly in the long term -- there has been a growing interest in local global social investing throughout the world, illustrated by both the creation of a few new private foundations and the development of the broader infrastructure required to support the continued growth of strategic local philanthropy.

These two trends are discussed in greater detail in Section III.

### **III. The Landscape of Global Social Investing**

At the dawn of the Twenty First Century, global social investing is at a crossroads. The essential components for a new era in GSI – an increasingly global world view, unprecedented levels of individual wealth, a supportive infrastructure, and a new “culture” of philanthropic awareness – are increasingly in evidence.

Though it is not possible to paint a complete picture of either international or indigenous social investing, here we attempt to summarize what is known of global social investors and their current giving practices. In the overview of GSI in less developed countries we also point to some regional characteristics of philanthropy and discuss the infrastructure developing to support greater levels of giving in the future.

While this section of the paper examines the philanthropic behavior of individual global social investors, it also discusses some of the practices of the established foundations that have been involved in GSI for decades. (As a practical matter, because many prominent individual social investors choose to use private foundations as their principal giving vehicle, it is difficult to distinguish the global social investments of individuals from their institutions.).

#### **Acknowledging the Knowledge Gap**

At the outset it is important to acknowledge the very challenge that gave rise to the preparation of this paper: very little information exists on sources and levels of global social investment worldwide. With few exceptions, there has been little systematic effort to capture the volume of such giving, or to classify its purposes.

Few studies exist of the mechanisms by which philanthropic dollars are transferred from one country to another, the amounts of money involved, the recipients of such transfers, or the impact of those social investments. Grantmaking directories summarizing foundation giving exist in some countries (e.g., the U.K., U.S.), but not in most. While some data can be gleaned from reports from organizations in the development field, from those agencies responsible for ODA, and from church based groups, this information is far from complete. In many countries it does not exist at all. In addition, there are several types of international philanthropic transactions that are not captured by any known source, including (1) philanthropy from a diaspora, (2) individual giving via intermediaries, and (3) the potentially large numbers of gifts and donations sent directly to organizations or individuals overseas.

Similarly, there is relatively little comprehensive information regarding sources, levels and uses of philanthropic transfers within specific countries. This lack of information stems from cultural norms and practices that discourage openness regarding philanthropy, a lack of philanthropic infrastructure, and an absence of record keeping requirements.

Information on international giving in the United States is far more accessible than that in other countries. The Foundation Center’s *International Grantmaking and International Grantmaking*

*It* tracks levels and trends of international giving through foundations. AARFC's *Giving USA 2000* provides some information on private individual giving, but only tracks individual gifts over \$5 million. In addition, *Cross-Border Philanthropy*, a joint effort of the Centre for Civil Society at the University of London and the Johns Hopkins University Institute for Policy Studies (Helmut Anheier, Ed.), compares data from the U.S. with data from Germany, the United Kingdom and Japan.

Despite the relative paucity of available information today, efforts are ongoing to attempt to learn more about global levels of giving, as well as giving patterns within individual countries. Global mapping and data collection and analysis are being undertaken by several groups, including the Johns Hopkins University Institute for Policy Studies, the University of London Centre for Civil Society, and the Charities Aid Foundation (CAF). National, regional, and international philanthropic support organizations are also trying to gather statistical and descriptive information.

As a consequence of such limitations, the information in this section is regrettably "U.S.-centric" and necessarily fragmentary.

### **Levels of Investment**

Today, very little of the world's private philanthropic capital can be characterized as global social investing. Research on U.S. philanthropic trends clearly shows extremely low levels of interest in international giving. Recent reports on philanthropy in other wealthy nations shows similar trends:

- In the United States, private giving reached a record \$190 billion dollars in 1999. A mere \$2.65 billion, or 1.4 percent of this total supported programs with an international focus.<sup>v</sup>
- The \$2.65 billion that was given to international causes encompasses a broad range of international issues – including issues such as arts and culture, which would not fall within the definition of GSI. An analysis of programmatic trends -- available only for the portion of the total that was given through foundations – within giving categories that can be tied to GSI indicates that international development receives the greatest share of such funding (17.5%). Other areas claiming significant support include health (14.8%), education (11%), human rights (7.8%), and environment (8.4%). Taken together, these areas represent approximately 60% of international giving.<sup>vi</sup>
- Traditionally, individuals have contributed 80 cents of every dollar U.S. nonprofits raise from private sources. Based on the limited data available, it appears that this ratio is reversed when it comes to giving to international causes, with only 30% of the dollar coming from individuals, with the balance from institutions.
- Of the major individual gifts reported in *Giving USA 2000*, only three have an international focus.

- While the *scale* of international giving is expanding, the *share* of international giving as a proportion of overall giving remains stagnant. Notably, the number of foundations giving international grants rose by 20% between 1994 and 1998. Measured by *numbers of grants*, international giving grew at a faster pace than overall giving (an increase of 39% compared to an increase of 33% in overall giving). However, measured in *total grant dollars*, international giving has not kept pace with overall levels of giving. From 1994 to 1998, the giving level of independent foundations soared 58%, while international giving grew by 48%. Small grants predominate in international grantmaking, with only four out of every ten grants exceeding \$50,000.<sup>vii</sup>
- While many foundations give internationally, relatively few demonstrate a strong commitment to international grantmaking. The Foundation Center identifies 576 foundations that award international grants. Of these, only five allocate 100% of their giving to international activities. Thirty-six allocate over 50% to international, 85 give over 25%, and 171 give over 10% internationally.
- Based on Anheier's comparative research it appears that in the U.K. there is broad-based but relatively low aggregate levels of development-oriented giving, principally through overseas trusts and through intermediaries such as Oxfam and Save the Children. In Germany, private giving for development purposes seems to be significantly lower.
- Barnett Baron reports that in Asia, in addition to the fact that overall giving levels are quite low, very little indeed is committed to international giving.
- Israel's Ben Gurion University reports that although overall giving levels are on the rise in Israel, it does not appear that any significant portion is directed overseas.

### **International Global Social Investors**

For reasons cited earlier, it is extremely difficult to assess the extent to which individuals are involved in global social investing, or even more broadly to measure the extent to which individuals support international issues in general. From the limited information available, it appears that the great majority of global social investors are in the United States. However, it is widely acknowledged that philanthropy is a much less "public" matter in almost all other regions of the world, and therefore many global social investors may go unrecognized.

Among the world's global social investors, three individuals stand out. With their philanthropy they are addressing issues that range from children's health to the environment to human rights to the establishment of democratic institutions.

- The Soros Foundation Network. George Soros' childhood experiences, first with Nazi persecution and later living under communist rule, inspired him to commit significant personal wealth to promoting open, democratic societies. Soros established his first foundation, the Open Society Fund in 1979. Today, Soros funds a network of grantmaking and operating foundations in 30 countries, primarily in Central and Eastern Europe and the

former Soviet Union. The foundations fund mainly programs in education, civil society, health, media and communications, human rights, economic reform, and some arts and culture, with education accounting for about half of all spending. In 1997 the organizations of the Soros Foundation Network spent a total of \$428 million.

- Bill and Melinda Gates Foundation. Established in 1994, the Gates Foundation is the world's largest philanthropy, with assets of more than \$20 billion. This new mega-foundation has already generated enormous new resources to address global issues, primarily through a global health program targeting vaccinations, reproductive health and child care.
- The United Nations Foundation. In 1997, businessman and philanthropist R. E. (Ted) Turner made an historic gift of \$1 billion in support of United Nations (UN) efforts on global issues. The Foundation's mission is to support the goals and objectives of the United Nations with special emphasis on the UN's work on behalf of economic, social, environmental and humanitarian causes. In addition to grantmaking, the Foundation is engaged in public education on the UN's mission and programs. Of particular note is the Foundation's goal to encourage other leaders from the worlds of business and philanthropy to commit additional resources to the United Nations and its causes.

The prominence of these mega-donors should not diminish the importance of giving by other equally strategic international philanthropists.

- In the United Kingdom there are several ultra-wealthy philanthropists who have focused their attention on global social investing. They include Anwar Pervex, an Anglo-Pakistani businessman who operate trusts in support of a variety of charitable activities in Britain and Pakistan; Wafic Said, founder of the Karim Rida Said Foundation, which supports education and health in the Middle East; and Tiny Roland, who gives extensively to existing African charities.<sup>viii</sup>
- The Avina Foundation, founded and led by Stephen Schmidheiny, is a significant social investor in Latin America. The foundation seeks to help Latin American partners provide Latin Americans with a real opportunity for development through investments in education and training, the organization of civil society, the promotion of small business, and the protection of the environment.

These brief examples are offered only as an indication of the types of efforts currently underway in international social investing. Though not nearly as visible, there are undoubtedly many other significant global social investors in the United States, and surely in other wealthy nations as well. As mentioned above, of particular significance is a growing realization that philanthropy related to immigrant populations – sometimes referred to as “diaspora philanthropy” – is a significantly underreported source of international giving that may or may not fit this paper's definition of global social investing.

## Indigenous Global Social Investing

There is scant information on social investing within individual nations. Based on the research and knowledge that does exist, overall levels of philanthropy in most developing countries appears to be low. Moreover much of the philanthropy that is practiced there is targeted at culture, the arts, and sports. While some portion supports traditional “charitable” causes, very little appears to be directed at the causes of poverty and inequality.

Indigenous philanthropy assumes several prerequisites: an economy able to produce individual wealth; an enabling policy environment; a healthy, balanced relationship between the government, corporate, and civil society sectors; and a positive public attitude towards the role of philanthropy and the broader nonprofit sector.

In this section of the paper we attempt to highlight: (1) noteworthy examples of indigenous GSI, (2) the infrastructure to support future philanthropic growth within countries and regions, and (3) unique regional factors influencing the development of philanthropy. A discussion of general barriers influencing indigenous philanthropy is presented in Section IV.

### *Latin America and the Caribbean*

In Latin America and the Caribbean, reported levels of private philanthropy are relatively low. Several reasons are generally cited: the lack of a significant middle class, charity still associated closely with the church, lack of legal incentives for individual donations, and a relatively small – though growing – number of credible, experienced organizations that can act as intermediaries. Estimated annual total giving for all of Latin America (including all donors for all purposes) is \$1.3 billion dollars.<sup>ix</sup> Most foundations in Latin American are relatively young – on average only 15 years old. Many are operating rather than grantmaking institutions.

Until recently, very little philanthropy in Latin America has been used as a mechanism for creating sustainable social change. Historically, philanthropy – practiced by the church and the wealthy elite – has been characterized by a top-down, paternalistic model aimed not at creating social change but at strengthening relationships of dependency and inequalities.

Developments in several countries are encouraging for the growth of GSI.

- In **Mexico**, there are some 20 community philanthropy organizations. Among these groups, there is a wide range of structures, with some resembling traditional community foundations and others being hybrids. Many of these foundations received initial funding from international funders, and very little information is available on current sources and levels of funding. At the Oaxaca Community Foundation, approximately half the donations are from Mexican sources – though for the most part outside of Oaxaca. The Mexican Center for Philanthropy (CEMEFI), created in 1998, provides professional support to local philanthropies and promotes philanthropy in general.

- In **Ecuador**, though overall levels of philanthropy are quite low, the Fundacion Esquel-Ecuador has emerged as a national and regional philanthropic leader and is one of the few foundations in Latin America whose strategy could clearly be characterized as global social investing. The foundation has some community foundation characteristics but is concerned primarily with community development, focusing on the most disadvantaged segments of Ecuadorian society. It has become a strong force in Ecuador's development and is a model for many other emerging community development foundations throughout the world. While the foundation has been highly successful at attracting funds from international funders, it is not clear what percentage of funding is local.
- Two prominent examples of "new" philanthropy in **Colombia** stand out in Latin American as attempts to address the causes of poverty. The Carvajal Foundation was founded in 1961 by the family bearing that name; though often categorized as a corporate foundation, it is closely controlled by the family and operates more like a private foundation. Its sphere of interest includes community organizations, women's groups, housing cooperatives, and employment generation through micro enterprise. The FES Foundation, founded in 1964 by civil leaders and the business class, promotes social development through education, health, and family welfare. FES received initial aid from the Ford Foundation, but now generates funds locally, although predominately from income-generation activities rather than private philanthropy.
- In **Brazil**, the number of philanthropic organizations has more than doubled in last ten years, due in significant part to the support of a national organization, the Grupo de Institutos, Fundacoes e Empresas (GIFE), which was established primarily to assist corporate philanthropy programs. However, due to its high level of professionalism, it may become a force for the promotion of private philanthropy as well. There are current efforts to establish a community foundation-like organization with the technical assistance of the Synergos Institute.
- In the **Caribbean**, community foundations exist in Anguilla, the U.S. Virgin Islands, and Puerto Rico, with the Puerto Rico Community Foundation (PRCF) being the most developed. The PRCF, founded in 1985, may be the oldest community foundation in Latin America and the Caribbean. Initial funding of \$4 million came from Ford, Rockefeller and MacArthur, and Carnegie as well as 11 corporations. At the end of 1998, the PRCF's endowment was \$18.5, although the portion supported locally is not reported. In 1994 PRCF established the Institute for the Development of Philanthropy in order to promote giving in Puerto Rico and throughout Latin America.

Several large foundations have attempted to encourage philanthropy in Latin America and the Caribbean during the last decade. The Kellogg Foundation in particular is committed to increasing and strengthening philanthropy and volunteering in the region. A recent Kellogg initiative has provided assistance to 50 organizations in 12 countries in an effort to develop a critical mass of people and organizations to establish an infrastructure for philanthropy and social responsibility. Through the program, Kellogg has tried to change the deeply rooted negative perceptions of philanthropy and move philanthropy toward a position where it is a positive instrument for social change.

## *Southeast Asia*

Institutionalized, private philanthropic activity in Asia has been historically limited. There are very few charitable foundations that can be traced back as far as the first decades of the twentieth century. During the regional economic boom of the late 1980s and 1990s the growth of philanthropy in several Asian countries was promising. However, the economic setbacks suffered in the late 1990s effectively halted that promising development.<sup>x</sup>

What is known of giving patterns in Asia suggests that support for both local and international poverty-reduction programs is not significant. In terms of foundation giving, it is estimated that only 10 billion yen is given in international grants annually, and most do not support programs that would be characterized as GSI.<sup>xi</sup> Individual contributions in support of international issues are very low. In Japan, for example, total individual contributions total only \$30 million annually.<sup>xii</sup>

A survey of foundation giving in Southeast Asia was recently completed by Barnett Baron of the Asia Foundation. Among the most significant findings for GSI:

- There are still very few Asian foundations created out of family wealth. The limited number of individual foundations reflects in part a cultural tradition critical of public displays of personal wealth. However, that pattern appeared to be changing to some extent prior to the economic crisis of 1997. For example, in Japan over 25% of the foundations reported in a recent survey were established by wealthy individuals.
- The Philippines has the most developed philanthropic structure in Southeast Asia. The well-known Philippine Business for Social Progress (PBSP) founded in 1970 has been both a vehicle and proponent for private philanthropic investments in social and economic development. PBSP and several other organizations including the new Venture for Fundraising, provide training and advice on philanthropy and NGO resource development to foundations, corporations, and NGOs. Despite the sophistication of the infrastructure, little hard data is available on giving patterns.
- Hybrid organizations, endowed with public funds and governed by mixed public and private boards, are a new source of philanthropy in the region. The endowments come from a variety of sources including debt swaps, proceeds from the sale of donated food commodities, and corporate donations of blocked currencies. Most such foundations and trusts operate in the environmental field. Examples include the Foundation for the Philippine Environment and the Indonesia Biodiversity Foundation.
- In Thailand, while the infrastructure is not well developed, a relatively favorable climate exists for the development of philanthropy. The King has established a foundation that has helped to bring attention and acceptance to the independent sector. In addition, the legal climate is now relatively favorable to philanthropy, primarily as a result of strong leadership from government leaders (Silk).

## *India and Pakistan*

Philanthropy in the neighboring countries of India and Pakistan merits special mention. In Pakistan, the Aga Khan Foundation has recently completed a survey that shows the scale of indigenous philanthropy to be huge. In India, true global social investing seems poised for take off.

The survey in Pakistan estimates indigenous giving in 1998 at Rs 70 billion, or 2.2 percent of the GDP (slightly more than US\$1 billion). Of this total Rs 30 billion was given in cash contributions, Rs 11 in gifts in kind, and Rs 30 in the value of volunteered time. The total of Rs 70 billion is more than the foreign aid received by Pakistan and about equal to the Rs 84 billion spent by the Government of Pakistan on health and educational services. Of the total giving, 94% went to religious institutions and causes. The survey noted a low level of “social investing” in secular health and education. Two-thirds of the monetary giving represented gifts to individuals.<sup>xiii</sup>

In India, levels of indigenous giving also appear to be high, but similar quantitative data is not available. More significantly, there are strong indications of commitment to strategic global social investing. Several new and well-endowed individual, family, and corporate foundations emphasize social well-being and development in their giving. There is an apparent “culture of caring” among not only the very wealthy but a broader middle class population. Strategic giving strategies, including giving circles and venture philanthropy are being tested.

Several key factors have contributed to this environment. First, concepts of “giving back” and “helping others” have strong religious and cultural underpinnings. Second, recent economic growth has led to an unprecedented accumulation of wealth for many individuals, particularly those involved in information technology (IT) and other high tech industries. Third, India has a vibrant and well-developed NGO sector with a great diversity of vehicles and mechanisms through which to give.

A number of observations on the philanthropic community and environment are noteworthy:

- Unlike many countries, where arts and sports lead giving priorities, in India there is a significant interest in and commitment to social investment opportunities in areas including education, health, microfinance, and poverty alleviation. The development of both primary and higher education appear to be of particular interest.
- There is a strong interest in venture philanthropy and also in the potential role of IT in poverty alleviation, attributable to the professional background of many of the new philanthropists.
- There is a strong interest in public/private partnerships.

- There is a reluctance or even “aversion” to working with intermediary groups; philanthropists prefer to work directly with grassroots organizations.<sup>xiv</sup>
- Giving is often accomplished “quietly” and many gifts are made anonymously. The principal motivation appears to be modesty. In addition, a desire not to overshadow or discourage the giving of others and a desire to shield oneself from myriad philanthropic requests may also contribute to the practice.<sup>xv</sup>
- There are policy obstacles that deter greater levels of giving including the difficulty of the NGO registration process and the limitations imposed on NGOs’ access to foreign funds.

“Diaspora philanthropy” is an increasingly important component of the current philanthropic landscape in India and Pakistan and a potentially significant resource for GSI. While actual numbers are not known, it is clear that high levels of remittances have already funded several development efforts from scholarships for poor students to institutions of higher education such as the Indian School of Business.

There is an active conversation regarding the incentives and mechanisms that could further enhance the volume and quality of diaspora flows. Individuals from many professions including foundations, NGOs, high technology corporations, and banking have noted the enormous potential for diaspora philanthropy to contribute to programs of poverty alleviation. Several have commented that in order to attract significant diaspora resources more attention needs to be given to the development of an enabling environment including information sources, transfer mechanisms, and recognition or incentives. Others have noted that there is a need for the NGO sector to demonstrate more effectiveness and accountability.

### *Eastern and Central Europe*

Historically, many countries in Eastern and Central Europe had a rich tradition of philanthropy prior to communist rule. Today, individual private philanthropy in the region is extremely limited. Principal factors limiting GSI in these regions include: (1) low levels of economic development and individual wealth, (2) widespread distrust and suspicion of philanthropic institutions, (3) a trend for a significant portion of the limited local philanthropy to support recreational and cultural groups (likely a reflection of long tradition of culture in sports clubs in the region both before and during communist control), and (4) a perception that the state should continue to provide all basic services – including education, health, social welfare – to its citizens.

Beginning in the late 1980s international foundations as well as Western governments have dedicated significant resources to reestablish and expand the philanthropic sector of individual countries, characterized by a pronounced effort to develop community foundations or other community-based philanthropic organizations. The Soros Foundations Network, the Mott Foundation, and the Charities Aid Foundation have been particularly active in the region. There has been significant progress in establishing an infrastructure to encourage local giving and some discrete successes in raising local funds. It is too early to predict the long-term staying power

impact of these philanthropic organizations or their potential to develop local philanthropy in a significant way. Nevertheless, several significant achievements are noteworthy:

- In **Poland** – supported in large part to the *Academy for the Development of Philanthropy* (ADDP), which grew out of a USAID project – some local philanthropy appears to be taking hold. ADDP provides matching funds to organizations that can raise local contributions. Fifteen community foundation are either established or in the planning stage.
- In the **Czech Republic**, the nonprofit sector as a whole has a more positive reputation than in many other countries, due in part to the high-level of support provided by President Vaclav Havel. At least two community foundations have been established with assistance from the Mott Foundation. In addition, The Open Society Fund-Prague is heading a consortium of organizations to develop community philanthropy.
- In **Bulgaria**, there are several indigenous funders including the SS Cyril and Methodius International Foundation, the National Endowment Fund, and the Evrika Foundation; six operating community foundations; and the Carpathian Foundation, established with support from Mott to address community development and conflict resolution on a regional basis. In addition, the 13 Open Society Clubs have formed an association to encourage local philanthropy. While the growth of a supportive infrastructure is encouraging, levels of local philanthropy remain extremely low with only 3% of NGO funding coming from individual donations, while 92% is from foreign sources (CAF).

The new Trust for Civil Society also has great promise as a “showcase” for the positive role of philanthropy in the region.

### *Russia*

Philanthropy in Russia is limited by factors similar to those cited for Eastern Europe. In fact, while there may be more significant private wealth in Russia, the level of distrust and suspicion among the general public is probably higher than in neighboring countries. After generations of rule by a strong state that prohibited most individual initiative, many believe the role of the national government is paramount and do not see a need for individual participation in the construction of civil society.

Recent efforts to establish new, effective philanthropic practices have centered primarily on community-based philanthropy and corporate giving, with Charities Aid Foundation taking a lead role in helping to establish community foundations in the country. CAF’s approach has been unique among funders in Eastern Europe. In other countries a common strategy has been to use outside (international) resources as seed money in order to quickly demonstrate the role philanthropy can play. In Russia, CAF adopted a strategy and the view that in order to avoid suspicion and misunderstanding, resources and local acceptance had to be established first.

In spite of such obstacles, the first community foundation was established in 1998 after four years of planning. The foundation was able to attract and distribute \$80,000 dollars in grants and

raise an endowment of \$83,000. Two donor-advised funds were subsequently established by local banks. In 1999, five additional community foundations were established; another four were expected to be created in 2000.

In addition to the community foundations, there are a few private individual foundations in Russia. The foundation of Kirsan Ilyumzhinov, the billionaire president of the Republic of Kalmykia, and the Gary Kasparov Foundation are the two most prominent. While the distribution of their resources is not known, it appears that a high proportion go to cultural and recreational institutions. According to CAF, the prospects for the development of other private foundations is limited primarily by the need for fiscal openness.

### *Africa*

There is little available documentation on traditional forms of philanthropy in Africa or on the growth of “modern” philanthropy in African countries where economies and wealth could support strategic giving. What little data there is suggests that overall levels of giving are quite low; the principal reasons cited are the lack of private wealth and the persistence of corruption within the nonprofit sectors of many countries. During the last decade there have been significant efforts to encourage community philanthropic organizations.

- In **South Africa**, due to a significant amount of individual wealth and relative political stability, local philanthropy appears to be growing significantly. The Southern African Grantmakers Association was founded in 1995 to support new philanthropic institutions. In 1998, with support from Ford, Mott, and Kellogg, the group launched a community foundation development program. The Uthungulu Community Foundation, established in 1999, was the first South African community foundation. At least three others are close to beginning operations.
- In **Zimbabwe**, the Western Region Foundation was founded in 1997 after six years of planning by the Organization of Rural Associations for Progress and the Synergos Institute. The foundation builds on tradition of qogela, a group savings practice in which families in a community pool their funds to make investments. The foundation has received additional support from the Open Society for Zimbabwe, the Carnegie Corporation, and UNDP.
- Community foundations have been established in **West Africa, Kenya, and Mozambique**. International support has come from Ford, the Aga Khan Foundation, MacArthur, the Bill and Melinda Gates Foundation and the Craig and Susan McCaw Foundation. In Mozambique, there has been significant local support due to the efforts of the former First Lady Graca Michel.

### **The Role of Established Foundations**

Older, established U.S. foundations play an important role in global social investing and are likely to continue to do so. Some of their major contributions and roles include:

- Levels of resources. The most significant levels of resources for global social investing currently originate with older, established foundations with international interests. In the United States, approximately 70% of the support for international programs comes from foundations. Moreover, over 50% of international giving comes from foundations established before 1950.
- Experience. The cumulative experience of older foundations in addressing global challenges is vast. These foundations have been committed to strategic international giving for decades and have had many significant successes. New donors can learn from both their achievements and failures.
- Leadership. In the current efforts to promote broader global social investing, leadership has come from large, internationally focused foundations, Rockefeller and Hewlett in particular.
- Role models and partners. As interest in GSI increases, established foundations can serve as both role models and partners for new and individual donors.

## **IV. Barriers and Obstacles to Global Social Investing**

Despite a widening interest in global social investing -- illustrated by the growth in philanthropic dollars, grants, and active individuals and institutions -- there are significant barriers to its widespread practice. Barriers to international GSI exist in both countries where donations are initiated and in the recipient countries. Additional obstacles exist to GSI within individual countries. Barriers vary enormously from country to country and the following summary should be viewed only as a broad overview of representative obstacles.

### **Desire for Social Recognition and Status**

Giving bestows status. One of the reasons individuals give is to gain the respect and admiration of their peers. Status is often most readily accorded to donors who support very public and prestigious institutions in the arts, culture, and higher education. This desire for public recognition may be the most significant barrier to directing indigenous philanthropy at chronic social problems.

Similarly, the desire for social recognition can limit international GSI. Recognition in the donor's country is most available to donors who support local projects. In addition, the need to give internationally through an intermediary can dilute the recognition a donor might hope to receive from the overseas beneficiary. While some global organizations, such as Conservation International in the United States and Action-Aid in Spain have acquired significant social status and are attracting funds for global issues, the numbers are still quite limited.

### **Maintaining the Status Quo**

In many countries, wealth correlates very closely with political and economic power. Among the individuals in power, there may be very little interest in philanthropy that would significantly redress existing inequalities and potentially change the balance of power and wealth. While no hard data exists to support this theory, several experts on Latin America believe this is one of the major barriers to social investing in the region. It is also likely among the most significant barriers to local philanthropy in many African countries.

### **NGO Sector Infrastructure and Capacity**

The ability of the NGO sector to absorb and efficiently use philanthropic funds differs enormously from country to country, and again, few generalizations are possible. Among the characteristics of NGO infrastructure that may limit GSI are:

- Geographical distribution of nonprofits. The sector is often characterized by a heavy concentration of NGOs in the capitals, with very little activity in more distant towns and rural areas where the need is often greatest.

- Range of activity among nonprofits. The sector is often limited in its ability to provide a wide range of social services. In much of Eastern and Central Europe, the NGO sector is dominated by cultural, professional, sports, and policy organizations with a very limited number of service-providing entities.
- Management capacity. In many countries, particularly those where the nonprofit sector is relatively young and heavily reliant on volunteer efforts, organizations lack the skills required to effectively manage significant programs. For example, CAF estimates that of the 4530 NGOs in Bulgaria, only between 350 and 500 organizations operate effectively. In Colombia, CAF notes that there are only a handful of organizations with the management capacity to run projects on behalf of international donors. The use of intermediary organizations can help to overcome this obstacle.
- Inadequate facilities and technical equipment. As noted earlier, new technologies have the potential to facilitate effective global social investing. However, access to the technology remains limited in many areas. In Bulgaria, for example, 23% of the NGOs have no telephones, 55% have no fax or computers, and 76% have no access to the Internet.<sup>xvi</sup>

### **NGO Accountability and Credibility**

In many countries a lack of transparency in operations leads to a general suspicion of civil society, severely limiting social investing from both international sources and local donors. The requirements for NGOs to provide information to the public or government vary widely from country to country. While some countries require annual activity reports and audited financial statements, many countries do not.

In addition, local and international donors want some assurance of the effectiveness of their investments. While some of the larger NGOs attempt to provide evaluation and feedback, the practice is not widespread. The growth of professional intermediaries such as the Fundacion Esquel in Ecuador or community foundations in many countries may help to address this obstacle.

### **Public Attitudes towards NGOs**

In many countries the general public has a fairly negative opinion of the NGO sector. At one level there is respect for the programs of some of the more professional NGOs, but there is often a pervasive level of suspicion as to how other organizations use their money. Others see the sector simply as a way of avoiding taxes or gaining political ends. Where such negative opinions exist, the sector will have particular difficulty attracting local donors.

### **Insufficient Information and Resources**

It is easier to decide to give globally than to know how to give. While many current and potential global donors have personal connections, resources and access to information, others simply do not know where to begin as they approach global social investing. Comprehensive,

easily accessible information is hard to find. Sal LaSpada of the Rockefeller Foundation notes that even those philanthropists that have participated in the Rockefeller Philanthropy Workshop have reported difficulty in identifying constructive ways to engage in global philanthropy over the long-term. While the infrastructure to support GSI is growing, it is not well known or easily accessed. Donors may require information related to global problems, ongoing programs, promising nonprofit organizations, the complexities of overseas grantmaking, or opportunities to partner with other donors. Such information is not centralized; there is no “clearinghouse” for global giving.

### **Lack of Knowledge, Experience, and Motivation**

Many individuals with the potential to be strategic global social investors have personal and business experience in countries throughout the world; others do not. The extent of disparities between the “haves” and “have-nots,” the true living conditions of the world’s poor, as well as the complexities of global issues and their origins may not be understood by many with the means to address the problems. Donors most often give to issues and places that are familiar; they seek to support causes with which they have a personal association. The lack of direct experience in countries where the needs are the greatest may limit motivation and interest in engagement in global social investing.

A few limited attempts have been made to provide education, information, and even direct experience to those seeking it. In addition to the Rockefeller Foundation’s Philanthropy Workshop, Synergos plans to offer members of the Global Philanthropists Circle similar opportunities. For donors with far less philanthropic capital, NetAid seeks to educate visitors to their website about chronic global poverty.

### **Limitations of Funding Vehicles**

For United States citizens seeking a tax deduction for their giving, it is important to be able to give through a U.S. based 501c3. Significant numbers of intermediaries exist to transfer contributions overseas (see Section V). However, despite the abundance of intermediaries, there are limitations. Donations to traditional intermediary organizations involved in development work limit donor engagement and the ability to pursue personal philanthropic goals. While the range of broader international giving vehicles is expanding it is still limited to certain geographical areas and global topics; it does not yet address the diverse interests of all donors. (In other countries, the number of vehicles available to those who wish to be global social investors appears to be more limited, with fewer new models of intermediaries.)

### **Difficulty in Personal Engagement or Involvement**

Geographical distance, linguistic and cultural differences, and the use of intermediaries can all limit a donor’s personal involvement and real “engagement” with beneficiaries.

## Legal, Policy, and Regulatory Framework of the Donor Country

Multiple legal and tax hurdles effectively limit the ability of both individuals and foundations to engage in global social investing in broad strategic ways. While many of the “donor” obstacles are particular to the United States, similar barriers affect donors in wealthy nations throughout the world.

- In the United States, individuals cannot receive a tax benefit for donations made directly to foreign organizations. Despite the growing number of intermediaries available to assist U.S. philanthropists with international giving, this is an enormous limitation on the ability of individuals to engage in global social investing. This is particularly significant in light of research that suggests that the growth in giving directly to overseas organizations is *the most significant trend* among institutional givers.
- There are additional tax obstacles to giving through foundations in the United States. For foundations wishing to support organizations without U.S. 501c3 status there are two options -- equivalency determination or expenditure oversight. Equivalency determination requires the foundation to show that the foreign organization is the equivalent of a U.S. public charity. Expenditure oversight requires a foundation to follow strict monitoring and record keeping procedures. Both options can be difficult, time-consuming, and expensive – a significant barrier to smaller foundations.
- An additional legal hurdle is presented by the growing use of intermediary organizations and the process of “regranting” donations. Intermediaries increasingly work to help donors carry out their philanthropic objectives. However, in order for a donor to be eligible for a tax deduction, the intermediary cannot simply be a “puppet” of a domestic donor or an extension of a foreign organization.

## Legal and Tax Issues in Target GSI Countries

Local legal and regulatory environments in “recipient” nations also have an important influence on both indigenous and international philanthropy. While it is impossible to generalize, some of the legal and tax barriers include:

- NGO registration. The relative ease or difficulty with which an organization can “register” or incorporate may be one of the most important factors in developing the nonprofit infrastructure required for strategic social investing. This legal status enables organizations to raise and expend funds and operate openly. When a country makes it difficult to register, the nonprofit sector will be limited accordingly in size and scope of activities, and therefore limited in its ability to effectively use global resources. In some countries the registration process is expensive. In other countries there is a reluctance to enable private organizations that wish to engage in activities normally within the purview of the state. In many countries, NGOs may prefer not to register in order to remain free of government control.

- Personal economic benefit. Another important legal issue is the extent to which laws prohibiting improper economic benefit exist or are enforced. Where such laws don't exist or are ignored, there have been examples of widespread abuse of the system. Thomas Silk notes this phenomenon in Indonesia; it is a critical issue in Russia, Romania, and other countries in Eastern Europe. Such abuse quickly erodes the trust of both donors and the public.
- Restrictions on use of foreign funds. Some countries seriously restrict the ability of nonprofits to receive support from outside the country. Again, Indonesia is an example of a country with a highly restrictive law, requiring formal government approval for any foreign support. In China, where many NGOs receive money from Chinese living overseas, the practice is to require approval before opening a foreign currency bank account, thereby creating a monitoring system on foreign contributions. (Silk)

### **Safety and Security**

While not a pervasive problem or serious hurdle to giving worldwide, in Mexico and other Latin American countries philanthropists have indicated a reluctance to practice philanthropy openly for fear of kidnapping attempts on themselves or their families.

## **V. Mechanisms for Giving**

Despite significant barriers to global social investing, there are numerous mechanisms through which it can be legally, effectively and strategically practiced. Traditional giving vehicles are being augmented by new and creative approaches. This section of the paper considers both established and emerging vehicles for global giving. While the specific examples are drawn from the United States, the models may be applicable in many other countries.

### **U.S.-Based Operating NGOs**

Direct gifts or grants to U.S.-based operating NGOs are perhaps the simplest and most traditional mechanism for supporting organizations working on important global issues. Donors can give to a wide range of U.S. organizations with active international programs. The choice among partners is ample in most fields of “social investing,” including poverty reduction, health, education, community development, environment and human rights. This type of giving works well when a donor is interested in supporting a particular type of effort in a particular geographic area but is not insistent on supporting a foreign organization.

Over the last 20 years there has been a dramatic increase in the number of U.S. intermediaries engaged in international activities. As but one indicator, the rise of the number of non-profits registered with USAID in 1982 was 144; by 1996 that number had grown to 400. Organizations such as Doctors Without Borders (which won the Conrad N. Hilton Humanitarian Prize in 1998 and the Nobel Peace Prize in 1999) have raised public awareness of the compelling work carried out by such organizations.

### **“Friends of” Organizations**

A well-recognized mechanism for global giving in the United States is the “friends of” organization, domestic 501c3 corporations established to provide a means through which to support a specific foreign organization. Over the last decade there has been enormous growth in the number of “friends of” organizations in the United States. Currently, there are over 350 such organizations, nearly 50% of which were created since 1990; it is estimated that such groups raised \$1.6 billion in 1995/96.<sup>xvii</sup>

An analysis of the institutional affiliations of these organizations indicates that their current use as a vehicle for GSI is quite limited -- only about \$14 million traveled overseas through “friends of” organizations to support development and relief activities. However, as the reputation of individual overseas nonprofits and intermediaries grows, it is possible that the popularity of this mechanism for mobilizing funds for international causes could have a much more significant impact on GSI.

### **Strategic “Umbrella” Intermediaries**

An increasing number of so-called “umbrella” organizations have been established to enable global investors to channel funds through U.S. intermediaries to overseas NGOs. These

umbrella organizations focus on a global issue -- such as women, social entrepreneurs, or micro-enterprise -- or on a particular geographical area. These organizations offer both significant expertise in giving areas as well as in international grantmaking. They have “on-the-ground infrastructures” of staff and/or extended networks. Based on their proven track record, these organizations offer donors a high level of assurance that funds are regranted to reliable and accountable organizations. Some of the organizations offer a wide range of ways to give in order to meet the goals and objectives of diverse donors.

While these organizations share a common role as a mechanism for investing in foreign NGOs, their approaches differ widely. In particular, there are significant differences in the level of involvement an individual donor has in determining how his/her funds are regranted. Such organizations also take very different approaches to their role as intermediary, and in the extent to which they wish to be facilitators of significant partnerships between donors and grantees.

Several examples illustrate not only the effectiveness of umbrella intermediaries but also the possible range of models:

- Global Fund for Women (GFW). The GFW raises funds and redistributes them to seed, support, and strengthen women’s rights groups around the world. Through a highly effective network, GFW is able to identify, evaluate, and fund true grassroots organizations. Donations are made to GFW which then makes the ultimate decisions on the distribution of funds; individual contributions cannot be earmarked to support specific projects, programs, or countries. Similarly, grants from GFW to grassroots women’s groups provide general support, not funding for specific projects. In the last fiscal year, GFW awarded 363 grants of over \$3 million to women’s organizations in 92 countries.
- International Youth Foundation (IYF). IYF, founded in 1990, is dedicated to the development of children and youth throughout the world. Similar to GFW, IYF seeks to support effective grassroots initiatives. However IYF’s approach is quite different in that it works with and through a network of 36 national youth foundations and organizations operating in 44 countries rather than directly with grassroots organizations. Over 90% of the \$74 million awarded has been directed at supporting the national partner foundations within the network. The grants are subsequently used by partner foundations to identify, strengthen, and expand effective programs for children and youth; to build leadership capacity in individuals, institutions, and the youth-serving sector; to promote children and youth issues at the national level; and to promote local philanthropy.
- Give 2 Asia. Give2Asia has recently been established as a separate public charity by the Asia Foundation to increase philanthropy to Asia. Give2Asia represents a third model of global intermediary. Focused on a geographical region rather than a beneficiary constituency, the model is unique in that it offers a wide array of charitable vehicles through one organization. Donors can establish a donor-advised fund, work with staff on custom program design and management, give to field-of-interest or country funds, or make grants to specific pre-approved Asian charities.

These efforts are dynamic and encouraging, pioneering new models for transnational philanthropy. Unfortunately, there has been little comprehensive evaluation to date. Further analysis of their impact will be needed as other groups, working in other areas of expertise, explore similar models.

## **Giving Circles**

Giving circles typically comprise a group of individual donors that pools resources around a common interest or cause. The common model is for 10-20 people to identify one or more issues and agree on how to strategically invest in it/them. Some giving circles retain paid staff, while others operate completely through volunteer capital. Giving Circles are also “learning circles,” for in the process of making joint giving decisions participants gain an in-depth understanding of an area of philanthropic focus, at the same time learning together about effective giving. At their best, giving circles provide peer networking and collaboration, create community, support learning, and promote truly strategic investments. Because giving circles are not normally incorporated, they cannot give grants directly to overseas NGOs.

A major new initiative of the Synergos Institute, the Global Philanthropists Circle (GPC), is testing the giving circle concept for worldwide philanthropy. The giving circle will bring together individuals and families from around the world to investigate and invest in efforts to tackle the myriad problems of poverty, social exclusion, and the gap between rich and poor. The GPC will provide a space for members to exchange ideas with other serious philanthropists; learn about successful initiatives in an unbiased environment; meet a cross-section of leaders in government, business, and civil society; and create a way to invest directly in international initiatives through a vehicle of their own choosing. Synergos will coordinate workshops and discussions, organize group trips to various countries, and arrange tailored international visits to help members explore successful projects and philanthropic opportunities in their own areas of interest. An annual membership fee of \$25,000 per family will help offset administrative costs.

## **Ethnic- and Cultural-Based Philanthropic Groups**

While giving circles are generally defined by a shared interest in a specific issue, there are emerging groups that discuss and practice philanthropy based on other common characteristics. One important example is associations formed around a shared ethnic identity, sometimes referred to as “diaspora philanthropy.” The transfer of resources from citizens and residents of one country back to families and communities in their country of origin is probably one of the least reported but most significant forms of international philanthropy. Only recently have structures begun to emerge to facilitate these transfers in a more strategic manner.

- The Indus Entrepreneurs (TiE). TiE is an association of business leaders in America’s high-tech industry from the “Indus” region, including India, Pakistan, Bangladesh, Nepal, and Sri Lanka. It is a large, powerful, and growing association whose membership includes dozens of deci- and centi-millionaires and a few billionaires, almost all of whom have acquired their wealth within the past five years. While the group’s principal mission is to make business connections for each other, the core belief in helping each other and giving back has now

extended their goals to promote philanthropy. Many of the group are working to develop an organized system developed for giving back to the people of South Asia. The Gujarat earthquake energized TiE members in fundraising efforts and millions of dollars were raised for relief efforts. Significant individual pledges have been made by members of the group to institutions including the M.S. University in Baroda and the India School of Business in Hyderabad. Additional donations have been made to family members who operate health clinics in home villages and to other schools and universities.

- Hispanics in Philanthropy (HIP). HIP is an association for donors that promotes philanthropic understanding and support of Hispanic communities in the United States and Latin America. Together with the Rockefeller Foundation, HIP has recently launched “Philanthropic Leadership in the Americas: A Program for Transnational Innovations” to support the growing community of Hispanic donors who serve as a bridge between the United States and their countries of origin and to demonstrate the pivotal role their strategic philanthropy can play to promote and strengthen philanthropic leadership among the Hispanic community in the United States. The program will develop, train, and support a network for a leadership group of philanthropists committed to increasing strategic philanthropy in Latino communities both in Latin America and the United States.
- National Center for Black Philanthropy (NCBP). The NCBP seeks to encourage African American contributions to and participation in philanthropy. According to Rodney Jackson, President of NCBP, there is little known about the extent to which black philanthropy supports communities outside the United States. However, the upcoming NCBP national conference, “Black Philanthropy: At Home and in the Diaspora,” will address the subject of philanthropy by and for people of African descent throughout the world.
- Aga Khan Foundation. The Aga Khan Foundation is “a modern vehicle for traditional philanthropy in the Ismaili Muslim community.” Aga Khan networks have mobilized the resources of the Ismaili communities worldwide to support the foundation’s own international development programs in Asia and East Africa.

## **Private Foundations**

Global philanthropy can also be practiced through private, strategically focused foundations for which global social investing is an integral part of the mission and grantmaking process. The creation of several very large private foundations by a small handful of relatively new international philanthropists (e.g., Gates, Turner, Soros) has showcased the power of individuals to address a global agenda through private foundation giving. Other prominent and strategic examples include Shmidheiny’s Avina Foundation, the Ayala Foundation in the Philippines, the Carvajal Foundation in Colombia, and the Banyan Tree Foundation headquartered in Washington, DC. Smaller, strategic foundations support concerns ranging from hospitals in Nepal to libraries in Guatemala. With clearly focused programs, these foundations can have significant impact.

Private foundations offer a mechanism for individuals to approach global social investing in a comprehensive and personal manner. They allow the donor to establish individual priorities and objectives, maintain direct legal control over distributions, engage directly with beneficiaries and constituents, and systematically evaluate effectiveness. Private foundations offer the U.S.-based global investor a liberal range of giving opportunities, insofar as they are legally allowed to make distributions to foreign as well as U.S. NGOs, provided the proper legal requirements are met.

The relatively costly nature of a private foundation notwithstanding, it can be an effective mechanism for donors with highly focused global objectives and interests and a desire to develop a long-term and individualized social investment strategy.

### **Venture Philanthropy Funds**

Some new donors are particularly interested in the concept of venture philanthropy, applying to giving the same analysis and approach that they use in their business ventures. This model can work well with projects that have specific and measurable goals, such as micro-enterprise work.

A particularly strategic application of venture philanthropy is being used by the Acumen Fund (AF). Spearheaded by Jacqueline Novogratz and with significant start-up funding from the Rockefeller Foundation and Cisco, AF is building a model for philanthropy using a portfolio approach similar to that used by mutual funds. The effort hopes to link “new economy” donors to effective change strategies that target the root cause of global problems through a series of issue-focused portfolios. Portfolio performance will be evaluated through a system of metrics and benchmarks. AF intends to encourage donor engagement through an emphasis on feedback, communication, and education using a sophisticated website as a communication platform. Initial investors will be asked to invest at least \$100,000 over two years. AF hopes to be self-sustaining through portfolio income, institutional fee arrangements, and information syndication within five years. (Note: AF does not refer to itself as a venture philanthropy model, but is included here because it includes many of the characteristics of venture philanthropy.)

Variations of venture philanthropy models seem to be gaining ground in Europe, Latin America, and India among some technology and new economy entrepreneurs. One such “new economy” philanthropist is Martin Varsavsky, a Madrid-based telecommunications billionaire. With the encouragement of Argentinean president Ferdinand de la Rúa, Varsavsky recently donated 11.2 million to Argentina for the development of an educational portal. Varsavsky is particularly interested in the educational possibilities of the Internet as a medium beyond the control of government. The plan is for the project to be run as a for-profit venture that will eventually become self-sustaining.<sup>xviii</sup>

### **Donor-Advised Funds**

The donor-advised fund is a well established domestic model increasingly being utilized for international social investing. This mechanism allows individuals to create a fund at an established public charity and take an immediate tax deduction. The gift is irrevocable, and its investment is controlled by money managers associated with the public charity. Subsequently, at

any given time, the donor can recommend – but not require – that the public charity make a grant to a specific grantee.

Traditional donor-advised funds have inherent limitations as vehicles for strategic global social investing. Many public charities that have created donor-advised funds, both community and foundations and commercial charitable funds, do not allow gifts to non-U.S. charities. Many fund managers -- in particular those at community foundations, due to their local missions -- have little experience with international grantmaking. Nor do they have subject area expertise in issues affecting developing countries, so cannot provide substantive knowledge and advice. They also do not have overseas staff or networks, rendering objectives such as NGO identification, due diligence, and program evaluation all extremely difficult to achieve.

Despite these drawbacks, some recent initiatives illustrate the potential for increased use of donor-advised funds as an effective vehicle for global philanthropy.

- In areas with a relatively high interest in international giving, community foundations are taking the initiative to develop the expertise and administrative structure necessary to facilitate global giving. Examples include the Silicon Valley Community Foundation and the Peninsula Community Foundation.
- U.S.-based NGOs that facilitate philanthropy to specific geographical areas or global issues are providing a structure for high-end donors to establish donor-advised funds within their organizations. Examples include the Global Fund for Women and the Asia Foundation (through Give2Asia).

## **E-philanthropy**

The Internet, by its nature, is a global tool. It links remote peoples around the globe at little or no cost, building “communities” based on interests and ideals and eliminating geography as a factor. This global reach renders the Internet a tool with enormous potential for global philanthropy, to both create and sustain partnerships between donors and beneficiaries.

In reality, the Internet is unlikely to be the principal investment mechanism for large-scale social investors. However, significant roles for global e-philanthropy include (1) the potential to broaden the base of international donors, recruiting new donors who have never before engaged in international philanthropy; (2) the ability to provide donors interested in engaging in international philanthropy on a small and/or sustained basis a mechanism to do so; and (3) the ability to help build effective and lasting partnerships between donors and grantees otherwise impossible due to distance.

In February 2000, the W.K. Kellogg Foundation released a report that described 140 Internet sites that “facilitate philanthropy, volunteerism, social change-making, and the development of nonprofit organizations.” While most of such sites focus on activities in the United States, the phenomenon indicates the potential to use the Internet as a tool in encouraging and effecting philanthropy in all areas.

Several “e-efforts” are underway to encourage philanthropy in the global arena. Most efforts, such as Netaid.org and Helping.org facilitate only modest donations. IndiaCares, a website portal in India, raised \$200 thousand last year for development efforts in the country. One innovative e-philanthropy effort encourages larger-scale donations and has developed a model which demonstrates the real potential of the internet when used strategically:

- Virtual Foundation (VF). VF is specifically designed to allow individuals to support and become actively involved with grassroots initiatives around the world. VF works through a consortium of NGOs in Eastern Europe and Latin America. Community projects in the fields of environment, health, and sustainable development are identified and evaluated locally. Approved projects are posted on the website with details on the project's goals and activities, budget, and illustrative photos. Individuals, groups, or foundations and other organizations can select specific projects to support and ten percent of each donation is used to cover administrative costs. Project progress reports are posted on the Virtual Foundation website and donors are encouraged to communicate with members of the project they fund. To date, the Virtual Foundation, has funded 46 international projects for a total of \$81,352 through its website, but both interest and the rate of donations is growing. While the initial organizational plan included only projects under \$5000, recent requests by donors have prompted VF to explore matching donors with greater resources to larger scale projects.

## VI. Issues and Considerations for Future Work on GSI

Global social investing is still in its infancy, at least GSI as of any significant scale. But while its current dimensions are limited, its future potential is tremendous. As this paper amply illustrates, there are important questions that must be answered and important issues that must be addressed for GSI to realize that potential. Among them:

### Understanding Global Social Investing

- *Vocabulary and standards.* There is a need for a common vocabulary that describes Global Social Investing. For starters, what do we mean by the term? What is the difference between philanthropy and charity in the context of GSI? Are the terms “diaspora philanthropy” and “indigenous philanthropy” acceptable or are there better descriptions? Is there an analog to “venture philanthropy” in GSI?
- *Comparative research on global social investing.* The research on philanthropic dynamics within individual cultures and countries is still quite limited. Most research is part of a broader effort to understand the non-profit sector and does not look at philanthropy in depth. Just a sampling of the myriad questions to be asked include: What local forms of philanthropy exist? How can they be built on? What are public attitudes toward giving? Have there been local efforts to encourage philanthropy?
- *Evaluation of current giving vehicles.* Many of the current vehicles reviewed in Section V are promising vehicles for GSI, but little evaluation has been undertaken. How effective is each model? What are the advantages, disadvantages, and best use of each strategy?

### GSI and Development Generally

- *Role of private resources.* What are the most important roles for private global philanthropy within the broader field of development? Are there particular areas where impact can be maximized? Are there specific issues where GSI can be a catalyst for significant change? What is the value added of private money?
- *Broadening the discussion.* The majority of individuals and organizations involved in the discussion of GSI come from the field of “philanthropy.” Moreover, the discussion is weighted toward supply-side issues such as the potential to generate new resources, the barriers to increased giving, and available transfer mechanisms. As the discussion evolves, every effort should be made to broaden the group of participants to include those organizations and individuals actively working in the countries and on the issues targeted by GSI.

## Tools

- *Case studies and best practices.* What makes for effective GSI? What are the best practices? What have others learned? How can GSI's practitioners capture the experience of those organizations and individuals that have gone before?
- *Monitoring performance and evaluation.* As in domestic philanthropy, evaluation and assessment pose significant challenges in GSI. There are few, if any, widely accepted approaches. Should the approach vary with the type of work being evaluated? How does one establish measures that distinguish between the social and economic returns on the investment?
- *Linking.* How are global social investors connected with good projects? How do donors identify promising opportunities? How do donors connect to others with similar interests?

## Collaboration and Information Sharing

- *Collaboration.* What are models of effective partnerships between donors and actors? What are the best strategies for maintaining mutual respect between donors and actors? How can donors be sure that they are hearing the voices at the grassroots? How can we avoid a “top-down” paradigm?
- *Information sources.* Where can a donor turn to obtain information on important global issues? On mechanisms to address particular issues? On other philanthropists involved in a particular cause? There is no central clearinghouse for information on GSI and the time and effort required to gather information is surely curtailing its potential.
- *Communication.* There appears to be interest in building a network of global social philanthropists to create a mechanism for information exchange and an environment where donors can come together in a safe environment. Where should a network be based? Does it need a physical venue, or can it exist wholly in cyberspace? Who should sponsor it? Serve as a secretariat? Should it be self-supporting, or will it need an infusion of start-up capital?

## Appendix A

### Organizations that Promote and Support Global Philanthropy

A growing number of organizations are actively encouraging the growth and practice of global social investing. A limited number of organizations have initiatives specifically designed to promote individual philanthropy for the global community. Many other organizations are attempting to strengthen the infrastructure and culture required to support and develop philanthropic endeavors. Still others directly or indirectly promote philanthropy within a broader context of building “civil society” and strengthening democratic ideals and institutions. In addition, a number of institutions conduct research pertinent to the topic of encouraging global philanthropy among individuals.

#### Grantmaking Foundations

The Rockefeller Foundation. For several years, the Rockefeller Foundation has been a catalyst for the development of philanthropy on a global basis. Several current initiatives directly encourage new donor involvement in global philanthropy while seeking to make the giving more strategic. Major programs to encourage new donors (reviewed earlier in this paper) include the Acumen Fund, the Philanthropy Workshop, and the new Philanthropic Leadership in the Americas program. Another major initiative, The *Next Generation Leadership* program, seeks to encourage and train young, promising leaders in the field of philanthropy and civil society. Other foundation efforts encourage the growth of the philanthropic sector elsewhere in the world and support efforts to learn about new giving trends.

Hewlett Foundation. The Hewlett Foundation is working to encourage and facilitate international philanthropy among U.S. donors, and particularly among emerging philanthropists in the Bay Area. The Foundation is working with the TOSA Foundation, Stanford Graduate School of Business, and others to develop and host a conference on international philanthropy to be held in the fall of 2001. The conference will educate philanthropists about international funding needs, the role that U.S. philanthropy can play, and how to participate. Its ultimate goal is to build a community of funders committed to addressing international issues and to creating a knowledge base that will encourage others to participate.

Charles Stewart Mott Foundation. As part of its focus on strengthening the nonprofit sector, the Mott Foundation has provided extensive support to initiatives promoting the growth and development of philanthropy in Central and Eastern Europe, Russia, and South Africa. Strategies include encouraging and strengthening existing traditions of charitable activity; testing and building mechanisms for organized philanthropy at the local level (including community foundations and foundation-like organizations, United Ways, workplace-giving funds and women’s funds); supporting the development of associations and affinity groups of grantmakers; and encouraging public policy that supports the growth of foundations.

Kellogg Foundation. For many years, the Kellogg Foundation has actively promoted private philanthropy throughout Latin America. The Foundation's strategy is to help develop the infrastructure and leadership that is needed to support and encourage greater levels of local private giving. From 1994 to 2000, the Foundation provided financial support and technical assistance to 50 organizations in 12 countries with the objective of developing a critical mass of people and organizations prepared to lead and support philanthropy and social responsibility in each country. Total investment was over \$13 million. Program strategies included generation of new knowledge on existing philanthropies, improving the legal framework, increasing the visibility of the sector, institution building, and leadership development.

Soros Foundation Network. As described in Section III, the Soros Foundation Network has promoted the establishment of philanthropic institutions and the development of local philanthropy throughout Eastern and Central Europe, as well as in individual countries in other regions.

Ford Foundation. The Ford Foundation's global philanthropy activities concentrate on stimulating philanthropy in other countries. Grantmaking supports the development of community and other indigenous foundations, research on country-specific philanthropy, and general efforts to promote philanthropy among citizens. While not directly involved in promoting global social investing among U.S. donors, Ford supports other organizations in their efforts to do so. For example, a recent grant provided 1.5 million dollars to Hispanics in Philanthropy to develop giving among Latino communities in the United States.

Community Foundation Silicon Valley (CFSV). CFSV is active in promoting increased levels of international giving among donors in its community area. In addition, CFSV has provided technical assistance to establish a community foundation for former Soviet Bloc countries.

King Baudouin Foundation. The foundation is increasingly interested in stimulating global social investing among European donors. It normally seeks to be a catalyst by serving as a forum to bring experts together to address social problems and challenges and by increasing public awareness of critical global issues. It is possible that in the future the foundation will use similar strategies to encourage global philanthropy.

Bertelsmann Foundation. The Bertelsmann Foundation seeks to support the development of a global community foundation infrastructure. In addition, it has recently established the International Network for Strategic Philanthropy (INSP) to provide a forum for discussions on the role of philanthropy and how to increase its impact in societies around the world.

### **International Philanthropic Support Groups**

Council on Foundations (COF). COF initiated the Worldwide Initiatives for Grantmaker Support (WINGS) to bring together organizations worldwide involved in strengthening philanthropy within particular countries or regions. The network has a membership of 40 grantmaker support organizations. In addition, COF supports global philanthropy through: the provision of technical

assistance to member foundations making grants internationally and through legislative and regulatory initiatives aimed at lowering regulatory barriers to international grantmaking.

European Foundation Center (EFC). Several EFC initiatives seek to promote cross border philanthropy as well as the growth of philanthropy within Eastern and Central European countries. The Community Philanthropy Program promotes the growth of community foundations and other local philanthropic support organizations in Europe through information, networking and research. Affinity groups, such as the Grantmakers East Group and the Sub-Saharan Africa Interest Group, bring together funders with specific international interests and encourage new donor activity in these regions. The Civil Society Project seeks to build philanthropic infrastructure in Central and Eastern Europe, the Newly Independent States and the Baltic Republics through the development of indigenous information and support centers serving foundations and associations. EFC also publishes *SEAL - Social Economy And Law* - a journal promoting legal reform and the development of an enabling policy environment for philanthropy and nonprofits in Central and Eastern Europe and the Newly Independent States.

### **Country and Regional Philanthropic Support Groups**

A growing number of organizations support grantmakers and the general development of philanthropy within specific countries or regions. Some of the groups provide general purpose support to further the philanthropic sector, support that includes public education, legal reform initiatives, training and technical assistance, development of information systems, and research. Others are more limited, providing support specifically to grantmakers. Support organizations include:

Asia Pacific Philanthropy Consortium  
Centre for Philanthropy and Civil Society (Thailand)  
Centre for the Advancement of Philanthropy (India)  
Grupo de Fundaciones (Argentina)  
CEMEFI (Mexico)  
Puerto Rico Community Foundation  
GIFE (Brazil)  
Centro Colombiano de Responsabilidad (Colombia)  
Institute for Development of Social Investment (Brazil)  
South Africa Grantmakers Association  
Czech Donors Forum  
Slovak Donors Forum

### **International Networks and Associations**

World Economic Forum (WEF). The WEF is in the planning stage of program to develop and support a community of global social investors. Several initial activities will contribute to this effort. Regional meetings in South America, South Africa, South Asia, and East Asia will explore social responsibility and global social investing, including issues such as the state of philanthropy in the region and key opportunities for global social investing, and provide a forum

for the "community" of global social investors to meet and share experiences. At Davos 2002 the WEF will offer an extended program that addresses many of the issues and "how to" questions raised at the three sessions on philanthropy convened during Davos 2001 such as case studies and best practices, monitoring performance and evaluation, collaboration, and the role of private money. WEF is also considering the development of on-line communication vehicles including a regular newsletter and a website on global philanthropy. Finally, WEF is exploring the possibility of convening a senior advisory group on global social investing to enable experienced donors to communicate and meet separately if they wish, while carving out for them an opportunity to provide advice to the larger group of new global social investors.

### **Advisory Services**

The Philanthropic Initiative (TPI). TPI is a non-profit organization established in 1989 to help donors worldwide increase their impact through the development of innovative and strategic approaches to philanthropy. In addition, TPI strives to increase the amount and impact of global philanthropic resources through donor education and research on philanthropic promotion strategies. Through the International Network on Strategic Philanthropy (INSP), funded by the Bertelsmann Foundation in conjunction with several other U.S. and European foundations, TPI is exploring ways of bringing best practices from the U.S. foundation community to other countries. TPI also actively advances the practice of GSI through its work with the World Economic Forum and is currently designing regional WEF philanthropic workshops in conjunction with the Synergos Institute.

### **Nonprofit Organizations**

Synergos Institute. The Synergos Institute is an independent nonprofit organization that seeks effective ways to narrow the gap between rich and poor. Synergos operates a *Global Philanthropy Program* to help strengthen the role of organized philanthropy and foundations in social development, with particular emphasis on Africa, Asia and Latin America. Synergos works with in-country partner organizations in Brazil, Ecuador, Mexico, Mozambique, South Africa, Zimbabwe, Indonesia, the Philippines and Thailand. Through their *Foundation Building Program*, Synergos provides assistance to national grantmaking foundations, corporate foundations and community foundations that fund local efforts to fight poverty. Through a *Senior Fellows Program*, launched in 2000, Synergos matches seasoned leaders from well-established foundations around the world with grantmaking organizations in Africa, Asia and Latin America that request assistance in strengthening their initiatives. Synergos' Bridging Leadership program identifies mid-career leaders from the business, government and the nonprofit sectors and offers them leadership training to develop the skills to bring different sectors and stakeholders in society together to work towards shared goals. Finally, Synergos has established the Global Philanthropists Circle, a network for global donors (described in Section V). Synergos also undertakes research on global philanthropy, and recently published, "Foundation Building Sourcebook: A Practitioner's Guide Base upon Experience from Africa, Asia, and Latin America."

Asia Foundation. Through the establishment of Give2Asia (described in Section V) the Asia Foundation hopes to significantly increase international global social investing in Asia. In addition, as a member of the Asia Pacific Philanthropy Consortium the Asia Foundation the Asia Foundation promotes the development of strategic philanthropy within the region. The Foundation has also greatly contributed to the understanding of philanthropy through research and publications including the recently published *Philanthropy and Law in Asia*.

German Marshall Fund (GMF). The GMF has long emphasized the need to create a vibrant and growing nongovernmental sector in Central and Eastern Europe. In recent years, that work has led to increased involvement in promoting philanthropy to and within the region. An ambitious new initiative, the Civil Society Trust Fund, will dramatically strengthen the philanthropic landscape in the region. A ten-year funding collaboration involving the C. S. Mott Foundation, the Ford Foundation, the Rockefeller Brothers Fund, the Open Society Institute and the GMF, the Trust will help to stabilize and develop the nonprofit sector in seven countries — Poland, the Czech Republic, Hungary, Slovakia, Romania, Bulgaria, and Slovenia.

Charities Aid Foundation. CAF is a non-governmental organization with the unique purpose of increasing the substance of philanthropy around the world. It aims to help donors make the most of their giving and nonprofit organizations make the most of their resources. CAF has recently tried to develop new services in order to provide donors in the UK and the US with opportunities to give directly to projects and NGOs in other countries such as India and Bulgaria. In the UK, CAF's World People and Charity Card experiment with enabling donors to make online contributions to a selection of international NGOs. CAF attempts to encourage philanthropy and social investment in all countries in which they work. CAF undertakes research on traditional philanthropic customs and tries to build on them. In India, CAF is pioneering a payroll giving system enabling workers to donate directly from their pay. In Southern Africa, CAF works principally with corporate contributions. CAF Russia has pioneered the creation of community foundations in Russia and CAF's Bulgarian partner has raised more the 100,000 pounds sterling from local sources. CAF is publishing a series of country reports which provide information on the nonprofit sector on a country basis including information on the philanthropic sector.

Tides Foundation. In collaboration with International Donors; Dialogue and Grantmakers Without Borders, the Tides Foundation has recently launched a new organization designed to increase U.S.-based international grantmaking. The organization, Grantmakers Without Borders, is an association of foundation officials and individual donors that seeks to promote international giving. While the organization's strategy is still being formulated, its fundamental goals are to: "make the case for international grantmaking; show how international grantmaking can be done; and lead funders to innovative, effective work."

Bellagio Forum on Sustainable Development (BFSD). The Bellagio Forum is a partnership of grant-making foundations active in advancing the goals of sustainable development. The Forum itself is not a grant-making organization. The Forum resulted from a 1993 meeting sponsored by the Fondazione San Paolo di Torino and the Rockefeller Foundation at which a group of international funders concerned by the magnitude of the challenge to achieve global sustainability laid the foundation for their collaboration.

## *Universities*

A number of universities have ongoing research programs looking at various elements of international philanthropy and philanthropy within selected countries. Such research does not promote philanthropy directly, but through a better understanding of the history, scope, structure, and practice of philanthropy in each country those that seek to promote philanthropy will surely have more success.

Two university programs are particularly noteworthy:

Johns Hopkins University. The Johns Hopkins Center for Civil Society Studies coordinates an ambitious project designed to analyze the scale and structure of the nonprofit sector worldwide. The *Comparative Nonprofit Sector* project gathers, analyzes and publishes data on the basic dimensions and revenue base in individual countries and compares the findings cross-nationally. Philanthropic characteristics are looked at from the perspective of the nonprofit revenue base, and very little qualitative data is included. Nevertheless, the research is enormously helpful in providing an overall understanding of the nonprofit sector in which philanthropy works. The study will eventually include 42 countries in Western Europe, Central Europe, Asia, Latin America, and North America.

London School of Economics, University of London. In 1999, the London School of Economics established the Centre for Civil Society . The Centre for Civil Society seeks to improve overall understanding of the nonprofit sector. One of the first major projects was the publication, in conjunction with Johns Hopkins, of *Cross-border Philanthropy: an exploratory study of international giving in the United Kingdom, United States, Germany and Japan*. While relatively little additional research has focused on philanthropy, it is expected that future work will explore the subject in greater detail.

## Endnotes

- 
- <sup>i</sup> “Philanthropy Give and Take” referring to research done by Arthur C. Frantzreb, *The Washington Post*, November 2, 1999.
- <sup>ii</sup> *Perspectives*, Winter 2001, The Conservation Company.
- <sup>iii</sup> CCS Research, unpublished report, October 2000.
- <sup>iv</sup> “Building Give2Asia,” The Asia Foundation, January 2001.
- <sup>v</sup> AAFRC Trust for Philanthropy, *Giving USA 2000*. Ed. by A. Kaplan. New York: AAFRC Trust for Philanthropy, 2000.
- <sup>vi</sup> Ibid
- <sup>vii</sup> Renz, Loren, Josefina Samson-Atienza, et al., *International Grantmaking II: An Update on U.S. Foundation Trends, 2000*. New York: The Foundation Center in Cooperation with the Council on Foundations.
- <sup>viii</sup> Anheier, Helmut and List, Regina, *Cross-border Philanthropy: An exploratory study of international giving in the United Kingdom, United States, Germany and Japan*. Charities Aid Foundation, 2000
- <sup>ix</sup> Perspectives
- <sup>x</sup> Baron, Barnett, *Asia Foundations*, unpublished report, October 2000.
- <sup>xi</sup> Anheier
- <sup>xii</sup> Silk, Thomas, Ed., *Philanthropy and Law in Asia*. A Publication of the Asia Pacific Philanthropy Consortium. San Francisco: Jossey-Bass, Inc., 1999.
- <sup>xiii</sup> Chen, Lincoln, memorandum of October 19 citing Aga Khan Indigenous Philanthropy Report.
- <sup>xiv</sup> Sidel, Mark, presentation at Weatherhead Center for International Affairs, Harvard University, February 2001.
- <sup>xv</sup> Ibid
- <sup>xvi</sup> Charities Aid Foundation, *An Introduction to the Non-profit Sector in Bulgaria*, 2000
- <sup>xvii</sup> Anheier
- <sup>xviii</sup> *Philanthropy News Digest*, Vol. 6, Issue 30, July 18,2000, referring to a Wall Street Journal Article of July 6, 2000.