



Global Philanthropy Leadership Meeting

16-17 May, 2009

Rome Cavalieri Hotel, Via A. Cadlolo, 101, Rome

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Global Philanthropy Leadership Meeting

16-17 May, 2009, Rome

Practical Information

Venue

The Global Philanthropy Leadership Meeting will be held at the Hilton Rome Cavalieri, which is located at Via A. Cadlolo, 101. <http://www.romecavalieri.com/>

The meeting will take place in **Sala Michelangelo** from 9:00 to 17:00 with a break for lunch served in Terrazza degli Aranci from 13:00 to 14:00.

Dinner, 16 May 2009, 19:00

The Global Philanthropy Leadership Meeting will be preceded by a reception and dinner commencing at 7pm on 16 May 2009 in the restaurant St. Teodoro, Via dei Fienili, 49-51. <http://www.st-teodoro.it/>

Buses to the restaurant leave from the Hilton Rome Cavalieri at 18:30 – please meet at the hotel lobby.

Accommodation

Participants of the Global Philanthropy Leadership Meeting can take advantage of special room rates for EFC conference participants and book their room at the Hilton Rome Cavalieri's website: http://waldorfastoria.hilton.com/en/wa/groups/personalized/ROMHIWA_GEFCA/index.jhtml

More information at <http://www.efc.be/aga/AGA2009/accommodation.htm>

Contact

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Agenda for Global Philanthropy Leadership Meeting

16 - 17 May, 2009

Sala Michelangelo - Rome Cavalieri Hotel, Via A. Cadlolo, 101, Rome

Saturday, May 16th

Buses to dinner venue leave from the Rome Cavalieri Hotel at 18:30.

19:00 Welcome Reception & Dinner

*Speaker: Nassim Nicholas Taleb, author of *The Black Swan**

Venue: Ristorante St Teodoro, Via de Fienili, 49-51, Rome

Sunday, May 17th

Facilitator: Tom Lent

9:00 – 9:30 Welcome and Opening Remarks

Gerry Salole (EFC), Steve Gunderson (COF), Fernando Rossetti (WINGS) and Tom Lent

9:30 – 11:00 *Discussion I: Vision for the Future and Philanthropy's Role*

Lead Remarks:

Rayna Gavrilova, Executive Director, Trust for Civil Society in Central & Eastern Europe

- What are the significant changes in philanthropy over the past decade?
- What are recent changes in the global environment doing to philanthropy?
- What kind of world would we like to envision for the next ten years?
- What is philanthropy's role in realizing this vision?

11:00 – 11:30 Break

11:30 – 13:00 *Discussion II: Improving the Legal/Policy Environment and Conditions for Enabling Global Philanthropy*

Lead Remarks:

Judith Rodin, President, Rockefeller Foundation

- What are the barriers to effective global philanthropy and how can we address them? Think of the barriers within our organizations, and the barriers outside
- What strengths, innovations and existing good practices can we build on that seem to effectively address legal, policy environment issues?
- Are there tools such as a global compact for philanthropy that would be useful to develop?

13:00 – 14:00 **Lunch**

14:00 – 15:30 *Discussion III: Strategies for Achieving Global Change*

Lead Remarks:

Bhekinkosi Moyo, Program Director, TrustAfrica

- Given this vision, these changes and challenges, how do we get to our vision? What needs to happen: How might philanthropy change to be more effective in the coming decade?
- What are the specific tools, infrastructure support and collective processes needed to achieve more effective philanthropic work globally?
- How can global philanthropic leadership/partnership be enhanced around this goal?

15:30 – 16:00 **Break**

16:00 – 17:00 *Next Steps: From Where We Are to Where We Want to Be*

Based on the outcomes of the discussions, agree on what we take forward and how – with a six month as well as long term perspective.

17:00 – 17:15 **Wrap Up and Farewell**

Global Philanthropy Leadership Meeting

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Participants

Muna AbuSulayman

Director General, Alwaleed Bin Talal Foundation, Kingdom of Saudi Arabia

Bisi Adeleye-Fayemi

Executive Director, African Women's Development Fund, Ghana

Akwasi Aidoo

Executive Director, TrustAfrica, Senegal

Melissa A. Berman

President & CEO, Rockefeller Philanthropy Advisors, United States

Flemming Ellebaek Borreskov

Chief Executive Officer, Realdania, Denmark

Nicolas Borsinger

Executive Director, Pro Victimis Foundation, Switzerland

Peter Cleaves

Chief Executive Officer, Emirates Foundation, United Arab Emirates

Michael Deich

Director of Policy and Government Affairs, Bill and Melinda Gates Foundation, United States

Peggy Dulany

Founder and Chair, The Synergos Institute, United States

David Etwiler

Vice President - Community Affairs and Executive Director, Medtronic Foundation, United States

Barry Gaberman

Board Member, Global Fund for Community Foundations

Piero Gastaldo

Secretary General, Compagnia di San Paolo, Italy

Rayna Gavrilova

Executive Director, Trust for Civil Society in Central & Eastern Europe, Bulgaria

Fritz Gutbrodt

Director, Credit Suisse Foundation, Switzerland

Mall Hellam

Executive Director, Open Estonia Foundation, Estonia

Barbara Ibrahim

Director, John D. Gerhart Center for Philanthropy and Civic Engagement, Egypt

Steve Killelea

Founder, The Charitable Foundation, Australia

Avila Kilmurray

Director, The Community Foundation for Northern Ireland, United Kingdom

Wilhelm Krull

Secretary General, VolkswagenStiftung, Germany

Atallah Kuttab

Director General, Welfare Association, Palestine

Massimo Lanza

Director, Fondazione di Venezia, Italy

Carol Larson

President and Chief Executive Officer, The David and Lucile Packard Foundation, United States

Peter Laugharn

Executive Director, Firelight Foundation, United States

Norine MacDonald

President, Gabriel Foundation, France

Vincent McGee

Senior Advisor, Atlantic Philanthropies, United States

Nicola McIntyre

Executive Director, Mama Cash Foundation, Netherlands

Bhekinkosi Moyo

Program Director, TrustAfrica, Senegal

Valentina Qussisiya

Director General, Jordan River Foundation, Jordan

Marta Rey García

Profesora Doctora, Facultad de Ciencias Económicas y Empresariales, Universidad de la Coruña, Spain

Judith Rodin

President, Rockefeller Foundation, United States

Suzanne Siskel

Head of Philanthropy, The Ford Foundation, United States

Bradford K. Smith

President, The Foundation Center, United States

Ralph R. Smith

Executive Vice President, The Annie E. Casey Foundation, United States

Luc Tayart de Borms

Managing Director, King Baudouin Foundation, Belgium

Chet Tchozewski

President, Global Greengrants Fund, United States

Pier Mario Vello

Secretary General, Fondazione Cariplo, Italy

Emílio Rui Vilar

President of the Board of Trustees, Fundação Calouste Gulbenkian, Portugal

Jorge Villalobos

Executive President, Mexican Center for Philanthropy (Cemefi), Mexico

Jane Wales

President & CEO, World Affairs Council/Global Philanthropy Forum; Vice President, The Aspen Institute, United States

William S. White

President and CEO, Charles Stewart Mott Foundation, United States

Erna Witoelar

Chair, Indonesia Biodiversity Foundation; Chair, Asia Pacific Philanthropy Consortium, Philippines

Council on Foundations

Rob Buchanan, Managing Director, International Programs

Steve Gunderson, President & CEO

Kristin Lindsey, Chief Operating Officer

European Foundation Centre

Ana Feder, Networking Committee Senior Officer

Wendy Richardson

Leticia Ruiz-Capillas, Chief Operating Officer

Sevdalina Rukanova, Senior Officer

Gerry Salole, Chief Executive

Worldwide Initiatives for Grantmaker Support (WINGS)

Marissa Camacho-Reyes, Executive Director

Fernando Rossetti, Chair

Facilitator

Tom Lent

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Background Papers

The following three short papers have been prepared by the European Foundation Centre, the Council on Foundations and Worldwide Initiatives for Grantmaker Support (WINGS) respectively to provide some background and context for the three discussions which will take place during the day on May 17th:

Discussion I: Vision for the Future and Philanthropy's Role

Discussion II: Improving the Legal/Policy Environment and Conditions for Enabling Global Philanthropy

Discussion III: Strategies for Achieving Global Change

The papers are intended to frame the issues and serve as take-off points for a lively group conversation. The meeting organisers hope you find the papers stimulating and request that you review them before we gather in Rome.

Discussion I: Thoughts on Vision for the Future and Philanthropy's Role

Prepared by the European Foundation Centre

May 2009

I. Global context – challenges – dynamics

Context

- *An ever more connected and interdependent world*, shaped by the forces of globalisation: movement of goods, capital, people, information, know-how; learning and working across borders; technology innovation.
- *Ever more fragmented societies*, where existing groups and communities are losing their meaning and binding power; where new technologies have deeply changed communication, creating wide virtual networks and weak personal ties, changing existing ethical consensuses.
- *An ever more divided world*: gaps between rich and poor have been widening over the last decades, within countries/cities across the globe as well as between rich and poor countries – in spite of the economic growth, the underlying causes of poverty and inequality have not been adequately addressed by the existing systems of aid, global governance and markets.
- *An ever greater spread of democracy* – but growing democratic deficit if looking at citizen's participation and voices; also many new democracies are still fragile: long term peace, stability, economic growth etc.
- Going through *probably the deepest and most complex economic and financial crisis in history*, which is still evolving and there is great uncertainty about its full scope, impact and duration. The crisis has shattered trust in markets, financial institutions and raised questions about the role of government. It is also challenging governments to act differently, to take bold and coordinated actions. There are hopeful signs and promises – but are governments ready and equipped to implement the changes they are proposing?
- At the same time, the crisis is providing an important moment to look at issues/challenges with fresh eyes; it is shaking the world out of inertia; the defence mechanism to systemic change may be down.
- Changing role of government as a result of the current financial and economic crisis: what will be the implications (protectionism? Top-down solutions?)? It is also an opportunity to revitalize citizen's participation/voices – to hold governments accountable; develop own solutions to deal with these challenges.

Challenges

Facing an unprecedented set of global challenges that require urgent and coordinated responses across the globe by a multiplicity of stakeholders but the current system of global problem-solving is ill equipped to deal with them.

- These challenges include: climate change/environmental degradation; water and food security; health threats/spread of infectious diseases; demographic changes and migration; threats to peace and security.
- Multiplicity of actors: governments, supranational and multi-lateral organisations, business, civil society organizations – including institutionalised philanthropy; citizens – but lack of adequate systems to craft policies, implement decision and work together towards common public goods.
- Long past a bi-polar world: rise of China, India, Brazil, South Africa and others – what are the implications for the future of power-sharing, global mutual responsibility, global governance and policy making?

II. Foundations – characteristics – challenges

Characteristics

- Mission and assets driven - independent and autonomous – seeking to advance public benefit
- Foundations like to think that they take the long term view, they also have flexibility and capacity to act quickly, can take risks, have a powerful convening and brokering potential, and the ability to use leverage to bring in additional resources and influence. They have the capacity to bring solutions that work to scale and are free from political agenda or the need to fulfil short term goals.
- Foundations can develop and use a wide variety of tools to achieve their goals: grant-making and in-house initiatives, emergency grants and multi-year support, react to demand and pro-actively bring ideas and solutions, commission evaluations and research to generate new knowledge, use their experience to identify trends.

Challenges

The Financial Crisis:

- Has already had a significant impact on foundations' assets. Uncertainty about the duration of the crisis creates uncertainty about the resources foundations will have in the next few years.
- Has the biggest impact on the poorest and most vulnerable as well as driving new groups into poverty/instability/vulnerability. Greater resources are urgently needed to help people get through the crisis.
- Challenges foundations to think creatively about how to respond now to urgent needs while keeping the long term view

- Through reduction in programmes, number of supported projects and size of grants provokes a much more intense deliberation about effectiveness, potential results and possibility to combine grants and instruments to achieve more than one objective with less resources

Different types of actors in the philanthropic field / new spaces to give:

- Different types of new donors, including: high net worth individuals and social investors/philanthropists, venture philanthropy, Diaspora philanthropy, celebrities, corporate philanthropy, and diverse forms of community philanthropy.
- Rise of intermediaries – from those focused on channelling grants to grass-roots level organisations to foundations that employ a variety of strategies to tackle a number of global challenges.
- Different types of recipients of support/beneficiaries; need to discuss relationship with public authorities (grants to municipality), with businesses (social enterprises), with non-organised beneficiaries (social movements, action groups, initiatives), with media (especially new media).
- New internet-based giving spaces.
- Emergence of social capital market places.
- Changing nature of the relations with government / multi-lateral organisations.
- Need to explore donations (individual and corporate) of services such as time and expertise, especially in times of decreasing donations and resources.

Knowledge & infrastructure:

- The big question is how foundations identify change and generate knowledge; they are in an unique position in terms of access, resources and objectivity and this advantage should be used for public benefit.
- Knowledge, skills and information challenge to tackle ever more complex and inter-related problems.
- There are no organised global market spaces for philanthropy to track what is going on, to find partners, to learn.

The opportunity (see Opportunities Map, pg.14)

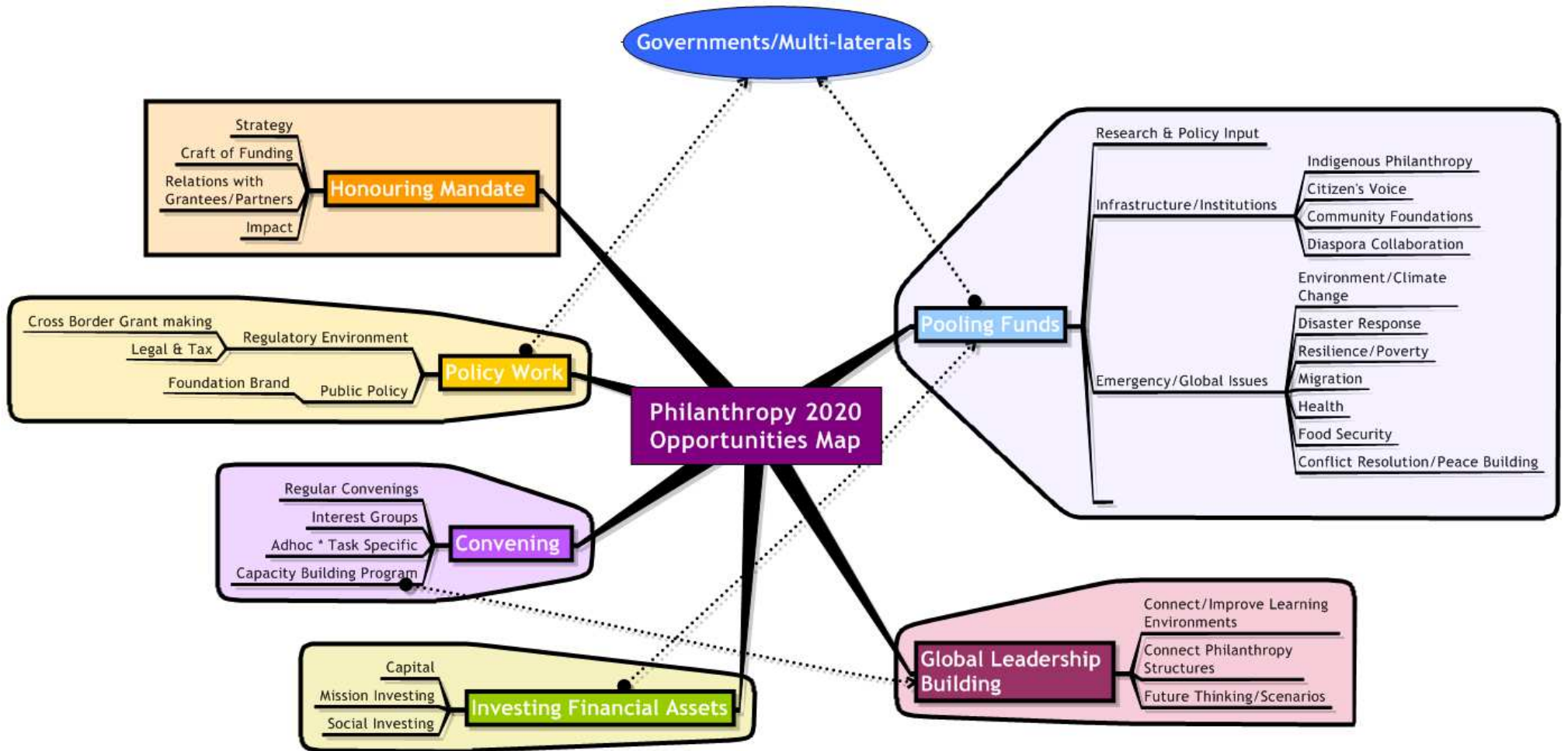
- The current financial crisis and set of global challenges require exactly the kind of resources and characteristics foundations, and other donors, embody in order to come up with a new vision of the world, scenarios and solutions that are sustainable and advance equity, justice, peace etc.
- The crisis is affecting the global rhetoric: the need of inclusion, solidarity, tolerance, human rights and civil society are embraced even by political bodies, which do not practice liberal democracy. This opportunity should be used to engage them in dialogue and partnership in order to turn rhetoric into practice

- Validate, recognise and reinforce resilience of people, communities and institutions: the ability to cope with adversity and to spring back after a shock. The concept of resilience offers a framework to act both in the short term, where urgency requires; and plan for the future. But there is a short window of time to do this.
- The crisis and complex global challenges demand humility, more knowledge sharing, coordination and collaboration. They compel foundations to go beyond the rhetoric of “building partnerships” and identify concrete ways to make these happen
- Decreased assets force us to think harder about the totality of our assets – a continuum rather a separation of “grants” and “capital” – and about new ways of using these assets along this continuum to achieve the greatest impact; board-room clout needs to be exercised
- Opportunity to think harder of how to more effectively use our non-financial assets and potential

Questions

- Are foundations living up to their potential?
- Are foundations moving fast enough? What would be needed to enhance flexibility?
- How do foundations communicate – with their partners, beneficiaries, media, governments, etc? Is there need for change?
- What kind of world would we like to envision for the next ten years?
- What is our roadmap for change?
- How do we build a global philanthropy movement and foundation leadership to move this forward? / What is philanthropy’s role in realizing this vision?

Opportunities Map



Discussion II: Thoughts on Improving the Legal/Policy Environment and Enabling Conditions for International Philanthropy

Prepared by the Council on Foundations

May 2009

This paper is intended to provide background information about the legal and policy challenges to global philanthropy and to stimulate discussion about how those challenges might be addressed in a more comprehensive way on a global basis.

I. Barriers to Cross-Border Philanthropy

In spite of an increasingly globalized world and the rise of philanthrocapitalism and social investment, the flow of philanthropic resources across borders continues to be restricted in significant ways. Those barriers may be legal or non-legal, may involve lack of incentives and/or specific prohibitions, and exist in both giving and receiving countries. The result is a global patchwork of national laws, regulations, and policies that, while allowing some cross-border philanthropic flows, bans or discourages others. As a consequence, cross-border philanthropy – despite a strong growth trend over the past twenty years – is falling short of what is needed to address urgent global challenges such as poverty, disease and climate change.

- The United States allows registered philanthropic organisations to make donations of tax-exempt charitable funds directly to recipient organisations abroad. However, the U.S. tax regime is limited: it provides no tax incentives for individual or corporate giving outside the country with the exception of some limited benefits under a few bilateral tax treaties discussed below. Moreover, the time and administrative expense required for private foundations to comply with IRS requirements for direct overseas grants, compared with giving to domestic charities, can discourage philanthropic organisations from cross-border giving. The post- 9/11 environment introduced a new layer of concern as federal anti-terrorism policies threaten severe consequences for philanthropies suspected of even inadvertently diverting charitable resources to terrorists. In addition, government sanctions prohibit philanthropic giving to certain countries except for pre-licensed humanitarian purposes. Despite these challenges, U.S. foundation giving for international purposes grew to an estimated \$5.4 billion in 2007 and today includes funding for major international initiatives like the Alliance for a Green Revolution in Africa supported by the Rockefeller Foundation and the Bill & Melinda Gates Foundation.
- In Europe national tax laws that provide an incentive for charitable giving are in general “landlocked”; that is, most EU Member States do not provide tax incentives - such as a deduction from income, a credit or exemption from gift, inheritance or transfer taxes - for their citizens to give cross-border. National laws vary considerably but these benefits tend to be reserved for giving to domestic charities or public-benefit organisations. Among the

EU's 27 members, only Italy, Netherlands, Poland and Slovenia allow tax benefits for philanthropic contributions made to foreign-based public-benefit organisations.

- In other parts of the world, a wide variety of barriers to cross-border philanthropy exist.
 - Russia limits individual tax charitable deductions to domestic non-commercial organisations that are, with few exceptions, state-owned or subsidized. Russian charities are taxed as businesses and virtually all foreign grants to civil society organisations are treated as business income. There is no tax benefit for giving outside of Russia.
 - In India donor incentives for charitable contributions are limited to institutions or funds created for charitable purposes in India, although trust income may escape income tax if it is applied outside India to promote international causes related to Indian interests. Foreign philanthropic funding to Indian organisations is governed by a complex system of federal and state requirements.
 - China allows income tax deductions for donations only to lawfully registered Chinese nonprofit organisations which currently excludes the vast majority of nonprofits. In recent years China has been developing a new charity law that seeks to acknowledge and support the work of social benefit organisations more broadly. Civil society's strong response to the 2008 Sichuan earthquake and the rise of mega-wealthy Chinese are important background factors shaping the debate around the new law.
 - Brazil provides selected tax benefits for corporations and individuals who contribute to certain types of Brazilian NGOs. However, these benefits do not extend to organisations located outside the country.
- In response to the emergence of civil society and increase in cross-border philanthropy over the past twenty years, a form of philanthropic protectionism is increasingly being practiced by governments that wish to control or curb the growth and power of their civil societies. Some countries such as Saudi Arabia, Libya and North Korea have enacted laws that discourage the formation of civil society organizations (CSOs). Ethiopia, Moldova and Zimbabwe prohibit foreign funding of certain CSO activities such as human rights that might challenge government authority, while Egypt and Ecuador require advanced government approval for any foreign funds to their CSOs. Venezuela, Eritrea and Uzbekistan require that all foreign funds intended for their CSOs be channelled through government bodies which then determine if the international cooperation is in the country's best interests.

Government Efforts to Reduce Barriers to Cross-Border Philanthropy

Several attempts have or are being made through treaties, legislation and the courts to reduce legal barriers to cross-border philanthropy on a bilateral or regional basis, usually as part of a broader movement toward closer economic integration:

- In the North America/NAFTA region, the U.S. Government negotiated bilateral tax treaties with both Canada and Mexico that include provisions designed to facilitate cross-border philanthropic giving. The U.S.-Canada treaty establishes a reciprocal recognition of charitable organisations in both countries and permits charitable deductions for U.S. individual donors to Canadian entities that are equivalent to U.S. public charities but only up to the amount of the donor's Canadian source income. Under the U.S.-Mexico treaty the Mexican Government agreed to apply U.S. standards for public charity status to eligible Mexican organisations, enabling a reciprocal arrangement similar to the Canadian treaty whereby U.S. and Mexican donors may receive tax benefits for contributing to organisations deemed by the other's government as public charities. For purposes of making grants, both U.S. and Mexican foundations may treat listed organisations as equivalents to their domestic public charities.
- In Europe, the European Commission is assessing the feasibility of a European Foundation Statute (EFS) aimed at reducing cross-border barriers and increasing cooperation among the Member States by establishing a common legal form. The EFS would be an optional tool complementing national laws and would apply only to foundations pursuing public benefit across borders. In several rulings the European Court of Justice has underscored the principle that national laws affording tax benefits to donors contributing to domestic charities in one country should not impede capital flows and discriminate against citizens who contribute to qualified charities in another EU Member State. Another European development is the 1986 European Convention on the Recognition of the Legal Personality of International Non-Governmental Organisations which was created by the Council of Europe and has since been ratified by 11 Member States. The convention does not address tax issues but it does create a framework for countries to extend legal recognition to NGOs that are officially established in one signatory country but conduct substantive activities in at least two of them.

Related Nonprofit Initiatives

While government efforts to reduce or eliminate legal barriers to cross-border philanthropy have been quite limited to date, non-governmental philanthropic support organisations have launched a number of initiatives in this area. Following are a few of them:

- **EFC's leadership in support of a European Foundation Statute**, including development of the proposal, support for related research, formal response to the European Commission's public consultation on the EFS and encouragement of EFC members to become actively engaged in the debate.
- The **Transnational Giving Europe Network** was undertaken by a group of European foundations in 12 European countries to provide a vehicle for tax-effective cross-border cash donations for individuals and corporate donors in those countries to nonprofit organisations located in any of the others.
- **Ease of Global Giving Project and the Ease of Global giving Index**, a joint project of The Network of European Foundations' Mercator Fund and the Salzburg Global Seminar, seeks

to assess specific steps necessary to achieve a more favourable enabling environment for global philanthropy, starting with an index to evaluate current regulatory practices in OECD countries.

- **WINGS Global Philanthropy Survey** in 2009 is the first major effort to synthesize available knowledge on the quantitative dimensions of institutional philanthropy practiced globally.
- **COF's NGO Equivalency Determination Repository Project** in the U.S. is establishing a common information database on NGOs around the world that will provide funders with a more efficient system to meet IRS equivalency determination requirements.
- **GuideStar International** in the U.K. is assisting donors by building a global network of websites with detailed reports on civil society organisations, currently in 12 countries.

II. **Key Issues for Creating a More Favourable Enabling Environment for International Philanthropy**

The various government and non-government efforts to reduce barriers and improve the enabling environment for cross-border philanthropy suggest several elements that might be addressed on a global basis, including the following:

- *AGREEMENT ON DEFINITIONS*: Development of a shared conceptual framework and common working definition of a charitable organisation or charitable activities that can be recognized by most governments.
- *NON-DISCRIMINATION*: Extension of tax incentives available to citizens for domestic charitable giving to contributions they make to qualified charities located in other countries.
- *RECIPROCITY*: Recognition by governments of qualified charitable status of organisations in each other's countries within broad limits.
- *HIGH NET WORTH INDIVIDUALS*: These individuals, who are emerging in Mexico, China, Russia, Brazil, India and many other countries, are defining a new era in global philanthropy. The enabling environment must provide incentives for their engagement.
- *NON-TAX BARRIERS*: Elimination of non-tax barriers to giving in other countries such as unreasonable restrictions on NGO registration or requirements that foreign contributions be approved by or channelled through government bodies.

III. Possible Approaches to Improving the Enabling Environment for Cross-Border Philanthropy

Given the many different forms of legal obstacles to the flow of philanthropic resources across borders and the limited success to date in easing those barriers in North America and Europe, what can be done to improve the enabling environment for cross-border philanthropy on a global basis? What vehicles are available that might lead to a global agreement or compact on philanthropy? Following are several approaches and models that may be worth considering:

- A non-governmental voluntary code of conduct such as the United Nations Global Compact which established ten universally accepted principles for businesses in the areas of human rights, labour standards, the environment and corruption. This approach provides an opportunity to build broad international support for a common set of understandings, norms and aspirations. While this kind of non-governmental agreement on principles would not itself result in an easing of the legal barriers to cross-border philanthropy, it could serve as a first step in a longer-term strategy aimed at building international support and establishing models that could be used to advocate with governments in support of national tax changes that promote cross-border philanthropy.
- A governmentally-endorsed set of standards or goals such as the Universal Declaration of Human Rights, the UN's Millennium Development Goals and other UN agreements. These instruments articulate goals that governments are legally bound to honour, although lack of an enforcement mechanism leaves them relatively toothless and governments are free to ignore their obligations. Nevertheless, having governments officially endorse an international agreement can be useful in terms mobilizing civil society pressure for them to live up to the commitments they have made. In the past year or two the United Nations has been actively engaging with the philanthropic sector around the Millennium Development Goals and may be a strategic ally in building support for a global agreement on philanthropy.
- A legally binding treaty or convention requiring formal government ratification. These are bilateral or multilateral inter-governmental agreements that, once ratified, often require conforming changes to national laws to bring them into compliance. In the U.S., to the extent that philanthropic issues have been addressed in international agreements, it has been through bilateral tax treaties.

Following are several types of formal inter-governmental agreements:

- An issue-specific treaty designed to resolve a dispute or establish uniform standards for behaviour (e.g., border demarcation, fishing rights, extradition, etc.). The Organisation for Economic Co-operation and Development (OECD) Anti-Bribery Convention, for instance, established a list of banned business practices that signatory countries agree to prohibit through national legislation. The treaty has now been ratified by nearly 40 countries. A similar treaty could be developed to create an

environment for cross-border philanthropy requiring signatories to adopt favourable national laws according to a prescribed set of standards and objectives.

- Trade agreements, of course, establish the terms for the flow of goods and services among countries, including setting tariffs and defining discriminatory behaviour. Trade agreements do not typically include provisions related to philanthropy. In the near term, the current severe global recession may not be the most propitious environment for engaging governments around new trade agreements or amendments to existing agreements that would address philanthropic issues.
- Investment treaties may offer a promising area for exploration. Many countries have these bilateral agreements which typically protect foreign investors from expropriation of assets or other harmful practices. The treaties are usually negotiated between developed and developing countries although agreements between developing countries are on the rise. There are thousands of bilateral investment treaties: the United States, for instance, has 40 while Italy has 100. Some investment treaties already include references to both for-profit and not-for-profit enterprises, so the concept of promoting and protecting direct foreign capital investments could be extended more routinely to include social investments.

IV. Conclusion

The challenges posed by legal and other barriers to cross-border philanthropy are daunting and complex. Yet the necessity of finding global solutions to urgent global problems demands a more positive enabling environment for the flow of philanthropic resources around the world.

- What is the roadmap to achieving that objective?
- What can we accomplish together?
- What tools and models can be helpful?
- Who else should we engage in this effort?
- Where do we begin?

Discussion III: Thoughts on Strategies for Achieving Global Change

Prepared by Worldwide Initiatives for Grantmaker Support (WINGS)

May 2009

I. Introduction

The current crisis presents philanthropy with new challenges. Despite great progress in strengthening civil society and defending fundamental rights, current problems are becoming more complex and diverse, reaching unprecedented levels. To remain relevant, foundations may need to review their concepts, strategies and everyday practices.

In this context, it becomes even more important to use complex, systemic and interdisciplinary approaches in developing the hypotheses that guide their work and in implementing and evaluating such practices. To advance in this direction, the following steps are proposed and will be later presented in greater detail:

- Develop sector infrastructure, strategies and management tools;
- Learn more, understand, assess, systematize and disseminate philanthropy's real impact – and discuss the legitimacy of actions generating such impact;
- Acknowledge that the complexity of problems is accompanied by a greater diversity of action models, which are changing the face of global philanthropy;
- Reflect on the changes needed in attitudes and processes to make collective forums and partnerships more effective; and
- Incorporate new vocabularies and mental paradigms to the relationship and the role of philanthropy vis-à-vis the State and the market.

Therefore, the purpose of this section is to envision possible paths for action, always identifying potential obstacles and alternatives.

II. Management tools and infrastructure

The sector has been undergoing increasing professionalization – in its management techniques – and also by a growing sophistication – in the theories and hypotheses that guide its action. There is also a keener and more refined view on philanthropy's sociology – the social conditions in which the sector organises itself, develops, and negotiates priorities and values. But there is still far to go:

- *Strengthen the sector's infrastructure* – acknowledge differences between U.S. / Europe and developing countries. In the first case, address infrastructure fatigue – rationalize, prioritize, form alliances or even mergers. In other countries, fund and demonstrate the importance and relevance of its activity.
 - It is important to learn from prior experiences, both successful and unsuccessful (for instance, with the South African Grantmakers Association shutting down).

- The sustainability challenge of these organisations must not be underestimated; it is important to build upon prior initiatives to study this issue, such as WINGS' peer-learning event held in Istanbul in 2006.
- *Systematize management tools that take into consideration the different stages of philanthropy* – the same solutions and rationales cannot be offered to those at the basic level and those at the strategic or public policy level (trying to promote system-level changes).
 - It may be interesting to systematize and negotiate tools and indicators that help diagnose or classify a foundation's stage of development, taking into account its traits and environment.
 - Based on such classification, consider clusters or affinity groups that gather similar organisations to discuss common challenges and solutions.
 - However, it is also important to encourage an exchange of experiences between more established and developed organisations and their beginner peers, through mentoring and/or peer-learning events.
 - For organisations seeking to scale up and produce system-level changes, there is much room for a closer relationship with academia, especially political science researchers, to develop more refined and effective strategies for influencing public policy.
- *Develop and adopt information and relationship systems* – leverage on the potential of social networks and software to share experiences, align agendas and catalyze partnerships and alliances. In doing so, it is important to put in place systems that reflect the real needs and dynamics of personal relationships and are not as an end in and of themselves.
 - When developing or adapting such systems, consider two types of audience – institutional networks, which gather their own foundations and partners, and personal networks, which create virtual forums for executives and technical teams to exchange experiences with their peers.
 - Along the same lines, such systems can play a key role in improving dialogue between philanthropy and other actors – grantees, partners, governments etc.

III. Legitimacy, evaluation and impact

Good intentions are no longer sufficient credentials to justify philanthropy's existence and activity on a global level. Different stakeholders question the sector's role and impact. As a response, the following paths may be considered:

- *Ascertain the main impacts of philanthropy* – improve efforts for evaluation, negotiation of common standards, comparable indicators on several levels and countries and new forms of evaluation that take into account the interests of both philanthropists and their grantees and/or beneficiaries.
 - One of the challenges is to put impacts into context, considering the complexity and size of a problem, and also the State's and the market's prior efforts in addressing it

(i.e., clarifying whether the solutions that are developed and/or financed are of local, regional or systemic scope).

- *Create / produce / develop narratives that show philanthropy's impact on different levels* – local, regional, global – to different audiences – communities, population in general, media, policymakers, businesses.
 - It may be interesting to map success cases of world philanthropy on regional, national and global levels, demonstrating the sector's diversity and the different forms of impact it generates.
 - To make such an assessment more feasible, it would be useful to create a model, a methodology of how to present such stories, so that each country or region could adapt the practice to their own histories and contexts (always taking care not to lose local traits and “flavours”).
- *Further promote need for the sector's accountability* – need for more transparency, losing the “exempt-from-explaining arrogance of good intentions”, seeking more open and participatory decision processes, self-regulation and more ethical conduct in relationships with partners, communities, government etc.
 - Two simple questions should be addressed: do foundations practice what they preach in terms of accountability, transparency and ethical standards? How do their stakeholders feel about these issues?
 - In this sense, it is important to discuss which approaches could be prioritized to favour better conduct: self-regulatory committees / associations, general principle charters, or even creating or moulding laws that impact the sector on this regard

IV. New challenges, new philanthropies

The last 15 years have seen the emergence of different models and corresponding doubts on what are the “right paths” to be followed. This brings several challenges:

- *Promote additional and more diversified models* – acknowledge and understand that different regions, populations and contexts develop different philanthropy models. Systematize such models and *promote* exchange, without trying to impose a single model for action, strategy or priority issues.
 - Encourage academic production that is not based and/or focused on the traditional centres, but also in partnership with researchers from emerging countries, to reflect on a new phenomenon with new outlooks
 - Take care, when researching such models, not to analyze them and consider what may be needed to reach the “right path”, but mainly to compare them and ascertain what can be learned from each model – and when doing so, clarify the criteria and values that guide such comparison and where they come from
- *Institutionalize and consolidate new philanthropy* – if a new philanthropy has arisen in recent years in developing countries, spawned from new wealth generated by modernization in countries such as Brazil, Russia, India and China, such philanthropy must

be supported and championed in order to continue, rather than decline like the share value of some of those businesses.

- Promote deliberate efforts from “established” philanthropy to develop partnerships with new philanthropists, to encourage exchange of experiences and as an incentive to resist during these stormy times
- *Innovate while learning from past efforts* – in the endeavour of consolidating new philanthropy, encourage capacity-building for philanthropists and their technical staff. The idea is not to hinder them in innovating or developing their own models, but to prevent them from making mistakes already made and enable them to learn from the lessons of those who have been in the field longer.
 - When bridging between established practices, concepts and new actors, it may be important to work on two different fronts: with the CEO and executive audience, using a more conceptual and philosophical approach, and with the technical teams, using a more practical management approach
 - In such contacts and opportunities, promote a “healthy” honesty about *worst cases* and mistakes made, and not just try to share cases where everything worked out and the expected results were achieved

V. More and better partnerships

It is no exaggeration to say that partnerships have never been so recommended, expected and, supposedly, needed. But many joint action processes have a rocky experience and disappointing results. To promote more effective partnerships, here are some issues to consider:

- *Respect local settings in partnerships* – as we advance to an even more global and interconnected world, acknowledge that partnerships must consider local values, habits, timings and processes, negotiating common rules and criteria and acknowledging power and capacity asymmetries when they exist, especially in partnerships involving North-South relations.
 - Leverage more and more on academic production that study the shortcomings and obstacles in international aid and this phenomenon’s various manifestations – aid dependency, priorities inversion, creation of an “intermediary market” (of organisations, advisors, consultancies etc.) that makes it harder for resources to reach their final recipient: the communities
 - It may be interesting to reflect on those challenges faced in the international level situation when dealing with in-country partnerships established between foundations and grantees or communities
- *Emphasize building trust* – in existing or to-be-created international forums, value informal interaction spaces combined with formal agendas. Softer socialization allows a more organic way of building trust and more significant and lasting bonds.
 - In this regard, there is a challenge of developing indicators that measure the importance and results of building trust

- *Develop platforms for social change* – common spaces where organisations can build consensus on priorities, negotiate agendas, creating a common ground from which actors align their planning and develop better partnerships.
 - There may be need for two types of spaces – one that tends to function more as an organisation that defends and champions a cause, calling attention to the problem and promoting its solutions; another that seeks to create space for debate, enabling gatherings between different actors (with diverse views and ideologies) around a common issue
 - Both spaces are important to build effective and lasting coalitions, that can meaningfully advocate and influence complex and systemic issues

VI. Philanthropy, the market and the public sector

The crisis of the State has been around since the late 70s and now the crisis of the Market is joining in. This uncertainty and confusion regarding roles and responsibilities does not, however, reduce the importance of the relationships between sectors, nor the need to exercise creativity, effectiveness and integrity in creating or renewing forms of relationship. There are two key issues to underline:

- *The emergence of corporate philanthropy* – acknowledge the importance and magnitude of corporate philanthropy in many regions of the world, especially in developing countries. Understand its challenges (not addressing all the social issues, staff turnover, constant M&As, short / quarterly deadlines, invasion of other priorities such as social responsibility and sustainability that diminish philanthropy’s importance / validation) and its benefits (value of combining brand and expertise, ability to mobilize financial resources, technology transfers and management capacity).
 - There is a need for deeper research into the positive and negative aspects of corporate philanthropy as one of the cornerstones of companies’ global branding
- *Value philanthropy’s autonomous relationship with states and markets* – systematize the different ways in which foundations can function (or fund NGO activity) as critics / watchdogs or as partners, especially in seeking to influence public policy, scaling up or acting as an innovation laboratory.
 - Here it is important to always reflect carefully on which of philanthropy’s fundamental values are “non-negotiable” when relating with other sectors
 - Also paramount is the need to know how to put oneself into another’s shoes, understanding values and vocabulary so as to achieve more effective action

Other questions could certainly arise from the topics discussed above, which do not represent the only paths to guide philanthropy in such challenging times. Nonetheless, by discussing those strategies and the issues that they intend to tackle, we may hope to nurture a more influential, professional and diverse sector – one whose practices are, above all, consistent with its statements.

Convening Organisations



About the Council on Foundations:

The Council on Foundations is a membership association of more than 2,000 grantmaking foundations and corporations. The Council is a voice of philanthropy at the national level and a valued partner globally. The Council provides the opportunity, leadership and tools needed by philanthropic organizations to expand, enhance and sustain their ability to advance the common good.

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About the European Foundation Centre:

The European Foundation Centre is an international association of foundations and corporate funders dedicated to advancing the public good in Europe and beyond by creating an enabling legal and fiscal environment for foundations, documenting the foundation landscape, strengthening the sector's infrastructure, and promoting collaboration, both among foundations and between foundations and other players.

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About Worldwide Initiatives for Grantmaker Support (WINGS):

WINGS is a worldwide network that seeks to strengthen philanthropy and a culture of giving through mutual learning and support, knowledge sharing and professional development among its participants. WINGS also strives to give voice and visibility to philanthropy at a global level.

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