

OECD report is welcome spotlight on opaque philanthropy sector



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Private philanthropy is big and getting bigger. Money flowing to development averaged almost \$8 billion a year between 2013 and 2018, according to [a new report](#) by the OECD, with foundations amongst the biggest financiers in some areas, notably health. As ODA declines and the challenges articulated in the SDGs become ever more pressing, the spotlight on philanthropy brightens. What role should foundations play in this universe? Are they leveraging their unique strengths in the most powerful way possible?

[Private Philanthropy for Development](#), the OECD's new report, provides some welcome insight into a usually somewhat opaque sector. The survey on which the report is based has a limited sample size and is dominated by the Bill and Melinda Gates Foundation (49 per cent of the total giving), so the results are inevitably skewed towards this foundation's priorities, including the focus on

health. Nonetheless, the results are revealing. Philanthropy is multiplying, and is making a critical contribution in some specific sectors. Foundations have become more strategic in their giving, are more open than before to partnerships, and overall, the SDGs have helped organize philanthropic giving. The report also reveals some more worrying trends. Almost 70 per cent of giving is destined for stable, middle-income economies (this at a time when we expect more than 60 percent of the extreme poor to live in conflict-affected situations by 2030). With limited public sharing of data, there is still a good deal of duplication across programs. And most funding from foundations is earmarked and short term.

The report focuses largely on more traditional foundations, many of which are structured around endowments and carry out their work through a system of grant-making to well-established international non-governmental organizations. What, I wonder, would a broader study of the world of philanthropy reveal at this time when the sector is undergoing seismic change? Some 2,200 billionaires now hold about \$9 trillion in assets worldwide. The new generation of philanthropists are setting themselves apart from the more established foundations. Many have made their fortunes in Silicon Valley and want to leverage disruptive technology to break through challenges. They are skeptical of the grant-making system and aim for systems change through “big bets” and by adopting a business approach. Will these “new philanthropists” have more impact, be better able to take on risk, and embrace transparency and data sharing?

With philanthropic giving at only five per cent of ODA, its contribution needs to be considered more broadly than in dollar numbers. At the World Bank Group, where foundations contribute just two percent of the institution’s funding, the value of these partnerships is both about co-creation, the ideas, innovation and creativity they bring to bear, as well as about the catalytic role their funding can play. An important aspect of philanthropic funding, as the report rightly highlights, is its ability to crowd in much larger amounts of funding from the private sector, by taking a longer term and less risk-averse point of view.

The report makes a number of sensible policy recommendations, including better knowledge sharing, improving the enabling environment at the country level, and engaging in partnership platforms. The advice to organizations like mine to become more agile and flexible to external partners is well-received and backed up by our own research. We are taking this seriously and working intensively to improve how we make conditions for partnership more user-friendly.

The report, and the OECD’s new Centre on Philanthropy are an important resource for the development community as a whole. Batylle Missaka, who developed the Network of Foundations Working on Development (NetFWD) at the OECD, pointed out that “this is a journey” and that the report is a first step. Amongst the first pieces of research to be undertaken by the new centre is a

report on Indian philanthropy and one on Chinese philanthropy. As the research broadens, it will provide a valuable picture of trends in global philanthropy. As Mario Pezzini, Director and Special Advisor to the OECD Secretary General on Development noted at the Paris launch of the report, 'it is critical that we back up our sense of philanthropy with facts and data.' Without these, philanthropy's promise as a central player in achieving the SDGs will be hard to realize.

Penelope Lewis is Head of the Partnerships Group at the World Bank, and a member of *Alliance* magazine's [editorial board](#)

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