

Philanthropy is at a turning point. Here are 6 ways it could go



When it comes to private assets for public good, there's still work to be done.

Image: Reuters/Stephen Lam

29 Apr 2019

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This is a difficult time for philanthropy. Challenges like global climate change are demanding collective action on an unprecedented scale. Technology, meanwhile, is creating new social problems at the same time as providing new tools to address existing ones. Added to this, shifting demographics and social trends are changing our notions of community, society and nationhood beyond recognition.

But it's not just the ongoing need to remain relevant that poses a challenge: at the same time, the very concept of philanthropy is coming under attack. Critics are questioning whether philanthropy is effective, how it should be viewed in the wider context of global inequality, and whether it can remain legitimate within a democratic society.

For those who continue to believe in the value of philanthropy – the idea that private assets used for public good can be a powerful force to shape society for the better – there is a lot of work to be done. New efforts are required to help



philanthropy adapt to changing times, to craft a compelling narrative about its role, and to find models and approaches that can answer the criticisms.

So what needs to be done?

Acknowledging how money is made

The recent [controversy surrounding the donations of the Sackler family in light of their role in the opioid crisis](#) has made it clear that how money is given away can no longer be separated from how it is made.

The idea that some donations are “tainted” has been brought to the foreground once more. This is [a criticism with a rich history](#): many of the major industrial philanthropists of the early 20th century, such as John D Rockefeller and Andrew Carnegie, found their giving placed under sharp scrutiny by those who thought their business practices unacceptable. But conversely, there were always those who argued that pragmatism should trump ideological purity, and that it is better to put even the most questionable money to charitable ends. (George Bernard Shaw, for instance, [derided the idea of tainted donations as an “individualist fantasy”](#).)

It seems clear from the Sackler case, however, that there is a growing consensus that ethically dubious funds cannot legitimately be put to philanthropic ends. So a principle of “first do no harm” must apply to wealth creation, before we even think about giving it away.

And it’s not just how money is made that is the problem, either: how it is then used is also a growing issue for philanthropy. High-profile [divestment campaigns have already been aimed at universities and arts institutions](#), and they are undoubtedly a sign of what is to come for the wider world of philanthropy in terms of scrutiny of investment practices.

Embracing structural change

For some high-profile critics such as Anand Giridharadas, author of [Winners Take All](#), it is not specific acts of wealth creation that are the problem, but rather the structural inequality in society that makes it possible for some to gain vast wealth while many languish in poverty. Likewise the Dutch historian Rutger Bregman, in his [viral appearance at this year’s World Economic Forum Annual](#)

[Meeting](#), criticized philanthropy on the grounds that taxation is the only real mechanism for addressing the fundamental challenges posed by inequality. For these critics, philanthropy is only ever part of the problem rather than part of the solution, and it provides an unhelpful distraction from the real work to be done in driving structural change.

Where Philanthropy Dollars Are Concentrated

Assets held by philanthropy foundations in 2018 (billion U.S. dollars)

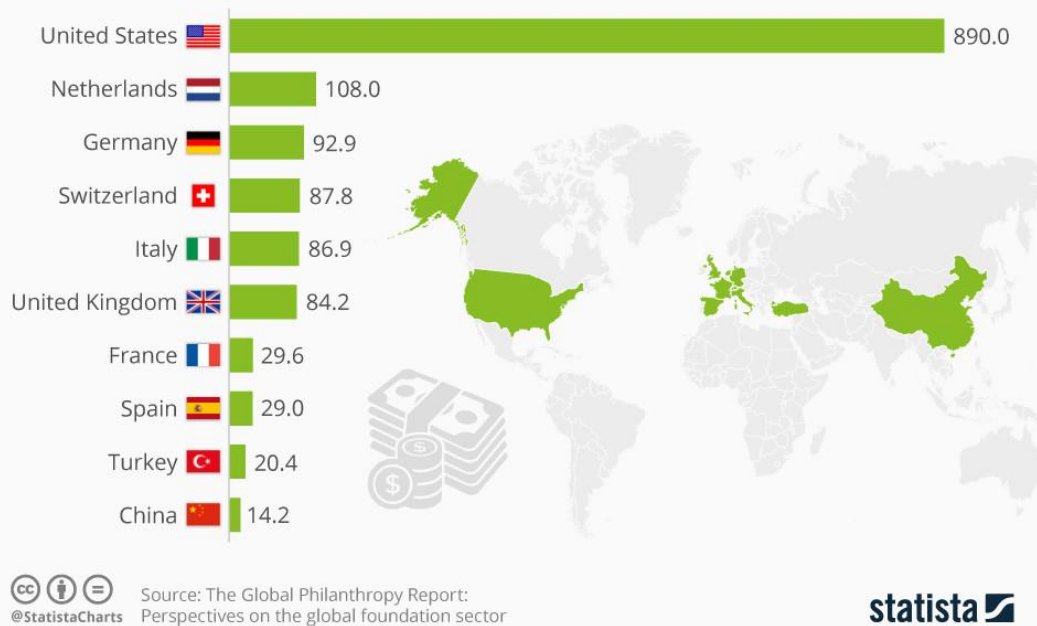


Image: Statista

Many within the nonprofit world would agree that inequality and tax justice are crucially important issues, but would disagree that philanthropy is incapable of addressing them. It may not always be easy, but rather than abandoning philanthropy altogether, there are plenty working to craft approaches to it that can deliver genuine structural reform.

Democratizing philanthropy

A crucial part of making philanthropy capable of addressing inequality is to ensure that it is not seen as merely a tool for the powerful to entrench their advantage. It is thus vital to find ways to give away not only money, but also power. Some are seeking to do this by encouraging big donors to focus on



funding organizations that have a broader base of mass support to reduce the risk of their choices introducing a plutocratic bias. Others are developing models of [participatory grant-making](#), in which those who would traditionally be seen as the beneficiaries of philanthropy are given a genuine say over how resources are used.

We are also seeing the rise of new networked models of protest and social change, such as #BlackLivesMatter, #MeToo and the youth climate strikes. These are powerful examples of people and communities taking issues into their own hands using the new capabilities afforded by technology. If donors can find ways of supporting these networked movements that empower them without stifling them, it could help to democratize philanthropy even further.

Reflecting diversity

Genuine shifts of power within philanthropy can only happen if the field reflects the diversity of the societies in which it operates and the people and communities it serves. To this end, some nonprofit organizations are [asking themselves difficult questions](#) about whether the balance of gender, ethnicity and background in their staff and boards of trustees is right. Meanwhile, as philanthropy grows around the rest of the world, it is important that it does so in ways that reflect local traditions of giving and support. A burgeoning middle class could be a major new driver of philanthropy: research by the Charities Aid Foundation shows that [if the emerging middle class in the global south gave at the same levels as people in the UK, it would result in \\$345bn per year for charity](#). However, when the members of this new middle class do engage with giving, we must not assume that they will do so using Western models or approaches.

Innovation and discovery

Stanford philosopher Rob Reich's recent book [Just Giving](#) raises challenging questions about how we balance the freedoms given to philanthropy with the requirements of justice and equality within a democratic society.

One answer may be in the idea of "discovery" – the ability to bring new issues to light and to find new ways of addressing them. At its best, philanthropy can be a powerful driver of discovery. However this may raise difficult questions within

the context of a democracy, because the freedom to innovate often requires autonomy and the ability to run counter to the status quo.



Putting his money into orbit ... SpaceX founder Elon Musk.
Image: Reuters/Mike Blake

This tension is evident in the growing number of donors placing “philanthropic big bets”. High-profile tech entrepreneurs such as Elon Musk and Larry Page are putting a [lot of their resources towards the development of space travel](#), while others like Dustin Moskovitz are focussing on [countering the threat of takeover by superhuman artificial intelligence](#). For some, these represent the best of philanthropy – taking risks and driving innovation in a way that the government cannot. But for others, they represent its worst excesses – self-indulgent crusades by donors whose view on issues is entirely shaped by the industries in which they made their money.

Have you read?

- [Adapting to the Fourth Industrial Revolution: a three-point plan for civil society organizations](#)
- [How civil society can work to improve our technological future](#)



- [Who and what is 'civil society?'](#)

Transparency and openness

A key challenge for philanthropy in the coming years will be ensuring that it is open and transparent. While a degree of anonymity may sometimes be required to protect a donor or recipient, in general we should aspire to openness. Not only is this a crucial part of maintaining legitimacy in the face of questions about where money comes from or the potentially disruptive effect of philanthropy on democratic processes, but it could also help to spur further discovery if data is made accessible and innovation can thus be decentralized.

One challenge for philanthropic transparency may be the trend for major donors (particularly in the US) to shy away from traditional philanthropic structures, and instead to [use commercial structures like limited liability companies \(LLC\)](#). Mark Zuckerberg and Priscilla Chan [famously chose this approach for their philanthropy](#), and John and Laura Arnold [recently hit the headlines for shifting from a traditional foundation to an LLC](#). This brings benefits in terms of flexibility, when it comes to making commercial investments or engaging in political campaigning, but also requires far less transparency on the part of donor – which could undermine efforts to make philanthropy as a whole more open.

Civil Society

What is civil society?

Whether you call it “third sector”, “social sector” or “volunteerland”, civil society includes an array of different causes, groups, unions and NGOs. Their combined aim is to hold governments to account, promoting transparency, lobbying for human rights, mobilizing in times of disaster and encouraging citizen engagement.

Ranging from small online campaigns to giants such as Amnesty International and Greenpeace, civil society employs around 54 million full-time workers and has a global volunteer force of over 350 million.

The World Economic Forum is committed to accelerating the impact of civil society organizations. With a view to this, it created [Preparing Civil Society for the Fourth Industrial Revolution](#), a multi-sectoral platform to support the



transformation of the social sector and its inclusion in the governance of emerging technologies.

[Civil society is a key stakeholder](#) for driving public-private collaboration and advancing the Forum's mission. Through dialogue series and platform initiatives, civil society actors from a wide range of fields come together to collaborate with government and business leaders on finding and advocating solutions to global challenges.

Optimism for the future?

There are clearly many challenges facing philanthropy right now. Some require greater engagement with wider technological or societal change, which philanthropy has so far been slow to address. Others, meanwhile, require a degree of introspection: looking at the structures and dynamics within philanthropy to see where problems lie and where it can evolve to become more effective and reflective of the people and communities it serves. None of these are easy, but all are of them are possible. And if philanthropy can step up to the plate in this moment, its role as a positive force to shape our society can hopefully not only be retained, but strengthened.

[Civil Society in the Fourth Industrial Revolution: Preparation and Response](#): read our full [whitepaper here](#). It is part of the [Preparing Civil Society for the Fourth Industrial Revolution initiative](#) led by the World Economic Forum in partnership with social sector organizations.

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The views expressed in this article are those of the author alone and not the World Economic Forum.