

The Bellagio Initiative

The Future of Philanthropy and Development in
the Pursuit of Human Wellbeing

Global Dialogue Report

Middle Income Countries: Hungary

The Resource Alliance

November 2011

Draft

Copyright is jointly held by the three Bellagio Initiative partners: Institute of Development Studies (IDS), the Resource Alliance and the Rockefeller Foundation.

IDS is a leading global charity for research, teaching and information on international development. Its vision is a world in which poverty does not exist, social justice prevails and economic growth is focused on improving human wellbeing. IDS believes that research knowledge can drive the change that must happen in order for this vision to be realised.

The Resource Alliance has a vision of a strong and sustainable civil society. It aims to achieve this through building skills and knowledge, and promoting excellence. To help organisations increase their fundraising capabilities, the Resource Alliance provides a range of services and resources, including conferences, international and regional workshops, accredited in-depth courses in fundraising and communications, tailor-made training and mentoring, research, publications, newsletters and award programmes.

The Rockefeller Foundation has a mission to promote the wellbeing of people throughout the world. It has remained unchanged since its founding in 1913. Its vision is that this century will be one in which globalisation's benefits are more widely shared and its challenges are more easily weathered. To realise this vision, the Foundation seeks to achieve two fundamental goals in its work:

1. It seeks to build resilience that enhances individual, community and institutional capacity to survive, adapt, and grow in the face of acute crises and chronic stresses.
2. It seeks to promote growth with equity so that poor and vulnerable people have more access to opportunities that improve their lives.

In order to achieve these goals, the Foundation provides much of its support through time-bound initiatives that have defined objectives and strategies for impact.



For further information on the Bellagio Initiative:
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Middle Income Countries: Hungary

Date: 13-14 September 2011

Objectives of the meeting were to:

- Engage extensively with those involved in and important to philanthropy, providing a more informed, dynamic, truly global and action-focused debate at the Bellagio Initiative Summit
- Build on existing research and create new thinking / greater knowledge
- Create collaborative networks of participants, sharing ideas and solutions / learning from each other
- Generate and share globally findings, learning and recommendations for future action
- Motivate and empower participants to share what they learn within their own communities, and implement agreed actions resultant from the Bellagio Initiative.

Summary notes from the meeting:

Module 1

Trends, Opportunities and Challenges

During the two day Bellagio Initiative consultation meeting, participants were invited to share their thoughts on the trends, opportunities and challenges for the future of philanthropy across middle income countries.

Trends

- Growing local resource mobilisation, often as a result of withdrawal of government or international funding
- New technologies; increased options for mobilising resources and awareness-raising of causes
- Lack of culture of individual giving
- Lack of tax deductions or complicated processes involved
- Lack of credibility of non-profit sector
- Younger voices becoming more active in decision-making
- Suspicion of/control by government of foreign funds
- Uncertainty vis-à-vis CSR

Opportunities

- Growing citizen participation, volunteering and inspiration/courage for activism, particularly due to political uncertainty, regime change and transitional political landscapes
- Growing solidarity facilitated by social networks, leading to some cross-border and diaspora philanthropy
- Exponential use of new technologies, particularly Facebook, mobilising people and resources, particular amongst young people; some growth in online giving
- Growing entrepreneurship, changing position of non-profits from recipients to investment partners; Citizens as business leaders, social enterprise movements
- Greater emphasis on non-profit impact and investment
- Growing (acceptance in) youth leadership

- General economic growth, rising incomes; potential tax benefits
- Withdrawal of government and international funding; growth of private and local philanthropy and local resource mobilisation
- Good corporate culture, 'clean' business leaders, growth of CSR (often necessitated by law)
- Legal requirements for philanthropy, favourable legal environment for philanthropy, political advocacy of philanthropy (tax incentives)
- Growth of non-profit sector; Civil society and non-profits are, more so than ever, actively engaging at the local and national levels
- Civil society recognised as a stakeholder in national decision-making (through committees, councils, etc.)
- Common thread of 'charity' in culture/religion

Challenges

- Lack of non-profit credibility and lack of trust in and understanding of non-profit sector means weak negotiating position; need better communication by non-profits and to build accountability
- Lack of understanding, ignorance of and scepticism of non-profit sector
- Lack of incentives for philanthropic giving
- Lack of effective system/complicated procedures for tax incentives, particularly for individuals
- Scepticism about foreign funding; foreign funding has led to stagnation of philanthropy
- Market opportunities are yet to be grasped despite being present
- Inflexible laws on fundraising income (hefty reporting procedures)
- Not enough opportunities for youth to be heard/have influence; no new political leadership, political and economic power remains with older generations
- Some antipathy between neighbouring countries; reluctant cooperation
- No importance placed on philanthropy; In many former communist countries there is no tradition of philanthropy, continued heavy reliance on state
- Different concepts of philanthropy, e.g. 'Community giving' where giving is not acknowledged is culturally different from the 'Western' concept of philanthropy
- Economic inequality and poverty
- Lack of regulation/trust in online giving, low use of credit cards
- Only younger generations using internet, lack of internet use in remote areas
- Lack of communication between non-profit and private sector; lack of good governance and business principles
- Weak or no implementation guidelines for CSR, CSR considered 'only for show'; no accountability

Module 2

New resources for promoting wellbeing identified were:

Youth
Community/networks
Solidarity movements
Endowments

New Media
Venture philanthropy
Corporates
Middle-income managers

HNW individuals
Religious/faith-based groups

Wealthy managers

Ideas on how to capitalise on new funding as well as tap into identified existing but as yet unreached funding included:

- Networks/consortiums of wealthy individuals
- Community foundations and local resource mobilisation
- Debt forgiveness for philanthropy (e.g. from Poland: debt swap for nature/well-being)
- Cross subsidy from oil-rich countries to resource-poor countries in the region
- Empowerment of citizens through independent community foundations
- More strategic corporate giving through educating those responsible (companies do not want to invest in monitoring the impact)
- Endowment foundations set up by middle class people, enabling legislation (in Serbia there is a tradition for small endowment foundations, new law encourages the endowments)
- Target middle-level corporate managers (they are still young), create alumni networks, cultivate them for long-term support
- Cultivating children, making them more socially aware
- Financial education
- Social innovation, using indigenous technologies; locally developed with low cost
- Non-financial resource mobilisation, e.g. Crowd-sourcing through new media
- Organisational development- venture philanthropy
- More business-like approach
- Enabling factor: building capacity of non-profits - new resources need capacity and money so it is also a question from where to get these sources
- Agree best practice to professionalise development and philanthropic organisations

Where are the new resources for democracy funding (watchdog organisations)?

Business people would finance human rights organisations although they do not want to get involved in political issues.

Where are the new resources for disempowered communities?

Resources exist within the community. For example, in South Africa there is 'poor philanthropy'; people give to and help one another but implementing systems to measure and/or organised it would destroy this culture. In traditional communities, trusted individuals can collect a lot of donations.

Module 3

Frameworks for creating enabling environment for philanthropy

The following suggestions for future action were made:

1. Support for engagement of youth in politics, leadership and debate through education and employment, and create a space for change

Suggested actions were including youth in philanthropy development initiatives, and including philanthropy in education by involving students and teachers in volunteering, financial education and entrepreneurial and leadership education.

2. Build cross-sectoral collaboration and trust

Suggestions include orchestrated efforts on global issues, a more strategic approach to communication from non-profits, including greater transparency and accountability. Importance was also placed on awareness-raising and the education of donors using tools such as dedicated role models, and creating opportunities for learning across sectors. The creation of linkages between stakeholders was suggested by introducing corporate ambassadors, 'matchmakers' and 'philanthropy brokers' to promote philanthropy. This would also promote the accountability of philanthropic leaders to their broader constituencies. A further suggestion was the promotion of independent certifying agencies at different levels (national/regional) to enhance philanthropy.

3. Recognition of the different definitions of philanthropy

Understanding of the concept of philanthropy has changed over time, and definitions of what philanthropy is about and what it is for exist differently across different regions and cultures, and at the local, community and international levels. Much research on philanthropy comes from the US but this understanding of philanthropy may not translate elsewhere, so emphasis should be placed on non-'Western' models, contexts and best practices.

4. Develop the human capital of the philanthropic sector

To increase the effectiveness and credibility of the philanthropic sector, the capacity and skill sets of individuals within non-profits should be developed. Suggestions included leadership development programmes for foundation professionals, fundraisers, etc. and the creation of models of investment in entrepreneurship.

5. Sharing of cross-border best practice

Suggestions included developing a methodology and tools to conduct a mapping study of global best practices overseen by a meta-level 'curator', resulting in a and global 'business plan' for philanthropy and private giving. This would include researching local cultures of giving and context for best practices, and the impact of cultural norms. A 'philanthropic capital map' was also suggested, based on a survey of planned giving (HNW and middle class) around the world.

6. Global strategy to promote local philanthropy

Learning from best local practices in which both philanthropists and communities come up with solutions to everyday problems, a strategic approach to solving local problems without the need for international organisations and lots of money. Many Asian entrepreneurs are looking at these simple yet impactful opportunities for their philanthropic investments.

7. Institutionalise a culture of giving

Suggestions included working to bridge the gap between rational and emotional giving, and concentrating on strategising and celebrating individual giving, highlighting how to make individual giving 'sexy' and cool'.

8. Creating a legal and tax environment which facilitates giving

Creation of an independent certifying agency monitoring tax exemption at the national level was discussed, for example a targeted tax regime for 2nd and 3rd generation as in Germany. Favourable cross-border regulations and tax deductions were suggested to reduce inhibitions to give.

This could be informed by a compilation of laws/regulations affecting philanthropy and fundraising, along with its context and impact.

9. Capitalising on opportunities presented through new media

Suggestions included high-impact and cross-border initiatives, charity lotteries, 'micro-volunteerism', crowd-sourcing, and large-scale creative initiatives to raise awareness.

Module 4

Way forward

Question to be raised for further research:

Which methodologies may be employed to implement mapping of global best practice and creation of 'philanthropic capital map'?

To be followed up within the group, and findings to be shared more widely:

- Examples of philanthropic education and empowerment of youth
- Evaluation of foreign funding/INGOs impact- positive and negative examples related to different stages of transition/development
- Develop understanding of the different definitions of philanthropy
- Understanding models of cross-sector linkage and collaboration
- Middle class as a growing force- how to cultivate them to be a leading force?

To be discussed further at the Summit

- Examine relationship between private philanthropy (this could be foundations or corporates) and international agencies (UN, EU, etc.)
- Exploring the role of communications in philanthropy- how news is shared, stories are told; communication as a strategy and tool