

# BRINGING FOUNDATIONS AND GOVERNMENTS CLOSER

A CROSS-COUNTRY  
ANALYSIS



INDIA  
KENYA  
MEXICO  
MYANMAR

Cite this study as:  
OECD netFWD (2016), “Bringing Foundations and Governments Closer. A Cross-Country Analysis”,  
OECD Development Centre, Paris.

# BRINGING FOUNDATIONS AND GOVERNMENTS CLOSER A CROSS-COUNTRY ANALYSIS

## ACKNOWLEDGEMENTS

This report was drafted by Emilie Romon, netFWD Co-ordinator, OECD Development Centre, under the supervision of Bathylle Missika, Senior Advisor to the Director (acting) and Head of the Partnerships and Networks Unit, OECD Development Centre. Lorenzo Pavone and Ewelina Oblacewicz also contributed inputs.

This report is based on the findings of four case studies undertaken in India, Kenya, Mexico and Myanmar between 2014 and 2016. Key partners in these countries who contributed to the case studies were:

- India: Dasra
- Kenya: Office of the Deputy President (ODP), SDG Philanthropy Platform (SDGPP), and the East Africa Association of Grantmakers (EAAG)
- Mexico: Mexican Agency for International Development Co-operation (AMEXCID), GIZ, the Mexican Centre for Philanthropy (CEMEFI), *Centro de Investigación y Estudios sobre Sociedad Civil* (CIESC) and *Universidad Autónoma Metropolitana* (UAM)
- Myanmar: British Council and HamsaHub

The reports also benefited from inputs and comments from Fabiola Soto Narváz (AMEXCID); Mi Mi Myo Win (British Council); Jacqueline Butcher García-Colín and Rodrigo Villar Gómez (CIESC); Neera Nundy, Pakzan Dastoor, Amrita Parekh and Sonvi Khanna (Dasra); Evans Okinyi, Antony Otieno and Faith Muriithi (EAAG); Brisa Ceccón Rocha (GIZ); Thuta Aung (HamsaHub); Mercy Mumba Musau (HF Foundation); Korir Sing'Oei, Philip Thigo and Lucy Kimanzi (ODP); Arif Neky, Anne Dalitz and Imran Rattansi (SDGPP); Carlos Chávez Becker, Humberto Muñoz Grandé and Lucía Alva Caudillo (UAM).

The OECD Development Centre wishes to express its sincere thanks to the following organisations for their financial support to the different country case studies: USAID (India), AMEXCID and GIZ (Mexico), SDGPP & UNDP (Kenya), and Ayeyarwaddy Foundation (Myanmar).

The team is grateful to the OECD Development Centre's Communications and Publications Unit, especially Delphine Grandrieux, Aida Buendia and Vanda Legrangérard for their support in producing the report.

The opinions expressed and arguments employed herein do not necessarily reflect the official views of the member countries of the OECD or its Development Centre.

## INTRODUCTION

Philanthropic foundations and governments have shown growing mutual interest in recent years, after working on parallel paths for several decades. A number of factors explain this trend, including the expansion of philanthropy worldwide, pressure on national budgets, and rising awareness on the need to break silos and work across sectors to implement the ambitious 2030 Agenda. Foundations were largely working outside of and independently from the international community until the run up to the definition of the Sustainable Development Goals (SDGs). Only a few, such as the Bill and Melinda Gates, Ford, Hewlett, or Mott Foundations, were involved in intergovernmental processes at the time of the Millennium Development Goals (MDGs). While mindful of the importance of connecting, the vast majority of foundations kept their distance from international conferences and United Nations discussions. The UN led broad consultations in the preparation for the SDGs, including with non-state actors, such as the private sector, civil society and, for the first time, foundations.

Although international philanthropy's financial support should not be underestimated, foundations' role in development goes well beyond that. Philanthropic flows to developing countries have multiplied by ten in a decade, growing from USD 3 billion in 2003 to USD 32 billion in 2014, including grants from NGOs (OECD DAC). The Busan Partnership agreement<sup>1</sup> highlighted foundations' role as fund providers in 2011. Yet, foundations' independence from electoral cycles and quick financial returns gives them major comparative advantages over governments, bilateral donors and private corporations. In 2015, the Addis Ababa Action Agenda therefore acknowledged their “non-financial contribution” to development, as well as their “flexibility and capacity for innovation and taking risks, and their ability to leverage additional funds through multi-stakeholder partnerships” (Third Intergovernmental Conference on Financing for Development, 2015).

### Box 1. Definitions

Although it is difficult to formulate a global definition of foundations given their diverse nature, they will be referred to in this study as independent purpose-driven organisations with an established and reliable income source, which focus on areas ranging from youth empowerment and education to health and energy (European Foundation Centre, 2016).

Governments have to be understood as representing the state, at the national or subnational level. In Mexico and Myanmar, the surveys were applied to civil servants in the national administration. In India and Kenya, they were conducted at both national and subnational levels.

Governments are increasingly willing to engage with philanthropy for two main reasons. First, they are aware that global aid levels are bound to drop, once their country graduates from the low-income to middle-income country category. This shift is prompting them to think about new ways to further leverage private resources. Second, the Addis Ababa Action Agenda and the SDGs call for public and private actors to pool and co-ordinate their resources better if countries are to achieve the goals.

In parallel, foundations have strengthened their relationships with governments as a way to enhance their impact. In the 2000s, many foundations became more concerned about what their financial resources were used for, how they could be used more effectively and how to assess that impact. As a consequence, new concepts emerged, such as ‘philanthrocapitalism’<sup>2</sup> or ‘venture philanthropy’, an entrepreneurial and market-driven approach to philanthropy that combines a variety of financial and non-financial resources to identify, analyse, co-ordinate and support self-sustaining, systemic and scalable solutions to development challenges for greatest

impact (OECD netFWD, 2014). However, foundations realised that they could not achieve scale, nor ensure their actions' sustainability unless they joined forces with other actors, and especially governments.

This report analyses the experiences of India, Kenya, Mexico and Myanmar in implementing the Guidelines for Effective Philanthropic Engagement (OECD netFWD et al., 2014), to bring foundations and governments closer together on a theme of common interest. This report compares the results of surveys led in the four countries between 2015 and 2016 to diagnose the level and nature of engagement between foundations and governments (see Box 2 for more information).

The report starts by sketching the country contexts and highlighting their specificities. It then presents some key findings on aspects such as differences in the level of engagement between countries or the benefits of dialogue, as well as transversal challenges. It ends by suggesting drivers for engagement. The report will be updated as more countries commit to implement the Guidelines.

### **Box 2. The Guidelines for Effective Philanthropic Engagement and their implementation**

The voluntary and non-binding Guidelines for Effective Philanthropic Engagement ('the Guidelines') aim at facilitating collaboration between foundations and governments, with the objective of improving development outcomes.

The Guidelines capture emerging good practices and key messages of foundations on how they view their relationships with governments. Foundations have identified three pillars critical to making their engagement with governments more effective:

- Dialogue
- Data and information sharing
- Partnership

The Guidelines were developed under the leadership of the OECD Development Centre's Network of Foundations Working for Development (netFWD), together with the Worldwide Initiatives for Grantmaker Support (WINGS), the European Foundation Centre (EFC), UNDP, Stars Foundation and the Rockefeller Foundation.

At its First High-Level Meeting, held in Mexico in 2014, the Global Partnership for Effective Development Co-operation (the 'Global Partnership') gave netFWD the mandate to implement the Guidelines at the country level. The Guidelines were presented in a plenary session and further discussed in a side event dedicated to the engagement of governments with the philanthropic sector. The final Communiqué explicitly cites them: "*We acknowledge the added value that philanthropic foundations bring to development co-operation. In particular, we welcome the voluntary Guidelines for Effective Philanthropic Engagement developed in conjunction with the OECD Network of Foundations Working for Development and encourage continuous multi-stakeholder dialogue and co-operation as appropriate to foster their implementation and follow-up*" (GPEDC Communiqué, 2014).

netFWD therefore developed a methodology to implement the Guidelines. This methodology includes two surveys and a workshop where foundations and governments discuss ways to strengthen their collaboration around a common issue. In each country, two questionnaires are applied: (i) to relevant civil servants, either at the central or regional level depending on the country and, (ii) to domestic and international foundations operating there. Workshops convene foundations and civil servants working on a theme of common interest, to discuss and co-design the outline of a co-ordinated action plan. Each country diagnostic and related action plan feature in stand-alone case studies. This methodology has been implemented in four countries so far: India, Kenya, Mexico and Myanmar.

For more information on the Guidelines, please see:

[www.oecd.org/site/netfwd/theguidelinesforeffectivephilanthropicengagementpepes.htm](http://www.oecd.org/site/netfwd/theguidelinesforeffectivephilanthropicengagementpepes.htm)

## SETTING THE SCENE: COUNTRY CONTEXTS

### India

Private giving has always been an intrinsic part of the Indian ethos, and wealthy industrial pioneers, such as Tata, Birla, Bajaj and Godrej, have played an important philanthropic role for 150 years. Recently, philanthropic giving has become more strategic and increased exponentially, with the addition of a large number of high net worth individuals (HNWIs), corporates and the diaspora to the philanthropic pool. Today, private giving by individuals and institutions in India is estimated at INR 520 billion (USD 8 billion) annually, compared to INR 2.1 trillion (USD 32 billion) allocated by the government of India to flagship development programmes and USD 1.8 billion of official development assistance (ODA) allocated by the OECD Development Assistance Committee donors.<sup>4</sup> It is expected that private formal giving in India could potentially reach as much as INR 1.5 trillion (USD 22.4 billion) annually, in the coming years.

A number of factors corroborate a huge potential of private players to influence and accelerate social development in India in the coming years, including the recently amended Companies Act, which makes it compulsory for companies with a net worth of Rs. 5 billion or more (USD 83 million), to spend every year, at least 2% of their net profits on Corporate Social Responsibility (CSR) activities. This regulation has led a large number of foundations to streamline *ad hoc* or one-off charity into longer-term and more targeted programmes. HNWIs' increasing interest in contributing to the country development and the massive Indian diaspora, estimated at over 25 million people, constitute additional sources of private funding.

As the philanthropy sector has grown considerably and become more complex, a number of intermediary organisations have emerged. These include Give2Asia, which provides international giving services to US donors, GiveIndia, an online platform that facilitates donations to credible Indian non-profit organisations, and Dasra, an Indian foundation that connects donors with non-profits and others in India.

### Kenya

Kenya has one of Africa's most vivid philanthropic sectors. While many foundations were already set up during the colonial era, i.e. before 1963, most of them have emerged in the last 15 years. The two most common types of foundations are community and corporate foundations, representing 36% and 21% of the sector respectively.<sup>3</sup> This well-developed domestic philanthropic sector operates alongside many large international foundations (13%) running programmes in the country, such as the Aga Khan, Ford and Rockefeller Foundations. Family and intermediate foundations, formed to administer funds from public or private entities, follow in closely both at 9%. Education, social and economic development and health are the sectors offering foundations and government the highest engagement opportunities.

The Nairobi-based East Africa Association of Grantmakers (EAAG) has helped to structure and institutionalise this nascent scene since its creation in 2003. In addition, a national dialogue and co-ordination platform for philanthropy, the Kenya Philanthropy Forum, was launched in 2014 by the SDG Philanthropy Platform, EAAG and the Kenya Community Development Foundation (KCDF). The Forum aims to increase the recognition of philanthropy in Kenya as well as demonstrate philanthropy's contribution to national development.

In 2015, the Office of the Deputy President launched a Social-Investment Focused Agenda (SIFA) to leverage private resources from the corporate sector and foundations, and align them towards Kenya's Vision 2030 national development plan. Sectorial ministries, such as the Ministry of Education, have also been engaging with foundations through the Kenya Philanthropy Forum, as education is the sector to which most foundations' financial resources flow.

## Mexico

Historically, foundations in Mexico were set up for charity purposes and mainly driven by the Catholic Church. More recently, they have become more professional and started to focus their giving on specific causes. Mexico's philanthropic sector is today well developed, with over 240 foundations identified for this project. According to this survey, corporate foundations, which have emerged in the last 20 years, now constitute the biggest share of foundations (48% if we include multi-corporate foundations, i.e. foundations set up by several companies). Community foundations are the second largest group (17%), followed by family ones (14%). Intermediary and international foundations come next, representing respectively 9% and 7% of the sector (OECD netFWD et al., 2016). While two-thirds of the foundations that responded to the survey have an endowment, they are rather small organisations in terms of funding capacity: 63% have an average annual income of less than USD 1.2 million (30% in the superior bracket going up to USD 6 million).

The Mexican Centre for Philanthropy (Centro Mexicano para la filantropía – CEMEFI) is the main organisation co-ordinating the sector. Over 500 foundations and NGOs are members of CEMEFI, and a group of foundations (Grupo de donantes) meets regularly. Other efforts include the Mexican chapter of RedEAmérica, an association of corporate foundations across Latin America; Comunalia, a network of community foundations; and a group of international foundations operating in Mexico, such as Avina, MacArthur, W.K.Kellogg and Ford Foundations, amongst others.

In 2004, Mexico's Federal Government implemented a policy framework to foster CSOs' activities. Several public policies have thus been started at the federal scale to boost some of the foundations' projects and programmes, and focal points for civil society were appointed in all government agencies. The Mexican Agency for International Development Co-operation (Agencia Mexicana para la Cooperación Internacional y el Desarrollo - AMEXCID) has sought to strengthen its relationships with foundations operating in Mexico in light of their role of Co-Chair of the Global Partnership for Effective Development Co-operation between 2014 and 2016.

## Myanmar

Myanmar ranks first in the World Giving Index 2016 for the third year in a row,<sup>5</sup> which attests philanthropy's high potential in this country. Giving is still mostly religious, as it is embedded in the Buddhist culture. However, it has started flowing to social issues and emergency response too, especially since the Cyclone Nargis hit the country in 2008. This new trend, alongside Myanmar's recent economic opening, has fostered the emergence of more formal philanthropic giving through family and corporate foundations. Some corporations also run philanthropic programmes through their CSR activities, and the frontier between the two is still blurred. Of the surveyed foundations, 20% work on education, and 11% on disaster response, health and social and economic development.

The government that took office in May 2016 has mandated the Ministry of Social Welfare, Relief and Resettlements to take care of the relationships with civil society and foundations. Other ministries and government agencies have also been working with foundations. For instance, the Ministry of Industry, through the Department of Small and Medium Enterprises (SMEs) has forged partnerships with foreign foundations and international organisations. The nascent corporate foundations have the potential to enhance relationships with government at the subnational and local levels, as businesses and governments are closely connected there. The greater autonomy given to lower government levels by the Union Government, as well as the high political will for reforms offer an interesting window of opportunity, albeit administrations' weak capacities.



## KEY FINDINGS

### Level of engagement

The degree of engagement between foundations and the government varies greatly across countries in this study. According to the Guidelines, engagement includes three components: dialogue, data and information sharing, and partnership (or collaboration). Kenya is the country with the highest level of engagement between foundations and the government. Mexico comes next with regular dialogue and formal collaboration agreements. In India and Myanmar, engagement is relatively low, notwithstanding increasing mutual interest.

Kenya shows the highest degree of engagement, and dedicated platforms are emerging. Of the surveyed foundations, 91% have participated in dialogue opportunities offered by the government in the last year. The Kenya Philanthropy Forum aims to offer a platform for dialogue between foundations and the government. Data sharing happens on a regular basis through official channels of communication or publicly available information, e.g. official reports, media and official requests to relevant government agencies. The Kenya Philanthropy Forum supports the Kenya Data Forum, a government-led initiative, through its data sub-group, by actively promoting data sharing among foundations. Partnerships are less common but likely to increase as parties continue to recognise and appreciate each other's roles, potential and objectives.

In Mexico, dialogue is frequent, while data sharing mostly happens occasionally and based on personal contacts. Mexican foundations partake in multiple dialogue platforms open to civil society organisations (CSOs). This being said, 18% of foundations have never participated in any of them. In addition, 63% of foundations and 43% of civil servants have never shared information, only 30% of respondents share more than what is required by law, and 67% of foundations and 52% of civil servants use informal channels of communication. Interestingly, the vast majority of partnerships occur through formal agreements (80%), which define the division of labour and governance structure. They are however usually short-term, bilateral and occasional.

In India, dialogue and data sharing lack regularity and structure. Indian foundations express a strong need to dialogue with the government on a more regular basis, yet opportunities only arise sporadically at the moment. As in Mexico, data sharing is occasional and based on personal contacts, even if 64% of foundations claim to exchange information with the government beyond what is required by law. Collaboration is still rare.

In Myanmar, engagement is still low and very recent. Foundations and the government have largely not sought interactions with one another. However, the election of a new government in early 2016 might have opened a new era in terms of engagement with foundations. The Ministry of Social Welfare, Relief and Resettlements, in charge of relations with foundations and civil society, has already initiated some outreach efforts by inviting foundations to several events in the last months. Data sharing and collaboration are rare.

***“In India, we need scale. Solutions must be scalable in order to make an impact, and real scale cannot be achieved without partnering with the government.”***  
***Foundation representative, India***

### Reasons for engagement

Governments and foundations primarily engage to enhance their scale and impact, with influencing policies cited as equally important by foundations. Regardless of the type of engagement (dialogue, data sharing or partnership), governments and foundations seek to enhance the scale and impact of their work by working together, including through co-financing



(see item on nature of collaboration below). For instance, in India, 91% of civil servants and 55% of foundations agree or strongly agree that the impact of joint efforts is greater than if they work separately.

Foundations also engage with governments to try to influence policies, but evidence suggests this is done with limited success most of the time. In India, 64% of foundations share information to influence policy and draw government's awareness, but civil servants rather use the information shared by foundations to enhance their understanding of issues. In Mexico, foundations stress the mere consultative nature of existing dialogue platforms. Although Mexican foundations usually take part in the dialogue platforms set up by the government to discuss policy, many feel the time invested does not lead to tangible results. While they recognise the government's outreach efforts to civil society, they would like to see their views and opinions being more taken into account in the design and implementation of policies and programmes.

## Benefits of dialogue

In countries where it has occurred on a regular basis, dialogue has enabled the different actors to get to know each other better, align interests, gain clarity on each other's objectives and improve programmes. In Kenya and Mexico, where dialogue has been the most frequent, respondents report several benefits. In Mexico, dialogue, for instance, helped to get to know each other better (36% of foundations, 31% of civil servants) and to align interests (36% of foundations, 29% of civil servants). In addition, it also helped civil servants to specify their institutional objectives (29%). For instance, an initiative of the World Economic Forum brought together the Ministry of Agriculture, foundations, such as PepsiCo Foundation, private companies and agricultural producers to explore how best to support the latter in producing and marketing goods. This dialogue enabled participants to find synergies and led to the formation of partnerships.

In Kenya, a majority of foundations (57%) and civil servants (51%) got to know each other better through dialogue. Among respondents, 40% of civil servants adjusted their programmes by realigning with foundations' interests and 39% of foundations also gained a clearer picture of government's development objectives. In India, civil servants dialogue with foundations primarily to generate innovative ideas (58%) and increase the legitimacy of government programmes (41%). On the other hand, foundations value the interface with a diverse set of actors that these dialogue platforms provide (50%).

## Appraisal of collaboration

Foundations and governments view collaboration positively in all countries examined. For instance, in Mexico, 80% of respondents have a positive opinion of partnerships. In Kenya, 70% of foundations and 42% of civil servants think collaboration is mutually beneficial. The Indian Piramal Foundation and its Priamal Swasthya initiative provide a good example of a successful partnership with governments at the subnational level (see Box 3), which the Foundation hopes to replicate in other states.

### **Box 3. Piramal Foundation (India): An example of a successful partnership with governments**

The Piramal Foundation launched its Piramal Swasthya initiative in 2010 to improve access to and timeliness of healthcare interventions through technology platforms across 12 states in India. For instance, in Andhra Pradesh in southern India, they set up a medical helpline call centre that answers over 50 000 calls a day, which the government has now taken over completely. In the North-East of the country, in Assam, the Foundation collaborated with the government to register, monitor and track all pregnant women across the state. This partnership enabled over 69% of high risk pregnancies to be identified and screened. The same model has now been applied in Rajasthan and Arunachal as well (Piramal Foundation, 2016).

## **Nature of collaboration**

Most collaboration happens through co-implementation and co-financing. In all countries, co-implementation of projects or programmes is the preferred way to collaborate, and therefore generally takes place at the local level. Governments' recognition of foundations' implementing capacity (see item on value-added below) probably explains this finding. As mentioned above, co-financing constitutes a common type of collaboration as a way to expand scale and impact.

Community foundations are the category of foundations with whom governments collaborate the most in Kenya (50%) and Mexico (36%). Community foundations are organisations set up by a group of individuals for the benefit of a community or a delimited geographical area. They work by essence only at the local level. It is not surprising that they are governments' privileged partner as collaboration often means co-implementation. Governments also find it easier to build project- or programme-specific partnerships with them because of their operational nature. Community foundations also collaborate a lot with subnational and local governments, as they are the ones implementing the national government's policies. This being said, in Kenya, the government works also well with selected large international and local corporate foundations, especially in education and health. In India, the scale at which foundations operate often determines government's buy-in, which makes it especially difficult for smaller and low-profile foundations. As a result, the government tends to work more with international foundations that are usually larger than domestic foundations.

The type of actors seeking funds (i.e. foundations or governments) changes according to the country. In India and Kenya, governments try to leverage private resources of foundations, while the opposite happens in Mexico: foundations seek to attract government's financial support. This difference can be explained by the large number of Mexican foundations that are in reality implementing organisations. In that country, anyone can create an NGO and call it a foundation, as there is no special status for foundations. Moreover, civil servants in Mexico do not consider foundations as a relevant financing partner, probably for the same reason.

Although it may be changing in certain places, it seems that the set of actors fundraising, i.e. foundations in Mexico, and governments in India and Kenya, still largely view the other ones as mere funds providers. This probably explains why other types of longer-term and more strategic collaboration, such as co-design and co-evaluation of programmes and projects, are not common.

## Value added

Governments primarily value foundations' implementation capacity, while foundations recognise governments' convening power. Foundations' implementing capacity is acknowledged in all countries, in particular because of their technical expertise and skills, as well as for their proximity to communities. Governments can play a liaison role when partnering with foundations thanks to their convening power.

In India and Kenya, governments recognise foundations' technical expertise and skills, as well as their capacity for innovation and risk-taking. In Mexico, civil servants seem to view foundations as civil society representatives, who are well connected to field realities and able to track and draw their

attention to specific needs or issues even in remote rural areas, that the Federal Government has difficulty accessing. Foundations' proximity to the field as well as their brand names, often linked to large corporations or famous individuals, also help to legitimate actions undertaken by the government.

*“When we work on issues of water supply, we tend to focus mainly on the higher level and more technical concepts. It would only be possible for someone on the ground, like foundations, to bring us insights on how a drought is impacting pregnant women, for example.” Civil servant, India*

### Box 4. The Army of 1 Million Artisans: HF Foundation and the Ministry of Education (Kenya)

Housing Finance (HF) Foundation, created in 2012 as the non-profit, social investment arm of HF Group, which provides mortgage financing, decided to focus on TVET because, despite being a critical supplier of jobs, building and construction in Kenya, is faced by significant skills shortage with only 25% of workers formally trained. The Foundation therefore aims to facilitate and catalyse the creation of a building and construction workforce that is effective, entrepreneurial and employable in both the Kenyan and the East Africa regional markets through the creation of an “Army of 1 Million Artisans”. The initiative was granted “Flagship Status” by Kenya’s Vision 2030.

To achieve this, HF Foundation has partnered with the Government of Kenya, at both national and county level, the National Construction Authority (NCA), the Technical and Vocational Education and Training Authority (TVETA), a multitude of industry players in the private sector, and global training experts. The ultimate objective is that the government picks up HF Foundation’s successful pilots to integrate them into the national vocational training programme.

HF Foundation has developed, piloted and helped entrench competency-based education & training throughout Kenya’s TVET ecosystem, to address a lack of practical skills needed by employers. In collaboration with government bodies, HF Foundation championed the development of Occupational Standards for ten trade areas in the building and construction industry. It also piloted competency-based trainings on live construction sites giving hands-on experience to trainees. In addition, the Foundation advocated for the establishment of a bursary fund of Ksh 300 000 000 (approximately USD 3 million) by the Higher Education Loan Board (HELB) for students enrolling in public TVET institutions.

## COMMON CHALLENGES ACROSS COUNTRIES

### Mutual knowledge and understanding

While overall engagement is increasing, mutual knowledge and understanding between foundations and governments are still limited, which creates confusion and mistrust. Foundations' specificities, way of working and sometimes intentions remain largely unknown to civil servants. Furthermore, foundations are often not familiar with governments' internal structure and procedures. This lack of mutual understanding leads in many cases to some degree of suspicion towards each other's agenda, which in turns hampers formal collaboration.

In India and Mexico, civil servants struggle to differentiate between foundations and NGOs. They are not aware of the characteristics of foundations and how the latter add value as partners. The confusion might be explained by the lack of legal status for foundations, as many of them are just labelled as such, but are in fact NGOs without financial resources of their own.

***“There is little knowledge of foundations, and we usually view CSOs as subsidy seekers or actors for whom staging protests can sometimes be more important than making proposals.” Civil servant, Mexico***

For instance, in India, organisations established with a social objective and not motivated by profit register as a ‘charitable trust’, ‘association of persons’ or ‘company with charitable objects’.

In Myanmar, trust is the biggest challenge. When asked to provide information on their projects, foundations suspect that the government might in fact be scrutinising who they are supporting. Structured dialogue could enable them to slowly get to know each other, as it happened in Kenya and Mexico, and to help them to identify relevant entry points.

Lack of trust is also a challenge in India, where civil servants sometimes view foundations as unreliable partners, only committing in the short term and rapidly shifting agendas. Foundation's opacity is also criticised, as civil servants find it difficult to find information on their areas of work, geographical focus, programmes, etc. Foundations, on the other hand, sometimes feel that the government seeks to control their activities and actions. Regular dialogue and databases mapping the parameters mentioned above could help bridge the trust gap and increase transparency.

Furthermore, international giving is sometimes suspected to support opposition groups. For instance, in Kenya, the Public Benefit Organisation (PBO) Act tried to limit international giving to NGOs to 15%, which would have jeopardised many large international foundations' activities in the country. Although this and other controversial amendments were eventually not adopted, the discussions around it aroused foundations' suspicions and weakened emerging collaboration with the government.

### Lack of institutionalised platforms

The lack of institutionalised platforms for engagement restrains the sustainability of relationships. As mentioned earlier, engagement does not occur systematically even where it is relatively high. For instance, Mexico offers a multitude of thematic dialogue platforms that foundations are invited to as CSOs. However, there is no single dialogue platform dedicated to bilateral relationships between foundations and governments. The same happens in Kenya, and it will be interesting to see whether the Kenya Philanthropy Forum, set up to fill that gap, will achieve

its goal. Similarly, Kenya is the only country where data and information sharing occur on a regular basis and through formal channels of communication. The Kenya Philanthropy Forum and the Kenya Data Forum are working on an online data portal that would allow timely and effective consultation of foundations' programmes, following what has been done in other countries, such as Colombia.<sup>6</sup> In India and Mexico, data and information sharing primarily occur through informal channels of communication, even if some data are available online. For instance, Fondos a la vista, in Mexico, provides information on foundations and NGOs presence at the subnational level, detailing their sectors of activities and income. In Myanmar, the Foreign Economic Relations Department within the Ministry of National Planning and Economic Development under the previous government (now the Ministry of Finance and Planning, Department) had set up an online database of donor activities including foundations, Monhingya. However, it seems that the Ministry did not communicate well or involved non-state actors in this initiative, as surveyed foundations were not aware of this platform.

The poor institutionalisation of engagement is of particular importance as changes in government administrations rank as one of the main obstacles to collaboration, regardless of the country. Foundations' staff and civil servants may build strong and trusted personal relationships, but when a new government takes office and triggers a series of changes at the lower administrative levels, these relationships have to be rebuilt almost from scratch. It also prevents some foundations from engaging in innovative financing mechanisms, such as social impact bonds, as they worry the next government might not recognise the agreement made previously, and therefore not pay them back in case of success. As foundations and governments begin to engage through institutionalised platforms, discontinuity of personal relationships will matter less.

## Rigidity of government's structure and procedures

Governments' rigid structure and procedures are not well suited to partnerships with foundations. Collaboration, which is the less common way to engage compared to dialogue or data sharing, seems to be prevented or made difficult by the rigidity of governments' structure and procedures. Common obstacles include differences in budgetary timelines and the lack of standardised legal instrument. In India, buy-in from the executive level is often needed to guarantee partnerships' sustainability. Foundations also view governments' agendas and policies as inflexible. In Myanmar, the reforms happening in the whole administration add to the heavy bureaucracy and hierarchy, and complicate civil servants' work even further.

- Differences in budgetary timelines are a major obstacle in all countries. In Mexico, the government works with annual budget lines, while foundations generally commit for several years to a project or programme. This has led to situations where a foundation advances money and its government counterpart pays back later. The introduction of multiannual budgets would give civil servants some flexibility when willing to partner with foundations. In Kenya, where the annual budget cycle starts and ends in July, 52% of civil servants have identified this time cycle as a major hurdle.
- Existing legal instruments are heavy and do not allow enough flexibility. The bureaucratic red tape seems to discourage civil servants and foundations alike. Rigid internal rules, such as heavy financial controlling, even at times discourage civil servants from looking for or testing innovative working arrangements. Moreover, foundations, which are not always familiar with government internal procedures, are also surprised by the lengthy processes, such as the signature of Memorandums of Understanding (MoUs), and reluctant to retry later.

Standardised, yet flexible, legal instruments available across government administrations would facilitate collaboration.

- Foundations often feel powerless in agenda-setting or policy-influencing. As mentioned earlier, foundations would like to be taken more into account in the design of policies. Systematic dialogue platforms could enable easier consultation, but also enhance their understanding of internal political processes.

## Working as equals

Foundations sometimes struggle to work with the government as equals. The vast majority of foundations are relatively small organisations, in terms of financial resources, staff and scope of work, apart from a few exceptions such as the Bill and Melinda Gates, Ford or Rockefeller Foundations. It may be intimidating and prove difficult for them to talk and work with governments on an equal footing. The government, especially if it is the central or federal government, might at times also look down at foundations and sound patronising. This finding comes across clearly in Kenya, where it ranks as the main obstacle faced by foundations (29%), but also appears in India and Myanmar. Building trust, getting progressively used to working together, and forging strong personal relationships could, at least partially, address this imbalance of power. In Myanmar, in particular, corporate foundations could leverage on businessmen’s connections to engage with the government as equals.

**Table 1. Main challenges to collaboration**

CHALLENGE	MEXICO	INDIA	KENYA	MYANMAR
Limited mutual knowledge and mistrust	<ul style="list-style-type: none"> <li>• Confusion between foundations and NGOs (due to lack of legal status)</li> <li>• Poor knowledge of the characteristics and value added of foundations</li> </ul>	<ul style="list-style-type: none"> <li>• Confusion between foundations and NGOs (due to lack of legal status)</li> <li>• Foundations viewed as unreliable partners (shifting agendas and short-term commitment)</li> <li>• Lack of transparency of foundations</li> </ul>	<ul style="list-style-type: none"> <li>• Suspicion towards (and past attempts to limit) international giving (PBO act)</li> <li>• Unfamiliarity of foundations with government’s internal procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of mutual understanding</li> <li>• High degree of mistrust</li> <li>• Mutual interest very recent</li> </ul>
Relationships mainly informal and unstructured	<ul style="list-style-type: none"> <li>• Consultative nature of dialogue platforms generates frustration and does not provide incentives to engage in long-term dialogue</li> <li>• Data sharing on an <i>ad hoc</i> basis and through informal channels</li> <li>• High turnover</li> </ul>	<ul style="list-style-type: none"> <li>• Dialogue is <i>ad hoc</i> and unstructured, but viewed as a critical need</li> <li>• Data sharing on an <i>ad hoc</i> basis and through informal channels</li> <li>• Sporadic and rare collaboration</li> <li>• High turnover</li> </ul>	<ul style="list-style-type: none"> <li>• No dedicated structure for dialogue between foundations and government, but Kenya Philanthropy Forum established for this purpose and SDG Philanthropy Platform supports these efforts at all levels, including UNDAF</li> </ul>	<ul style="list-style-type: none"> <li>• Emerging dialogue platforms but not systematic yet</li> <li>• Data sharing on an <i>ad hoc</i> basis and through informal channels</li> <li>• Lack of capacity (staff) in government administration and foundations</li> <li>• High turnover</li> </ul>
Rigidity of government	<ul style="list-style-type: none"> <li>• No agenda setting</li> <li>• Difference in budgetary timelines</li> <li>• Heavy red-tape</li> <li>• Heavy financial control</li> </ul>	<ul style="list-style-type: none"> <li>• No agenda setting (inflexible policies)</li> <li>• Buy-in from the top necessary</li> <li>• Heavy red-tape</li> </ul>	<ul style="list-style-type: none"> <li>• Difference in budgetary timelines</li> <li>• Lack of appropriate legal instruments for co-operation</li> </ul>	<ul style="list-style-type: none"> <li>• Heavy red-tape</li> <li>• Strong hierarchy (most decisions only made at senior level)</li> </ul>
Difficulty to work with government as equals	<ul style="list-style-type: none"> <li>• Not identified as a major challenge in Mexico</li> </ul>	<ul style="list-style-type: none"> <li>• Likelihood of collaboration depends largely on size of foundations (government tends to sign MoUs with bigger foundations)</li> </ul>	<ul style="list-style-type: none"> <li>• Government viewed as a superior partner</li> </ul>	<ul style="list-style-type: none"> <li>• Strong hierarchy</li> <li>• Government viewed as a superior partner</li> </ul>

## DRIVERS OF ENGAGEMENT

This cross-country analysis suggests three factors that play a key role in driving and fostering high levels of engagement between foundations and governments at the country level: political will, a formalised philanthropic sector and more trust. Experience shows that these elements are key to developing sound and strong working arrangements, and to make development more effective.

### Political will at the national level

The vast majority of governments worldwide are still unevenly familiar with foundations, nor are they regularly engaging strategically with their domestic philanthropic sector. Foundations are still essentially viewed as fund providers and contacted by governments to address *ad hoc* or short term needs only. Yet, the trend is changing and governments such as Rwanda or South Africa are currently developing comprehensive strategies, aiming at leveraging foundations' resources for national development priorities. Similarly, bilateral donors, such as France, Germany or the Netherlands, are increasingly interested to learn more about the foundations registered nationally and operating overseas, and are exploring ways to deepen collaboration.

Efforts can prove very effective when impetus is given at the highest executive level, as a ministry is usually given a mandate and civil servants appointed to implement government's decision and reach out to foundations. Kenya constitutes a good example of strong political will to engage with the philanthropic sector and leverage it better. Strengthening engagement with private actors has been identified as a key priority by the current government, which has led to the creation of the SIFA programme under the deputy president's responsibility, whose office now co-ordinates efforts across the national administration. Higher public engagement also sends a positive signal to foundations that the government cares about them.

### A well-developed and formalised philanthropic sector

A vivid domestic philanthropic sector is a first prerequisite, as it guarantees greater sustainability than a few international funders operating programmes in the country. A well-defined legal and regulatory framework can further optimise it. While there is no blueprint, a conducive enabling environment for philanthropy usually includes a legal status for foundations, which differentiates them from CSOs and for-profit organisations, together with favourable fiscal regulations and incentives. A legal status helps to structure the sector and clarify foundations' role and value added for civil servants and other development actors.

The sector also needs a certain level of formalisation and institutionalisation to be able to engage meaningfully and in the long run with government. When foundations co-ordinate among themselves and speak with a single voice, their messages are more powerful and have more chance to be heard. The creation of associations or, at least, strengthened co-ordination among groups of foundations can help to influence policy. In countries where associations of foundations exist, they also serve as points of entry for governments when they are willing to reach out to foundations. There are good examples of national (e.g. Kenya Philanthropy Forum) and regional (e.g. EAAG) associations working closely together.



## Trust and mutual recognition of value added

Building trust and recognising what other partners bring to the table are the first prerequisites for any type of engagement. This is particularly important given foundations' complex relationships with governments due to their proximity with civil society. Historically, in many countries worldwide that have not always been democratic, as well as in former colonies, civil society has played a critical watchdog role (Moyo, 2016). Governments are at times suspicious of foundations and their possibly hidden agendas, as the vast majority of foundations work through and financially support CSOs. Similarly, foundations fear being manipulated and their financial resources diverted from their beneficiaries to serve governments' agendas.

Mutual recognition of each other's value added as well as trust building are learning-by-doing exercises. While institutionalised relationships can help, governments and foundations also get to know each other by working together in coalitions around issues of common interest and forging strong personalised relationships. A legal and regulatory framework which enables and fosters foundations' work without controlling it excessively, nor shrinking civil space, can also facilitate trust building. For instance, the PBO Act enforcement is expected to help greatly in Kenya, while it has been a major challenge being negotiated politically.

## CONCLUSION

This cross-country analysis confirms that relationships between foundations and governments are becoming stronger, even if they still often lack a strategic long-term vision. Dialogue has taken place in all the countries that have implemented the Guidelines, sometimes through regular and structured platforms as in Kenya and Mexico. Data and information sharing still mostly occur through informal channels, but are likely to become more official as both foundations and governments are realising they need reliable data to work together. While partnerships are on the rise too, they are still mainly bilateral, short-term and aimed at jointly implementing projects or programmes. Thus, although there is a clear shared mutual interest, collaboration remains instrumental in most cases, meaning that foundations and governments work together to address occasional needs, such as filling in a funding gap or implementing a policy, and not as part of a comprehensive long-term strategy.

This analysis has also identified several challenges which hinder tighter engagement and suggested levers to overcome them. First, limited mutual knowledge and understanding lead to confusion and mistrust. Foundations and governments are still keeping each

***“Having joint planning, building trust, openness and teamwork is key. This should also cover joint reviews, monitoring and evaluation of programmes and projects.”***  
***Civil servant, Kenya***

other at arm’s length, often suspicious of each other’s intentions and agendas. Second, the lack of institutionalised platforms for engagement restrains the sustainability of relationships, in particular as turn-over in government administrations seem to be high everywhere. Third, governments’ procedures do not allow much flexibility to work with foundations, which are agile organisations looking for partners capable of acting and reacting swiftly. The heavy and strict red-tape discourages civil servants and foundations alike. Finally, the large size of government administrations compared to foundations’ relatively small dimension makes it difficult for the latter to work with governments as equals. However, evidence shows that strong political will, a formalised philanthropic sector and a trust-building process enable these challenges to be overcome, and establish solid and sustainable relationships.

For the first time, this report offers evidence on engagement between foundations and governments across several countries. While the countries that have implemented the Guidelines do not constitute a representative sample, this was never the goal as the Guidelines’ implementation is demand-driven. The specificity of national contexts also generates disparities that jeopardise strict comparison between countries; for instance, over 80 foundations were surveyed in Mexico vs. only 20 in Myanmar. This being said, this analysis provides valuable insights and concrete examples to governments and foundations around the globe willing to work together closer and better. Its objective is to serve as a basis for dialogue and trigger foundations’ and governments’ mutual interest even further.

## Notes

1. The Busan Partnership agreement was the outcome of the Fourth High Level Forum on Aid Effectiveness held in Busan, the Republic of Korea in 2011. This new broad and inclusive partnership for development co-operation sets out four common principles: i) ownership of development priorities by developing countries; ii) a focus on results; iii) inclusive development partnerships; and iv) transparency and accountability to each other.
2. The concept of “philanthrocapitalism” was popularised by Matthew Bishop and Michael Green in their book *Philanthrocapitalism. How Giving Can Save the World* (2008), New York, Bloomsbury Press.
3. All the figures mentioned in this report are based on the surveys led in the four countries, if not specified otherwise. The case study of Mexico is already available, while those of India, Kenya and Myanmar will be published in 2017.
4. Official development assistance: disbursements in 2014. Source: OECD DAC Statistics.
5. The World Giving Index 2016 is available here: <https://www.cafonline.org/about-us/publications/2016-publications/caf-world-giving-index-2016>.
6. The Colombian Association of Family and Corporate Foundations (AFE) set up an online platform which provides detailed relevant information on their members’ projects. It is accessible here: <http://mapa.afecolombia.org/>

## References

- European Foundation Centre (2016), FAQ webpage, <http://www.efc.be/philanthropy-sector/faq/> (accessed on 25 October 2016).
- Global Partnership for Effective Development Co-operation (2014), Communiqué of the First High-Level Meeting, <http://effectivecooperation.org/2014/03/draft-communicue-for-the-first-high-level-meeting-of-the-global-partnership> (accessed on 17 October 2016).
- Moyo, Bhengkosi (2016), A New Era for African Philanthropy, <https://philanthropyinfocus.org/2016/09/16/a-new-era-for-african-philanthropy> (accessed on 19 October 2016).
- OECD DAC (2014), Statistics, <https://data.oecd.org/dfi/total-official-and-private-flows.htm#indicator-chart> (accessed on 18 October 2016).
- OECD netFWD, AMEXCID, GIZ and CEMEFI (2016), “Bringing Foundations and Governments Closer: Evidence from Mexico”, OECD Development Centre, Paris.
- OECD netFWD, EFC, Rockefeller Foundation, Stars Foundation, UNDP, and WINGS (2014), Guidelines for Effective Philanthropic Engagement, <http://www.oecd.org/site/netfwd/theguidelinesforeffectivephilanthropicengagementgepes.htm> (accessed on 18 October 2016).
- OECD netFWD (2014), “Venture Philanthropy for Development: Dynamics, Challenges and Lessons in Search for Greater Impact”, OECD Development Centre, Paris.
- Piramal Foundation (2016), Piramal Swasthya, Assam, <http://www.piramalswasthya.com/where-we-work/assam> (accessed on 26 October 2016).
- Third Intergovernmental Conference on Financing for Development (2015), Addis Ababa Action Agenda, <http://www.un.org/esa/ffd/ffd3/wp-content/uploads/sites/2/2015/07/Addis-Ababa-Action-Agenda-Draft-Outcome-Document-7-July-2015.pdf> (accessed on 17 October 2016).

## OECD DEVELOPMENT CENTRE

The OECD Development Centre was established in 1962 as an independent platform for knowledge sharing and policy dialogue between OECD member countries and developing economies, allowing these countries to interact on an equal footing. Today, 27 OECD countries and 24 non-OECD countries are members of the Centre. The Centre draws attention to emerging systemic issues likely to have an impact on global development and more specific development challenges faced by today's developing and emerging economies. It uses evidence-based analysis and strategic partnerships to help countries formulate innovative policy solutions to the global challenges of development.

For more information on the Centre and its members, please see [www.oecd.org/dev](http://www.oecd.org/dev).

## GLOBAL NETWORK OF FOUNDATIONS WORKING FOR DEVELOPMENT (netFWD)

The OECD Development Centre's Global Network of Foundations Working for Development (netFWD) aims to support foundations dialogue and partner with governments to achieve greater development impact.

As a boutique network, netFWD allows its members to learn, connect, advocate, and act in partnership initiatives to achieve their fullest potential. Specifically:

- **LEARN** - Codifying knowledge. netFWD produces knowledge to promote the collection and sharing of foundations' experiences and innovative approaches. By elaborating thematic studies and practical guidance, netFWD supports effective philanthropic practices and highlights foundations' distinctive comparative advantages to inform the wider public discourse on sustainable development.
- **CONNECT** - Enabling dialogue. netFWD brokers dialogue with governments and traditional development actors to enhance mutual understanding and spark collaboration ideas. The OECD Development Centre hosts netFWD, providing an opportunity to capitalise on the Centre's 51 member countries, including China, Brazil, India, Indonesia and South Africa. netFWD's access extends beyond governments to also include bilateral and multilateral donors, through the OECD DAC and through connections with the UN system. The network fosters dialogue among its members. We believe that peer-learning, experience exchanges and knowledge-sharing are essential tools to collectively improve philanthropic practice.
- **ACT** - Implementing partnership initiatives. netFWD helps its members implement best practices and bring their impact to scale, namely by facilitating partnerships at the local, regional and international levels. Devising partnerships that are effective and enduring remains a tall order for both foundations and governments. netFWD addresses this challenge by helping actors find entry points to work closer together, promote effective partnership models and demonstrate the value of enhanced co-operation.
- **ADVOCATE** - Positioning philanthropy in the development galaxy. netFWD advocates for foundations and nurtures recognition by the international development community. Despite being a mainstay of development, foundations are not yet systematically included in the agenda-setting process. Too often, they are perceived as development financiers only, although many strive to make a far greater impact through strategic orientations and innovative practices. netFWD ensures foundations' potential and contribution to development efforts are fully acknowledged.

For more information on netFWD, please see [www.oecd.org/site/netfwd](http://www.oecd.org/site/netfwd).

For more information:  
[dev.netfwd@oecd.org](mailto:dev.netfwd@oecd.org)

[www.oecd.org/site/netfwd](http://www.oecd.org/site/netfwd)



**net»FWD**

GLOBAL NETWORK OF FOUNDATIONS  
WORKING FOR DEVELOPMENT