



Paper 3

Promoting Philanthropy: Global Challenges and Approaches

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December 2004

| BertelsmannStiftung

ABOUT THE PROJECT

The International Network for Strategic Philanthropy (INSP) provides a forum for dialogue and critical thinking on the role of philanthropy and its impact on societies around the world. Operating as a decentralized think tank, INSP gathers, builds, and disseminates knowledge regarding effective philanthropy and develops new tools and resources to professionalize and improve the practice of philanthropy around the world. Ultimately, INSP hopes to create greater levels of philanthropy, more strategically engaged. The 68 members of the INSP are representatives of foundations and philanthropic support organizations, researchers and consultants from around the world that practice and support strategic philanthropy.

The network is now publishing a number of papers on a range of important subjects regarding strategic philanthropy. These include topics such as the role of philanthropy in globalization, new innovative instruments for giving, promoting philanthropy, the role of evaluation in foundations, and effective board management. Individually, the papers provide insight and analysis on important challenges and opportunities in the philanthropic sector. Together, they are intended to provide a helpful roadmap to the creation and implementation of strategies for more and higher-impact philanthropy. The papers are available free of charge on the INSP Web site at www.insp.efc.be.

The Bertelsmann Foundation is the principal sponsor of INSP, with additional support provided by the Charles Stewart Mott Foundation, Atlantic Philanthropies, the Compagnia di San Paulo, the Ford Foundation, the German Marshall Fund of the United States, and the King Baudouin Foundation. Along with the Bertelsmann Foundation, three institutions – The Philanthropic Initiative, Inc., The Hauser Center for Nonprofit Organizations at Harvard University, and The Center for Civil Society at the University of California Los Angeles – help to coordinate the work of the network's members. The project's working groups were advised and coordinated by representatives of leading academic and consulting institutions:

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CONTENTS

INTRODUCTION	4
CONTEXT	4
CHALLENGES	10
KEY AUDIENCES	12
STRATEGIES TO PROMOTE PHILANTHROPY	14
Legal Reform	14
Public Awareness Campaigns	18
Donor Leadership	20
Donor Education	22
Professional Advisors	24
Place-based Philanthropy: The Community Foundation Movement	26
Peer-based Philanthropy: Collective Giving	29
Issue-Based Philanthropy: The Power of a Cause	33
Philanthropic Infrastructure	36
THE WAY FORWARD	39
BIBLIOGRAPHY	42
AUTHORS	43
INSP TITLES	44

INTRODUCTION

The promotion of philanthropy has become a major interest of civil society – a/k/a “the nonprofit sector” or “third sector” – over the last two decades. In recent years, severe cutbacks in government services, widespread political reform, and changes in government policy have redefined the roles and responsibilities among the state, the commercial marketplace, and civil society. Perhaps most visibly, civil society organizations are increasingly the providers of basic social services once viewed as the responsibility of the state. In addition, they are advocates of policy reform, catalysts for community change, conveners of diverse constituencies, and watchdogs of the government and commercial sectors. As a consequence, the importance of civil society – and the role of private resources in supporting it – has increased dramatically.

One of the principal hurdles to growing philanthropy globally is the fact that surprisingly little research has been conducted on philanthropy promotion efforts around the world. Little is known about deliberate efforts to increase philanthropy in various countries, cultures, and contexts. What are the real obstacles to more and better philanthropy, and what strategies might be employed to address them? What approaches have been or are currently being tried? Is there a need for new models? What might those be?

This paper represents an attempt to explore such questions, consider existing strategies, illuminate promising practices and models with broader global potential, and raise additional questions for further consideration and research. The intent is neither to endorse nor indict any particular approach. Rather, it is to mobilize knowledge regarding today's promotion strategies and efforts and to encourage their adaptation and use in countries and regions in which they are less well known and seldom practiced.

This paper is but a beginning. The thoughtful contributions of a wide range of professionals, practitioners, and scholars will be needed if we are fully to understand the processes and “soul” of growing philanthropy globally.

CONTEXT

During the past two decades philanthropy promotion has become a subject of increasing interest and to a lesser extent investment among those who believe that philanthropy has an important role to play in addressing human challenges and strengthening civil society. During that time, the understanding of global philanthropy has evolved considerably, and strategies to promote it have also expanded, albeit more slowly.

Early efforts to increase philanthropic activity were confined principally to the world's wealthiest countries and most often targeted the wealthiest individuals within those societies. Similar efforts are now occurring in countries all around the globe, and strategies are expanding to engage a much larger segment of the population. There is a growing understanding of the importance of a pluralistic approach to promoting

philanthropy, one that recognizes the diversity of philanthropic philosophies and practices among nations and cultures, as well as the range of interests and motivations of individual donors.

This section of the paper explores the development of philanthropy promotion efforts. It begins with a brief historical overview, and then looks more closely at key influences on the field's evolution: the shifting boundaries of the state, the market, and civil society; the role of official development aid; the support of private philanthropic foundations; and the emergence of prominent indigenous actors and agendas.

Historical Overview

Early philanthropy promotion activities originated in countries with significant wealth – those with strong economies, substantial growth rates in personal fortunes, and those fortunate enough to participate in the enormous intergenerational transfer of wealth.

The earliest and most continuous promotion efforts have occurred in the United States. It has been suggested that there have to date been four important “waves” of promotion activity in the United States, waves that began in the 1970s.¹ The first wave focused primarily on improving the legal and regulatory environment for philanthropy; the second employed a broad-based public awareness campaign aimed at substantially expanding the portion of the population active in philanthropy and volunteering; a third was characterized by a concerted effort to grow the number, reach, and size of community foundations; and a fourth wave sought to promote philanthropy around the enormous anticipated “intergenerational transfer of wealth.”²

The 1980s saw the rise of promotion efforts elsewhere around the world. Initially focused on the “super rich,” these initiatives targeted the immense, but concentrated, wealth being generated by the new economy and its related phenomena, e.g., the privatization of state assets, opportunities created by globalization of markets, and intergenerational inheritance. Such efforts received momentum from both international foundations (e.g., the Ford and Mott Foundations) which believed strongly in the power and potential of philanthropy, and indigenous institutions (e.g., universities, hospitals, and large NGOs) that increasingly required private funding. Together, these groups initiated a number of important efforts aimed at cultivating philanthropy among the world's wealthy.

In the 1990s, several U.S. foundations became increasingly interested in promotion and expanded their efforts to develop local philanthropy around the globe. At the risk of some over-generalization, these initiatives employed three principal strategies: the establishment of community foundations, the development of philanthropic infrastructure, and the creation of endowments in grantmaking and other civil society organizations. These efforts are discussed in greater detail below.

At the beginning of the 21st century, efforts to promote philanthropy are viewed by many as central to the sustainability of global civil society. The growing number of efforts are both a recognition and an expression of the complexity and diversity of “philanthropy” as it is practiced around the globe. As a consequence, promotion strategies and audiences are both on the rise.

While many programs still target the philanthropic potential of the very wealthy, others such as “reciprocal giving” and “remittances” build on giving practices of the relatively poor. Other initiatives such as Partners for Change (India), Philippine Business for Social Progress (Philippines), and Ethos Institute (Brazil) focus on the enormous philanthropic potential of the corporate sector. The value of building on local traditions is central to the programs of Allavida and others. The importance of recognizing and providing for a variety of donor interests and motivations is at the core of programs such as Synergos’ Global Philanthropists Circle and the educational programs offered by the Institute for the Development of Social Investment (IDIS) in Brazil and the Centro Mexicano para la Filantropia (CEMEFI) in Mexico. The need for better local knowledge is evidenced in research initiatives such as those of the University of Natal and the Asia Pacific Philanthropy Consortium.

While the increase in global wealth is certainly an impetus for many of the current promotion efforts, the essential drivers are more profound, reflecting fundamental sector shifts, significant shifts in official development aid, the changing priorities of international philanthropic foundations, and the concerns and commitment of indigenous actors. Each of these influences is explored briefly below.

Changing Roles: the State, Market and Civil Society

In countries throughout the world, the late 20th Century witnessed a profound shift in the relationship among the state, the commercial marketplace and civil society. The collapse of Communism, political reforms, and fiscal crises have all contributed to vast changes in the roles, responsibilities, and power of the various sectors. Sector shifts have served to increase the size and influence of the private sector – both for-profit and non-profit – particularly in those societies moving from a state-controlled to a free-market society.

One of the most significant sector shifts has been the state’s backing away from providing basic public services in some countries and regions. The for-profit sector has assumed some of these services; consider, for example, the expanding role of private corporations in providing water to population centers around the globe. Similarly, the non-profit sector has taken on a greatly expanded role as a service provider.

NGO involvement in the provision of social services is of course not new; in many parts of the world it dates to colonial mission charities. But the trend is expanding. Large NGOs are increasingly providing education, health, and social services through contracts with national governments and aid agencies. The majority of NGOs, however, provide a range of local services, relying almost entirely on philanthropic and volunteer contributions.

These shifts have also led to significant growth in the size of civil society. In 22 countries studied by Johns Hopkins University the international nonprofit sector grew dramatically between 1990-1995, witnessing 23% employment growth compared to 6% employment growth in these countries’ economies as a whole.³ This growth includes not only NGOs providing basic services but the increasingly diverse landscape of NGOs active in such areas as advocacy, environmental protection, savings and credit, small enterprise promotion, leadership development, culture and recreation.⁴ While for some such groups revenue derives from earned

income, membership fees, local fundraising and returns on investment, the need for philanthropic support has become increasingly important as the sector continues to grow.

Donor Priorities: The Role of Official Development Aid

Official development aid (ODA) provided through bilateral and multilateral agencies has had considerable impact on the development of the global civil society and influenced the growth of local philanthropy in both intended and unintended ways. At times, ODA has directly supported some of the promotion efforts reviewed below. More frequently, ODA support of civil society has indirectly helped shape both the supply of and demand for local philanthropy.

Since the 1970s, the strengthening of civil society has been a priority for many donors. Through the 1990s, both multilateral and bilateral donors actively encouraged the development of civil society concepts, organizations and infrastructure. In Africa, Asia, and Latin America, NGO “empowerment” was seen as a route to sustainability, resulting in a boom in support. In Eastern Europe, NGOs were seen as an important part of a “transition” to democratic governance, and aid (particularly from the U.S.) helped to build and strengthen the sector. Substantial ODA investments in all of these regions helped to build a large, often important, but “resource-scarce” non-profit sector, creating a “demand” for local philanthropic development. Unfortunately, these early efforts to build civil society were not accompanied by concomitant efforts to build and strengthen local funding. Only in the early 1990s was serious attention paid to developing the local resources necessary to sustain the wave of new nonprofit organizations.

During these early investments, the “Western handprint” of civil society aid may have unintentionally inhibited the growth of local philanthropy in some countries. The Western approach, often reflecting a Toquevillian vision of civil society – i.e., the value of associations per se – in many instances created an urban-based elite of NGO “generalists,” some direct service providers, and a preponderance of think tanks and “human rights-watch” bodies that reflected funders’ interests. Such priorities, while often admirable, were not always congruent with local interests, likely limiting the “supply” of local funding resources.

The beginning of the 21st century has already seen several major shifts in the priorities and processes of civil society aid, with important implications for local philanthropy. In Africa and Asia, aid funding for the work of small and medium-sized NGOs has been seriously reduced as donors shift toward larger, longer-term funding agreements with a smaller number of major NGOs. At the same time, many donors have shifted even further away from service provision and towards global campaigning, advocacy and policy work. In Eastern Europe, the EU enlargement process has exacerbated a trend among many donors to conclude that “the job is done” and to terminate funding, though some have used major endowment gifts as part of an exit strategy. While innovative investment in new philanthropic infrastructure – e.g., the Trust for Civil Society, the Balkan

Trust for Democracy, and the New Eurasia Foundation – has been welcomed, it has also left substantial gaps in NGO funding, particularly for less popular causes.

As a result of these shifting priorities and trends, NGOs in low and middle-income countries are realizing that they cannot rely on aid for funding and must help to develop local philanthropic (and other) resources to sustain their operations, again fueling a “demand” for greater local giving.

The Influence of International Foundations

International foundations have had a profound impact on the direction of philanthropic promotion and development around the globe. The number of foundations active in this area has been fairly limited, with some notable exceptions almost all of them are headquartered in the United States, and their strategies have often been quite similar. Thus it is probably fair to say that while the impact of their collective support has been powerful, it has also been somewhat narrow.⁵

These imaginative and progressive funders have pursued a multi-dimensional philanthropic agenda, three of which are especially notable. First, there has been extensive and consistent investment in the development of community foundations. Second, there has been significant support for the development of a philanthropic infrastructure, including peer networks and support organizations such as the Worldwide Initiative for Grantmaker Support (WINGS), the European Foundation Center (EFC), and the South African Grantmakers Association (SAGA). Third, and in part as an exit strategy in certain countries and regions, there has been significant investment in the establishment of endowed grantmaking foundations, such as the Carpathian Foundation and Trust for Civil Society in Central and Eastern Europe.

A more recent feature of foundation giving is the introduction of clear normative ends. In the last several years, the major international foundations engaged in promotion activities have begun to focus on efforts to build *social justice philanthropy*, and/or have begun to emphasize *strategic* philanthropy. In other words, the emphasis has shifted from encouraging a culture of philanthropy per se to promoting philanthropy that advances social change.

By many indicators such initiatives have been extremely successful. Today there are over 420 community foundations in over 40 countries (in addition to the near-700 in the United States).⁶ The global philanthropic infrastructure includes a wide array of national, regional, and global support organizations, networks, and associations. Significant endowments support philanthropic programs in Central, Eastern, and South East Europe, the Carpathian Region, and Eurasia. (With the exception of the Carpathian Foundation and the New Russia Foundation, the largest endowments are spend-down models.) In other parts of the world, including Southern, East and West Africa and in Puerto Rico, endowment funding has been provided for community foundations, usually on a matching basis, to stimulate local giving.

These efforts are a great credit to their funders. At the very least they have raised measurably the level of awareness about philanthropy – they have “started the conversation.” That said, the extent to which such efforts have succeeded in building local philanthropic capital is largely unknown; no comprehensive evaluations have been undertaken to date. Moreover, at least to date there is some indication that the scale of external investment has often outpaced that of local donors. This may be particularly true in the creation of endowments. In addition, where local institutions have succeeded in matching large endowment grants, it has often been because of one or two very large corporate gifts rather than widespread local contributions, e.g., the experience of the Greater Rustenberg Community Foundation securing funding from local platinum mining companies.

The emphasis on these three principal strategies has inevitably shaped philanthropy's development in many countries. The scale of investment in community foundation development in South Africa, for instance, has dwarfed other philanthropy efforts. Similarly, the emphasis on endowment-building in many countries has kept the spotlight on large, generous gifts rather than on grassroots giving. Notably, the three strategies are based strongly on Western philanthropic concepts, practices and institutions. That said, it appears that foundations have recently begun to consider a wider variety of approaches to philanthropy promotion, giving more attention to traditional giving priorities, values and practices, in particular.

The Engagement of Indigenous Actors and Agendas

While some international advocates and social investors have lost or are losing their zeal for such efforts, others have recently expanded their agendas to explore how to promote philanthropy through a wider range of strategies. More importantly, a new generation of practitioners, activists, and researchers are beginning to explore the rich and varied history of their nation's own culture of giving. It is likely that this new generation ultimately will have a more profound impact on the development and promotion of philanthropy than the preceding international investments.

In the effort to promote more indigenous philanthropy, a number of actors are exploring cultural models of giving and solidarity. For example,

- A project at the University of Capetown is exploring how “giving” is defined in four southern African countries.
- The Asia Pacific Philanthropy Consortium (APPC) is researching the philanthropic traditions and practices of high net worth individuals (HNWIs) in six Asian countries.
- A team of Mexican and U.S. researchers coordinated by the Global Equity Initiative at Harvard University is analyzing philanthropic practices in Mexico, including the rapidly growing area of collective remittances.
- The Ford Foundation has sponsored research on social justice philanthropy among the Muslim populations in six countries.

- Increasingly, the community foundation concept is being modified to reflect, support, and strengthen local, traditional giving practices.

Such trends are beginning to create space for new dynamic efforts to explore and promote philanthropy and its social impact. The potential is as exciting as it is daunting.

CHALLENGES

At the risk of oversimplification, philanthropy promotion efforts generally address four broad and pervasive challenges to the growth of philanthropy: (1) legal and financial restrictions on philanthropy and civil society, (2) cultural attitudes and values that do not fully accept and support the role of civil society and philanthropy, (3) limited individual engagement in philanthropy, and (4) insufficient civil society capacity and infrastructure.

The Legal and Financial Environment

In some countries, multiple legal and tax impediments limit the ability of individuals to engage fully in philanthropy. While some legal barriers directly inhibit the creation and operation of philanthropic institutions, many others are linked to the regulation of civil society generally. Barriers specific to philanthropic organizations include, for example: restrictions on capital formation and endowment building, taxes on income from investments, laws regarding personal economic benefit, and taxation of charitable gifts. Broader civil society legal policies affecting philanthropic growth include: the relative ease of the registration process for nonprofit organizations; the extent to which the sector's institutions can operate free of undue interference by the state; the relative ease of raising funds (e.g., tax incentives and policies); and institutional and sector accountability and transparency.

Somewhat surprisingly, there is limited evidence supporting or agreement about the correlation between a favorable legal and tax environment and an increased volume of philanthropic giving.⁷ There is, however, general consensus that in countries with particularly limiting and restrictive legal and tax structures, systematic efforts to improve the legal environment will help to encourage more philanthropy. Most will also agree that a demonstrated willingness on the part of governments to enter into discussions about creating a more sympathetic legal and regulatory environment signals an acceptance of the importance of philanthropy and civil society in the country.

Cultural Attitudes and Values

For philanthropy truly to flourish in a society, that society must value a strong and vibrant role for civil society, respect the sector's institutions, and believe in the need for private actors to support it. Yet among the most oft-cited barriers to philanthropy's growth is the general public's attitude toward civil society generally. In some regions and countries there is only a limited acceptance of the expanding role of civil society, accompanied by related, ongoing debates about the legitimate scope of public action. In countries where the government has

long been the provider of basic services there is typically a strong feeling that this responsibility should remain the state's – despite enormous cutbacks in such services.

Although relevant studies are limited, in many other countries there appears to be a pervasive lack of trust and confidence in nonprofit organizations generally. In some countries, larger non-profit organizations are viewed favorably, while there is suspicion of the operations of smaller, grassroots organizations, resulting in conservative gifts to “safe” organizations such as schools and hospitals. Conversely, in other countries there is greater trust in small, local NGOs and suspicion of the new “professional” NGOs. And in other countries still the “third sector” is simply seen as a way of avoiding taxes or seeking political gain. Such suspicions are fuelled by the lack of transparency in nonprofit operations, as well as a lack of understanding and information regarding the roles and contributions of individual organizations and the sector as a whole. No doubt some of these negative perceptions are correct; the challenge for civil society is to establish policies, practices, and mechanisms that will challenge such perceptions and build and strengthen donor confidence.

In addition to general skepticism and distrust, in some regions there appears to be fairly limited recognition of the importance or consequences of individual civic engagement. There is little perceived need for individual participation in civil society. This may be a reflection of the two points above – a general perception that government bears the responsibility for social development and the provision of public services, and a general distrust of NGOs. Together, such opinions can severely limit the growth and practice of organized philanthropy.

Individual Donor Engagement

Giving is strongly influenced by historical, cultural, and religious trends. While most societies are home to long-established practices of charity and mutual aid, such practices take many forms -- traditional philanthropic attitudes, practices, and organizational approaches vary widely. At the same time, the act of giving is intensely personal. Personal and family values, motivations, interests, and approaches are often unique to the individual.

Yet in many countries, individuals simply do not have the options or resources necessary to become philanthropically engaged. In the attempt to promote greater giving cultural context is overlooked and individual philosophies and practices are neither recognized nor supported. In many countries the organizational mechanisms through which individuals can explore and practice philanthropy remain limited. For example, while the number of community foundations around the world has grown rapidly, it is becoming increasingly clear that “geography” is not always a successful motivational or organizational principle for promoting philanthropy. Few efforts have built on traditional giving patterns or local customs. Few have offered a range of alternatives for individual engagement; e.g., opportunities for peer engagement are still very limited.

Capacity and Infrastructure

A significant impediment to philanthropic growth in many countries is a lack of institutional capacity and professional standards, both in the NGO and philanthropic sectors. In many countries, particularly those where the nonprofit sector is relatively young and heavily reliant on volunteer efforts, many organizations lack the skills, resources, or constituency required to effectively manage significant programs. Individual institutions often lack professional training in areas such as management, fundraising, communication, financial and accounting systems, and board development. Maybe most importantly, many organizations lack policies and processes that create the transparency and accountability required to build trust and attract donors.

In many countries such organizational challenges are aggravated by similar weaknesses in the supporting institutional infrastructure. The rapid development of civil society infrastructure such as NGO associations and networks has not, in most cases, been accompanied by sustained investment. As a result, umbrella groups struggle to raise funds to sustain basic operation, rather than developing broader support services. There are few “watchdog” groups providing leadership for or oversight over NGO practices and operations, and even fewer strong research organizations building a knowledge base about civil society. In many ways, the infrastructure of the global philanthropic sector appears to be developing more rapidly. While national standards are often lacking, regional and global networks such as SAGA and WINGS are quickly developing and promoting professional standards and institutional capacity.

KEY AUDIENCES

Efforts to promote philanthropy have often targeted high net worth individuals. To be sure, many philanthropic trailblazers have been enormously wealthy, and the wealthiest members of a community continue to offer important potential to increase philanthropic capital within society. But philanthropy has also always existed among those of more modest means and the “power” of many smaller gifts is increasingly recognized. Consequently, many recent organized experiments to promote philanthropy are focused on the philanthropic potential of the population generally.

In addition, an increasing number of efforts are targeting and tailoring programs for specific populations. Audience segmentation can have a major effect on the number of donors mobilized and, ultimately, on the philanthropic resources generated. Such audiences include:

Women. Over the past several decades women have emerged as a force in philanthropy in many countries. Evidenced by the growth in the number of women’s foundations, funds, and giving circles – now established in at least fifteen countries – women have demonstrated a desire to work together to effect social change. A growing body of research indicates that women have interests and approaches to philanthropy that are often

very different than men's.⁸ Two of the most popular means for promoting philanthropy among women are women's funds and pooled giving circles.

The Corporate Sector. The corporate sector is an increasingly strong driver of philanthropic growth in many countries. Individual corporations and their leaders, as well as business associations and industrial groups, are emerging as key philanthropic players. Examples of corporate philanthropic involvement include comprehensive workplace giving, executive giving circles, and corporate foundations. Additionally, corporate leaders are becoming spokespersons and advocates for increased philanthropic involvement, both to their corporate peers and to the community at large.

Youth and Young Professionals. Youth – including school children, adolescents, college students and young professionals – are playing an increasingly important role in civil society. Recognizing that these are the philanthropists and community leaders of the future, a growing number of initiatives are aimed at this demographic. Effective strategies for inspiring philanthropy among youth include classroom curricula for elementary through high school children, and giving circles organized through schools or community and church organizations. Many programs for youth recognize that young people often start their philanthropic journeys through volunteering, and offer them opportunities to “give time.” In addition, for young professionals in particular, several known programs encouraging a “venture philanthropy” approach, with significant, direct donor involvement with the nonprofits they support.

The Wealthy. For obvious reasons, many efforts to increase philanthropic resources continue to focus on high net worth individuals, including both wealth creators and inheritors. This demographic has the ability to make sizeable contributions to charitable causes and enormous potential for increased giving. In addition to ongoing work by community foundations, a host of other groups – including philanthropic advisors, banks, and large NGOs – have begun promoting philanthropy among wealthier clients and donors, although such efforts are still limited. Strategies include donor education, recruiting professional advisors to act as advocates, and giving and learning circles.

The Less Wealthy. As noted above, a small but growing number of programs recognize the power to cultivate philanthropy among less affluent members of society, in particular the potential to build more organized philanthropy on the traditional practices of giving and mutual aid. Such giving, sometimes referred to as “philanthropy of the poor,” may be particularly important in regions with strong traditional giving cultures, e.g., parts of Latin America, Asia and Africa. Examples include community funds that are passed down from generation to generation, “merry-go-round” funds, home town associations, and pooled funds to help pay for weddings, funerals, businesses, and other needs. Such philanthropy is increasingly being promoted using grassroots approaches.

Diaspora Groups. Individuals residing outside of their home country are an increasingly significant philanthropic resource in many countries. In an era of transnational citizenry, these so-called “diaspora

communities” in high-income countries have acquired relative wealth and often want to give to their home country/communities, with which they retain strong ties. This includes both wealthy expatriates and the large numbers of migrant or other less-wealthy individuals. A number of efforts attempting to promote philanthropy among these groups exist today, including numerous “home-town associations”, and several country- or region-specific funding intermediaries. In addition, the governments of several countries (e.g., Mexico and India) have recognized the potential impact of cross-border giving and actively sought to encourage it. Another important dimension of diaspora giving is the internal diaspora, especially the populations organized into home town associations. Typically, these associations meet regularly and provide a mix of services including social support, loans, and fundraising for community projects.

STRATEGIES TO PROMOTE PHILANTHROPY

Over the last decade there have been significant and sustained efforts to promote philanthropy in many regions of the world and in many countries. But as noted above, the emphasis has typically been relatively narrow, often focusing on community foundations, infrastructure development, and endowment creation. Other strategies, approaches, and organizational frameworks have received much less recognition, funding, and analysis.

The focus here is on a range of strategies and organized efforts to “grow” philanthropy, particularly approaches that have received relatively limited attention to date. The intention is to raise awareness of the range of promotion efforts currently employed around the globe, particularly those that may offer potential for more widespread adaptation and replication elsewhere. The underlying assumption is that philanthropy promotion is most likely to produce results when it (1) is promoted through a range of approaches, (2) recognizes the unique character of a local community and the wide diversity of potential donors within it, and (3) creatively employs multiple strategies to cultivate philanthropy within diverse populations.

Where possible, the authors have sought to identify and discuss the results of specific approaches and efforts. However, one of the limitations of such research is the absence of systematic evaluation. In addition, it is often difficult to isolate the impact of a specific promotion effort from other influences. Moreover, many projects are ongoing and incomplete, so the real lessons have yet to be fully learned.

Legal Reform

Around the globe efforts are afoot to spur increased giving through changes in government policy. There are myriad government policies that can and do have an impact on the growth of philanthropy. However, most reform efforts seek to address constraints on philanthropic growth through three approaches: (1) improving the regulatory framework for philanthropy and civil society, (2) developing tax policies that favor philanthropy, and (3) increasing institutional accountability and transparency.

The regulatory environment

The relative ease or difficulty with which an NGO or philanthropy can obtain institutional legitimacy – either through registration and/or incorporation – is one of the most important factors in the development of the formal nonprofit sector in any country. Among other concerns, such legal status enables NGOs to accept and expend contributions. When a country either intentionally or inadvertently erects barriers to legitimacy, the nonprofit sector suffers, and can be limited accordingly in its ability to stimulate the creation and expenditure of philanthropic resources. In some countries the registration process can be expensive and/or excessively burdensome. In other countries, the number and activities of nonprofits is strictly limited. In many countries, NGOs simply prefer not to register, in order to remain free from government controls.

Several countries offer recent and distinct examples of regulatory reform. While it is beyond the scope of this paper to review the policies in detail, readers interested in this issue may wish to explore approaches extant in Colombia, Australia, and China, among other countries.⁹

Tax incentives for giving

Many countries are debating the efficacy of more favorable tax policies in encouraging philanthropic giving; however, there is no clear consensus about the impact of such incentives. While there are some who believe that the lack of tax incentives contributes to low levels of giving in many countries, many others believe there is little relationship between the two. Even in the United States, where dozens of studies have explored philanthropic motivation and behavior, there is an ongoing debate regarding the role and impact of tax incentives.

What *is* clear is that while tax policy varies greatly from country to country, in general most countries offer limited – or no – fiscal incentives for giving to NGOs. Those that do provide such incentives typically impose strict limits on both the levels of deductibility and the amount of the available tax reduction. For example, in Brazil, the cap on deductions is 2% of taxable income and limited to gifts in support of cultural projects and a special fund for children.¹⁰ Throughout Latin America business leaders cite the lack of tax incentives as one of the principal obstacles to raising social capital.¹¹ Respondents in the recent APPC study of giving among high net worth individuals in six Asian countries also recommend tax incentives as a method of increasing philanthropy in their countries.

Effective strategies to promote philanthropy through more favorable tax incentives include increasing the amount of deductions and tax credits available to donors, and increasing the number and kinds of nonprofits able to receive contributions eligible for tax incentives. Success in enacting and implementing such strategies will require healthy collaboration among government, commercial, and nonprofit sectors.

A noteworthy example can be found in Australia where, in 1999, encouraged by a coalition of foundation trustees, the government introduced a range of new tax incentives that appear to have had a positive effect on giving.¹ Early research suggested that the total amount donated and claimed as deductions by individual Australian taxpayers increased by 11% thereafter. The new incentives included immediate tax benefits for

workplace giving, cash donations, and donations of property, and established a new form of private charitable trust intended to provide businesses, families, and individuals with greater flexibility, privacy, and control in starting their own philanthropic trusts. Subsequently, 131 new trusts were established.

Another tax-based approach to promoting philanthropy -- "percentage laws" -- appears to be gaining popularity, particularly in Eastern and Central Europe. Percentage laws are a legal mechanism that allows taxpayers to allocate a certain percentage of their income tax to qualifying NGOs. Hungary's groundbreaking "1% law," adopted in 1996, began a chain reaction in the region. While it is too soon to know fully the overall impact of percentage laws, such programs show some clear gains. For example, in the first year after the Slovakia percentage law was adopted, over 300,000 taxpayers used the system to give in excess of 2.3 million euros.¹² More broadly, there is general agreement that such programs raise the public awareness of the non-profit sector. But critics question the extent to which percentage laws represent true "philanthropy," given that such contributions are a tax designation rather than a voluntary donation. Moreover, there is concern that some governments that have established percentage laws have abolished tax incentives for other forms of philanthropy, thus limiting the growth of a broad philanthropic culture.¹³

In 2003, the Sasakawa Peace Foundation funded a new initiative, *The Percentage Philanthropy Project*, to study, support and promote the strategy (see text box¹⁴).

The Percentage Philanthropy Project

What is percentage philanthropy?

Percentage philanthropy refers to legal mechanisms that allow taxpayers to allocate a certain percentage of their income tax to beneficiaries qualified to receive such funds. Percentage-type laws have been adopted in five countries in Central and Eastern Europe: Hungary, Slovakia, Lithuania, Poland, and Romania. While the legal framework and mode of operation of the percentage laws differ from country to country, as do their numbers and types of beneficiaries, the latter generally include non-governmental organizations (NGOs) carrying out public benefit activities.

What is the impact of percentage laws?

Percentage laws allow taxpayers a direct voice in the distribution of state funds. In the context of countries that have only relatively recently emerged from communist rule, percentage laws can promote the revival of engaged citizenship and awareness of the third sector. In Central and Eastern Europe where average earnings are low and the financial background of NGOs is fragile, percentage laws can generate much needed revenue for NGOs and other types of organizations serving the public good. They can also encourage a new form of "giving" by the tax-paying public without loss of personal income, educate the general public about philanthropic behavior, and increase visibility and outreach of NGOs, the last as a result of annual campaigns to maximize public participation in the approach.

The Percentage Philanthropy Project

This new trend in tax legislation has generated wide interest in other countries. There is now a sizeable pool of know-how and practice in initiating and operating percentage laws as well as demonstrable results of such laws in providing a new source of funding for NGOs. The Sasakawa Peace Foundation has funded a project to study, support and promote the use of percentage philanthropy. The first phase of the project (April 2003 - March 2004) aimed to analyze and disseminate the lessons learned and results achieved in the different countries during the process of developing and implementing percentage laws including the various methods of lobbying, implementation and campaigning. The second phase aims to initiate new percentage philanthropy projects in three new countries in the region as well as provide professional assistance to countries outside of the region that are interested in promoting percentage philanthropy.

Tax-based promotion policies are not always appropriate for a particular country or culture, or easy to create and/or administer. Many countries are debating legitimate roles for their philanthropic and nonprofit sectors and understandably wish to create thoughtful policies and structures. In addition, many are trying to guard against the misuse of fiscal incentives. Furthermore, the fiscal challenges faced by many countries make it politically difficult and sometimes imprudent to reduce tax revenue. Indeed, there are concerted efforts by national governments and multilateral financial institutions to limit fiscal incentives that could decrease tax revenue.

In most countries, tax policy reform will need to be approached in concert with other initiatives to promote philanthropy. In much of the world, the government's emphasis on tax limitations and restrictions reflects the general distrust and suspicion of the nonprofit sector generally. New policies and tax incentives are only likely to be implemented if government and public attitudes towards the role of philanthropy and civil society are similarly reformed.

Accountability and transparency in the NGO sector

State regulatory intervention provides a minimum threshold for philanthropic activity. But in many countries it is only a first step toward creating the needed environment if philanthropy is to grow significantly. In addition to government-mandated accountability requirements, nonprofit organizations and civil society as a whole must become more transparent and self-regulating if increased public confidence and increased giving are to result. While this paper focuses on promotion strategies in the philanthropic sector, it is worth noting briefly several concomitant strategies to promote philanthropy through greater NGO accountability:¹⁵

Governments can promote transparency among NGOs and private philanthropy by requiring annual activity reports and audited financial statements and through the enactment of laws to prohibit individual economic benefit from charity malfeasance. For example, a recent law in Brazil requires NGOs to follow procedures to guarantee public information and transparency. Such laws could serve as a model for other countries.

In the nonprofit sector umbrella and membership organizations can develop mechanisms and standards that will have broad acceptance within the NGO community, government, and the public. There have been recent successes in this arena, an example of which is the NGO Code of Standards and Conduct can be found in Ethiopia; such codes may have applicability elsewhere.¹⁶ Such examples notwithstanding, "watchdog" organizations are largely absent in most of the world.

Among NGOs themselves individual organizations can develop and institute practices to advance their own transparency and act as a role model for others by, e.g., voluntarily publishing annual reports that provide programmatic and financial information. It is important to note, however, that in some instances public reporting of activities can be potentially dangerous and/or make an organization vulnerable to additional scrutiny or sanctions.

Public Awareness Campaigns

Public awareness campaigns – also called public education or social marketing campaigns – seek to harness the persuasive power of mass media to change public attitudes, values, and practices within a society. Such campaigns have been in use since the 1950s, often in the areas of public health and environmental protection. By way of contrast, social marketing campaigns targeted at philanthropy have been relatively limited and their potential impact is still largely unknown.

Significant programs targeting greater giving have been undertaken in Mexico, and in the relatively homogeneous societies of Canada, the United Kingdom, and the United States. A relatively new program has been initiated in the Czech Republic.

In Mexico, *Mira por lo demas* was a national social marketing campaign piloted between 1993 and 1996. It aimed to cultivate a culture of social responsibility, encourage increased philanthropic giving, and promote volunteerism. The campaign was directed at both individuals and corporations, calling on corporations to designate 1% of pre-tax profits to charitable causes and on individuals to increase giving and volunteering. The program did not target any specific demographic but cited “all Mexicans” as its audience. The campaign used television, radio, billboards, and print media to convey its message. It also sought to partner with other nonprofits, selected corporations, and local celebrities to spread the message more locally.

Imagine, a public awareness program to increase philanthropy in Canada, was established at the Canadian Centre for Philanthropy in 1988. It was championed by a group of business leaders, based on research that showed that national giving was declining. It originally targeted both individuals and corporations. Similar to the Mexican campaign, it set a benchmark of 1% of pre-tax profits for corporate giving and encouraged increased giving and volunteerism among the general public. Mass media messages were targeted at the public generally and additional materials were developed for use specifically within the corporate community. The involvement of influential corporations in communicating the “message” was an important element of the campaign.

In the United Kingdom, the *Giving Campaign* (2001-2004) sought to encourage a broad culture of giving and to increase the number of donors and the amount given in the UK. The campaign targeted specific audiences, including the wealthy and their advisors, employees and employers, and young people. Multiple media channels promoted the use of a new package of tax incentives for charitable giving. While the campaign did not meet all of its targets, it showed impressive gains; notably, payroll giving increased from 55 million pounds in 2001 to 86 million in 2004.¹⁷

In the United States the Independent Sector – an umbrella organization for NGOs -- launched the *Give Five* social marketing campaign in 1987. The campaign's ambitious message asked individuals to give 5% of earnings and five hours of volunteer time each week to make a major impact on the overall health of the nonprofit sector and the country. Between 1987 and 1994 the Independent Sector communicated the campaign message through television and radio, print ads, billboards, and bus-side posters. In addition to the

national messages, regional coalitions adapted the message for more local audiences. While data at the national level did not demonstrate notable improvement in giving or volunteering, data in a number of regions showed a measurable increase in both.

In the Czech Republic in 1998 the Civil Society Development Foundation launched the *Help the Children* campaign in cooperation with Czech Television. This initiative differs from other campaigns in that in addition to its general call for increased philanthropy it also encourages social investment aimed at a specific cause: disadvantaged children. The campaign includes education on the problems facing children and on the activities of NGOs working with disadvantaged youth. A major campaign culminates with a prime-time television show directly soliciting charitable gifts to the cause. Viewers can make donations to a special bank account and NGOs can apply to the fund for operational and project support. The campaign was based on a similar BBC *Children in Need* campaign and developed with assistance from the BBC. According to a 2002 annual report, the campaign has raised CZK33 million and distributed 276 grants in its first four years.

Comprehensive evaluation of such programs has been limited. Understandably, it is difficult to claim or show direct relationships between inputs and outcomes, cause and effect. The evaluation that does exist shows mixed success, but also provides several lessons – lessons that are reinforced by experience with social awareness campaigns in other sectors – for further use in public awareness campaigns as a strategy to promote philanthropy. Among the key lessons:

- ***Have realistic expectations.*** Changing public attitudes – let alone public behavior – is a difficult challenge. Even those who work face-to-face with others and enjoy their trust know how difficult it is to change opinions; it is far more difficult to change public opinion through the mass media. The media's power to change behavior -- especially to do so quickly – is limited.
- ***Goals and timelines must reflect the "long view."*** Changing human behavior is a slow process. Many campaigns last five years or more and entail significant cost. The time (and money) required for a campaign to substantially increase charitable giving and volunteering can be greater than the tolerances and expectations of funders.
- ***Concrete action should be identified.*** Research on social marketing campaigns aimed at other behavioral change (e.g., AIDS, family planning) shows that a message alone is typically not enough; campaigns must provide or be tied to something more tangible and actionable. For instance, a campaign that simply educates a population on the health benefits of immunization is not sufficient to persuade people to get immunized; people also need easy access to such immunizations and information on where to obtain them.¹⁸ In campaigns for philanthropy, this "follow through" may be particularly important. Most donors are probably prompted to give by specific issues and institutions, not by a broader message of the "importance of giving." Thus programs such as the Czech Republic's *Help the Children* that identify a specific issue and a tangible mechanism to give may well have a greater likelihood of success.

- *Media efforts are most effective when integrated with other strategies.* It is generally agreed that mass media-based efforts alone do not have a major impact on behavior. As but one example, effective campaigns from the health sector have often included complementary educational and motivational materials such as posters, leaflets, and t-shirts. More importantly, most effective campaigns include face-to-face interaction that reinforces the mass media-delivered messages. The inclusion of such strategies in the regional *Give Five* efforts almost certainly influenced their success rates.
- *Civil society generally must be recruited to support a campaign.* While a media program may change attitudes about giving, additional giving may require a specific “ask” -- individuals may need to be asked directly to give to a specific cause or institution. This means that individual NGOs must be organized and prepared to capitalize on a public campaign.

Despite the ambiguous and not-entirely-encouraging track record of social marketing campaigns for philanthropy the potential of public awareness campaigns should not be discounted. At the very least, such campaigns deserve additional investigation. Clearly, in order to grow philanthropy significantly there must be a change in public attitudes toward civil society and an increased awareness of the importance of individuals engaging with it.

Donor Leadership

Active, visible leadership from well-known, well-respected individuals can play an important role in encouraging greater giving. Such leadership can come from any number of sectors and to date has included politicians, religious leaders, teachers, other community leaders, and celebrities. Particularly effective appear to be “donor leaders” – donors who provide visible role models for other potential donors. From global donors on the international stage to local leaders who champion important projects in a particular community, it is clear that such leaders can be both inspiration and models for those with an inclination to give.

So-called “donor leaders” can do much to promote philanthropy awareness, knowledge, and engagement. As noted in the examples below, they can be role models, advocates, conveners, mentors, and standard-setters. While cultural norms and individual personalities will guide specific roles and strategies, a number of direct and indirect approaches are worthy of consideration.

Encourage donors to be open and transparent in their giving. Around the world, many wealthy individuals give generously but do so anonymously. There are excellent reasons for such anonymity, reasons that range from cultural and religious norms to individual safety and security. But where appropriate, donors should be encouraged to give more publicly. Such openness affirms the value of social investing, demonstrates the impact of giving, and attracts the attention of other potential donors and the media.

While it is always difficult to prove cause and effect, the examples created by some leaders have surely influenced others to become social investors. In India, the Nobel Laureate Amartya Sen used his prize to establish foundations in India and Bangladesh, bringing significant credibility to the practice of philanthropy. In the United States, the well-publicized giving of entrepreneurs such as Bill Gates and George Soros has helped spawn a new generation of young donors in the United States. It is also said that Ted Turner's creation of the UN Foundation directly influenced Bill Gates.

Engage prominent, respected donors as speakers, conveners, and public advocates. There are excellent examples of such public leadership in giving. Manuel Arango, the founder of CEMEFI in Mexico, Stefan Schmidheiny, founder of the Avina Foundation in Switzerland, and Graca Machel in Mozambique are all outspoken advocates for the development of philanthropy. In the United States, Jeff Skoll and Ted Turner are examples of well-known donors who speak and write passionately on the need for the global wealthy to bring their resources to bear on global inequities and challenges. There are numerous potential audiences for such outreach including industry groups, chambers of commerce, and civic organizations such as Rotary International and Lions Clubs.

Engage a subset of these leaders to contribute to the development of other philanthropic promotion strategies and activities. Donors who believe passionately in both the need for and the ability of private citizens to contribute to a better society may be willing to put time and effort into helping develop new ways to encourage such investment. For example, Graca Machel has been instrumental in helping to promote community foundations throughout Africa.

Publicize the philanthropy of donor leaders. The model of donor leaders can also be leveraged through relatively passive means, e.g., by engaging the media or others to report on the nature and impact of their giving. Profiles of generosity, engagement, and impact can do much to inspire others. In India, a recent book on the country's merchant philanthropists draws attention to the long, rich history of philanthropy among the country's leading commercial families.¹⁹ In Taiwan, the Himalaya Foundation has begun creating a directory of philanthropic leaders and institutions, which in turn has raised the profile of philanthropy in the country. (Interestingly, philanthropists not included in the first directory have asked to be included in a second addition.) In the United States, The Karoff Center at The Philanthropic Initiative is at work on a book profiling "generous" individuals from a range of wealth levels. Other opportunities exist to highlight philanthropic giving through broadcast and regularly-published print media.

While the norms and traditions of the culture in question will of course have a significant impact on the willingness of donors to become active proponents of philanthropy, in most societies there exist culturally appropriate ways to do so. While it is often noted that in many regions of the globe philanthropy is less "public" than it is in the West, the global examples above demonstrate the range of approaches, both direct and indirect, that can successfully engage a cadre of donor-leaders in the effort to promote more local giving.

In fairness, however, it is important also to acknowledge a couple of potential risks associated with leader engagement. For instance, some “donor leaders” will be inevitably and inextricably linked to political agendas. By way of example, Mexico’s Vamos Foundation, established by the country’s First Lady, has been accused of contributing to organizations that will further her own political career and that of her husband. In addition, in some countries the “new” philanthropy has been very conservative, shunning “controversial” issues such as human rights, HIV/AIDS, and the plight of minorities. In countries where philanthropy is currently limited such philanthropic leadership can severely skew the “market” for philanthropy, as other donors follow the risk-free giving models of “donor-leaders.”

Donor Education

The greater part of philanthropic “learning” is undoubtedly individual, informal, and spontaneous, and takes place over the course of a lifetime. Encouragement and education about giving derives from family, peers, mentors, religious institutions, community organizations, NGOs, and others. It is also influenced by broader cultural trends and practices. That said, there are increasing numbers of efforts worldwide to cultivate philanthropy through formal, structured group-oriented learning programs.

“Donor education” -- or, perhaps better, “donor learning” -- describes a wide range of efforts intended to help donors learn to give, and/or to give more strategically. Such efforts are often designed both to engage and to educate donors -- that is, to promote more philanthropy, while at the same time making that philanthropy more effective. Depending on the program, donor learning initiatives can offer structured educational content, opportunity for peer engagement, and a venue to explore philanthropy in a safe, neutral space, free from solicitation and institutional “agendas.”

Donor education is fairly new. While the venues and opportunities for donor learning have multiplied in the past decade, such growth has occurred primarily in the United States and the United Kingdom. In addition, most donor education initiatives have focused on institutional donors such as family, private, and corporate foundations. It is encouraging, however, to see educational efforts begin to expand in both geographic scope and audience.

For example, in Brazil, IDIS has created a truly ambitious program to promote national philanthropy that includes creating and delivering educational programs and materials to diverse audiences, particularly families and advisors. In the past two years, IDIS has provided four workshops on family philanthropy that attracted almost 200 family members and 22 advisors. The response has been extremely positive, with participation growing with each workshop and with a third of the participants attending more than one workshop. IDIS has also published several papers on family philanthropy and social investing that have been distributed to over 500 members of donor families.

General observations about donor learning

Donors come at the world of giving with a wide range of backgrounds, experiences, personalities, perspectives, and influences. They are diverse in their knowledge, interests, and learning styles. Thus there is no one, correct or effective approach to donor education. Audience, content, providers, and format of donor education programs will differ greatly, depending on the needs of the particular audience.²⁰

Audiences. Education programs can target a variety of audiences. Some programs respond to a “wholesale” market, providing donor learning programs for large audiences in venues such as philanthropic conferences. Other educational offerings – often viewed as more effective – take a “retail” approach, providing more tailored programs for specific constituencies; audiences for these “boutique” offerings can include families, the newly wealthy, and small corporate groups.

Content. Donor learning content can vary enormously, depending on the knowledge base and interest of the particular audience. In general, content can be sorted into “baskets” that include, philanthropic motivations (e.g., values, interests, goals, and passions), philanthropic practices (e.g., effective strategies, processes), operational issues (e.g., governance, staffing), and issue-specific knowledge. Content can be expensive to develop and for the moment there is little generic material available, even in the United States. As a consequence, most teaching/learning materials are custom-designed and created by the education provider.²¹

Providers. An increasing number of organizations are venturing into donor education. Key providers include community foundations, resource organizations such as regional associations of grantmakers, and private philanthropy advisors. Other emerging providers include legal and professional advisors (see section following) and business groups and networks, such as the World Presidents Organization. Such entities have considerable credibility with their constituencies. In addition, there is a strong trend towards combining and connecting philanthropic education and giving programs. Excellent examples of such a dual mission include Social Venture Partners (see section on Peer Philanthropy) and the Silicon Valley Social Fund. Such initiatives often include peer engagement, education, and pooled giving, and can be particularly powerful in promoting philanthropy.

Format. Donor education comes in all shapes and sizes. In addition to small group workshops, less “hands-on” donor learning can be provided through speakers’ series, monographs, newsletters, etc. In addition, there are a few comprehensive training workshops such as that offered by the Rockefeller Foundation’s Philanthropy Workshop, and the newly established Rockefeller/Bertelsmann education initiative in Europe. A recent approach seeks to educate donors through first-hand empirical experience, e.g., site visits and meetings with nonprofit leaders. Examples include the Tides Foundation taking donors to the World Social Forum, Grantmakers without Borders taking donors to Haiti, and several trips organized by Synergos for members of the Global Philanthropists Circle. Such intense educational experiences are often oriented

towards improving the quality rather than the quantity of philanthropy, but nevertheless can lead to increased levels of giving.

Funding. How to pay for donor education is a question that in many instances has yet to be fully answered. Many providers have noted a pronounced reluctance among many donors to pay the full cost of such education. The New Visions report, *infra*, indicates that donor education is being widely subsidized by the organizations providing the education, or by foundation funding. A survey of providers indicates that 90% of providers subsidize their donor education programs.

Professional Advisors

For those seeking to promote philanthropy, partnerships with professional advisors are increasingly important. Professional advisors – private bankers, estate and financial planners, investment professionals, and insurance advisors – can have enormous influence on how individuals, families, and businesses perceive and practice charitable giving. Consequently, how advisors see their own role vis-a-vis their clients' philanthropic objectives has a direct impact on their clients' philanthropic giving, and ultimately on the amount of charitable capital in service to society. In addition, advisors are often well positioned to uncover the "hidden" philanthropic potential of a community; i.e., those individuals of means who are not yet philanthropically active.

Fairly recently – and predominantly in the United States and Western Europe -- organizations working to promote philanthropy have sought to engage advisors in their mission. Such efforts have included the development of education and training programs for advisors, the design of tools and materials to assist donors/clients, and opportunities for advisors to engage directly with individuals and institutions in the philanthropic sector.

In addition, over the last eight years in the U.S. there has been considerable research aimed at exploring advisor behavior and its effect on donors and their philanthropy.²² (Regrettably, there is as yet little comparable information on the advisor's role outside the United States.) The understanding of this dynamic is still not complete, but preliminary findings may be of interest to a broader global community. A 1999-2000 survey of advisors by The Philanthropic Initiative showed that many advisors would welcome tools and strategies to enable them to become more effective in working with their clients around philanthropic goals and objectives.²³ In a 2001 advisor "summit" it was shown that a small group of advisors and others committed to the promotion of philanthropy can, in a relatively short period of time, create tangible tools and simple strategies for supporting advisors in their philanthropy related client work.²⁴

Partnerships between community foundations and professional advisors

Community foundations and professional advisors in the United States are beginning to recognize the synergy between their missions and discovering ways to work together to promote philanthropy. Community foundations can provide advisors with information about community needs and specific philanthropic investment opportunities. Advisors, in turn, can promote the community foundation's social investment expertise and activities. One noteworthy example, from the Community Foundation Silicon Valley in California follows.²⁵

Community Foundation Silicon Valley: Partnership with Professional Advisors

For many years, Community Foundation Silicon Valley (CFSV) has worked with the region's professional, legal, and financial advisors to encourage and strengthen philanthropy among the area's high net worth individuals (HNWIs). Particularly in the late 1990s, as this high-tech industry area experienced unprecedented wealth creation, CFSV developed its relationships with advisors, as advisors sought to offer their clients a competitive range of services that included philanthropic counseling.

A Variety of Services

Today, CFSV offers a number of services and resources to the advisor community. They include:

Advisory council: To recognize the work of advisors who actively promote charitable giving to their clients, CFSV has established the Valley Council, an advisory committee. Advisors who regularly work with the foundation to promote charitable giving are named to the Council by foundation staff. Throughout the year, CFSV offers Council-only events. The Valley Council serves as a focus group for marketing, outreach, seminar ideas, and newsletter content.

Events and workshops: CFSV offers regular events and seminars for advisors who wish to learn more about specific aspects of philanthropy. In the United States many advisors are legally required to participate in continuing education if they are to maintain their professional certification. CFSV seminars provide an opportunity to earn needed educational credits while learning about trends and changes in philanthropic regulations and codes. These workshops are held quarterly and feature well-known experts. Past topics have included private foundation regulations, donating property; and other emerging issues and trends.

Online resources: For many advisors, CFSV serves as a first point of reference for questions about philanthropy. CFSV's online content includes information about giving vehicles and considerations for their use. The foundation also offers a quarterly e-mail newsletter for professional advisors that provides timely information about topics such as year-end giving options and ways to encourage clients to talk about charitable giving and charitable plans.

Results

The largest gifts that CFSV receives are often the most complex; they usually involve a professional advisor. All five of the largest gifts to CFSV in fiscal year 2004 involved close collaboration with the donor's professional advisor. Three were gifts of real estate and two were gifts of appreciated securities, all complicated gifts that were unlikely to have materialized without the involvement and advice of the donor's financial advisors.

www.cfsv.org

Global advisor strategies

There is increasing interest in promoting philanthropy outside the US by encouraging and supporting the advisor's role.

- In Germany, the Bertelsmann Foundation has convened a number of advisor-focused forums, most recently in the fall of 2003. In the coming years it intends to build-out its ability to support advisors.
- In Brazil, IDIS has in the last two years begun to provide educational seminars for professional advisors, focusing initially on private banking firms Deutsche Bank, ABN AMRO, and J.P. Morgan Chase. IDIS has been able to translate and/or adapt some existing training materials from the United States.²⁶
- In the United Kingdom, The Giving Campaign conducted a study of advisors in 2001 to assess their involvement in promoting philanthropy. The study found advisor behavior comparable to that in the United States, i.e., a basic knowledge of charitable vehicles but little complex knowledge of the practice of philanthropy and very few tools or resources aimed at assisting either client or advisor.

Advisor-focused resources under development

In the United States, numerous organizations are developing tools and resources to help advisors do a better job of meeting their clients' philanthropy needs. Some of this is occurring in financial institutions (e.g., the major private banks) and academic settings and the emerging materials and resources are being treated as proprietary information. But within the non-profit sector resources are becoming increasingly available to the field; some of these may be of use to a broader global community.²⁷ Among them:

- Questionnaires for advisors aimed at measuring advisor ability, interests, and needs around philanthropy advising, and simultaneously educating them about philanthropy
- "How-to" manuals for advisors
- Talking points for advisors, to help introduce and advance "the philanthropic conversation" with clients who may be potential donors
- Case studies and "stories" for advisors, to illustrate successful client advising
- Menus of giving vehicles for advisors to share with their clients
- Brochures and "philanthropy primers" for advisors to share with clients

Place-based Philanthropy: The Community Foundation Movement

Of all the promotion strategies in use around the globe, the creation of community foundations is almost certainly the most widely employed. To be sure, community-based philanthropy is hardly a new phenomenon.

Many societies have community giving mechanisms, some of which date back centuries, united by the common aim of creating a safety-net for community members. But beginning in the early 20th century in the United States, and in the late 20th century in many other countries, a “community foundation” model has been actively and aggressively advanced to encourage giving.

Though much has been made of the differences among community foundations, in the main they are probably more similar than different. The basic model is a foundation that seeks charitable gifts from a broad base of donors – individuals, businesses, and sometimes government agencies -- and uses those gifts to address local and or regional needs. While organizational structures and practices vary from foundation to foundation, all community foundations share as a *raison d’etre* the objective of addressing community or regional issues and improving the lives of people in a defined geographical area.

In the United States the community foundation movement began in 1914 with the creation of the Cleveland Foundation. The movement later received substantial encouragement by larger foundations such as the Mott and Ford Foundations through matching grants and other forms of support. Today, there are over 700 active community foundations in the United States. Canada, which today is home to 150 community foundations, saw the first established in Winnipeg in 1921.

In the 1980s, the concept of the community foundation took hold in the United Kingdom, thanks in significant part to the support of the Mott Foundation and Charities Aid Foundation. During the 1990s the concept began to spread rapidly and widely beyond the United States and the United Kingdom, often encouraged and aided by U.S. foundations, nonprofit organizations, and multilateral aid organizations.

Today, in addition to the U.S. community foundation population, there are over 400 community foundations in 41 countries.²⁸ Especially notable is the German experience where, with leadership from the Bertelsmann Foundation, the number of community foundations in the country has grown from three in 1997 to at least 50 today. Canada, as noted above, has 150 community foundations, the United Kingdom is home to 62, and in Mexico, the number of community foundations – often encouraged by the government – has grown to 20.²⁹

Paralleling the growth of community foundations in these few countries and the efforts to encourage their development elsewhere has been a simultaneous emergence of support organizations and networks aimed at nurturing the community foundation “movement.” Such entities provide technical assistance, opportunities for collaborative peer learning, development and dissemination of best practices, and a forum for philanthropy promotion generally. A few countries (e.g., the United Kingdom, Germany, Canada, and the United States) have organizations or significant initiatives devoted entirely to community foundation issues. In other countries national and regional associations of grantmakers support community foundations in similar ways.

While the number of community foundations is impressive and their potential significance both in terms of harnessing philanthropy and supporting communities should not be overlooked, it is difficult if not impossible to analyze the model’s impact on the growth of philanthropy.

First, beyond those countries where community foundation are most common – the US, Canada, and the UK – *success stories* are in short supply. It is challenging to assess their effectiveness in most countries, even of those foundations that have been around for some time. There is little publicly available research that illuminates community foundations' popularity with donors, their resource levels, or their impact in their respective communities.

Second, *failure rates* and the reasons for them are not well understood. It is difficult to know when and where the concept has been tried but failed to thrive. For example, the Ford Foundation tried unsuccessfully to introduce the model into the southern countries of Latin America. Advocates often are reluctant to discuss perceived "failures" – a tendency certainly shared by others inside and outside the philanthropy world — despite the fact that much is to be learned from them.

Third, it is still too early to know the *staying power* of community foundations. Most community foundations are quite young, less than ten years old. As noted above, many were established in large part with outside funds and guidance, and many continue to receive such support. It is simply not known how many will ultimately survive once external funding and support comes to an end.

Fourth, evaluation often approaches the question of "success" from a *western model or concept* of the community foundation. While many foundations have not met their targets for local philanthropic contributions, some have begun promising development work and may play increasingly important roles, e.g., as partners with aid agencies.

The research that does exist has not fully explained why some community foundations succeed more quickly and easily than others. But some possible explanations include:

- **Definition of community.** To what extent and in which regions is a "geographical" community the most effective organizing model for pooled, "community" giving? Are there places where community is more strongly defined by other variables, e.g., cultural or religious affiliations?
- **Foundation agenda.** Most community foundations would acknowledge that their central mission -- improving the quality of life in a particular geographic area – is directly tied to their ability to carry out a secondary mission: to promote philanthropy among local donors. Yet the balance between these objectives varies enormously from foundation to foundation. Many community foundations view themselves principally as community development organizations, pooling resources for a defined community agenda. Such organizations tend to offer relatively limited flexibility in addressing individual donor interests and provide a fairly limited range of individual "donor services." At the opposite end of the spectrum are community foundations that put much greater emphasis on donor interests and agendas. Such organizations often provide multiple giving mechanisms, individualized advisory services, and resources and educational opportunities through which donors can develop personal philanthropic interests and practices. Such differences in philosophy and approach –

perhaps summed up by the question: *philanthropy for development or the development of philanthropy?* -- can have strong influences on a foundation's ability to raise funds successfully.

- **Funding base.** While many community foundations have been established with outside resources, others – such as several in Russia — have chosen to rely almost exclusively on local funding. While growth in the latter case can be slower, such an approach may lead to the foundation more quickly enjoying a sense of “local ownership” i.e., that it is indeed a community institution. Community foundations also receive funds from a range of sources – private, corporate, and state – often reflecting the historical and political context in which they have been created. In the U.S., community foundations are overwhelmingly funded by individuals. In contrast, in Russia and in many eastern European countries community foundations are funded predominantly by banks and corporations. In other countries, notably the United Kingdom, community foundations can receive significant funds from the national government to operate community programs. The impact of various funding “mixes” on sustainability and impact has not yet been fully examined.
- **Endowments.** Many community foundations seek to build a permanent resource for the community through the creation of an endowment, while other foundations quickly re-grant almost all the funds they receive. Endowments, considered “savings” for the future, can be difficult to justify in countries where immediate needs are great. Additionally, in countries where there is a persistent suspicion of civil society, endowments are sometimes perceived more as a “money shelter” than a charitable gift to benefit the community. However, for a community foundation to have any hope of serving as a long-lived community resource providing a dependable source of social capital, an endowment is probably essential.
- **Trust in intermediaries.** As noted in *Context*, above, in many countries there is a pervasive distrust of intermediaries, which obviously could limit contributions to a community foundation. In India, for instance, there is a real resistance to working with intermediary groups; philanthropists prefer to work directly with grassroots organizations.

Peer-based Philanthropy: Collective Giving

The act of giving is traditionally viewed as an intensely private and personal activity, motivated and shaped by individual values, interests, and goals. Yet increasingly, individual donors are both creating and seeking opportunities to explore and practice philanthropy within a group of their peers. A variety of formal and informal models of “peer-based” giving are engaging a new and diverse group of donors and helping to significantly expand philanthropic capital.³⁰

In contrast to “place-based” or community philanthropy, the *raison d'être* of “peer-based” philanthropy is a shared sense of identity or solidarity among individual donors. Broadly defined, peer-based philanthropy

refers to any group of individual donors, united by a common identity, that join together and pool philanthropic resources around a common interest, issue, or organization. Such groups, while representing a growing trend, reflect deeply rooted traditions of reciprocal giving and mutual aid. Today's groups have been established around many different kinds of association including religion, ethnicity, gender, age, and professional involvement. While "identity" is the common denominator, such groups are almost always anchored by a profound passion, challenge, or concern.

Globally, such groups vary widely in size, structure, and strategy. They can, for instance, be small and informal and provide very modest levels of funding, perhaps strengthened by contributions of volunteer time and energy. Or, they can be highly structured entities, complete with professional staff, by-laws, and significant financial resources. Peer-based philanthropy can appeal to individuals for a number of reasons including: a shared sense of identity and culture, a common set of concerns and interests, opportunities for joint learning and networking, and the potential for philanthropic leverage.

The popularity of peer-based philanthropy in the United States has grown enormously in the last decade. A recent survey identified more than 200 such groups -- often referred to as "giving circles" -- representing more than 5,000 donors that had provided more than \$23 million dollars to non-profit organizations in the last two years.³¹ Some were started by a small group of motivated donors. Others were encouraged and/or sponsored by a community foundation, corporation, or other institution.

Peer-based philanthropy can be organized around any number of associations. Among those that seem to enjoy widespread appeal and/or success are:

Women's funds

Throughout history and around the globe women have demonstrated remarkable philanthropic spirit and commitment. Women often give more than money – devoting considerable time and talent to champion a cause or tackle a challenge. Some commentators have theorized that historically such involvement enabled women to create "parallel powers structures" in cultures where women were excluded from similar positions in commercial and political arenas.³² Others believe that it is the "nature of nurture" that compels women to want to care for others. In many countries, women have become philanthropically active in ways intended to effect true social change.

One of the most noticeable developments in women's philanthropy is the rapid growth of women's giving circles, also called "women's funds." The first women's funds in the United States appeared in the 1970s; there are now close to 100 such circles. A range of models accommodates various traditions, priorities, approaches, and ability to "give." While many women's funds focus on programs supporting women and girls, others focus on broader causes. Some women's funds require only a modest financial commitment but rely on donor pledges of volunteer time to help support and strengthen grantee organizations. In addition, many women's circles consciously try to build the confidence of their members, both as donors and agents of social change.

There are at least 15 women's funds outside the United States, many of which were established in the last five years. Interestingly, while many of these funds seek to promote giving *among* women, their principal mission is to support programs that *benefit* women and girls. In this respect they are different from most of their U.S. counterparts, which are just as likely to give to constituencies other than women and girls. This difference in focus may be due in part to the influence of the Global Fund for Women, which promotes the creation of women's funds around the globe, funds that focus exclusively on giving *to* NGOs that support women and girls. Both models surely have the potential for more widespread global application and impact.

Youth philanthropy

Efforts to promote youth philanthropy have become common in recent years. Such initiatives are often fueled by a belief that (1) philanthropy's overall impact on society can be enhanced and strengthened by providing opportunities for youth "voices" to be heard and their influence to be felt, and (2) early participation in giving will help create long-term involvement in civil society and philanthropy. Giving circles have become a popular model for engaging youth, many of whom are interested in learning about philanthropy while making a contribution to society in the company of their peers.

A particularly ambitious program has been established by the Community Philanthropy Initiative (CPI) of the European Foundation Community. CPI has begun a "Youthbank" project to work with community foundations around the globe in order to support and nurture youth involvement in philanthropy. The programs engage youth in the full grantmaking process, including project identification, proposal review, grantmaking, and evaluation. The long-term aim is to involve and motivate young people and to create a new generation of involved, committed, and caring philanthropists. At the same time, the program provides the community foundations with an "insider's view" on what is really important for local young people.

Another interesting example comes from Poland, where the Mazovian Foundation has helped to establish Young People's Funds in small towns in order to raise money locally to implement young people's ideas and initiatives as well as to teach responsibility and rational thinking.

In the United States, a 2002 report on youth philanthropy noted more than 250 programs around the country. The report examines best practices in youth philanthropy, including structure, youth-adult partnerships, building skills and knowledge, connecting to the community, and sustainability.³³

Business peer groups

Around the globe business leaders and/or corporations are joining together to pool philanthropic resources in order to address community challenges. Such giving presents obvious opportunities for leverage and also helps to distance philanthropic giving from the private benefit of individual corporations. While there are myriad noteworthy examples of such peer giving, three are offered as examples of the power of such joint initiatives.

- *Philippine Business for Social Progress (PBSP)* is perhaps the flagship collective corporate giving initiative. PBSP was organized in December 1970 by 50 of the country's prominent business leaders and has since grown to become the nation's largest and most influential business-led social development foundation. From an initial membership of 50 it has grown to more than 160 members, worked with some 2,500 partner organizations, provided over P4.6 billion in financial assistance which supported over 5,000 projects, and benefited close to 2.5 million poor households. An aggressive membership and corporate involvement program continuously invites corporations from all over the country to join the PBSP membership. As member companies, corporations commit to allocate a small percentage of pre-tax income to fund the Foundation's operations and programs.³⁴
- In 1990, when severe flooding devastated parts of the state of Chihuahua, Mexico, the business community joined together to provide assistance to those most in need. Business leaders proposed that each of the 29,000 business enterprises in the region pay a self-imposed tax to finance much needed social programs. An additional tax was later implemented with the condition that members of the business community themselves would manage the funds generated and in 1994, the *Chihuahuan Business Foundation (FECHAC)* was established to administer these funds. The fund quickly moved beyond disaster relief to address social and economic inequalities in a more systemic manner. In addition, the corporations recognized that the implementation of complex community development programs lay outside their own core business functions and areas of expertise; as a consequence they hired professional staff. FECHAC now raises and spends approximately six million dollars annually.
- In many cases, business peers join together to give collectively of personal, rather than corporate, philanthropic resources. In Boston, Massachusetts, 30 executives of Putnam Investments established the *Putnam Senior Executives Foundation* to pool personal resources to address community needs in a collective giving circle. In its first year the group chose to make a single one million dollar gift in order to maximize its impact on the beneficiary organization (Boys and Girls Clubs) and the community it served. In subsequent years the circles has allocated its giving among multiple beneficiaries.

Ethnic and tribal associations

The "home-town association" is a particularly powerful form of association in parts of Africa, Asia and Latin America, and can be based on ethnic, tribal, or community identity. In cities such as Lagos, Mexico City and Nairobi, members of the same ethnic or tribal group residing outside of their home community come together to exchange news, discuss politics and, often, to raise money for activities ranging from social services – e.g., some tribal associations in Africa focus on raising funds to help transfer the dead back to their ancestral homes – to village infrastructure projects.

Venture philanthropy

A relatively new but rapidly growing trend in giving circles is the engagement of peers with a shared approach to philanthropic investment. The concept of venture philanthropy originated among business people who, after having achieved economic success in the private sector, were looking for ways to use not only their money but their business skills and expertise to address social issues and community needs. The original model was the vision of Paul Brainerd, founder and director of the Aldus Corporation in Washington State (USA), and has become known by the name of the organization established to develop and support the approach – *Social Venture Partners (SVP)*.

The vision of SVP's founders was to build a philanthropic community using a model that paralleled venture capital practices. Fundamental principles include long-term, highly engaged investments of money, resources and business expertise to develop the capacity and sustainability of local nonprofits. In practice, each SVP member makes an annual contribution (many SVP organizations require an annual contribution of \$5,000 per member, but amounts vary) and collectively decide how to invest the pooled funds. But beyond this investment, many members provide the NGO beneficiaries with human and intellectual capital as well, contributing expertise in areas such as marketing, finance, technology and strategic planning.

In addition to the "venture philanthropy" approach, the SVP model is fairly unique in its dual and mutually reinforcing mission: investment in community NGOs, and mobilization of life-long, effective philanthropists. SVP organizations often offer a range of educational and learning resources.

The first SVP organization was begun in Seattle, Washington in 1997, and was soon replicated in communities throughout North America. Today there over 23 SVP organizations in the United States. Recently, groups from several other countries – including the United Kingdom, Italy, and Mexico – have expressed interest in establishing similar organizations.

Issue-Based Philanthropy: The Power of a Cause

Many individuals are drawn to charitable and philanthropic giving through a fundamental desire to address a specific problem, issue, or challenge.

Globally, efforts to encourage philanthropy by attracting donors to a particular issue are on the rise. In many cases new organizations have been established to spearhead the effort, such as in the following examples of women's' funds and environmental funds. In other instances, an existing organization will promote a specific cause, such as in the case of the Help the Children campaign in the Czech Republic.

Clearly there are many issues that can and do galvanize giving; common sense tells us that the most successful will be those that reflect local interests and concerns. Globally, three issues have proven to be particularly popular areas of focus: children-at-risk, the environment, and women's rights. Several examples illustrate efforts to cultivate philanthropy to address these issues, as well as the range of models employed to do so.

- In Brazil in 1989 the Brazilian Association of Toy Manufacturers (Abrinq) organized a group of donors around the common cause of promoting and protecting children's rights. The effort led to the creation of the Abrinq Foundation for Children's Rights (FADC), involving partners from several different social sectors, mainly business people. The foundation focuses on mobilizing support and encouraging participation rather than providing direct services. Abrinq began work in São Paulo and is now active throughout Brazil.³⁵
- Another effort to promote philanthropy through and for the issue of children-at-risk is the *Help the Children* campaign in the Czech Republic (see, also, the section of this paper on public awareness campaigns). A program of the Civil Society Development Foundation, the campaign has the dual aims of increasing giving overall, as well as encouraging giving specifically for disadvantaged children. The project relies on a television-based campaign to educate potential donors about the challenges facing disadvantaged youth and offers an easy mechanism for donating funds. In its first four years the campaign distributed over 275 grants.
- Over the last two decades many efforts have sought to bring private resources to bear on initiatives to slow the degrading of the environment. Around the world, citizens and governments are increasingly concerned about the loss of natural resources, dangerous levels of air and water pollution, and other environmental challenges. Momentum to create local environmental funds began in the early 1990s, largely in response to the capital made available by debt swaps in Latin America. Since then, several funds have been established, including the Environmental Partnership for Central Europe, the Global Environment Facility, and the Critical Ecosystems Partnership Fund. Funding for these groups comes from a variety of sources, including multilateral agencies, national governments, private foundations, and corporations. A very recent initiative seeks to establish environmental funds that are financed primarily through local philanthropic contributions. The Global Greengrants Fund (GGF) hopes to help establish a set of independent, freestanding institutions, directed and controlled by environmental leaders from within each country and supported in large part through local philanthropy. Pilot projects are currently being established in Indonesia, Brazil, and Mexico.
- As noted above, in recent years women's funds have been the subject of increased interest and support as a way to promote philanthropy. The term can denote peer membership – e.g., funds with women members, particularly common in the United States – or it can refer to a fund focused on programs supporting women and girls. In most women's funds outside the United States it tends to refer to both membership and focus, although focus is the principle factor. Criteria for membership in the International Network of Women's Funds indicate that members must distribute resources in order to “support the advancement of women's human rights and the improvement in the status and well being of women and girls.” At the same time, criteria indicate that the fund must be “women

led," although they do not limit membership by gender. The Tewa Foundation, profiled in the following text box, illustrates the potential of a women's fund to develop local philanthropy.

TEWA WOMEN'S FUND, NEPAL

In Nepali, the word Tewa means "support," aptly reflecting the Nepali women's fund's dual mission. Tewa supports women's programs and also promotes and supports the development of local philanthropy, offering programs that consistently address both objectives. Founded in 1996, Tewa seeks "to generate in-country resources that can be used effectively, efficiently, and creatively for the overall benefit of women and girls; provide grassroots women's NGOs seed and special project grants; and to educate and encourage women to exercise better control and decision-making in the use of their own resources."¹ Tewa's success depends largely on the organization's ability to mobilize local donors, both women and men. Promoting philanthropy has therefore become a critical component of Tewa's work. Indeed, Tewa's long-term vision is to promote philanthropy as a way to "increase the self reliance of Nepalis by reducing dependency on foreign donors."¹

Tewa has developed two distinct programs to build local philanthropy, both of which underscore the organization's mission of helping Nepali women and girls. For donors looking for a structured learning opportunity, Tewa offers donor forums, in which donors learn about philanthropic impact through guest speakers and site visits to Tewa grantees. Such events provide a venue for potential donors to examine the value of philanthropy and also expose attendees to Tewa's work in the community.

As a second strategy to reach new donors Tewa relies on a more grassroots approach. Through its volunteer program, Tewa works with housewives who, once trained by the organization, disseminate information to potential donors. In the process of volunteering for Tewa, volunteers develop a deeper understanding of the organization and its programs. At the same time, the women who volunteer have a rare opportunity to expand their traditional role in broader society. Thus far, Tewa has trained more than 275 women who have, in turn, reached out to hundreds of additional potential donors.

Tewa has made great progress towards its goal of reducing dependency on foreign donors. As of June 2003, Tewa had more than 1500 Nepali donors. Recognizing that sustainability is critical to realizing its mission of improving the position of women and girls in Nepal, Tewa has, since its inception, made the creation of an endowment a high priority. In its first five years Tewa raised 16M Rupees (the equivalent of \$207,000); generous contributions from donors continue to build the principle on the endowment.

Tewa's approach has been supported by institutional donors that include the Ford Foundation and the Global Fund for Women. But over time Tewa hopes to be able to sustainable itself exclusively on the contributions of local donors.

www.tewa.org.np

Philanthropic Infrastructure

Developing philanthropic infrastructure is an important promotion strategy, particularly popular among international foundations. Specifically, there has been a concerted effort to professionalize, strengthen, and expand philanthropy through the support of grantmaker associations, peer networks, and other institutions devoted to promoting and strengthening philanthropy.

With a few notable exceptions such as the Council on Foundations in the United States, much of the world's philanthropic infrastructure has been established since 1990. But several factors provided the momentum to create a strong NGO and philanthropic infrastructure during the last decade; they include (1) the massive emergence and expansion in the size and prominence of civil society in post-communist Central and Eastern Europe and post-Apartheid South Africa, (2) the concurrent growth of the non-profit sector in other countries, e.g., the United States where the number of non-profits doubled in the 20 years following 1980, and (3) the growth in the number of charitable trusts and foundations, triggered by the fairly sudden and dramatic emergence of new wealth.

The expansion of infrastructure in older philanthropic sectors – e.g. the United States and the United Kingdom – can be seen as an “entrepreneurial” response to opportunity. In countries where institutionalized philanthropy has emerged more recently, investment in infrastructure has been viewed as a way to actively address the myriad challenges to its growth, such as legal and fiscal constraints, lack of information, public trust, etc.

Associations of donors and grantmakers

The most significant investment in philanthropic infrastructure globally has arguably been the creation of associations of grantmakers and donors. Such membership organizations seek to support giving through the promotion of best practices and the development of members' knowledge and giving skills. In addition, most associations share the additional mission of promoting philanthropy generally, e.g., through outreach to potential philanthropists and advocating, where needed, for an enabling legal environment.

Today grantmaker associations exist in over sixty countries, although many are still in their infancy. Well-established associations such as the Association of Charitable Foundations in the United Kingdom and the Council on Foundations in the United States have in recent years dramatically expanded their efforts to encourage and strengthen philanthropy, often through donor education, training, and publications. Elsewhere, groups such as the Association of Foundations in Philippines, GIFE in Brazil, and Grupo de Fundaciones (GDF) in Argentina provide a range of services and programs to professionalize and promote philanthropy. Such initiatives are currently more of an ambition than a reality in younger associations, such as those in Central and Eastern Europe.

Regional associations of grantmakers are also working to promote philanthropy in larger geographical areas. In Africa, there are three regional associations: (1) the Southern Africa Grantmakers Association (SAGA), which is open to any grantmaking institution, including private, community and corporate foundations, (2) the East Africa Association of Grantmakers (EAAG), established in 2003 with extensive support from the Ford Foundation and, critically, the enthusiastic endorsement of a small group of local foundations, and (3) a newly launched Association of Community Foundations (ACF). The evolution of these groups offers a useful perspective on the roles and strategies of philanthropic support organizations in a region with an increasingly diverse philanthropic sector. For instance, the open and mixed membership of SAGA inevitably led to competing demands and the interests of the larger (typically corporate) foundations often prevailed. EAAG and ACF were established in response to local demand for more tailored and targeted philanthropic support services.

Peer networks

Peer networks of philanthropic support organizations are also coming into being, particularly for community foundations. For example, WINGS is a global network of more than 100 membership associations and support organizations that have joined together to learn from, support, and collaborate with one another. WINGS-CF is a constituency within WINGS of approximately 60 organizations involved in the development and support of community foundations. The Community Philanthropy Initiative of the European Foundation Centre provides a network for those promoting philanthropy through community philanthropy organizations in Europe. The Transatlantic Community Foundation Network and the Transatlantic Community Foundation Fellowship program provide additional opportunities for community foundation leaders and activists from Europe and North America to learn from each other through working groups, study visits and exchanges.

Philanthropy promotion organizations

National and regional organizations are being created to develop philanthropy “holistically.” Philanthropy “centers” encourage philanthropy and address obstacles to its growth through a variety of initiatives, including advocating for an enabling legal and/or tax environment; building awareness of the importance of philanthropy; building the skills and knowledge of donors and potential donors; and addressing the needs of particular subgroups such as corporate foundations or diaspora philanthropists. Such centers often also work with the broader non-profit sector to develop policies and practices to encourage philanthropy in such areas as transparency and accountability and effective fundraising. For example, the Pakistan Centre for Philanthropy, established with support from the Aga Khan Foundation in 2002, is developing a certification system for NGOs to counter the lack of public trust that undermines the development of local philanthropy. The APPC, one of very few regional organizations of this sort, offers an excellent model for others interested in the promotion of regional philanthropy.

Other initiatives

The philanthropic infrastructure has also expanded to promote more giving among targeted groups of donors and potential donors. Many of these efforts, such as women's funds and venture philanthropy, are discussed above. In addition, a significant number of organizations have been established to promote international giving. While cross-border giving is not the focus of this paper, it is worth noting the efforts of groups such as Give2Asia, the Brazil Foundation, GlobalGiving, and Grantmakers without Borders.

And finally, a new and unique initiative to promote more giving in the United States, *New Ventures in Philanthropy (NVP)*, may offer a promising model for other countries. New Ventures was launched by a funding collaborative in 1998 to "incubate" and advance innovative ways to grow new philanthropy. Using small grants New Ventures has encouraged over 40 locally-driven and -designed promotion efforts. Often, the local initiatives seek to engage new giving communities, such as rural populations, communities of color, entrepreneurs, and the newly or soon-to-be wealthy. According to New Ventures, \$8.2 million in New Ventures grants to local groups has generated an estimated \$452 in new philanthropic resources.³⁶

Sustainability

The most significant challenge facing almost all philanthropic support organizations is the most basic: funding. In their start-up phase, such organizations often rely almost entirely on external funding. Most often, early funding has come from private foundations, although there are some notable exceptions that merit additional study, e.g. government support of the National Foundation for Civil Society Development in Croatia.

To date, the foundations supporting philanthropic infrastructure-creation have been limited, led by the Ford and Mott Foundations, and including the Kellogg and Packard Foundations and Atlantic Philanthropies. Two of these foundations, Packard and Atlantic, have recently suspended funding in this area, leaving institutions both within and outside the United States with large resource gaps and illustrating the funding dependency of much of the philanthropic infrastructure.

Individual organizations are seeking to develop a range of services that can generate the income needed to sustain them. While many associations and networks raise revenue through membership fees, such fees are usually insufficient. In the United States, the Council on Foundations receives approximately 65% of its income from fees. Grantmaking associations in which most members are corporate foundations (e.g., GIFE in Brazil, and Philippine Business for Social Progress) generate similar levels of membership income. In most cases, however, in associations in low- or middle-income countries fees from members comprise only a modest amount of the association's income; the associations necessarily rely on funding from international foundations and in some cases bilateral donors.

A heavy reliance on foreign donors is not simply a financial challenge – funding will, after all, come to an end sooner or later – but can also raise issues of legitimacy, agenda setting, and public perception. As noted earlier, the priorities of foreign institutions and local organizations are not always fully congruent. However, the underlying objectives are generally compatible and tensions can often be resolved and managed. An example

of this is Romania where the Romania Donors' Forum provides a useful venue for the development of local philanthropy, as well as a forum for the discussion of broader topics relating to the sector.

THE WAY FORWARD

In developing this paper the authors' intent has been threefold – to highlight challenges to more and better global philanthropy; to discuss strategies to address those challenges and encourage more giving; and, where possible, to consider the impact of philanthropy promotion initiatives. Our hope is that this preliminary overview will stimulate thinking about the global potential of existing approaches, spur the development of new strategies, and help foster new commitment to increase both the spirit and the practice of philanthropy.

Even in the absence of systematic evaluation there is little doubt that initiatives to promote philanthropy are having an impact. Despite this, global philanthropic capital remains limited, particularly in comparison to global wealth. For philanthropy to become a significant global force for good, more knowledge, new approaches, and stronger commitments will be required.

In closing, several points bear mention, considerations that may help to encourage, guide, and inform further research and future promotion efforts.

Considering the Bigger Picture

Although this paper focuses primarily on specific approaches and strategies to promote philanthropy, several significant factors should be taken into consideration in almost any effort to increase giving.

Cultural and regional differences. The paper seeks to highlight promotion strategies that may have potential for replication or adaptation. But any strategy for change or reform must be grounded in a solid understanding of and respect for local cultural norms; it must begin by considering the cultural attributes, giving practices, and charitable interests of the region in question. Promotion efforts must be consistent with the local history and culture, while at the same time offering a positive agenda for change.

The role of civil society. It is perilous even to consider "transforming" philanthropy without considering the broader dimensions of the civil society. Although "global civil society" is often treated as a monolithic and homogeneous movement, the philosophy and practices of civil society differ widely from region to region, country to country. Any effort to promote the development of philanthropy must respect the development of civil society within a country or culture. Local views on the legitimate role of civil society must guide the development and scope of a philanthropic culture.

Strategic synergy. The paper highlights individual strategies for philanthropy promotion. However, efforts to promote philanthropy almost always have the greatest impact when strategies are used in combination; indeed, individual strategies may have very little impact when used in isolation. Potential gains are likely to be

limited unless challenges in the environment, cultural attitudes, and donor resources are addressed in an integrated fashion.

Building the Knowledge Base

How to foster philanthropy is a question about which the knowledge base is limited, though growing. Research on philanthropic motivations, interests, practices, and impact does not directly promote giving. But it is an important arrow in the quiver of promoting long term, sustainable philanthropy. It is difficult to see how appropriate promotion strategies can be identified, developed, or implemented without a concrete understanding of existing attitudes, perceptions, and practices in the field. Among the knowledge needs:

Survey studies. In most countries there are few studies that provide reliable data on either individual or institutional giving. With few exceptions, there has been little systematic effort to capture the sources and volume of giving, or to classify its purposes. There are virtually no studies that track changes in giving over time.³⁷

Qualitative analyses. Additional qualitative knowledge would be helpful, particularly about philanthropic values, motivations, and impact. While the focus of this paper has largely been on mechanisms to promote philanthropy, the starting point of any philanthropic journey is personal motivation; its ultimate goal is maximum impact. Existing research and investment has very often focused on philanthropy's "transfer mechanisms." Largely ignored have been the important "ends" of the philanthropic continuum.

Traditions of giving. Our knowledge of the traditions and cultures of giving, particularly at the community level, is very limited. Practices such as obligatory or reciprocal giving do not easily fit the common Western definition of philanthropy that promotes a broad "public good." Yet these traditional practices are critically important and can be essential to the further development of philanthropy. Existing cultures of giving should be identified and studied, perhaps even before efforts are made to introduce external models.

Expanding the Conversation

Many organizations worldwide are currently engaged in philanthropy's promotion. Yet in many ways, the conversation remains narrow and the participants too few. Future efforts must engage more and broader constituencies, expand the base, and push beyond known and tested promotion strategies.

Multiple constituencies. Efforts to promote philanthropy must acknowledge and engage the multiple constituencies that are both the shapers and stakeholders of philanthropy's role in society. Such constituencies include the general public, high net worth individuals, corporations, government, and the institutions of civil society. Many conversations about philanthropy today tend to engage constituencies horizontally, i.e., bringing together those in similar professional and peer groups. More "vertical" conversations

that represent a range of constituent voices could generate new and potentially powerful approaches to improving the quantity and quality of philanthropy.

The NGO sector. This paper has focused predominantly on approaches that target philanthropy's "supply side" -- donors and potential donors. Yet as noted at the outset, in many countries there is general agreement that one of the key obstacles to the growth of philanthropy is the public's attitude toward civil society generally. Efforts to promote philanthropy need to consider both the supply and demand side of the philanthropic equation.

Wider philanthropic engagement. As noted earlier, philanthropic promotion efforts have often targeted the very wealthy. The philanthropic potential of lower and middle income individuals has not been sufficiently explored or encouraged. The potential impact of many modest contributions is often more sustainable over time than a smaller number of larger gifts.³⁸ Moreover, the emerging middle class in many countries offers possibilities for philanthropic role modeling and leadership to others in this growing population.

New investment strategies. Investment strategies to promote philanthropy are increasing both in number and in their creativity. Still, due in part to the small number of investors and the level of investment, they remain limited both in range and in scope. Promising ideas go unfunded and proven approaches are difficult to replicate. One example is diaspora philanthropy. The diaspora is an important source of philanthropic resources in many countries, and there are promising initiatives to promote diaspora giving. But the application and suitability of existing diaspora giving models to other countries or ethnic groups has not been sufficiently explored.

In conclusion, this paper is but a beginning. It is our hope that those who share the common commitment to increasing global philanthropy will share their thoughts, additions, corrections, and contributions with the authors, with INSP, and with the funders. In so doing, future research and perhaps even future incarnations of this paper will reflect the collective thinking of many minds and many experiences. This effort will succeed only if it is truly a shared compact, devoted to improving the common weal.

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Andrew Kingman has been Chief Executive of Allavida since 2001. In this position he is responsible for managing the Africa program, which is one of the main three regional programs of Allavida (with South East Europe and Central Asia), and also for developing and leading Allavida's strategic plan for development. From 1997 until 2001 Andrew was International Director at Charities Aid Foundation (CAF), responsible among others for CAF's international network of branch offices and partners. Prior to joining CAF he was Director and founder of Village AiD, an NGO active in West Africa. Andrew is the Chair of the East African Association of Grantmakers and serves on several boards and committees, including the Africa Funders Network and the Grantmakers East Group of the European Foundation Centre.

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Paula D. Johnson, Stephen P. Johnson

ENDNOTES

¹ For a more comprehensive treatment of philanthropic promotion in the United States, see *Promoting Philanthropy, The Experience and the Potential of Collaborative Efforts*. The Philanthropic Initiative, Inc., Boston Massachusetts, 1997.

² Estimates range between \$140 trillion and as much as \$300 trillion between today and the year 2050.

³ Glen Small, "Johns Hopkins-lead Study Finds Nonprofit Sector is a Burgeoning Economic Force," 8 November 1998, <http://www.jhu.edu/news_info/news/home98/nov98/nonprof.html>

⁴ The JHU data is an important source of knowledge about the size, shape, and significance of the non-profit sector. Because the data collection system focuses on formal and semi-formal associations, it likely significantly undercounts the importance of small informal groups in many countries where much informal and uncounted philanthropy occurs.

⁵ The principal foundations supporting philanthropy promotion include the Mott Foundation, the Ford Foundation, Atlantic Philanthropies, the German Marshall Fund, the Kellogg Foundation and to a varying and lesser extent, the network and institutions sponsored by George Soros. In addition to these U.S. foundations, the Bertelsmann Foundation has funded a network to study – but not directly support – global philanthropy, and has been active in supporting the development of community foundations in Central and Eastern Europe. The Aga Khan Foundation has been instrumental in promoting philanthropy in Pakistan. Recently, the Kellogg Foundation and Atlantic Philanthropies appear to have ended their funding in this area, while the Hewlett Foundation has made several modest grants to support the development of indigenous philanthropy in countries including Mexico, Russia, and the Asia Pacific region.

⁶ Eleanor Sacks, *2004 Community Foundation Global Status Report*, Worldwide Initiatives for Grantmaker Support, May 2004, http://www.wingsweb.org/information/downloads/gsr2004_p1.pdf.

⁷ For instance, in a recent roundtable discussion organized by Alliance Magazine on the issue of "How to Get Philanthropy Going" not one discussant – including representatives from Brazil, India, the Philippines, and South Africa – mentioned that tax incentives were important (see Alliance, Volume 9, Number 4, December 2004). In contrast, in the just-completed APPC study of Asian HNWI philanthropy, better tax incentives were viewed as a promising strategy to promote more philanthropy.

⁸ For instance, according to a 2001 Harris Survey of women in the United States, 86% of women give because of a strong feeling about a cause or issue, compared to 66% of men.

⁹ For a comprehensive discussion of the registration process and other regulatory issues in a number of Asian countries see *Philanthropy and Law in Asia*, Thomas Silk, Editor (APPC, 1999) and *Philanthropy and Law in South Asia*, Mark Sidel and Iftekhar Zaman, editors (APPC, 2004).

¹⁰ *Regulatory Reform, Philanthropy, and Social Change in Latin America, Executive Summary*, PASCA Program, Harvard University, March 2000.

¹¹ Ibid.

¹² *E-Seal*, Issue 7, December 2002, European Foundation Center.

¹³ Nilda Bullain. *Explaining Percentage Philanthropy: Legal Nature, Rationales, Impacts*. International Journal of Not for Profit Law, Volume 6, Issue 4, September 2004, pg. 10.

¹⁴ Information for the text box was excerpted from the project's website, www.onepercent.hu/project/pt.htm

¹⁵ For a more thorough discussion of institutional, sector, and government efforts to increase accountability, see "Building the Global Infrastructure for Philanthropy," Barry Gaberman, Vice President, Ford Foundation.

¹⁶ The Code of Conduct for NGOs operating in Ethiopia can be obtained on the website of the International Center for Nonprofit Law (www.icnl.org).

¹⁷ The Giving Campaign, Campaign Review: the Giving Campaign, 2001-2004. www.givingcampaign.org.uk, pg. 13

¹⁸ William Smith. *Social Marketing Lite*, Academy for Educational Development, Academy News, Spring 1999.

¹⁹ Noshir Dadrawala. *Merchants of Philanthropy: Profiles in Good Corporate Citizenship*, Center for Advancement of Philanthropy, India

²⁰ Two recent reports from the United States examine efforts at donor education there, and may provide useful information for others interested in promoting philanthropy through donor education. *What's a Donor to Do* (The Philanthropic Initiative, Inc., Boston, Massachusetts), surveys the landscape of donor learning in the United States, analyzing its strengths and weaknesses. *Philanthropy's Forgotten Resource? Engaging the Individual Donor* (New Visions, Mill Valley, California), seeks to map and assess donor education programs in the United States and lists several "best practices" in donor education.

²¹ See *Philanthropy's Forgotten Resource*, *Ibid*, which reports that 85% of donor education providers said they would like to see national development of donor education resources.

²² See, e.g., The Philanthropic Initiative's *Doing Well By Doing Good – Improving Client Service, Increasing Social Capital: The Legal and Financial Advisor's Role*, Boston, 2000.

²³ *Ibid*.

²⁴ Convened by The Philanthropic Initiative and New Ventures in Philanthropy, the U.S. national philanthropy promotion initiative.

²⁵ Other examples from the United States include the Triangle Community Foundation, The Boston Foundation, East Bay Community Foundation and the Columbus Foundation. The authors know of no example outside the United States of community foundations working with wealth advisors, but would be pleased to learn of any such examples.

²⁶ Materials available from The Philanthropic Initiative, Boston, MA.

²⁷ See for example, the materials available from The Philanthropic Initiative, community foundations, and New Ventures in Philanthropy. A few of these materials – e.g., TPI's "talking points" for advisors, a "family philanthropy questionnaire" for advisors to use with their clients, and summaries of key research – have, through TPI's collaboration with IDIS, been translated into Portuguese.

²⁸ Sacks, Eleanor. "2004 Community Foundation Global Status Report." WINGS-CF.

²⁹ *Ibid*, pg. 9.

³⁰ The section on peer-based giving draws heavily from a companion paper prepared for INSP. See *Tools for Good: A Guide to Vehicles for Philanthropy and Charitable Giving*, Paula Johnson and Stephen Johnson, September 2004.

³¹ *Giving Together: Summary of Findings*, New Ventures in Philanthropy, unpublished.

³² *Women, Philanthropy, and Civil Society*. Kathleen D. McCarthy, Editor. Indiana University Press, Bloomington and Indianapolis, 2001.

³³ *Best Practices in Youth Philanthropy*, Pam Garza and Pam Stevens, Coalition of Community Foundations for Youth, 2002.

³⁴ www.pbsp.org.ph

³⁵ The authors were unable to find any information on the level of philanthropic capital raised through the Abrinq initiative.

³⁶ www.givingforum.org

³⁷ One notable exception is the APPC series, Giving and Fund Raising in Asia.

³⁸ For example, Archbishop Rosales in Manila raised 13 million pesos from 300,000 donors to benefit the local community foundation.