Executive summary

Delivering the Sustainable Development Goals (SDGs) will require more resources than are currently spent, in particular in developing countries. Private foundations' role in advancing sustainable development has attracted a great deal of attention. They are established sources of both funding and innovative approaches for sustainable development. However, two major bottlenecks have prevented foundations from fulfilling their development potential. First, the **dearth of reliable and publicly available data** about philanthropic flows hampers the ability of researchers, donors, governments and the philanthropic community itself to compare or aggregate data to map accurately foundations' contribution to development. Second, the **limited understanding of foundations' priorities and partnering behaviours** by official aid agencies, governments and civil society to some extent prevents closer co-operation.

The **ground-breaking OECD data and analysis** at the heart of this report captures previously non-existent global and comparable quantitative and qualitative assessment of how much and in what ways foundations support development. The report unpacks data and qualitative evidence on philanthropic resource flows for development purposes, priorities, implementation channels and relationships with other development actors.

A working definition of **private philanthropic flows for development** was developed for the survey underpinning this report to ensure comparability with OECD DAC statistics on development finance such as ODA flows. The term "private philanthropic flows for development" refers to transactions from the private sector that promote economic development and welfare of developing countries as their main objective, and which originate from foundations' own sources (notably endowment, donations from companies and individuals, as well as income from royalties, investments and lotteries).

While this report focuses primarily on foundations working for development, its findings and recommendations are useful for broader range of policy makers, civil society organisations (CSOs) or private companies willing to partner with foundations.

Key findings

- **Philanthropic flows are still modest in volume compared to official development assistance (ODA) but in key sectors such as health and reproductive health, private foundations appear to be significant players**. They provided USD 23.9 billion for development over 2013-2015, i.e. USD 7.96 billion per year on average. While philanthropic giving remains relatively modest compared to ODA (5% of the three-year total) and financing for development more broadly, foundations have already become major partners in some specific areas. For example, in the health and reproductive health sectors in 2013-15, foundations' support was the third-largest source of financing for developing countries, following that of the United States and the Global Fund to Fight AIDS, Tuberculosis and Malaria. Focusing on the health sector only, private

philanthropic foundations were still the most significant source of development finance.

- **The sources of philanthropic giving for developing countries are highly concentrated.** Of the 143 foundations included in the data survey sample, the Bill & Melinda Gates Foundation (BMGF) was by far the most significant philanthropic donor, having provided almost a half of total giving (49%). In addition, 81% of the total philanthropic giving during 2013-15 was provided by only 20 foundations.
- **Philanthropists favour investing in stable, middle-income economies and through large, established partners, such as international organisations and NGOs.** The report shows that 67% of country-allocable philanthropic giving was targeted to middle-income countries, such as India (7% of the total), Nigeria, Mexico, People's Republic of China ("China"), Ethiopia or South Africa. Only a third of the country-allocable funding benefitted the least developed countries (28%). In addition, almost all philanthropic giving (97%) was implemented through intermediary institutions, also referred to as ''channels of delivery''. The report shows that a substantial amount of philanthropic funding, especially in the health sector, is channelled through international organisations and large international NGOs, such as Gavi, the Vaccine Alliance, the World Health Organisation (WHO), the Program for Appropriate Technology in Health (PATH), the United Nations Children's Fund (UNICEF) or Rotary International.
- **In some developing countries, domestic philanthropic giving plays an important role.** Philanthropic foundations based in developing countries operate to a large extent domestically. As a result, in some countries, domestic philanthropic flows represent a significant part of total philanthropic flows (83% in Turkey, 60% in Mexico and 35% in China). Cross-border giving from emerging countries to developing countries was mainly provided by foundations in the United Arab Emirates, and to a lesser extent Panama, Nigeria or Hong Kong, China.
- **Philanthropies value partnerships because of their potential to engage in coalitions with government, donors, social entrepreneurs and CSOs.** The data refute the stereotype that foundations always shy away from working with other development partners at the country level. In fact, most of the foundations assessed in the survey systematically engage with governments and donors – 67% and 45%, respectively – when designing or implementing their programmes and projects.

Policy recommendations

- Foundations could improve **knowledge sharing with governments and the donor community, especially in some key geographies (middle-income countries) and sectors (health and education).** With little evidence of direct co-ordination and collaboration between foundations and ODA providers, one can assume a degree of overlapping initiatives between philanthropic and ODA-supported initiatives. Thus, closer collaboration in middle-income countries and in key sectors supported by philanthropy would ensure that foundations' efforts are mutually reinforcing, mindful of national development strategies and complementary to other existing initiatives rather than duplicative. Dedicated philanthropic dialogue platforms, especially at the sectoral level, could provide a stable base for dialogue and partnerships.

- Governments in developing countries could further strengthen the **enabling environment for philanthropy** by adopting or adapting existing regulation, from establishing a legal status clearly distinguishing foundations from CSOs to possible tax incentives. Unintended consequences should also be looked into: some anti-terrorist laws and anti-money laundering regulations may have disastrous effects on foundations' ability to support partner NGOs on the ground.
- The donor community could adopt **more systematic approaches to engagement with foundations**. These approaches could include the development of strategies for engagement acknowledging foundations' financial and non-financial contribution to development (disconnected from the objective to fundraise), appointment of focal points responsible for developing and maintaining relations and working with foundations, staff exchange programmes between foundations and donor institutions and more flexible partnership models taking into account the constraints of smaller foundations.
- Foundations could make better use of existing platforms at the global, regional and local levels to **improve the transparency and availability of data** on philanthropic giving in support of development. There are already many country-level and international reporting initiatives, such as the OECD DAC statistics on development finance (already joined by the Bill & Melinda Gates Foundations and the United Postcode Lotteries), 360giving, Glasspockets and the International Aid Transparency Initiative (IATI). In addition, networks like netFWD together with the Foundation Center, WINGS and others should encourage the philanthropic sector to further share information and help make data a global public good.