

UNDERSTANDING THE GLOBAL SOUTH

Key philanthropic trends, challenges and opportunities in
Asia, Africa, and Latin America

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Supported by:



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Executive Summary

In 2021, International Education Funders Group (IEFG) and Elevate Children Funders Group (ECFG) jointly commissioned the exploratory study on 'Understanding the landscape of philanthropy in the Global South'. The objectives of this study were:

- 1 To identify funders and foundations focusing on education and holistic child and youth development located in low- and middle-income countries in the Global South.
- 2 To understand the operational needs, priorities, and challenges of the identified funders as well as their operating environments.
- 3 To provide recommendations on how the international networks can better support and enable funders in the Global South post COVID-19.

The findings and recommendations from this process - literature review and key informant interviews - can enable philanthropists to:

- Challenge their own current practices and beliefs about the Global South.
- Play a more active role in the momentum towards the shifting power dynamics between Global North and Global South.
- Influence and adopt improved approaches towards philanthropy in the Global South.

Working definition agreed by IEFG and Sattva Consulting for Education includes

- *Early childhood development*
- *Primary education*
- *Secondary education*
- *Girls' education*
- *Life skills*
- *Teacher professional development*
- *Education in emergencies (EiE)*
- *Tertiary education*
- *Global development and education agenda*
- *Technology,*
- *Evidence/evaluation/measurement of learning outcomes*
- *Education rights and social justice etc*

Working definition agreed by ECFG and Sattva Consulting for Holistic Child and Youth Development includes

- *Children in care*
- *Child and youth empowerment*
- *Child protection and safeguarding*
- *Child rights*
- *Children and conflict*
- *Child trafficking*
- *Children on the move*
- *Children with disabilities*
- *Early childhood development*
- *Juvenile justice*
- *LGBTQIA+ youth*
- *Child mental health and well-being*
- *Violence against children*
- *Girls*
- *Parenting*
- *Children in poverty, etc.*

Key Takeaways

What did we learn?

The key motivation for funders to join network organisations varies from region to region. For instance:

- In Asia, funders are interested in identifying other funders they can partner with to co-fund programs together.
- In Africa, funders wish to access more data about the ecosystem as well as identify partners to co-fund programs together.
- In Latin America, funders are interested in learning more about international trends and about other funders' programs.

- Across the global south, philanthropy is not limited to exclusively grant-making but also entails creating direct impact on ground.
- Across Asia, Africa, and Latin America, funders typically prefer to set up their operating foundations and not be exclusively grant-making in nature.
- There is also a strong presence of intermediary organisations.

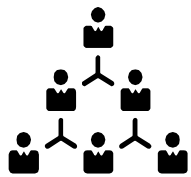
Education is the top funded philanthropic cause across the global south. However, funders typically fund outcome-focused short-term interventions, scholarships, bursaries, academic infrastructure, etc.

What does this imply for network organisations?

1. Networks could consider **building a strong understanding of the regional context** of each geography to adjust its offerings according to the priorities and interests of funders.
2. Networks could consider **partnering with regional network organisations** to build strong credibility and trust with their existing members.
3. Networks could consider **repurposing their pitching documents and external materials** that cater to the needs of the funders.

1. Networks could consider **expanding Their membership to both operating foundations and intermediaries** to enable equitable representation of global south funders.
2. Networks could consider **rethinking their criteria of a standard % of annual budget** being devoted to grants as this varies from region to region.

1. Networks could consider **understanding factors that drive funders to focus on short-term projects** rather than long-term systems change funding.
2. **Co-develop common understanding of systems change funding** through symposiums, research, working groups, etc. in the context of each of the 3 regions with funders.



Motivation to join networks



Nature of Giving



Thematic Focus Areas



Recommendations

Principles of Engagement

Engagement should be organised around three critical anchors to effective engagement with Global South grantmakers



Contextualized Solutioning

Continuously and consistently **stay well-informed of the evolving social, cultural, political and economic contexts** of the countries in Global South and how shifts in these can impact philanthropy



Leveraging stakeholder experience

Enable a culture of representing voices from the ground - Global South members should have a space to represent the challenges, needs and priorities of their respective regions from their living reality



Cross-Learning

Collaboration at the learning level should be facilitated wherein best practices of both the south and the north can be incorporated by global funders

“Understand the culture in the region and understand the interventions which will work in that particular community”

- Study informant (interviews), funder

“Nothing for us, without us”

- Study informant (interviews), funder

“Knowledge sharing should be two-way as opposed to the South only being seen as a learning entity”

- Study Informant (interviews), expert

Increasing Participation of Global South Funders



Rethinking the membership Criteria

- Funder-only Networks can consider including:
 - Foundations that are a mix of grant-making and operations with a focus on the former, i.e. primarily grantmaking as opposed to engaging in it exclusively
 - Intermediary organisations.
- Strict criteria such as ‘the organisations should be X% grantmaking’ will be difficult to verify due to data paucity and hence, should be restructured.



Restructuring the membership fees

We observed that movers and shakers in the region are typically already part of various network organisations, and hence, due to a limited operating budget, prefer to have low membership fee. A benchmarking exercise to ascertain the same can possibly be considered.



Repurposing pitching documents and recruitment materials

- The pitching documents could highlight the unique benefits networks can provide to Global South funders that current regional networks do not offer. Networks are not willing to pay twice for similar services.
 - For Asia, the pitching document could highlight peer networking that results in partnerships for co-funding programs/ initiatives.
 - For Africa, the pitching document could highlight knowledge sharing and peer networking that results in partnerships for co-funding programs/ initiatives.
 - For Latin America, the pitching document could highlight knowledge creation and exchange amongst members.



Relationship building with regional network organisations

As a relatively new network in the region, networks can consider partnering with regional network organisations to build context of the region and gain access to the movers and shakers. This will also help networks build credibility in the region.



Including the Global South in external facing communication materials

Communication materials such as the website or social media handles can be updated to demonstrate the impact created by network members across the globe, including the global south.

Enabling greater funding towards thematic areas

Knowledge Creation and Dissemination

Rationale

Data on the philanthropic ecosystem in the Global South will result in increased awareness and information symmetry

Awareness on under-served themes within larger focus areas within education, children, youth, etc. will result in funding not being concentrated in only a few areas

Standardisation of governance and M&E practices will reduce distrust with the philanthropy sector

Recommended Interventions

1. Create and disseminate research reports on underserved thematic areas that are either do not receive explicit and/or sufficient funding to bring down the cost of innovation.

- Sector specific knowledge
- Best practices for organisational management
- Models for capacity building of granttrees
- Innovative finance: impact investing, outcome-based funding model, etc.
- Demonstration of case studies wherein new models of governance have worked well
- Systems change funding
- Monitoring and Evaluation

2. Develop thematic/ working groups within networks that focus on a particular theme and create action plans, identify co-funding opportunities, and advocate for the causes in their networks.

3. Create toolkits and guides on standardized practices such as monitoring and evaluation, shifting power, decolonizing development, etc.

Enabling greater funding towards thematic areas

Building Shared Understanding and Partnerships

Rationale

Lack of collaboration between different types of stakeholders within a region to share knowledge and forge relationships.

Collaboration is hindered by inability to align on focus areas and to have in-depth dialogue that lead to fruitful partnerships in large member meetings.

Grantmakers are unaware of what programs and non-profits are being funded by other funders, and hence, are not able to leverage co-funding opportunities to increase scale of impact.

There is a need for international funders to understand the lived realities of the region they are funding.

Lack of a holistic approach to children, youth, and education results in funding being concentrated in conventional focus areas.

Recommended Interventions

1. Conduct regional convenings between funders to focus on challenges, opportunities, risks and mitigations of a particular region.
 2. Networks can informally connect organisations with similar interests and programs that can forge partnerships to co-fund in the specific issue area (help foster collaboratives).
 3. Networks can include a section in their monthly newsletter that covers a particular members profile, their respective geographies and thematic areas of focus, etc. to ensure all members are aware of each other activities.
1. Building shared understanding amongst Global South and Global North members about differences in funding landscapes through communities of practice that come together to discuss features of their respective funding landscapes, challenges, etc.
 2. Partner with regional network organisations such as AVPN, AVPA, GIFE, etc., leveraging their regional knowledge, credibility and membership, to conduct workshops, roundtables with their funders to raise awareness about underserved thematic focus areas.



Research Insights

Key Insights



There is an increasing appetite for collaboration amongst grantmakers, with scope for strengthening networks and partnerships across the Global South

Collaboration amongst philanthropies can be a vital strategy that can enable:

- **Unlocking of capital** by forging partnerships between organizations with similar interests, objectives and goals.
- **Knowledge sharing** between peers to ideate, learn and share best practices to address complex problems effectively and efficiently.
- **Collective advocacy** for issues that are either under-served or not widely recognized by the society or governments as pertinent problems to solve for.

However, due to **unavailability of credible public data**, grantmakers are often unaware of collaboratives and networks that are already in existence, and hence, **continue to duplicate efforts**. Across the Global South, we also find **very few cross-border collaborations** due to **lack of alignment on focus areas** as well as **differing challenges and priorities**.

However, funders do **recognize value in collaborating with their peers** to increase the scale of their impact. During the coronavirus pandemic, collaborations amongst funders became a common theme for coming together to co-fund and co-invest in opportunities.

Funders have also expressed a key interest in **learning from their counterparts belonging to different countries** with similar economies and socio-cultural contexts.



Similar to the Global North, philanthropy in the Global South is also driven by internal motivations and external influences

A commonality amongst Global North and Global South grantmakers are the internal factors that guide the nature of philanthropy:

- Philanthropy is deeply rooted in an **individual's experience of having lived through poverty and inequality**. A notable example is Chinese movie star Jet Li, who narrowly escaped the 2004 Tsunami, prompting him to start the Jet Li One Foundation that focuses on disaster relief.
- Philanthropy is seen as **an expression of family values and traditions**.
- In many regions, philanthropy is also shaped by the **tenets of faith**. In Latin America, we see a deep influence of the Catholic Church on the philanthropic sector whereas in South East Asia, zakat is a form of giving, similar to countries in the Middle East and North with a sizeable Muslim population.



Most large foundations tend to fund in their own country due to philanthropy being personal and driven by need and scope for improvement locally.

- Study informant (interview),
funder



Similar to the Global North, philanthropy in the Global South is also driven by internal motivations and external influences (cont.)

External influences also shape the culture and nature of giving across the Global South:

- **Economic growth** has led to an increase in private wealth accumulation, resulting in accelerated growth of the philanthropic sector as philanthropies feel the need to contribute towards the positive development of their nations.
- **Regulatory and political environments** also play a critical role in shaping giving. Across the Global South, philanthropy can either be highly promoted or inhibited depending upon both the government's attitude towards the sector, as well as the legal and fiscal frameworks.



Giving by family foundations and High-Net-Worth Individuals (HNIs) is increasing by the day as the wealth of the population keeps increasing.

- Study informant (interview),
funder



Although there is increasing interest in systems change funding, operational programs continue to dominate priorities of funders

Much of the giving in the Global South is directed towards implementation of programmes by non-profit organisations or operating foundations. Giving is largely charitable in nature due to:

- **Limited understanding, awareness and alignment** on what systems change means
- Funders prefer to focus their funding on areas that **yield outcomes within a short period of time.**
- Systems change funding **requires large quantum of capital** that most Global South funders do not have the capacity to commit.

However, a rise in **new generation givers** has seen an increase in funding in not only unconventional thematic areas but also a rising interest in disrupting systems and processes that are the root causes of the development issues at hand.



At the local level in South-East and North Asia, most funding is operational as opposed to systems funding due to lack of awareness about what it entails and aims at solving.

- Study informant (interview),
network organisation



The younger generation of leaders is bringing new ideas, new operating processes, and a willingness to shape nascent sectors. "NowGen" givers also focus on systemic issues.

- Study informant (interview),
funder



Regulatory environments can be strengthened for boosting volume, scale and impact of philanthropy

According to the Global Philanthropy Environment Index 2018, regulatory environments include:

- Ease of operating a philanthropic organization—regulations for philanthropic organization formation, operation, and dissolution;
 - Tax incentives—laws and regulations governing fiscal incentives and disincentives for giving and receiving donations domestically; and
 - Cross-border flows—laws and regulations governing fiscal incentives and disincentives of giving.
-
- Restrictive regulatory environments can adversely affect the philanthropic sector, and across the Global South, this is a key challenge that philanthropies encounter, although it varies by country. For instance, Senegal has created a regulatory framework that makes it difficult to send cross-border donations, being a member of the Inter-Governmental Action Group against Money Laundering in West Africa.
 - Governments in the Global South can play a key role in aiding philanthropy through **tax incentives and favourable policies**, similar to Global North countries (particularly United States, Canada, Northern and Western Europe)
 - Favourable regulatory environments can result in **innovative vehicles of grantmaking** as well as facilitate **cross-border flows**
 - **Tax incentives** can **encourage both individual and organizational giving**, resulting in diversification of the philanthropic sector



An enabling political environment can augment collaboration between grantmakers and governments for impact at scale

Effective collaboration with governments is extremely critical for philanthropic organizations to expand scale of their impact as well as build a strong credibility with the public for support and encouragement.

According to the Global Philanthropy Environment Index 2018, **political environment** refers to governance and relations between government and philanthropic organizations.

Similar to the Global North, due to past cases of **money laundering as well as the societal perspective that welfare is the duty of the government**, the philanthropic sector often is seen to be in conflict with the government.

Building credibility and collaboration with the governments through **data-driven approaches, in line with the development agenda**, can benefit philanthropies to expand the scale of their giving. For example, New York's Center for Economic Opportunity (CEO), in partnership with the Mayor's Fund to Advance New York City, secured Social Innovation Fund grants of \$5.7 million per year for five years to replicate its most effective anti-poverty programs in eight urban areas across the country.

64 prioritised countries in the Global South

World map illustrating the prioritization of Global South countries for climate finance, categorized into three groups:

- Prioritised Global South countries** (Dark Green): Includes countries like Mexico, Central America, Caribbean, Brazil, Colombia, Venezuela, Ecuador, Peru, Bolivia, Paraguay, Uruguay, Argentina, Chile, and most of sub-Saharan Africa (e.g., Nigeria, Kenya, Ethiopia, South Africa).
- De-prioritised Global South countries** (Light Green): Includes Russia, China, India, Pakistan, Bangladesh, and several countries in Africa (e.g., Egypt, Sudan, Chad, Niger, Mali, Burkina Faso, Guinea, Sierra Leone, Liberia, Ivory Coast, Ghana, Senegal, Mauritania, Mauritius, Zimbabwe, Botswana, Namibia, Lesotho, Swaziland, Mozambique, Madagascar, and Indonesia).
- Global North** (Grey): Includes North America (USA, Canada), Europe, and Australia.



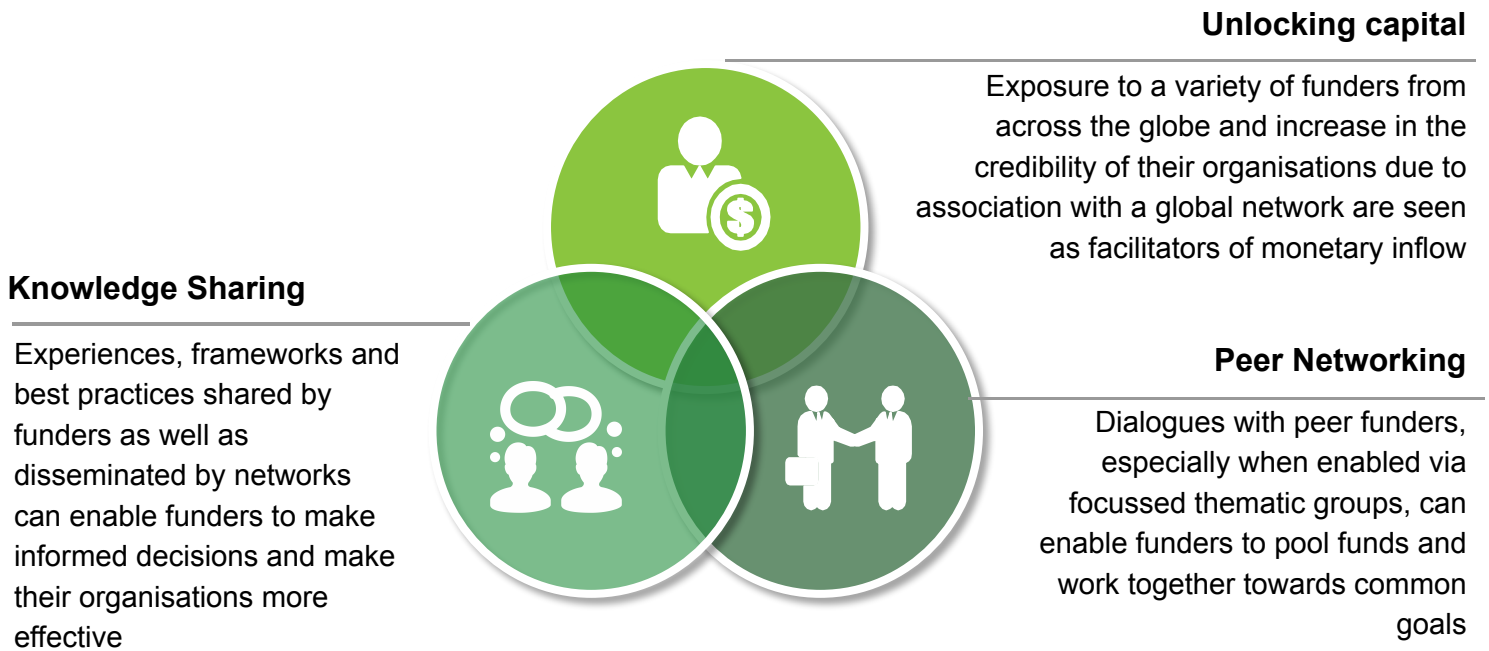
Asia

SECTION I



There is a growing appetite for collaboration with a multi-stakeholder approach to enable sustainability

Funders in Asia realise the importance of collaboration and are actively engaging in dialogues on the role collaborations can play and how they can be facilitated to create change at scale. Asia has a number of active regional networks such as Asia Venture Philanthropy Network, Asia Philanthropy Circle, Prospera and ECPAT, to name a few. Asian funders actively take part in these networks and show a keen interest in joining those Global North funders. This interest is facilitated by the following perceived value additions that networks can provide:



While collaboration is valued by Asian funders, there exist certain obstacles to large-scale collaboration across countries in Asia, such as,

- **Misalignment between ecosystem stakeholders**
There is a lack of alignment between grant makers and grantees as well as amongst potential partners' programme visions.
- **Lack of trust**
There is a perceived lack of trust amongst the philanthropic actors in Asia which acts as an impediment to collaboration, especially between potential partners.
- **Unavailability of credible data**
The lack of a data-sharing mechanisms exacerbate the challenges of collaboration because foundations are unaware of their counterparts working in similar thematic areas.

Despite these risk factors, Asia saw widespread collaboration during the global COVID-19 pandemic such as [AVPN COVID-19 platform](#) and [ACT Grants](#), wherein individuals, organisations and the government came together in solidarity to devise and implement solutions at scale. This has reflected not only the possibility of multi-stakeholder collaborations but also the power of such collaborations to facilitate wide-ranging outcomes.



Historical, cultural, economic and political context of Asia influence the motivations for giving

1

Characterized by its tradition of giving, Asian philanthropy is strongly influenced by tenets of faith and its culture

Philanthropy in Asia is motivated by a variety of **cultural, religious and personal motivations** including the following:

- Desire to give back to society
- **Religious Influence (Zakat in Islam, Daana in Hinduism, Bhiksha in Buddhism)**
- Family and personal values
- Personal experiences
- Prestige and status in society

2

Growing conscience amongst philanthropists to balance powers and wealth, as a pushback to their country's history of colonialism

- Young democracies that have had a long history of colonialism still find the glaring impact of colonialism through strongly favored sections of societies that amassed wealth and power during colonisation. There is a **growing conscience about this power imbalance and philanthropy caters to enabling equity.**
- Further, there is **in-group solidarity** to build up the capacity and capabilities of their historically marginalised kin, in an effort to both **rehabilitate the after-effects of colonialism and to strengthen the current progress of their nation.**

3

Economic growth of countries has resulted in an increase in the number of Ultra High-Net-Worth individuals (UHNIs) who are giving back to society

- Philanthropy in Asia has been on the rise over the past decades, spurred by the economic growth of multiple Asian countries. Between 1990 and 2015, the world experienced a 25% drop in extreme poverty against a **35% drop in South Asia.**
- According to the Hurun Global Rich List 2021, for the first time ever, **Asia has more billionaires than the rest of the world combined** (51% of the world's billionaires and 45% of the world's wealth is located in Asia as of 2021).

4

The new generation of budding entrepreneurs and philanthropists are bringing in innovative ideas, willing to shape nascent sectors and collaborate with each other

- Asia is seeing a sharp rise in strategic giving with new generation philanthropists being **more open to collaboration, actively seeking to growing their knowledge, identifying relevant stakeholders, and establishing networks.**
- They have also been found to be more open to engaging in innovative ways such via **social enterprise and social value investment models.**



Niche topics such as LGBTQIA+ or juvenile justice are more likely to be addressed by new generation leaders, as seen with the 10to19 Dasra Adolescents Collaborative and Edelgive Foundation's The Collaborators.

- Study informant (interview), network organisation



There is a growing trend towards strategic funding, indicating a gradual shift from charity to investment

Giving has historically existed in its traditional form in Asia. As globalisation facilitates cross learning and access to newer models of thinking, Asia is seeing a shift from traditional to strategic giving.

Asian funders express a keen interest in shifting from traditional to strategic giving. In order to facilitate outcome-focussed and efficient giving, certain key enablers need to be put in place. These include the following:

1 Data Creation
The gathering of data about the Asian philanthropic landscape as well as the creation of a database with the work of the multitude of philanthropic players in the ecosystem is essential. Availability of such data will enable funders to bridge the gap between the needs of those being funded and the avenues within which resources are being mobilised. Further, creation of a funder database will assist in building credibility of Asian funders globally and will allow organisations to identify potential partners.

2 Building Transparency and Accountability
Various small organisations in Asia which have been historically underfunded are unable to invest in the creation of an evidence base through monitoring and evaluation practices as well as rigorous reporting. Investment towards such ecosystem level development is vital to raise trust in local organisations and ensure optimal utilisation of limited resources.

3 Systemic Funding
Systemic funding includes identifying, defining and investing in structural inefficiencies that breed societal issues. Funding in Asia often tends to be programmatic in nature as opposed to being systemic due to lack of an understanding of systemic change as well as the urgent issue-based needs of the population. This leads to structural problems persisting despite the quantum of investment targeted towards them. There is a need to create a knowledge base regarding the adoption of a long-term systemic approach.

There is a lack of concrete data on the volume of grantmaking in Asia.

- Study informant (interviews), network organization

There lies a disconnect between what needs funding and what philanthropists want to fund.

- Study informant (interviews), network organization

Grantmakers must play a role in building the capabilities of its grantees, to make them more strategic in nature.

- Study informant (interviews), funder





Regulatory environments across Asia either enable or inhibit the growth of philanthropy, varying by country

The success of the philanthropic ecosystem depends upon the larger legal and fiscal ecosystem within which it exists. Ranging from a country's registration law for social purpose organisations (SPOs) to its tax incentives and investment regulations, the fiscal structure has the power to either enable or disable giving.

Asia is a diverse region with a range of political systems and laws across countries. Therefore, the regulatory environments for philanthropic giving also vary across the region, spanning from being extremely restrictive, as seen in Myanmar and Cambodia, to neutral, as seen in India or Indonesia, to being extremely philanthropy-friendly, as seen with the Asian tigers such as Hong Kong and Singapore.

However, several key challenges were highlighted by both funders and network organisations:

- **Tax incentives:** There is agreement amongst funders that there is scope for further incentivising giving amongst individuals and corporates via fiscal policies. While tax incentives do attempt to facilitate philanthropy in most Global South countries, they are much smaller than those provided in the Global North. In 2018, the Middle East and Northern Africa had the largest regional improvement, while Latin America witnessed the largest regional decline.
- **Major regulatory changes:** The Global Philanthropic Environment Index 2018 also identified regulatory changes in 19 economies that restricted the agency and sustainability of philanthropic organizations and led to increased government control. Among the most notable changes were the enactment of laws limiting access to foreign donations, freedom of expression, and excessive regulation of fundraising activities.
- **Cross-border funding:** Many governments across Asia have made the process of moving international philanthropic funding across borders more complex and time consuming through laws such as the Foreign Contribution Regulation Act, which regulates the receipt of foreign aid into India.

Percentage of Change in the Regulatory Environment: The Central Asia and South Caucasus region and the Middle East and Northern Africa region witnessed the largest improvements in the regulatory environment whereas Latin America saw the largest decline in the regulatory environment



Political environment across Asia is typically not an impediment to the growth of philanthropy

The **perception and attitude of governments towards the philanthropic sector is largely positive**, with variations by country. According to the Doing Good Index, this is critical for the growth of the sector because when a government signals that philanthropy is appreciated, it has a positive influence on giving. A notable example is China, where the government eased the regulations on setting up new foundations in 2008, and now the number has rocketed to 6,000.

Some of the **key learnings** from grantmakers who have successfully engaged with different governments are:

- Governments demonstrate increased buy-in when there is an **proactive attempt to make them included** in the process, right from the beginning.
- **Strong reporting practices** and monitoring and evaluation help to build credibility and trust with the government.

Typically, philanthropies **do not engage with the governments to influence policy-level change**; businesses have a larger say in matters of policy with the government. However, local philanthropies backed by a large quantum of capital can potentially influence policy at the domestic level as any such attempt by an international organisation is viewed as an interference in local politics.





Latin America & the Carribeans

SECTION II



Cross-border collaboration amongst grantmakers can enable knowledge sharing and capital mobilisation

Across LAC, there is a considerable **presence of national networks** of funders that come together to tackle issues at a local level, such as GIFE and CEMEFI. There are also **smaller networks of foundations** that are focused on solving local issues. However, **cross-border, regional networking amongst grantmakers is not a common theme** in the region. Latimpacto and WINGS are some of the few organisations that are promoting collaboration at a regional level.

Although there is broad consensus on the need for collective action, it is difficult to facilitate regional partnerships in the region due to the following reasons:

1. Misalignment on focus areas

Due to geographic and cultural differences, it is often difficult to align multiple stakeholders on the vision, objectives and goals of the collaborative.

2. Unavailability of credible data on funding

Due to the lack of any central repository of data on foundations, grant sizes, thematic areas of focus, etc. it is difficult for funders to identify and match with other foundations having similar interests and goals.

3. Competitive environment amongst funders

Due to increasing competitiveness between funders over securing their financial capacity, grantmakers are hesitant to collaborate as it would require them to share data about their financial resources.



Economic and socio-cultural realities of Latin America influence the motivations for giving



1 Faith-based traditions have shaped philanthropy

Latin America is home to **nearly 40% of the world's Catholic population** - having been introduced to the religion through Spanish colonisation.

Although the Church is no longer primarily responsible for social welfare, **its tenets guide philanthropies, especially families, regarding the nature and cause of giving.**

For instance, as abortion is not allowed by the Catholic Church, any programmes or organizations that support girls through teenage pregnancies do not typically tend to receive funding, as much as, conservative causes of education and health.

Most local philanthropists are conservative because there exists a strong relationship between the government and the Church.

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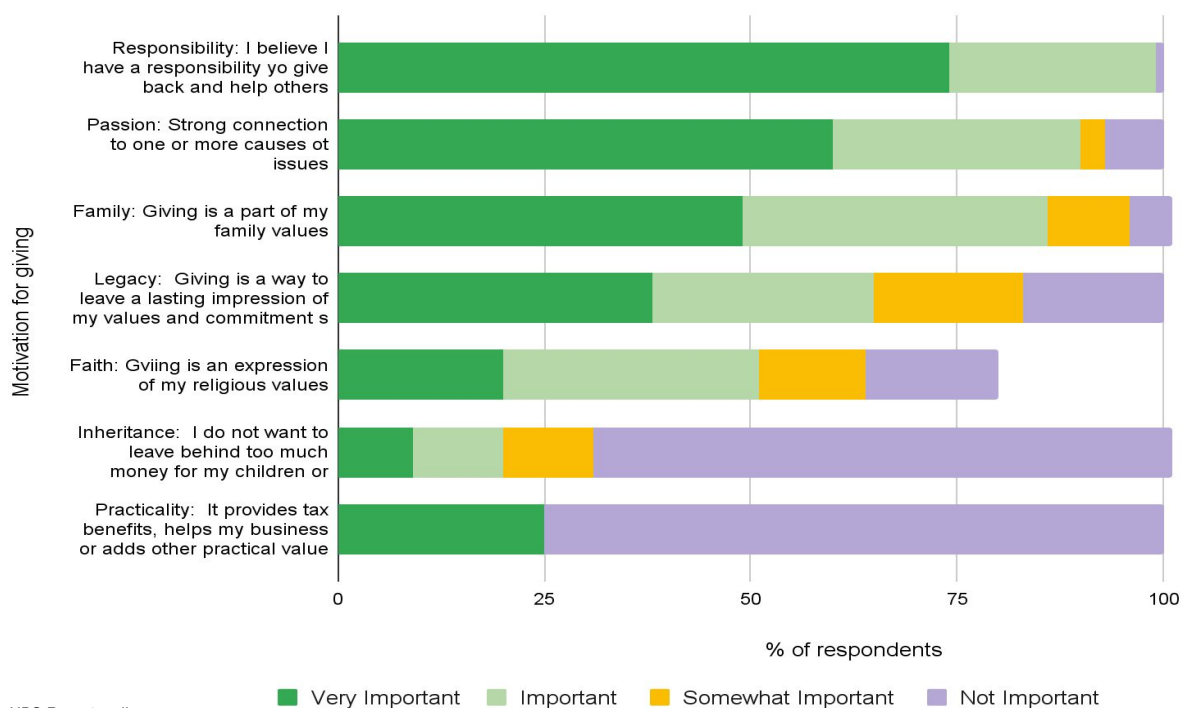
- Study informant (interviews),
network organization

Ultra high net-worth individuals (UHNIs) have become important actors in addressing economic and social needs

- Economic growth has resulted in **high private wealth accumulation**. Between 2004 and 2014, the regional UHNW population increasing more than 2.5 times faster than the global average.
- This has resulted in **boosting philanthropic activity in the region - individuals feel a social and moral sense of responsibility towards the society** they have benefited from and wish to give back.

“Philanthropy is guided by family values and traditions with moral values playing a huge role in shaping giving.”

- Study informant (interviews), network organization



3

There is a shift from charity to long-term strategic giving amongst philanthropies in LAC

Much of the giving in the region **tends to be charitable in nature, aimed at short-term outcomes**. In many countries, the word ‘*philanthropy*’ is synonymous with charity.

“Grantmaking is rarely strategic in nature, with funding being influenced by the views of the funders (family or corporations) instead of being need based”

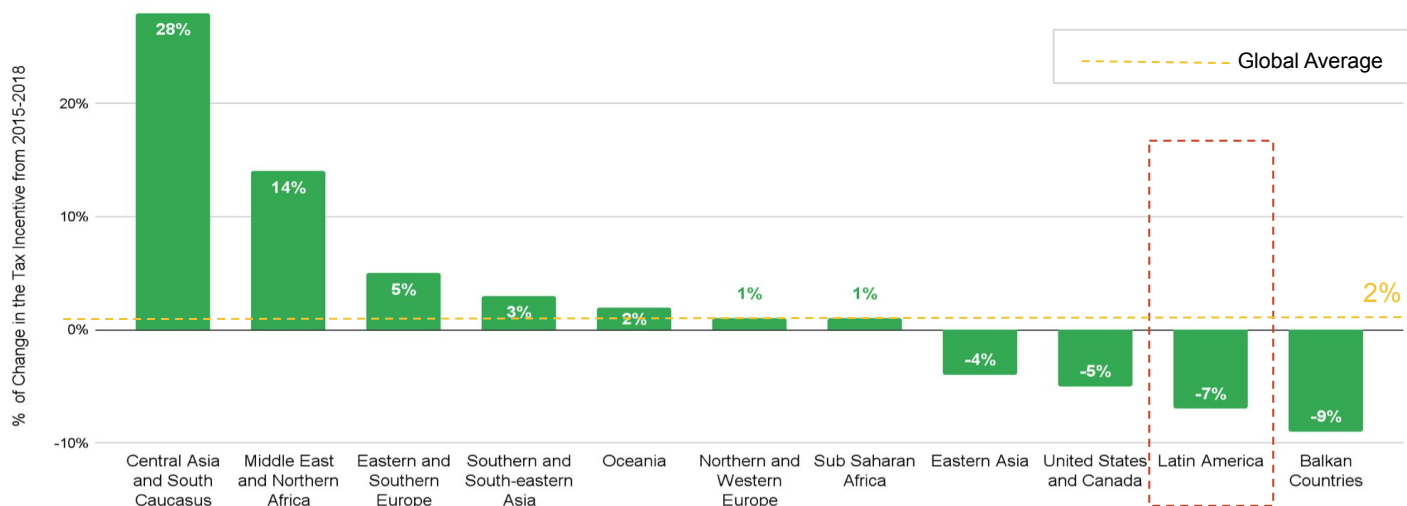
- Study informant (interview), network organisation

However, a rising group of **social investors are taking a more strategic and outcome-based approach** to achieve greater impact with their social investments. Foundations are now keen to learn about innovative funding practices and how to fund systems change to impact the overall philanthropic infrastructure.



The regulatory environment has scope to become more favourable to enable growth of philanthropy

In nearly all the countries, the **legal and tax policy is not considered to be favourable** for a robust philanthropic sector. For instance, in Brazil, the states impose a value added tax on donations, thereby limiting the scope and scale of grantmaking. In Mexico, there is no legal distinction between different types of non-profit organisations, such as a grant maker versus an operational non-profit organisation - therefore, all of them receive the same tax benefits.



Source: UBS Report, online source

In some countries, **corporations receive more favorable tax incentives** for giving than do independent foundations or individuals. In Peru, the Work for Taxes Law allows corporations to invest in public works, such as building or improving schools and hospitals, and to recover the investment from its income tax.

Another challenge is that **donations are limited to certain thematic areas** (e.g., education, arts and culture, and sports) and specific populations (e.g., children and youth, or people with disabilities), while de-prioritising several others.

“

In various countries, fiscal laws are very restrictive towards foundations, thereby, inhibiting the growth of philanthropy in the region.

- Study informant (interview),
network organisation

“

Advocacy with the government, as a group of grantmakers, to transform the legal and fiscal frameworks can be more effective than individual efforts to bring change.

- Study informant (interview),
funder



The philanthropic sector and the government are often seen in conflict to each other, limiting the volume and sustainability of philanthropy

In LAC, collaboration between the government and funders is rare. Due to past cases of money laundering as well as the social perspective that public welfare is the duty of the government, **there exists a general distrust of the philanthropic sector.**

However, many organisations find it **easier to collaborate with municipalities and local governments** for execution of their programmes.

Many grant-makers also partner with foreign institutions to increase their financial capacity.

This is also another reason for conflict since **foreign aid is viewed to be interfering with national politics** and development agenda. For instance, since November 2020, Venezuelan authorities have carried out a systematic campaign against human rights and humanitarian groups operating in the country that includes freezing bank accounts, issuing arrest warrants, and raiding offices, as well as detaining some members for questioning.

“*Lack of government collaborativeness and a restrictive fiscal environment act as barriers to the growth of philanthropy*”

- Study informant (interview),
LAC expert





Africa

SECTION III



Collaboration is recognised as a catalyst to growth of philanthropy and large-scale impact

In Africa, there is a **strong focus on working collectively towards common goals**. According to *The Africa Funding Landscape* report by the Africa Grantmakers' Affinity Group, 81% of the informants engaged in some form of networking and collaboration with peers or fellow organisations.

This inclination towards networking is also reflected in the existence of numerous domestic and regional networks, such as the following:

- African Venture Philanthropy Alliance
- Africa Grantmakers Network
- Africa Philanthropy Forum
- East Africa Philanthropy Network
- Independent Philanthropy Association of South Africa (IPASA)
- Africa Grantmakers' Affinity Group
- Philanthropy Leadership Network and several more.

Despite this general consensus regarding the utility of collaborative work, collaborations are often difficult in Africa because of the following reasons:



Unavailability of credible public data

There is a paucity of data available on the work of philanthropic organisations in Africa which makes identification of potential collaborators difficult



Lack of trust amongst stakeholders

Due to poor transparency and accountability practices being undertaken by several organisations, there is a lack of trust which hinders collaboration



Difficult in alignment of focus areas

Given the vast range of focus areas and differences in the indicators of success between organisations makes collaboration complex



High membership fees

Due to high membership fees charged by several networks, smaller organisations with limited resources at their disposal are placed at a disadvantage



Difficult to ensure equal ownership

Due to lack of independent secretariats managing the overall collaborative, certain stakeholders can exercise greater power in decision-making, thereby tipping the power balance in their favour.



Cultural, economic and political context of Africa influence the motivations for giving

1 History of colonialism drives the culture of giving in Africa

Similar to Asia, the culture of giving in Africa is strongly influenced by their history of colonisation, slavery, unjust accumulation of wealth and solidarity against modern colonisation. The wealthy in Africa engage in giving to uplift the large chunks of the African population left disadvantaged post colonisation.

2 Giving is primarily focussed on basic needs in Africa

Similar to Asia, the majority of philanthropic giving by African donors go towards addressing *basic needs*.

This is due to the following reasons:

- Perception of a natural hierarchy of needs in the minds of funders wherein basic needs need to be solved before higher level needs.
- Alignment with government agenda which largely focuses on basic needs.
- Political and cultural acceptability of basic needs funding.

77% of the giving focus is on basic needs

42% of all gifts is focussed on poverty reduction

While the United Nations' SDGs do not generally form the basis for strategic funding decisions, they are often used as a reporting tool following the intervention.

Interestingly, despite this, the share of giving going to basic needs as health and education in Africa is actually aligned with SDG priorities.

Basic Needs covers six SDG areas

1 NO POVERTY



2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



10 REDUCED INEQUALITIES



3 Giving is motivated by the desire to influence change for the better

In Africa, giving is primarily been **governed by traditional values and a desire to uplift marginalised communities**. The philosophy of ubuntu - "I am because you are and you are because I am" exudes a sense of charity, which has in turn, fueled philanthropy across the African continent.



The motivation for giving in Africa is to end inequality and poverty in the country

- Study informant (interview), funder

4

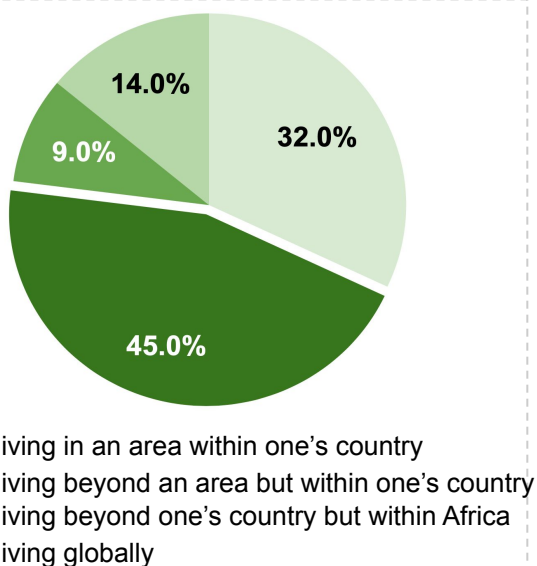
Economic growth has given rise to a wealthy middle class, that is keen to accelerate the progress of their countries through giving back to society

Tremendous economic development in Africa has resulted in a **growing middle class**, enthusiastic about giving back to the society it has benefited from as well as **enabling their country's further economic growth**. The African Philanthropy Network estimates the potential giving pool of wealthy individuals at \$2.8 billion per year, with the potential to be as high as \$7 billion.

The **giving gap between the continents is closing**. For example, according to CAF Global Giving Index 2018, five years ago there was a 7 percentage point gap between the index scores of the Americas and Africa. Now it stands at just 1 percentage point.

5

Giving is primarily domestic in nature in Africa



Bridgespan found that from 2010 to 2019, **81% of the 64 large African gifts** (by number of gifts) **were given within a donor's own country**.

The reasons behind such funding are the following:

- Given the extent of domestic needs and availability of limited resources, philanthropists **choose to exercise their influence within their own country**.
- **Moving money across borders** is difficult within Africa due to legislative barriers.

For instance, Nigeria's 2012 Flood Relief Fund, in which at least three of Africa's wealthiest people; Aliko Dangote (President of the Dangote Group), Jim Ovia (Founder of the Zenith Bank) and Tony Elumelu (Chairman of Heirs Holdings) donated over \$22 million to the fund. They are all Nigerian and rallied to a Nigerian cause.

6

Giving is largely operational in nature in Africa

Most African foundations are **operating in nature** and **tend to finance their own interventions** with the majority of their funds and deploy grants on a small scale. This is because of the following reasons:

- Due to **poor reporting practices**, foundations do not trust external non-profit organizations with their resources
- Foundations are unaware of existing programs and the work of organizations due to **unavailability of data**
- **Lack of tax incentives** that promote grant-making to other organizations

“

It is easier to maintain control over resources, programs, and the outcomes if the money remains in the control of the giver, or corporation.

- Study informant (interview), funder



African philanthropy has the potential to shift to more focussed systemic and strategic philanthropy

In Africa, 'philanthropy' encompasses not just formal institutional philanthropy but **giving in all forms**, including giving to families, communities and societies in a formal and informal manner irrespective of the amount given. However, **Africa is gradually moving towards distinguishing charity from outcome focussed, strategic philanthropy**. Certain enablers necessary for facilitating large scale strategic giving in Africa are the following:



Data Creation

There is a need to **generate and disseminate data** regarding the African philanthropic landscape in order to enable interventions to be designed based on on-ground needs. Along with this, data needs to be generated **regarding the work of various philanthropic organisations** in order to give them greater global visibility, enable identification of potential partners and avoid duplication of work.



Focus on systems change

A focus on systems change, which **targets the root causes of challenges** and creates long-term changes, is necessary to make the need for philanthropy redundant for marginalised populations. Systems change often tends to not be funded due to the **large quantum of capital required, a lack of understanding of how it can be funded and complexity in involving governments**.



Monitoring and Evaluation Practices

In order to ensure that implementers and funders are able to identify the problems accurately and solve for appropriate solutions, it is important to conduct needs assessments and impact evaluations. **Currently, MEL standards in Africa are not as strong as compared to the Global North**, but it is important to develop the practice of it. Non-profit organisations tend to focus only on implementation, whereas funders require documentation of activities and outcomes, the lack of which demotivates the latter from making grant due to accountability and transparency issues.



Advocacy aimed at fiscal changes is needed in Africa to make the regulatory environment conducive for philanthropy

The African regulatory environment has scope to become more enabling for philanthropy. There continues to be **a strong need for fiscal changes**. These changes include the **easing of registration processes, the provision of substantial tax incentives for giving and the creation of a better infrastructure for the movement of monetary resources across borders**. The fiscal infrastructure of a country has the potential of being a key facilitator of the non-profit sector and hence, **collective advocacy** towards it should be facilitated by networks and influential organisations in the region.

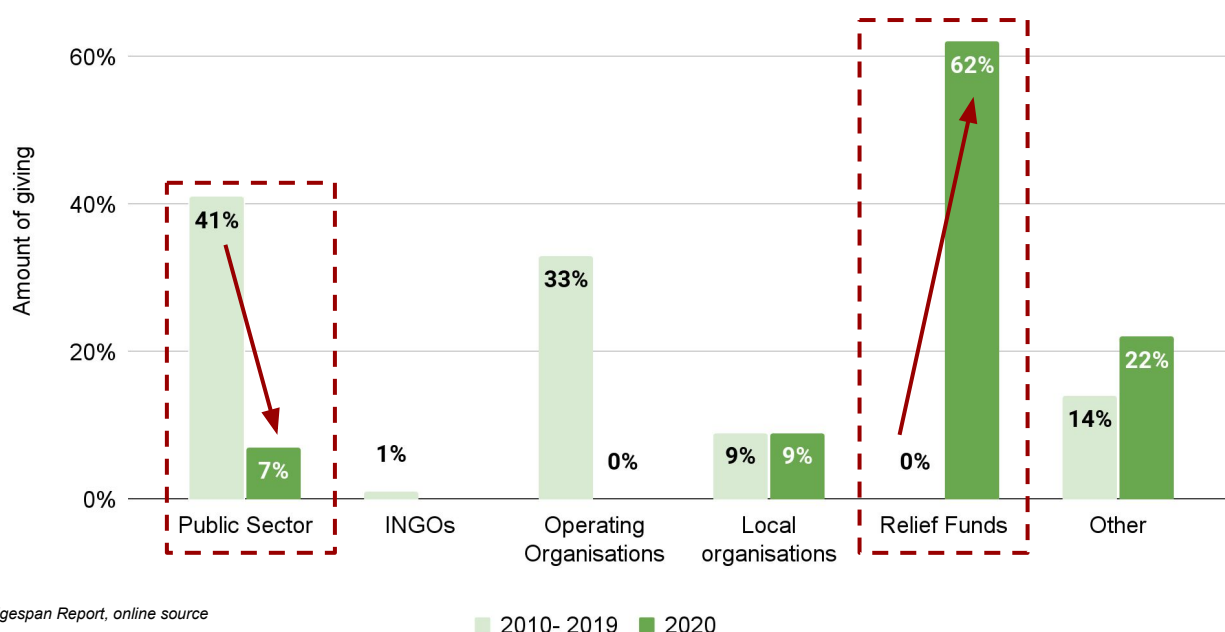


Collaboration between governments and funders needs to be strengthened for growth of philanthropy

Initially, most international foundations were supportive of the new national governments, but there was a palpable shift towards the end of the 70s when philanthropies began lending support to issues such as human rights and social justice. During this time, African governments were moving towards one-party system and restricting dissent and criticism.

However, across the African continent, philanthropy is starting to occupy a central voice and gaining critical weight when it comes to influencing policy-level changes. For instance, in Rwanda, the government is developing a strategy to engaging philanthropy in Vision 2030.

Who received large philanthropic gifts in 2020?



According to a Bridgespan study, the largest share of 'gifts' from philanthropies are devoted to the **public sector**.

One of the reasons for this is that funders typically focus on **education, health, and disaster relief**, where the government is the main player.

However, due to the COVID-19 pandemic, there was a **sharp decrease in gifts towards public sector**, with 62% large philanthropic grants committed to relief funds.

However, there continues to be significant scope for collaboration between philanthropies and the government, which could result in:

- Improved ability of organisations to create large scale change at a systemic level.
- Greater representation and influence of on-ground players in policy level decisions, with policy being driven by the voices and actions of people from within of the communities.

Credits & Acknowledgements

We are grateful to 32 individuals across 22 organizations in the philanthropic ecosystem who generously shared their expertise as well as **Porticus and Global Early Childhood Funders Group** for sharing a detailed database of Global South grant-making organisations.

List of 22 organisations that participated in this study:

Regional Network Organisations

- | | |
|---|--------------------------------------|
| 1. Asia Philanthropy Venture Network | 6. Lat Impacto |
| 2. WINGS | 7. East African Philanthropy Network |
| 3. Africa Venture Philanthropy Alliance | 8. ECPAT |
| 4. Synergos | 9. Dasra |
| 5. CEMEFI | 10. GIFE |

Grant-making organisations (including Intermediaries)

- | | |
|----------------------------|--------------------|
| 1. Ayala Foundation | 6. Community Chest |
| 2. Indika Foundation | 7. FRIDA |
| 3. Ishk Tolaram Foundation | 8. Itau Social |
| 4. The Learning Trust | 9. FEAC Foundation |
| 5. Women's Fund Asia | 10. Porticus |

Experts

1. Andrea Bergamaschi - Education Specialist, Inter-American Development Bank
2. Bridgespan Africa

Direct Service Organisation

1. Friends International



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