

Global Philanthropy and  
International Cooperation:

A Guide to Trends and Issues

Prepared for the  
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## **PREFACE**

In 2007, the Canadian Council for International Co-operation (CCIC), at the request of *The Philanthropist*, wrote a paper called *Thinking Globally? Canadian Foundations and Trends in International Philanthropy*. As a follow-up, in March 2008 CCIC hosted two discussion sessions for its members with Canadian foundations involved in international granting. This paper continues the exploration of themes raised in those conversations.

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## **GLOBAL PHILANTHROPY AND INTERNATIONAL COOPERATION: A GUIDE TO TRENDS AND ISSUES**

### **INTRODUCTION**

In the last decade, the world of international development has changed with the arrival of new actors bringing different approaches to the fight against global poverty. During the last half of the 20<sup>th</sup> century, the main actors financing international development were the 23 members of the Organisation for Economic Co-operation and Development (OECD), who provided the major source of funds; a group of large transnational non-governmental organizations (NGOs); a growing number of smaller civil society organizations; and a set of mainly US and European foundations.

Prominent among the new actors are the so called mega-philanthropists, wealthy businessmen who made their money in the technology and financial sectors and have developed new initiatives involving large amounts of money, creating a media buzz which has brought unprecedented attention to issues of global poverty and climate change. Celebrities from the fields of entertainment or politics like Bono and Bill Clinton have dramatically raised the profile of global issues. While many of these "mega" philanthropists are from North America and Europe, new wealth is also generating philanthropists throughout the world. Other important trends in global philanthropy include the growth in remittances from diaspora communities in Europe and North America, growth in Southern philanthropic institutions, the development of E-philanthropy and the emergence of a global public. In addition, the number of bilateral donors has expanded to include a group of about 29 new countries.

This paper explores trends in global philanthropy and their implications for other actors, especially civil society organizations (CSOs) working in the field of international cooperation.

We are in the middle of a global economic crisis which will have significant implications for development, for the economies of Southern countries, for poor people at home and abroad, for foreign aid and for philanthropy – both large and small donors. It is too early to tell exactly what the implications will be, but the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) noted in a November 2008 speech:

We can already predict that the development impact on the poorest will be significant. The ILO has estimated that the financial crisis alone will cause global unemployment to increase by 20 million, and extreme poverty to rise by 40 million. If this is added to the devastating effects of the food and fuel crisis, then the "triple crises" could easily undo the development progress achieved in more than 6 years.<sup>1</sup>

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<sup>1</sup> Statement of Secretary-General of UNCTAD, Trade and Development Board, Executive Session, November 13, 2008.

Daily, we hear stories of shrinking foundation endowments and the concerns of voluntary sector leaders about reduced public donations.

### **A. WHAT IS GLOBAL PHILANTHROPY?**

Global philanthropy refers both to the growth of philanthropic institutions and individuals around the world and to the increasing trend in philanthropy to address global issues such as poverty and climate change.

Traditionally, philanthropy was seen as the act of wealthy individuals donating large amounts of money for socially beneficial causes. Today it has a much broader definition encompassing not only the giving of money, but also gifts of goods, skills, services and time for public benefit. While it includes large gifts from individuals, it also takes account of large numbers of people giving smaller gifts. In fact, most philanthropy comes from individuals.<sup>2</sup> Philanthropy is moving beyond the traditional givers into new countries and new populations.

Philanthropy in the 21st century is becoming much more ethnically diverse and involves both sexes. It is no longer a post-retirement activity of white Anglo-Saxons. It is also becoming younger and much less related to retirement and legacy planning.<sup>3</sup>

### **B. INTERNATIONAL COOPERATION**

Until recently, the main groups financing international development were the bilateral donors, NGOs and their donors, and foundations.

#### **a. Bilateral Donors**

The traditional aid donors, the 23 members of the Development Assistance Committee (DAC) of the OECD, are well-established, and the role of Official Development Assistance (ODA) in addressing global issues is relatively well-known and documented. The Reality of Aid, a Southern-led network of CSOs that analyzes aid flows and impact, concludes in its 2008 report that both the quantity and quality of aid are failing to address global poverty. In Canada, CCIC is part of this network, contributing its analysis of Canadian aid performance as well as participating in the analysis of global ODA trends. The report says the total value of official aid in 2007 was approximately \$81 billion (US) and the ratio to Gross National Income (GNI), despite many promises, has remained at 0.22 percent since 2005. Globally, official aid spending has stagnated and this is also the case in Canada, where there are no plans to increase aid spending after 2010. However, there are now an additional 29 countries providing development assistance which in 2005 amounted to

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<sup>2</sup> Michael Edwards, *Just Another Emperor?*, p. 22, [http://www.justanotheremperor.org/edwards\\_WEB.pdf](http://www.justanotheremperor.org/edwards_WEB.pdf)

<sup>3</sup> Olga Alexeeva, "New philanthropy: a micro-world of busy youngsters", *Alliance Magazine* <http://www.alliancemagazine.org/node/967>

approximately \$8 billion.<sup>4</sup> One of the largest of the new donors is China, whose assistance now surpasses that of Australia.

### **b. Civil Society**

In Canada there are some 12,000 charities that support overseas activities (includes Europe, and Israel) in the fields of religion, education, arts, humanitarian assistance and development. The exact number engaged in international development is not known. The Canadian International Development Agency (CIDA) says it has some 750 partners, and estimates that civil society organizations raise about \$700 million annually for development activities in addition to CIDA grants.

## **C. TRENDS IN GLOBAL PHILANTHROPY**

### **a. Growth of Southern Philanthropy**

While philanthropy is often associated with Northern industrialized countries, there are traditions in countries around the world of community caring, giving and support. Recently there has been growth in formal philanthropic activity in Southern countries, with an increasing number of individual philanthropists, new institutions and initiatives. Some are supported by private Northern foundations, or by the expanding community foundation network, while others are set up by wealthy national businessmen and local businesses.

Africa has seen a steadily increasing number of foundations set up by wealthy individuals, former heads of states, sports men and women, musicians and other celebrities, raising the hope that in the long run more resources can be mobilized from within Africa.<sup>5</sup>

Mo Ibrahim, a Sudanese national, is an interesting example. He used part of his fortune from the sale of Celtel, a mobile phone company, to set up a foundation which focuses on good governance, which Ibrahim sees as the single most important factor in eradicating poverty and promoting development. The foundation produces an annual Index of African Governance and awards the Prize for Achievement in African Leadership to a former African Head of State. Foundation fellowships provide opportunities for young African leaders to study in institutions in Africa and the UK – supporting, for example, the attendance of 40 additional women students at the University of North Sudan.

TrustAfrica and the African Women's Development Fund (AWDF) are examples of two other types of foundations. The former, supported by the Ford Foundation, promotes the conditions for democracy and equitable development and has a program focusing on African Philanthropy.<sup>6</sup> AWDF is a fundraising and grantmaking initiative started by three African

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<sup>4</sup>Homi Kharas, *The New Reality of Aid*, p.7, <http://www3.brookings.edu/global/aspden/2007kharas.pdf>

<sup>5</sup>Bhekinkosi Moyo, *Can the new African foundations level the playing field?*  
<http://www.alliancemagazine.org/node/1445>

<sup>6</sup><http://www.trustafrica.org/>

women to support the women's movement in Africa.<sup>7</sup> Proponents are hopeful that the creation of African foundations will reduce the dependency on Northern funders and give Africans a greater voice in determining development priorities for the continent.

**i. Philanthropists and Foundations**

New foundations are springing up around the world. The Alvar Alice Fundación<sup>8</sup> in Colombia funds Paz y Bien, a grassroots organization that works with young people who are victims of urban violence and forced displacement. The Dalit Foundation, founded in 2003 and based in New Delhi, works to eradicate caste discrimination in the Indian subcontinent.

The community foundation network is also growing in the South, with Thailand and countries in Africa showing a lot of new activity. Their development has been supported by the Worldwide Initiatives for Global Support (WINGS) with funds from American foundations, the World Bank and donations from middle-class and wealthy individuals in each country.<sup>9</sup>

Community foundations in Canada note that more of their donors want to make a contribution locally and globally. This is especially true of diaspora communities. In response, Community Foundations of Canada (CFC) is developing a parallel global granting stream which will be directed to the growing global network of community foundations. Canadian community foundations are already feeling the effects of the financial crisis. The Vancouver Foundation, the largest community foundation, announced that it would be reducing its granting in 2009 as its endowment has shrunk by \$100 million,<sup>10</sup> and the Ottawa Community Foundation will not make any new grants in 2009.

**ii. Remittances**

Migrant workers have always sent money home to help their families, but with the growth in numbers of migrants and new technologies to facilitate financial transfers, as well as better ways of collecting data, there is increasing interest in the development potential of the substantial funds sent as remittances. Officially recorded remittance flows to developing countries are estimated to reach \$283 billion in 2008, up 6.7 percent from \$265 billion in 2007, and in many countries are larger than official aid flows.<sup>11</sup> The major remittance-receiving countries are India, Mexico, China and the Philippines. This money goes mainly to individual families, but increasing amounts are given collectively to address community issues. It is also an important source of foreign exchange for national governments. Many migrant communities form associations in their countries of residence, and often one of the purposes is to provide support to their home town, state or region. The best-known of

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<sup>7</sup> <http://awdf.org/web/index.php/about-awdf/brief-history>

<sup>8</sup> <http://www.alvaralice.org/pages/content.php?id=who&l=en>

<sup>9</sup> [http://www.wingsweb.org/information/publications\\_community\\_2005summary.cfm](http://www.wingsweb.org/information/publications_community_2005summary.cfm)

<sup>10</sup> <http://www.cbc.ca/canada/british-columbia/story/2008/10/24/bc-charity-dollars-loss.html>

<sup>11</sup> <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:21122856~isCURL:Y~menuPK:3145470~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html>

these associations are the Home Town Associations formed by Mexican residents in the US. In 2004, there were more than 600 of these associations, in 30 American cities; these associations pooled funds for activities back home and were able to leverage cooperation from state and federal governments.<sup>12</sup>

The connections of diaspora communities to their “home” communities go beyond remittances to include other forms of social and economic investment. Individuals have also formed NGOs focused on larger issues in their countries. The Sierra Leone War Trust for Children, founded by Sierra Leoneans living in the UK to work with war-affected children in their home country, and the American India Foundation, which works to mobilize people and resources in the United States to support social and economic change in India,<sup>13</sup> are examples.

Remittances from Canada totalled \$6.8 billion in 2006, the second-highest outflow from donor countries after the United States. The majority of these funds went to the Philippines and Haiti.<sup>14</sup> There is increasing literature documenting the activities of Canadian diaspora communities such as the Filipino home associations in Canada.<sup>15</sup> The *Index of Global Philanthropy* notes that in 2007 there was evidence of an impact on remittances as a result of the economic slowdown in the US, as migrants returned home or sent less money, and funds were worth less when exchanged. This trend will be exacerbated by the current economic crisis.

### **b. The Business Model and Philanthropy**

The people who have really grabbed the spotlight and generated the most debate are the so-called mega-philanthropists or philanthrocapitalists such as Bill Gates, George Soros, Warren Buffet, Jeff Skoll, and Pierre and Pam Omidyar. These new philanthropists have made their fortunes in the information technology and financial fields and bring to their philanthropy some of the same energy, confidence and approaches that made them successful businessmen (they are largely men).<sup>16</sup> The approach, which has been called venture philanthropy, philanthrocapitalism or social entrepreneurship, is the application of business and market methods by philanthropists and foundations to achieve their social mission. The result is a blending of traditional philanthropic values of social purpose with business approaches stressing direct engagement, innovation, problem-solving, efficiency, impact, measuring results, and leverage. Many of the new philanthropists are Americans and some of their wealth is given to American causes, but what has captured the headlines are their initiatives to address some of the most challenging issues related to global poverty

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<sup>12</sup> [http://findarticles.com/p/articles/mi\\_m0EIN/is\\_2004\\_Nov\\_10/ai\\_n6340602](http://findarticles.com/p/articles/mi_m0EIN/is_2004_Nov_10/ai_n6340602)

<sup>13</sup> <http://www.aifoundation.org/default.htm>

<sup>14</sup> <http://ezinearticles.com/?Remittance-Trends-in-Canada&id=1448381>.

<sup>15</sup> <http://www.filipinodiasporagiving.org/Attached%20files/Migrant%20philanthropy%20in%20Canada-Silva.pdf>

<sup>16</sup> Charles Handy, in an interview with *Alliance* magazine, notes that there are relatively few independent wealthy women and not many have set up their own organizations.

and the environment. The result has been an explosion of new initiatives – foundations, new institutions, partnerships, conferences, awards, fellowships and events. Practitioners not only follow the approach themselves but are confident it has lessons for others in the field.

Two of the best known new foundations that represent this enthusiasm for a more entrepreneurial approach to global problem-solving are the Bill and Melinda Gates Foundation and the William J. Clinton Foundation.

The Gates Foundation, because of its size and the international reputation of its founder, is in a class of its own. As of 2006, the foundation had an endowment of approximately US\$34.6 billion.<sup>17</sup> US charitable law states that it must donate at least 5 percent of its assets each year, which means about \$1.5 billion per year. Gates has been very involved in the so-called “vertical funds”, especially the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the health budget of the foundation is larger than that of the World Health Organization.

Bill Clinton does not have great wealth but brings convening power. In September 2008, the Clinton Global Initiative annual meeting brought together 45 global CEOs, 60 heads of state, scores of advocacy leaders and even a few Hollywood entertainers, who ended up pledging close to \$8 billion for new projects.<sup>18</sup> The vehicle for Clinton’s philanthropic activities is the William J. Clinton Foundation, whose mission is to strengthen the capacity of people throughout the world to meet the challenges of global interdependence. One of his former colleagues says that Clinton aims to repurpose business methods and business culture to solve the world’s problems – and hopes to reinvent philanthropy while he is at it.<sup>19</sup>

#### **The Approach**

- Solving problems
- Taking risks, fostering innovation
- Managing organizational structures
- Mobilizing media attention to set the agenda
- Measuring results
- Leverage

These men think of themselves as social entrepreneurs bringing the same problem-solving approaches to the social sector as they did to creating their businesses. Jeff Skoll, a Canadian and former CEO of eBay, has been one of the most enthusiastic promoters of social entrepreneurs, creating and chairing the Skoll Foundation, which makes grants of \$40 million per year. Its mission is to advance systemic change to benefit communities around the world by investing in, connecting and celebrating social entrepreneurs. It does this through support for awards, research, creating online networks and providing grants to

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<sup>17</sup> The foundation had an endowment valued at \$35.1 billion as of October 1, 2008, down \$800 million from June, according to *The Seattle Times*.

<sup>18</sup> <http://causeglobal.blogspot.com/>

<sup>19</sup> <http://www.theatlantic.com/doc/200710/clinton-foundation>

other organizations advancing social entrepreneurship. Another feature of this new engagement has been the involvement of celebrities such as Bono, Matt Dillon and Angelina Jolie. While the engagement of celebrities is not new, the powerful combination of money, marketing savvy and the internet have grabbed media attention and reached a broader section of the public.

### **c. American Foundations**

The US has a large, well-established foundation sector which devotes considerable resources to international programs. In 2004, even excluding the Gates Foundation (which allocated \$1.4 billion), there were seven foundations that allocated more than \$50 million each to international grants. From 2002 to 2005, international giving climbed 12 percent, reaching \$3.8 billion, while overall giving grew by only 2 percent. The growth was due to large gifts by the Gates and Moore Foundations, and was offset by declines in other areas. Although some commentators have noted that private philanthropic engagement may overtake official development assistance, Witte and Marten argue that a closer analysis shows that this is not likely to be the case. They also maintain that the Gates Foundation is an anomaly in the foundation world and that because of its size it should be seen as a major development actor in its own right.<sup>20</sup>

The business approach of the new philanthropists has influenced the broader American foundation culture. Witte and Marten note that in the last decade foundations seem to show a preference for global initiatives, often the vertically organized programs.<sup>21</sup> These are set up to tackle individual diseases; the most often-named example is The Global Fund to Fight AIDS, Tuberculosis and Malaria<sup>22</sup> – the world's largest multilateral funder of health projects, which is planning annual disbursements of \$8 billion by 2010. Some critics argue that given the scale of their resources, such funds can have unintended consequences, undermining broader horizontal health systems set up to treat all forms of ill health.

Other examples include Global Alliance for Vaccines and Immunization (GAVI), and Global Alliance for Improved Nutrition (GAIN). The trend seems set to continue. There is a broad debate about the effectiveness of these initiatives. On the one hand, proponents cite the effectiveness of the campaign to eliminate smallpox, while others express concerns that these initiatives are displacing resources from health threats that may be just as important, or even more so.<sup>23</sup> Critics have also raised questions of governance and asked whether new models need to be designed for these initiatives.

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<sup>20</sup> Marten and Witte, p.12,

[http://www.gppi.net/fileadmin/gppi/GPPiRP10\\_Transforming\\_Development\\_20080526final.pdf](http://www.gppi.net/fileadmin/gppi/GPPiRP10_Transforming_Development_20080526final.pdf)

<sup>21</sup> *Ibid.*

<sup>22</sup> <http://www.theglobalfund.org/EN/>

<sup>23</sup> [http://www.ft.com/cms/s/0/2318ea9c-6d60-11dc-ab19-0000779fd2ac.html?nclick\\_check=1](http://www.ft.com/cms/s/0/2318ea9c-6d60-11dc-ab19-0000779fd2ac.html?nclick_check=1)

The Alliance for a Green Revolution in Africa (AGRA) is a \$150 million initiative by the Rockefeller Foundation and the Gates Foundation, headed by Kofi Annan. A panel at the Grantmakers Without Borders conference in June 2007 that debated the merits of the approach included Mamadou Goita, Executive Director of Institut de Recherche et de Promotion des Alternatives en Développement (IRPAD). He noted that when the future of Africa is discussed, there tend to be no Africans present. "It is important that I'm here," he said. "Previous speakers have said that AGRA is African-led. Where do we see that? 80 percent of Mali rural producers are organized and have said no to AGRA at the World Social Forum and the Forum for Food Sovereignty."

#### **d. Corporate Social Responsibility (CSR)**

The corporate sector has also expanded its philanthropic activities, which are often grouped under the label of corporate social responsibility (CSR). CSR can take a number of forms: incorporating an ethical dimension into the core business, providing goods and services to the poor, creating specific philanthropic initiatives such as social funds of mining, and creating products where a portion of the profits go to address specific issues, such as Product Red.

#### **e. Philanthrocapitalism: The Debate**

The phenomenon of blending business and social values and approaches in addressing social issues has generated a vigorous debate among its supporters and critics, raising issues of accountability, appropriate state/civil society/market roles and different theories of change. Matthew Bishop, senior editor with *The Economist*, coined the phrase philanthrocapitalism in 2006, and makes the case for support in his book, *Philanthrocapitalism: How the Rich Can Save the World*.<sup>24</sup> While Bishop argues that states and civil society have important roles to play, he believes that philanthrocapitalists – whom he calls "hyperagents" – have the capacity to do some essential things better than anyone else because:

- they do not face elections every few years like politicians,
- they do not have to respond to shareholder demands for profits, and
- they do not have to spend time and money raising money, as NGOs do.

They are thus freer to think long-term, try new and risky ideas, and deploy resources quickly when the situation demands it.<sup>25</sup>

In a climate resistant to government spending on social causes, their focused donations may be the greatest force for societal change in our world, and a source of political controversy.<sup>26</sup>

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<sup>24</sup> For an interesting review of the book by Phil Buchanan from the Center for Effective Philanthropy, see <http://philanthropy.com/news/updates/5948/book-review-business-should-learn-from-charities-not-vice-versa>

<sup>25</sup> Bishop p.12

<sup>26</sup> Bishop, <http://www.philanthrocapitalism.net/?Synopsis>

In November 2008, as the economic crisis unfolded, Bishop wrote in *The New York Times*,

It will not escape the attention of today's leading philanthrocapitalists that there may never be a better opportunity for them to leverage government spending in directions they want than at the start of a new administration explicitly committed to change.<sup>27</sup>

The most publicized critique has come from Michael Edwards in *Just Another Emperor: The Myths and Realities of Philanthrocapitalism*,<sup>28</sup> which takes a broader perspective, examining the theory and practice of the new approach and its impact on civil society. His book has generated a lot of debate, including a very energetic blog on the Global Philanthropy Forum website.<sup>29</sup> Edwards makes four major points:

- The hype surrounding philanthrocapitalism runs far ahead of its ability to deliver real results.
- The increasing concentration of wealth and power among philanthrocapitalists is unhealthy for democracy.
- The use of business and market thinking can damage civil society, which is the crucible of democratic politics and social transformation.
- Philanthrocapitalism is in part a symptom of a profoundly unequal world.

Edwards notes that "the voices of low-income and other marginalized people are almost completely absent from the literature on venture philanthropy and social enterprise, where things seem to be done 'to,' 'for' or 'around' but never 'with' them". He also comments that one clear subtext of the debate is disappointment with the achievements of groups in civil society, which are criticized as "amateur" and "riddled with inefficiencies," always in contrast to the operations of business.<sup>30</sup>

Another useful discussion is the essay *Making Poverty History: How Activists, Philanthropists and the Public are Changing Global Development*, which outlines the discussions of the 2007 Brookings Blum Roundtable.<sup>31</sup> The paper notes that "the blended space where social value and market value converge is being singled out for special attention, owing in part to strong resonance with the new generation of givers and recognition of the limitations of top-down

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<sup>27</sup> [http://www.nytimes.com/2008/11/11/giving/11MARKET.html?\\_r=3&ref=giving&oref=slogin](http://www.nytimes.com/2008/11/11/giving/11MARKET.html?_r=3&ref=giving&oref=slogin)

<sup>28</sup> [http://www.justanotheremperor.org/edwards\\_WEB.pdf](http://www.justanotheremperor.org/edwards_WEB.pdf)

<sup>29</sup> <http://philanthropyforum.blogspot.com/2008/05/democratic-leaders-lean-on.html?showComment=1216479120000>

<sup>30</sup> Edwards p.50

<sup>31</sup> [http://www.brookings.edu/reports/2008/~/\\_media/Files/rc/reports/2008/02\\_global\\_development\\_brainard/02\\_global\\_development\\_brainard.pdf](http://www.brookings.edu/reports/2008/~/_media/Files/rc/reports/2008/02_global_development_brainard/02_global_development_brainard.pdf)

approaches” but that it is too early to tell whether these social enterprises and blended ventures will evolve towards sustainable models to address poverty.

*If humanity is to prevail in the fight against global poverty, the most important and empowered new actors must be the men and women of the developing world themselves – who must have more choices and a stronger voice in the decisions that affect their lives.*<sup>32</sup>

The paper notes that the array of new actors and dazzling growth in the volume of resources are raising new questions of accountability and democratic participation. Who is shaping the agenda and how are the people whose lives are affected by the programs involved in shaping and monitoring results? What is the impact on public policy of initiatives that are carried out by institutions that are not publicly accountable, nor as transparent as they could be? Simon Zadek argues that these new institutions and partnerships require new forms of accountability and governance mechanisms.<sup>33</sup>

Most CSOs agree that solutions to global issues will involve the state, the private sector and civil society. The question is one of appropriate roles and relationships for each sector. Philanthrocapitalism seems to argue that bringing a business approach to social issues is the new and innovative way of solving social problems. While many agree that the new resources brought are important and there is much to be learned from these new approaches, they see an essential role for civil society in social and political mobilizing to address social inequalities, which does not lend itself to business approaches. Edwards suggests that collaborations between civil society and private or state sector organizations, rather than blended organizations, may help preserve the important roles of civil society. His book ends with a call for a new conversation among the many different actors involved in social change.

While there is a lot of hype about philanthrocapitalism, partly generated by the media, many of its practitioners are serious about having an impact and willing to learn what works and what does not. As the Roundtable said, “The ultimate test is whether this new marketplace of development players delivers superior outcomes”. A concern expressed in several circles is that if they don’t succeed,

they may become a source of apathy and cynicism. Encouraged to go for a full circle ‘hands on’ approach, they may lock their money away from the traditional but still very important non-profit sector and create their own micro-world of social entrepreneurs, with limited impact.<sup>34</sup>

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<sup>32</sup> Brainerd p.7

<sup>33</sup> Brainerd p.29

<sup>34</sup> <http://www.alliancemagazine.org/node/967>

#### f. E-Philanthropy

New information technologies are supporting philanthropy by facilitating participation, connection, self-organizing, and customizing of approaches to donors.<sup>35</sup> Organizations are able to create secure options for giving on their own web sites, while a donation portal like CanadaHelps, a public charitable foundation, allows people to give to any of Canada's 80,000 charities.

New sites like KIVA<sup>36</sup>, founded in 2005, respond to donors' desire for more direct connection to the people they are supporting. Small businesses registered with a local microfinance institution can post their profiles on the web site and lenders can look through the profiles and choose a business they want to invest in. As of February 2008, a total of almost \$22 million had been committed to 32,824 loans to businesses. Lenders are asked to voluntarily contribute 10 percent to operating costs. eBay's MicroPlace is similar, but here one can purchase investments that are used to support loans to lending institutions, and earn a return on one's investment.

#### g. Social Networking

The internet has also facilitated the creation of a global public. Through global campaigns like Jubilee, Make Poverty History or Avaaz, large networks of people can be quickly mobilized to make their voices heard by putting pressure on political leaders and participating in public shows of solidarity.

The internet can also facilitate the development of communities of interest, bringing people together to share best practices, raise money or develop new organizations and approaches.

#### h. Donor Trends

In Canada in 2004, 22.4 million Canadians donated approximately \$8.9 billion to charities, with an average gift of \$400. Four percent of total donations went to international development,<sup>37</sup> contributed by 7 percent of all donors. The total amount of giving is growing,

#### **New Strategic Philanthropists**

- Many self-made entrepreneurs
- More sophisticated, engaged
- Strong outcomes focus
- Bring time, treasure, talent
- Interested in being a "partner"
- Seeking leverage: through gifts plus loans, quasi-equity, and social change strategies
- Bring entrepreneurial approaches

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<sup>35</sup> <http://www.greenstar.org/e-philanthropy/>

<sup>36</sup> <http://www.kiva.org/>

<sup>37</sup> This category includes organizations promoting cultural understanding between peoples of various countries and historical backgrounds, as well as those providing emergency relief and promoting development and welfare abroad. See *Caring Canadians, Involved Canadians* [http://www.givingandvolunteering.ca/pdf/CSGVP\\_Highlights\\_2004\\_en.pdf](http://www.givingandvolunteering.ca/pdf/CSGVP_Highlights_2004_en.pdf)

but it is contributed by fewer people, who are giving larger gifts. Top donors tend to be older, with higher incomes and higher levels of education.<sup>38</sup>

Many modern donors are no longer content to leave their money to charities in their wills or to just write a cheque. They are being more proactive – identifying issues they want to address, travelling to visit areas where they think they could make a difference and consulting advisors to help them make more strategic decisions.

Donors are showing more focus, more urgency and a desire for more involvement in their giving, compared with their predecessors. In fact, they exhibit many of the same characteristics of the business approach discussed above.<sup>39</sup> The orientation of these new strategic donors presents challenges for Canadian CSOs that are trying to change their relationships with Southern CSOs, moving away from a focus on short-term projects and providing longer-term program support including core funding.

#### **i. Women's Organizations**

The Association for Women's Rights in Development (AWID), responding to concerns about the lack of funding for women's organizations, in 2004 launched the multi-year action-research initiative *Where is the Money for Women's Rights?*, to gain a better understanding of funding trends for women's rights work and how best to expand the resource base for feminist movements and women's rights organizations. Two important reports have been produced which identify the challenges facing women's organizations and also some of the opportunities.<sup>40</sup>

#### **D. THE CANADIAN CONTEXT**

In Canada, although our philanthropists are fewer and less prominent, there are a growing number with global interests who are leading the way. In 2002, Jim Balsillie of Research In Motion (RIM) donated \$30 million to found the Centre for International Governance Innovation and another \$50 million to the Balsillie School of International Affairs. Joelle Berdugo Adler of Diesel jeans created the OneXOne Foundation to help children at home and abroad. Canadian billionaire John McCall McBain, through his foundation based in Geneva, focuses primarily on health and education in sub-Saharan Africa, climate change and social enterprise. Guy Laliberté of the Cirque du Soleil has created the One Drop Foundation to fight poverty by promoting access to water for everyone.<sup>41</sup> And of course Stephen Lewis has been a tireless campaigner in support of justice for African countries, and

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<sup>38</sup> *Ibid.*

<sup>39</sup> Text box from presentation from Tim Draimin at CCIC Annual Meeting May 2008.

<sup>40</sup> <http://www.awid.org/eng/About-AWID/AWID-Initiatives/Where-is-the-Money-for-Women-s-Rights>

<sup>41</sup> The operating costs of the foundation will be covered by a \$100 million contribution from Laliberté over 25 years.

through the Stephen Lewis Foundation has brought together African and Canadian grandmothers in the fight against AIDS.

The Canadian foundation sector is relatively young, small, and growing. In 2005, there were over 8,800 foundations registered with Canada Revenue Agency; about 2,900 of these were active. The extent of international engagement by Canadian foundations is quite limited. Only three percent of foundation funding is allocated to *all* international activities and only about one percent goes to activities that can be considered international development.

We can anticipate that, in the coming decades, considerable wealth will change hands, and there will be a host of people with access to significant financial resources who want to make a difference. Many will have an interest in global issues. Unfortunately, Canada's philanthropic infrastructure is not well-developed, and there is little support for new Canadian philanthropists wanting to explore global granting. Some have turned to American organizations like Grantmakers Without Borders. There may be an opportunity for Canadian CSOs to help fill this gap through accompaniment and bridging activities, helping to link interested people with other philanthropists and also with key actors in the countries where they work.

In Canada, the discussion of social entrepreneurship, social innovation and social finance is taking place mainly in the domestic context. Within the social economy movement in Quebec and the community economic development network in the rest of Canada, there has been considerable development of social enterprises. Causeway, a national collaboration, is developing a social finance marketplace for financing of social innovation serving public benefit. The action plan of a Summit of voluntary sector leaders held in May 2008 includes a commitment to explore social financing. There has also been work on Vartana, a charity bank to serve the needs of the voluntary sector, which is expected to begin operations in 2009. Among Canadian international CSOs, the concepts have been applied mainly in the fields of community economic development, particularly microfinance.

#### **E. IMPLICATIONS FOR CANADIAN INTERNATIONAL CSOs OF GLOBAL PHILANTHROPIC TRENDS**

The question of how Canadian CSOs might relate to these trends is a complex one. As noted previously, it is unlikely that there will be dramatic growth in the international granting of Canadian foundations in the near future. In meetings organized by CCIC in the spring of 2008 between CSOs and foundations, participants noted positive trends for global philanthropy: demographic trends that include more interest on the part of diaspora communities to give back to their home communities, wealth development among younger people who are more globally oriented, and a higher level of awareness of global issues such as the environment and HIV/AIDS. On the other hand, they also noted the lack of knowledge within the general public about international cooperation generally and specifically about Canadian NGOs, citing the recent Muttart Foundation study which shows

that international charities have the lowest trust rate among 10 categories of charities.<sup>42</sup> This lack of knowledge and trust makes it unlikely that Canadian international CSOs will be the beneficiaries of the coming intergenerational wealth transfer. Participants suggested that changing these views would require broad public education campaigns to deepen the understanding of both development issues and the work of CSOs. It may also require some changes in the ways that CSOs work.

The strength of CSOs in the field of international cooperation is their knowledge of key actors, best practices, global networks, and partnerships. Tim Draimin<sup>43</sup> suggests that, using this knowledge, they can play an important bridging role – working with new philanthropists and linking them with others having similar interests, and with exciting initiatives on the ground.

In terms of the broader issues, Canadian CSOs can develop a better understanding of the concepts, the theories of change underlying them, and the successes and failures of their practical applications. A second line of action is to support Southern partners to have more participation and control over resources, processes and decisions that affect their lives. They can begin to explore ways that they can strengthen Southern philanthropy. While the growth of a stronger philanthropic infrastructure to support global giving is a long-term project, in the medium term CSOs could consider ways to accompany new philanthropists in exploring the potential of global engagement. Within these broad directions, here are some areas for CSO discussion and action.

**a. Increase Accountability and Democratic Participation**

- Support monitoring, research and advocacy by Southern CSOs regarding the new initiatives such as AGRA.
- Lobby with relevant bodies to increase Southern CSO participation in planning and development of new initiatives.
- Continue to enhance the capacity of Southern partners to set priorities, explore policy options, and spark innovative thinking on important global issues.
- Increase support for women and women's organizations in the South.

**b. Strengthen Southern Philanthropy**

- Support the creation of more Southern-controlled financial institutions and mechanisms such as foundations and regional funds.
- Support the development of resource mobilization capacity in Southern CSOs.
- Advocate for more funds for women's organizations and networks.
- Create more space for the development activities of diaspora communities.

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<sup>42</sup> For a copy of the chart comparing categories of charities see

<http://www.muttart.org/download/TAC2006/TAC2006-National-TrustInTypesOfCharities.pdf>

<sup>43</sup> Draimin *op cit*.

**c. Increase public understanding of development issues**

- Increase public engagement to develop a better understanding of CSO work – especially successful development approaches, and the pivotal role of Southern CSOs in promoting development.
- Continue to build on new information technologies to engage different publics.
- Ensure that fundraising images and messages do not reinforce stereotypes.

**d. Link with the Canadian philanthropic community to increase global giving**

- Explore ways to link Canadian philanthropists who share similar interests and connect them with interesting organizations, people and programs overseas – facilitating their learning through study visits and information sessions.
- Collaborate with existing organizations such as Tides Canada Foundation and other foundations that are interested in promoting global granting.
- Maintain communication with Philanthropic Foundations Canada and Community Foundations of Canada.
- Connect with Canadian actors exploring social innovation, social enterprise, and social finance and link with similar initiatives overseas.

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## APPENDIX A

### Definitions

#### Blended Values

What the Blended Value Proposition states is that all organizations, whether for-profit or not, create value that consists of economic, social and environmental value components – and that investors (whether market-rate, charitable or some mix of the two) simultaneously generate all three forms of value through providing capital to organizations.<sup>44</sup>

#### Bottom of the Pyramid (BOP)

BOP refers to the largest but poorest socio-economic group and globally the 4 billion people who live on less than \$2 per day. Prahalad, who developed the concept, claims that huge, untapped markets lie at the base of the global income distribution (or pyramid) which – when supplied with goods the poor can buy and sell – will lift them out of poverty and also transform their lives, socially and politically.<sup>45</sup>

#### Corporate Social Responsibility

An umbrella term that covers a wide variety of activities connecting the corporate world to social and environmental goals through their core business models, supply chains and operations.

#### Philanthrocapitalism

The practice of applying business methods and measures to philanthropy, or harnessing the power of the market to achieve the goals of social change. Philanthrocapitalists often expect financial or business returns over the long term, or secondary benefits from their investment in social programs. It is closely aligned to Venture Philanthropy and social enterprises, and definitions differ on how close the overlap is.

#### Social Capital Markets<sup>46</sup>

The flow of financial capital to human need for such things as:

- Microfinance
- Fair Trade
- Health Care, Eye Care
- Social Enterprise
- Community Development
- Clean Technology
- Green, Non-profit Building
- Bottom of the Pyramid

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<sup>44</sup> <http://www.socialedge.org/discussions/success-metrics/plonearticlemultipage.2006-09-28.2092625529/interview-what-is-blended-value>

<sup>45</sup> Edwards p.72

<sup>46</sup> Draimin, CCIC Annual Meeting, May 2008

### **Social Entrepreneur**

Someone who works in an entrepreneurial manner, but for public or social benefit, rather than to make money.<sup>47</sup>

### **Social Enterprise**

A business with primarily social (and/or environmental) objectives, whose surpluses are principally reinvested for that purpose in the business or in the community, rather than the business being driven by the need to maximize profit for shareholders and owners.<sup>48</sup>

### **Social Finance**

Social finance is a sustainable approach to managing money that delivers social and environmental dividends and economic return through social enterprises operating in the non-profit or public-benefit universe: thus the triple bottom line.

### **Social Innovation**

Social innovation is "an initiative, product or process that profoundly changes beliefs, basic routines, resources and authority flows of any social system in the direction of greater resilience. Successful social innovations have durability, impact and scale".<sup>49</sup>

### **Venture Philanthropy**

Venture philanthropy is the application of venture capital principles and practices, such as long-term investment and capacity-building, to not-for-profit organizations. Venture Philanthropy assists nonprofit organizations in the planning, launch and management of new programs or social purpose enterprises.<sup>50</sup>

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<sup>47</sup> Edwards p.14

<sup>48</sup> Drainin, CCIC presentation, May 2008

<sup>49</sup> Frances Westley <http://www.sig.uwaterloo.ca/>

<sup>50</sup> <http://en.wikipedia.org/wiki/Philanthrocapitalism>