



PHILANTHROPY AND THE GLOBAL ECONOMY

Opportunities in a World of Transition

Citi GPS: Global Perspectives & Solutions

November 2021



Citi is one of the world's largest financial institutions, operating in all major established and emerging markets. Across these world markets, our employees conduct an ongoing multi-disciplinary conversation - accessing information, analyzing data, developing insights, and formulating advice. As our premier thought leadership product, Citi GPS is designed to help our readers navigate the global economy's most demanding challenges and to anticipate future themes and trends in a fast-changing and interconnected world. Citi GPS accesses the best elements of our global conversation and harvests the thought leadership of a wide range of senior professionals across our firm. This is not a research report and does not constitute advice on investments or a solicitations to buy or sell any financial instruments.

For more information on Citi GPS, please visit our website at www.citi.com/citigps.

Citi Contributors



Andrew Pitt is Head of Research for the Institutional Clients Group at Citi. He has 30 years' experience in the financial services industry as both an analyst and a manager, and he has been at Citi since 1996. Andrew launched the Citi GPS series in 2011 and he works with numerous universities and research institutes to create collaborative insights on the greatest challenges and opportunities of the 21st century, including with organizations in the philanthropic and charity areas.

+44-20-7986-4165 | andrew.pitt@citi.com



Amy Thompson is a Research Associate in the Global Analytical Insights team based in the London office. She started with Citi in 2020, and has worked in various research, sales, and structuring teams. Amy holds a BA in Classics and a BPhil in Philosophy, both from the University of Oxford.

+44-20-7986-3542 | amy1.thompson@citi.com



Karen Kardos is the Head of Philanthropic Advisory at Citi Private Bank. She advises families, foundations, and endowments on philanthropic strategic development and best practices to meet their philanthropic goals. Previously, Karen served for 10 years as the Director of Finance and Philanthropic Operations for a private foundation in the multifamily office practice of Geller & Co. In addition to advising clients on philanthropic strategies, she is also well versed in private foundation operations, governance, and compliance. Karen is a 21/64 Multigenerational Advisor. She is a CPA and received a bachelor's degree in accounting from Binghamton University.

+1-212-559-6503 | karen.kardos@citi.com

Expert Contributors



Berit Ashla
Vice President

[Rockefeller Philanthropy Advisors](#)



Tyler Hall
Director of Communications

[GiveDirectly](#)



Laura MacDonald
Board Chair

[Giving USA Foundation](#)



Shaady Salehi
Director

[Trust-Based Philanthropy Project](#)



Nick Tedesco
President & Chief Executive Officer

[National Center for Family Philanthropy](#)



Matt Whittaker
Chief Executive Officer

[Pro Bono Economics](#)

PHILANTHROPY AND THE GLOBAL ECONOMY

Opportunities in a World of Transition

Andrew Pitt

Head of Research for the Institutional
Clients Group, Citi

Philanthropy, and within it the broad impact of foundations, charities, and the voluntary sector, are important but not widely understood contributors to the global economy. The recovery from the COVID-19 pandemic creates an opportune moment to assess the key trends in philanthropy, and to ask how the role of philanthropy can better contribute to a healthy and inclusive world as well as to support the delivery of the UN Sustainable Development Goals.

Philanthropy has existed through most of human history, with the word philanthropy itself being derived from Ancient Greek with the meaning of “love of humankind.” The notion of philanthropy can stir up controversy for those who think that it is the role of the state to invest and to provide for its citizens, or for others who believe that individual philanthropists can exert too much power and influence through the causes that they support. However, it is important to understand that public and private funding play different and complementary roles. If the two are harnessed successfully, progressive outcomes are achieved.

On narrow definitions, the stock of philanthropy equates to just under 3% of global GDP. However, as we show in this report, in some advanced economies the fully adjusted value is 10% or even higher. The scale of this contribution needs to be more broadly recognized, especially within the policymaking world. Many of the world’s greatest challenges can be better overcome by a broader partnership between the public, private, and charity sectors.

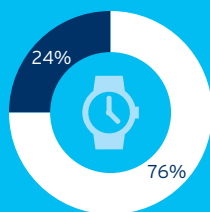
Philanthropy is going through multiple transitions of which the response to the pandemic is only one. We believe that philanthropy can play a much larger role in the green transition and the move to net zero. There will also be material changes in the global supply of philanthropic capital driven by growing wealth in emerging economies. In addition, there are some notable other transitions, among the most significant of which are the changing aspirations of younger donors; the growing role of female philanthropists; and, critically, the impact that technology will have on the management and targeting of philanthropy. We review each of these transitions and several more in this report.

In this report our Citi GPS team has partnered with the Philanthropic Advisory team of Citi’s Private Bank as well as with outside experts to review the role that philanthropy plays in the global economy and what the future may bring. We have conducted an extensive literature review and participated in multiple sessions with expert commentators. We are particularly grateful to the experts listed in the author block of this report for their detailed contributions to our study.

New Drivers for Philanthropy

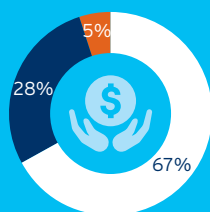
THE PHILANTHROPIC LANDSCAPE

Based on our calculations, the global value of philanthropy (i.e., donated time and money) is about \$2.3 trillion, or just under 3% of global GDP. The number of people donating money or volunteering around the world has been relatively stable over the past 20 years. In addition, over the past decade we have seen an uptick in helping strangers, especially during the pandemic, indicating charitable sentiment may be increasing.



Three-quarters of donations globally are in time volunteered.

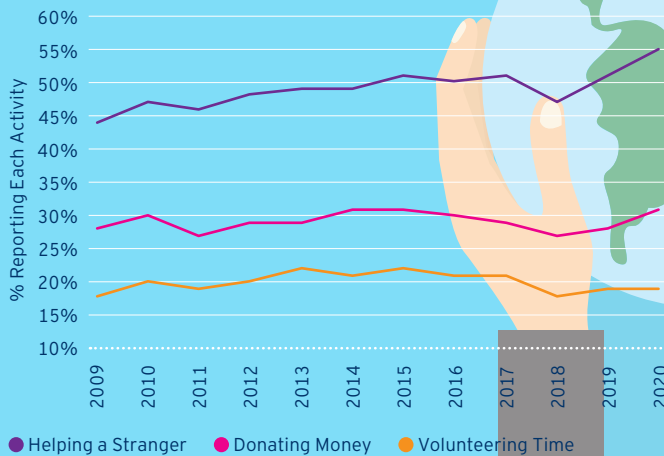
● Time ● Money



The majority of cash donated comes from individuals.

● Individuals ● Foundations ● Corporations

Number of people donating money, donating time, or helping a stranger



Source: Charities Aid Foundation

PHILANTHROPY GENERATES AN ECONOMIC MULTIPLIER EFFECT

The current value of \$2.3 trillion in money and time donated actually creates materially more in terms of total economic value. Due to a multiplier effect, services and activities enabled by donations and provided by charities create downstream economic benefits. The size of the multiplier varies greatly across regions, donation type, and charities but the total value of philanthropic activity could make up 10% of GDP in many economies.

The Multiplier Effect Generates Economic Value Across Three Streams:



Provisions for Service Users

- Charities provide support for service users in the community which would otherwise be lacking or be a public expense
- Charities assist service users before a crisis, helping to limit public spending required to treat emergencies
- Charities provide training and development opportunities for service users improving labor market outcomes



Impacts on Volunteers

- Volunteering develops skills, paving the way for a re-entry to the paid workforce or accelerated career progression
- Volunteering improves self-confidence and self-esteem, further improving labor market outcomes for individuals



Benefits to Broader Society

- Direct cash giving generates shared economic value by driving up spending
- Charities are significant employers
- Charities alleviate the care burden, facilitating workforce participation
- Events organized by charities encourage spending by participants and attendees
- Volunteering provides an opportunity to grow community networks and develop social solidarity

THIS DECADE COULD MARK A TURNING POINT

While philanthropic giving has flatlined as a percentage of global GDP, three principal drivers could indicate a turning point this decade.



A growing middle class

2.4 billion people will enter the middle class globally by **2030**.

Spending is expected to double to nearly **\$64 trillion**.

Shifting **0.5%** of spending to charitable donations, increases annual donations by **\$319 billion** per year.



A post-pandemic reset in donation expectations as inequality rises

The pandemic is widely thought to have worsened inequality by:

- Reducing access to education
- Intensifying gender imbalances



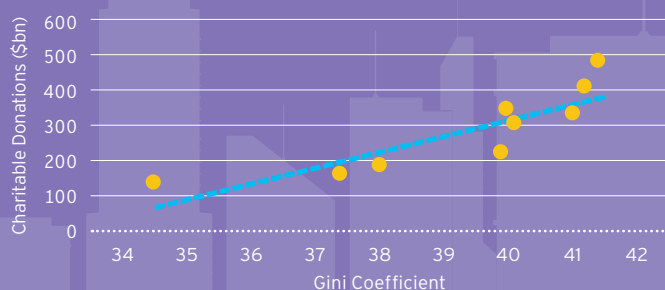
The rise of women as philanthropists

Women will inherit **70%** of inter-generational wealth transfer by **2035**.

Women are more likely than men to:

- Support equality
- Share giving across more charities and sectors
- Make donations without restrictions

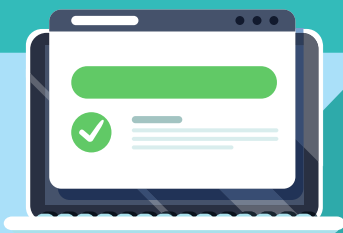
Charitable Giving Is Positively Correlated With Inequality



Note: Charitable donations in the U.S. (in inflation-adjusted \$ billions) compared with the Gini coefficient for the same year. Source: Giving USA, World Bank.

TECHNOLOGY PRESENTS OPPORTUNITIES AND CHALLENGES FOR CHARITIES

Advancing technology is key to shaping the future of philanthropy. There are huge opportunities for charities in the digital future and they will also play an important role in steering the digital transition and ensuring its fairness.



Opportunities

- Digitize the donor, service user, and volunteer experience
- Use data to measure impact, deepen engagement, and improve transparency
- Be active in growing digital literacy



Challenges and Solutions

- A lack of awareness of new technology benefits → Data specialist consultancies can help implement strategic change
- A lack of skilled staff → Corporates can provide in-kind donations of time and skills
- Programmatic funding limits operational investments, including technology → Extend time horizons for impact measurements to include technological benefits



Contents

Introduction and Key Conclusions	5
Scoping the Scale of Philanthropy's Contribution	5
Sources and Destinations of Philanthropic Donations	7
Key Perspectives on Philanthropy	8
Future Trends and Opportunities in Philanthropy	10
Review of the Global Philanthropic Sector	12
Individuals, Foundations and Corporations	12
Gender and Age	17
Women in Philanthropy: From Behind the Scenes to Leading the Way	18
This Is Not Your Grandfather's Philanthropy	23
ESG Factors	23
Choosing Social Responsibility	23
The Rise of ESG Investing	24
Older vs. Younger	24
A Different Lens on Giving	25
Income and Wealth	26
Donation of Time and Services	27
The Multiplier Effect of Philanthropy	30
The Downstream Value of Philanthropic Contribution	30
Philanthropic Dollars and Community Value	33
An Interview with Matt Whitaker, CEO of Pro Bono Economics	35
Explaining a Global Flatlining of Philanthropy	38
Stability or Stagnation: Twenty Years of Flatlining	38
Regional Differences: Developed vs. Developing Countries	42
An Interview with Laura MacDonald, Chair of the Giving USA Foundation: Part One	44
Future Trends in Philanthropy	46
New Donors in the Philanthropy Landscape	46
Evolving Funding Structures	48
Trust-Based Philanthropy: Shifting Power to Communities	50
Infusing Trust-Based Philanthropy in Your Philanthropy Beyond Grantmaking	51
The Opportunities for Corporate Philanthropy	56
Other Factors: Young Donors, High Earners, and Tax Policy	58
A Post-Pandemic Reset in Donation Expectations	60
The Demand Equation for Philanthropy	67
Current Donations Are Not a Proxy for Demand	67
The UN SDGs Provide One Proxy for Demand	76
Other Measures of Impact Improvement	79
Charities in the Digital Era	84
Technological Opportunities for Philanthropy	84
What If We Gave People in Poverty Money?	88
Challenges for Philanthropy From the Digital Revolution	92
An Interview with Laura MacDonald: Part Two	94

The COVID-19 pandemic and its consequences create an opportune moment to assess the key trends in philanthropy and to ask how the role of philanthropy can better contribute to a healthy and inclusive world

Scoping the global scale of philanthropy

We see three dimensions in which the value of philanthropy can be understood and they add value cumulatively

Introduction and Key Conclusions

Scoping the Scale of Philanthropy's Contribution

Philanthropy has a long history on all sides of the globe. From its origins in direct cash transfers between members of a community, the generosity manifested in philanthropy has come a long way in both scale and sophistication. In the 21st century, philanthropy is a major contributor to the global economy, but its impact is not yet fully understood.

Philanthropy will play an important role in the recovery from the COVID-19 pandemic and this brings fresh urgency to understanding the scope and scale of global philanthropy — not least so that public and private funding can work together on a stronger, fairer recovery. In this report, we ask what philanthropy can contribute to the challenges of our time.

Scoping the scale of philanthropy in the global economy is not easy and no single data source provides a global view. The aim of our analysis is not to focus on a magical number that equates to the global stock of philanthropy. Rather, we look to calculate easily comparable figures across both geographies and time. This allows us to initially look at country-level differences, as well as ask whether philanthropy has grown, stalled, or declined in the last 20 years. Throughout this report, we have blended analysis from multiple sources to create a comparable composite view.

Broad Dimensions of Philanthropy

There are three dimensions to understanding the value of philanthropy and they add value cumulatively:

- **The direct value of philanthropy:** This category includes actual donations made by individuals, foundations, and corporates. For major economies, i.e., those representing around 75% of global GDP, it is possible to get a reasonable perspective on the total value and we focus on this number in our comparative analysis. Currently, we calculate this number at about \$550 billion by combining industry data for individual giving, foundation giving, and corporate giving. In addition to not being truly global, however, this figure does not capture other direct elements of philanthropy, which we discuss later in this report in the context of individual countries. First, it does not capture a majority of unreported direct giving between individuals or to non-reporting entities. Second, the analysis could be expanded to include items such as charity payrolls, or the services purchased and consumed by charities and foundations. Third, the analysis could be further expanded (in theory, at least) by assessing non-monetary donations, which can be as varied as contributions to food banks or gifts of medical supplies by pharmaceutical companies.
- **The value of volunteering:** Time given for free or at very low cost to philanthropic causes has huge economic value — significantly greater than the narrow definition of direct donations. Moreover, as with unpaid labor in general, it is not captured in gross domestic product (GDP) and national accounts. Valuing donated time is much more complex than valuing donated cash. One yardstick is to use the market cost of replacing volunteer labor. Another is using the opportunity cost of the volunteer. The two may not be the same: a volunteer may have been able to command a higher salary than the cost of replacing their labor. A third, more conceptual option, values the monetary cost of producing the same increase in wellbeing as arises from volunteering.

Our analysis employs a conservative methodology, taking data from the United Nations (UN) on the number of full-time equivalent (FTE) jobs filled by volunteers and multiplying it by the lower bound of global salary data provided by the Organisation for Economic Co-operation and Development (OECD).¹ This yields a figure for the value of volunteer labor of around \$1.75 trillion. This figure is sensitive to the salary level therefore it will rise with an increase in the average salary used. Based on UN data, volunteer labor fills around 35 million jobs in North America and Europe. Multiplying the volunteer labor estimates in the U.S. and the U.K. by the average salaries in these countries yields values of volunteer labor of around \$650 billion and \$70 billion, respectively.

- **The economic and social multiplier of philanthropy:** There are further, and very substantial, dimensions of the downstream economic value to philanthropic activity: provisions for service users, the impact of providing services on volunteers, and benefits of services to broader society. These create a multiplier effect. The multipliers of different nonprofit enterprises vary widely. In theory, any multiplier above 1.0x is positive, but some charities deliver almost 20x the economic value of donations. In the U.K., the average multiplier for reporting charities is estimated at around 5x.² It is worth noting that some of these economic benefits are only realized in the remote future. Fully appreciating the multiplier of a donation requires philanthropic capital to be patient and the desire to measure immediate impact must, to some extent, be resisted.

Government grants and remittances

Separate to the three layers outlined above, some direct government grants could be considered philanthropy. In addition, some portion of the very high global flow of remittances between employees in one country and (typically) family members in another might also be considered philanthropic, in the sense of love of human kind. Remittances blur the boundaries of philanthropic giving: some money transferred in remittances doubtlessly ends up helping friends or distant relatives and serving philanthropic purposes, in the traditional sense. Moreover as Karen Kardos explores in her piece on young donors, as the definition broadens with a new generation of philanthropists, there may be reason to consider remittances philanthropic in their own right. Remittances are a form of generosity and often have philanthropic impact. We comment on the scale of remittances later in this report, but we are not including this in our estimation of the global stock of philanthropy.

Summarizing the Dimensions of Philanthropy

Summarizing the figures above, we calculate a narrow global value of philanthropy (donations + value of time donated) at around \$2.3 trillion, or just under 3% of global GDP. This certainly underestimates the full value of philanthropy on several levels. However, it is a number we can compare with some merit across countries. More relevant for the purpose of this report, this number has stalled over the last two decades.

Applying multipliers provides a range of outcomes but it is reasonable to assume the total value of philanthropic activity exceeds 10% of GDP in many economies and is probably much more in the U.S.

¹ UN Volunteers, *The Scope and Scale of Global Volunteering: Current Estimates and Next Steps*, 2018; "[Average Wages](#)," (indicator), OECD, 2021.

² Jeremy Nicholls, "What Ratios Are Telling Us," Social Value UK, May 29, 2013.

Sources and Destinations of Philanthropic Donations

The profile of an average donor

When it comes to cash donations from individuals, the most likely donor is an individual living in an advanced economy (predominantly in the U.S.), who is female, married, and aged over 35. The donor is generally affluent, even if their annual income is not especially high.

We draw this sketch of the average donor by combining multiple studies outlining characteristics of donors. First, 67% of monetary donations come from individuals. Moreover, U.S.-based individual donors contribute almost 60% of the total cash donated globally by individuals each year. Second, multiple studies find women are more likely to give to charity than men. Third, a range of studies finds marriage increases donations. Fourth, the likelihood an individual will donate increases with age. Finally, the amount of money donated is higher among those with greater wealth, though there is less of a correlation with annual income.

The importance of volunteer time

The profile of volunteers is similar. North America is home to the largest volunteer workforce and women are more likely to volunteer than men — just as they are more likely to perform unpaid work at home. However, the age profile of the volunteer workforce varies greatly between countries and little is known about the income profile of those who donate time outside of some micro-level studies.

Challenges of a narrower donor base

In many developed economics, both the donation rate and the rate of volunteering have recently declined, especially among the young. This creates several challenges. A smaller donor base puts charities' funding at greater risk. In addition, concentrating philanthropy in fewer hands arguably weakens the link between philanthropy and democracy. Philanthropy is at its best when it is inclusive and allows a broad range of people from different demographic groups to stand shoulder to shoulder in support of a cause.

Reasons for optimism

We are, however, optimistic about the future of philanthropy and think there is room for charitable funding to grow beyond current levels relative to GDP, catalyzed by a post-pandemic reset in expectations. In this context, it will be particularly important to assess the philanthropic landscape as the world emerges from the COVID-19 pandemic through to the end of 2022. Charitable giving rose notably in 2020, especially in the U.S., driven by social action and other pandemic-related causes.

We think there is room for both the rate and value of donations to grow. On a global basis, key structural drivers include continued growth of the middle class and the increasing number of women philanthropists. Women already appear to donate more generously and impose fewer restrictions on the use of funds than their male counterparts and the examples of Brazil and Uganda outlined later in this report show that when a middle class emerges, it starts to donate meaningfully. This provides some optimism for the next decade of philanthropy. We also consider corporate philanthropy a potential growth area, especially in terms of in-kind donations of business expertise, technology know-how, and volunteer time.

Destinations of Philanthropic Donations

Leading destinations for donations

The most popular destination for donations is religious organizations. This holds true across regions and is largely driven by the motivation religious affiliation provides to donate. In many cases, however, these organizations are providing outgoing support to a wide range of underlying secular causes. Beyond this, significant philanthropic capital accrues to education, healthcare, and, in some countries, international aid. High-net-worth donors and foundations broadly support the same causes as individuals as a whole.

A lack of sub-sector data can be a challenge

However, these sector headings are incredibly broad, which prevents a full economic analysis of the balance between supply and demand of philanthropic funding. A full understanding of where charitable funding goes requires the nuanced disaggregation of these sectors into narrower causes. Such data would aid donors and charities alike in selecting causes and donating with greater impact.

While there is a lack of appropriate data, the supply of charitable funding is arguably not well matched with demand. Donors tend to give to the causes that are closest to them — the causes with which they have the greatest empathy. Examples include the schools and colleges attended by those with sufficient wealth to donate. This often leaves a gap in funding organizations that are less connected to donors.

Second, donors usually prefer to provide programmatic support, i.e., funding supporting a specific program run by a charity. This risks leaving a funding gap for the operational running of charities, which itself is a significant research question.

Key Perspectives on Philanthropy

The findings of this report are supported by an extensive literature review and by multiple meetings with experts

This report provides readers with a summary of much of the literature created by specialists as well as some direct commentary by experts on key questions. We summarize the key findings of this report as follows:

1. **Philanthropy can effectively partner with the public and for-profit sectors:** While the notion of philanthropy can stir up controversy, public and private funding play different and complementary roles. A well-calibrated partnership between the public sector, the for-profit sector, and the nonprofit sector could be harnessed successfully to achieve progressive outcomes. This will be particularly important as the world tries to realize the potential of the UN Sustainable Development Goals.
2. **Philanthropy creates a surprisingly broad but poorly calibrated contribution to the global economy:** Philanthropy plays a much larger aggregate role in the global economy than is often realized, in large part because of the weakness of conventional economic measures to capture items such as the value of volunteer time. We calculate the broad value of philanthropy as over 10% of GDP per year in some economies and even higher in the U.S. The world needs better measures of the economic and social impact of philanthropy. Some nonprofit organizations, such as Pro Bono Economics in the U.K., are dedicating significant research time to this question.
3. **The U.S. dominates global philanthropy:** Around 40% of the global value of philanthropy (donations + value of time donated) accrues in the U.S. and within this, around half of all monetary donations (individuals + foundations + corporations) come from U.S.-based donors. Moreover, 60% of all donations from individuals come from the U.S. A large part of this relates to the nature of U.S. society. We show in the report there is a meaningful inverse correlation between the size of state spending and the size of the philanthropic sector.
4. **The stock of philanthropy in the global economy has flatlined relative to GDP over several decades:** Relative to GDP, there has been little change in the stock of philanthropy over the past two decades and there is a debate as to whether this represents stability or stagnation. The COVID-19 pandemic has created a near term impetus in many areas but, in general, there has been a decline in philanthropy in advanced economies offset by a rise in emerging economies. Levels of trust and public confidence in charitable institutions appear to have fallen in the West.

5. **A narrower base of donors and volunteers has emerged in the last two decades:** Both the donation rate and the rate of volunteering have been in decline in many economies, especially among the young. This creates several challenges. A smaller donor base puts charities' funding at greater risk. In addition, concentrating philanthropy in fewer hands potentially weakens the link between philanthropy and democracy.
6. **High-net-worth donors and foundations broadly support the same causes as individuals as a whole:** While there is common critique in the media that some ultra-high-net-worth donors support elitist causes and have too much influence, we find that in general, high-net-worth donors and foundations broadly support the same causes as individuals as a whole. There are two main differences: (a) more high-net-worth donors support environmental and conservationist causes, a trend that is likely to grow; and (b) foundations do not tend to support religious causes, which is a donation destination popular with individual donors.
7. **There is a lack of nuanced sub-sector data:** In measuring philanthropy, more data must be collected at the sub-sector level, beneath, for example, the sector headings such as education and healthcare, which are currently too broad for in-depth analysis.
8. **There is a supply/demand imbalance in global philanthropy:** While the demand for philanthropy could be seen in some sense as infinite, there is arguably a supply/demand imbalance between the stock of philanthropic capital and the causes with either the greatest need for support or the greatest multiplier benefits if they are addressed. In some cases, philanthropic capital flows to saturated causes, which have little immediate need for extra cash flow. Increased awareness of the balance of supply and demand would allow donors of all kinds (individuals, corporates, and foundations) to be more targeted in their donations and to consider their contribution to the overall philanthropic landscape.
9. **Gender differences in philanthropy:** We note some marked gender differences in global philanthropy. Women are more likely to give than men and they are more likely to donate larger sums. Based on current trends, women have the potential to significantly change the philanthropic landscape over time. Various studies suggest women are more likely to give to causes supporting other women and advancing gender equality; they are more likely to spread their giving among a higher number of charities and sectors; and they appear to be more prepared to make philanthropic donations without restrictions. Prominent women in philanthropy are also driving collaboration between grantmakers through funding circles and networks.
10. **Many nonprofits are critically behind in the technology race:** We include detailed commentary in this report on how technology could revolutionize the philanthropic sector. In the near term, charities and many smaller foundations are generally well behind the corporate sector in utilizing technology to improve impact and scale. This is exacerbated in the charity sector by the extreme fragmentation of the sector between large global charities and a very long tail of small enterprises. In the U.K. alone, there are around 170,000 registered charities, while in the U.S. there are over 1.5 million nonprofits recognized by the Internal Revenue Services (IRS).

Future Trends and Opportunities in Philanthropy

Potential changes in funding models

We expect a number of trends to impact philanthropy in the coming years. Demand for philanthropic capital will remain elevated as charities continue to play a key role in the COVID-19 pandemic recovery. On the supply side, it is possible the nature of funding may transition to more direct giving, i.e., individuals giving directly to one another without an intermediary; more “trust-based” philanthropy; more bottom-up funding, i.e., where charities rather than advisors determine what to fund; and more non-traditional levels being used to support the love of humankind. These are trends but not certain destinations.

Overall, we identify the following high-level areas for development. Within each opportunity are a number of sub-topics that we discuss throughout the report and in the special sections contributed by our expert research partners.

There is room for the stock of philanthropy to grow, driven by the emergence of new philanthropic actors

1. **The emergence of new philanthropic actors:** More certain than growing the rate and value of donations, there will be changes in the structural drivers behind the stock of philanthropy. First, the continued growth of the middle classes in emerging economies brings a new group of donors into the philanthropic landscape. This trend has already been observed in some countries with increases in philanthropic giving in both Brazil and China. However, it has so far not been sufficient to offset stagnancy in developed economies. Second, the rising number of women philanthropists has the potential to challenge traditional philanthropy.

2. **The global stock of philanthropy:** We think that there is room for both the rate and value of donations to grow. The pandemic already shows signs of resetting expectations when it comes to charitable giving: the value of donations increased in 2020 in some geographies. Moreover, since the pandemic brought deep economic inequalities into sharper focus, this increased giving might persist. Increases in funding will allow the philanthropic sector to deliver a greater service provision as the recovery from the pandemic continues to elevate demand.

Technology is a huge opportunity but also a challenge for the philanthropic sector

3. **The role of technology as an enabler:** Perhaps the most significant change on the horizon in philanthropy is the increasing role of technology. This presents a huge opportunity for charities to transition to a digital or hybrid service offering, with digital volunteering opportunities and fundraising following closely behind. Digitalization will impact the whole value chain of philanthropy, but the vision of a digital future for charities requires significant buy-in from funders, who will need to financially support this transition.

4. **Addressing Climate Change and Biodiversity Degradation:** Today relatively few charitable dollars support environmental causes — i.e., only around \$16 billion was donated to climate action in the U.S. in 2020. However, the urgency of the twin crises of climate change and biodiversity loss may provide epoch-defining causes around which the public, private, and charity sectors can be brought together to the benefit of the world. Facilitation of this potential partnership may require the formation of new institutions, as well as cooperation of respected leaders and experts across multiple boundaries. Philanthropy can pivot in three ways. First, a principal aim of philanthropy is to serve vulnerable individuals and communities. Given the physical impact of climate change, a charity that cares for the vulnerable should begin to turn its attention to environmental causes and solutions. Second, major donors may be able to fund new technologies and foster innovation in areas where the state or the capital markets struggle.

The twin crises of climate change and biodiversity loss may provide epoch-defining pivot points for the philanthropic sector

Corporate philanthropy can play a pivotal role through in-kind giving and skills exchange as well as through an expansion of corporate volunteering

Younger donors in particular connect donations with social action

New funding structures like bottom-up funding or trust-based philanthropy could meet the needs of charities after the pandemic

Third, the emergence into the social consciousness of biodiversity being comparable to climate change presents an opportunity for conservation philanthropy to grow.

5. **Opportunities for corporate philanthropy:** Corporate philanthropy will always be bound by the necessary considerations of the for-profit business model. With some notable exceptions, corporates focusing on philanthropy tend to contribute around 1% of pre-tax profits to charitable enterprises, with some tax regimes more favorable to this than others. There is also some blurring of the lines between direct corporate giving and the separate work of corporate foundations. Corporates also often supply goods and services for free or at cost to philanthropic causes. The latter situation is unsurprisingly most often used in sectors such as Consumer and Healthcare. The continued growth of corporate social responsibility and a wider move to “stakeholder capitalism” will not necessarily increase the amount of direct corporate giving but it will affect how corporates behave in the world. We identify a growing opportunity for skills sharing between charities and the corporate sector, in particular in facilitating technological development where we think corporate philanthropy can play a pivotal role through in-kind giving and skills exchange. There is also an opportunity for the expansion of corporate volunteering.
6. **The link with social justice:** As a new generation of donors emerge, the link between social justice and financial donations will evolve. Younger donors already connect donations with social action. In 2020, many previously informal mutual aid groups became formal charities. We expect activism and philanthropy to move closer over the coming decade, cementing a multi-track approach to social justice, where philanthropic giving is just one element. Motivating young donors and mobilizing young volunteers in higher numbers will be key to protecting charitable revenue in the future.
7. **Emerging funding structures:** Funding structures changed during the pandemic as grantmakers waived conditionality and reduced reporting requirements to allow charities to focus on service delivery as increased demand and operational challenges collided. Moving forward into the recovery from the pandemic, there is an opportunity to review the success of such short-term adaptations and to overhaul funding methodologies or catalyze the transitions that were already in progress. This might include a more extensive transition to trust-based philanthropy or bottom-up funding. Each involves grantmakers providing less restricted funding to better serve charities’ needs.

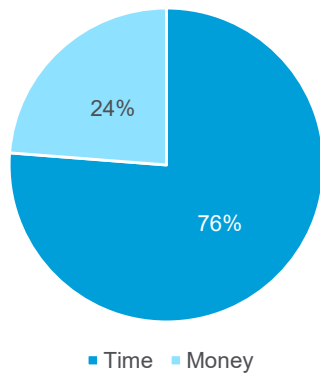
No report on philanthropy, especially a global one, can cover every angle. The footnotes in this report allow readers to go to further sources as they choose. In the chapters that follow we build upon the ideas outlined in this introduction.

Review of the Global Philanthropic Sector

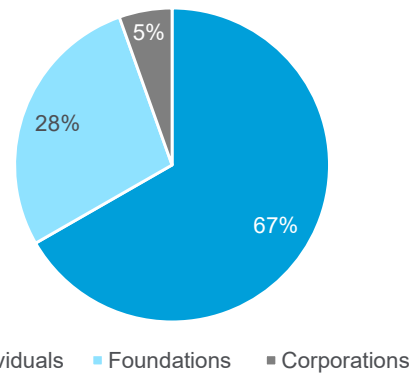
Individuals, Foundations and Corporations

Based on our method of calculation, outlined in the Introduction, donations of time and money currently total around \$2.3 trillion globally — equivalent to just under 3% of global GDP. Strikingly, we estimate three-quarters come in the value of time donated by volunteers, while the remainder is cash donations by individuals, foundations, and corporations (see Figure 1).

Figure 1. Three-Quarters of Donations Globally Are in Time Volunteered **Figure 2. The Majority of Donated Cash Comes from Individuals**



Source: CAF (2016), Johnson (2018), Giving USA (2021), World Bank



Source: CAF (2016), Johnson (2018), Giving USA (2021), World Bank

Of cash donated, 67% comes from individuals, 28% from foundations, and the remainder from corporations although there is some possible blurring of the boundary with corporate foundations (see Figure 2).³ We review these three sectors below.

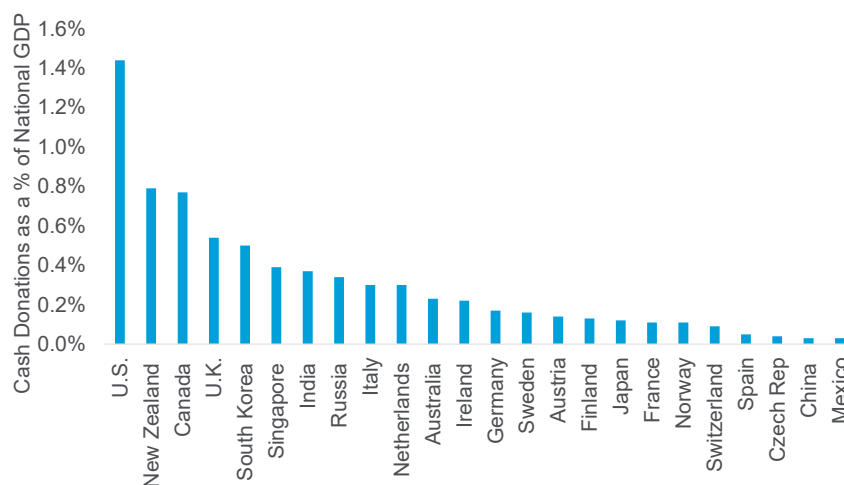
Individual Giving: Wealthier Countries Donate More

Most donations come from individuals

Individuals account for around two-thirds of all donations and, within this, the wealthiest countries are the most generous both in absolute terms and relative to their GDP. Individuals in the U.S. donate the highest percentage of national GDP at 1.44%, almost twice the nearest competitor of New Zealand at 0.79% (Figure 3).

³ Charities Aid Foundation, *Gross Domestic Philanthropy*, 2016. The report presents data for charitable giving across countries representing 75% of global GDP. We generate our \$550 billion estimate and 0.69% of GDP forecast for total donations by combining the Charities Aid Foundation data with World Bank data on GDP for the year of the survey; Paula Johnson, *Global Philanthropy Report: Perspectives on the Global Foundation Sector*, Harvard Kennedy School, 2018.

Figure 3. Individual Charitable Cash Giving as a Percentage of GDP by Country

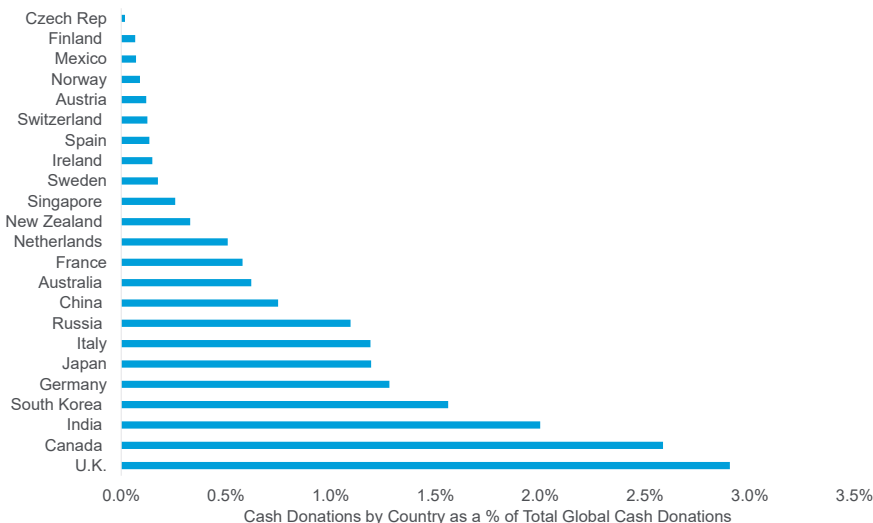


Source: CAF (2016)

In absolute terms, the U.S. contributes almost 60% of total global cash donations from individuals each year

In absolute terms, the U.S. contributes almost 60% of total cash donated by individuals each year. Its nearest competitor is the U.K., which accounts for less than 3%. We show this in Figure 4, excluding the U.S., which materially skews the data.

Figure 4. Individual Giving as a Percentage of Total Global Cash Giving by Country (ex-U.S.)



Source: CAF (2016), World Bank

The need for more data on “direct giving”

This analysis only accounts for organized giving, i.e., giving to charities and not directly to individuals in the community. If the split between organized and direct donations matched the split between organized and direct volunteering, i.e., between volunteering with a charity compared with helping friends and neighbors directly, the cash donations accounted for in our estimate would only be 30% of the total.⁴

⁴ UN Volunteers, *The Scope and Scale of Global Volunteering: Current Estimates and Next Steps*, 2018.

A data-driven methodology prioritizes Western systems of giving

Institutions in the U.S. also dominate in the foundation sector

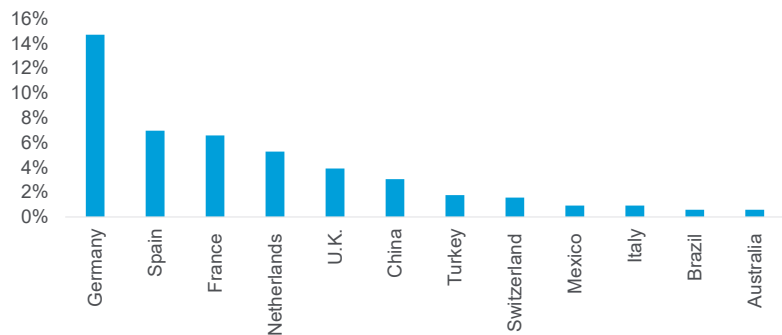
The data gap between organized and direct giving risks skewing our map of generosity in different countries. Direct volunteering is more common in Eastern Europe and Russia, the Middle East, and Africa. If this trend also applies to cash donations, our ranking of countries by their rate of donation might also be skewed. A data-driven methodology prioritizes Western systems of giving, ignoring potentially higher rates of direct giving among non-Western communities with less-developed charity infrastructures. However, accounting for direct giving would be highly unlikely to unseat the U.S. as the most generous country.

The Role of Foundations

Charitable foundations are nonprofit organizations that typically provide grants to other nonprofits. They do not usually conduct charitable activities of their own, instead acting primarily as a funder. The funding for these foundations usually comes from a single individual, family, or corporation. Looking only at assets, foundations are some of the largest charitable organizations. In the U.S., the total financial assets held by private foundations stands at more than \$1 trillion, a milestone it first passed in 2019.⁵ Foundations often have a specified purpose. For example, the Ford Foundation aims “to reduce poverty and injustice, strengthen democratic values, promote international cooperation, and advance human achievement.”⁶

The same trend applies to foundations as we observe with individuals. Philanthropic foundations in the U.S. account for more than 50% of the total giving by foundations globally, again more than twice the nearest competitor — in this case, Germany. We show this in Figure 5, again excluding the U.S., which materially skews the data.

Figure 5. Foundation Giving by Country as a Percentage of Total Foundation Giving (ex-U.S.)



Source: Citi GPS analysis of Johnson (2018)

The U.S. and Europe have significantly more foundations than the rest of the world. We think this presents a growth opportunity for global foundation giving. For example, China currently has under 10,000 foundations, significantly less than the 97,500 based in the U.S. One recent study observes that as wealthy Chinese donors develop their philanthropic model, they prefer professionally managed philanthropy.⁷ This presents a growth opportunity for foundation giving in China in particular.

⁵ Data from the Board of Governors of the Federal Reserve System (U.S.), Non-Profit Organizations: Total Financial Assets Held by Private Foundations, accessed October 2021.

⁶ “About Ford,” Ford Foundation, 2021.

⁷ Liz Longley “Rising Tide: Tracking the Emerging Philanthropy of China’s Ultra-Wealthy,” Inside Philanthropy, June 9, 2021.

The corporate sector shows significant differences between countries and within industry categories

The Corporate Sector

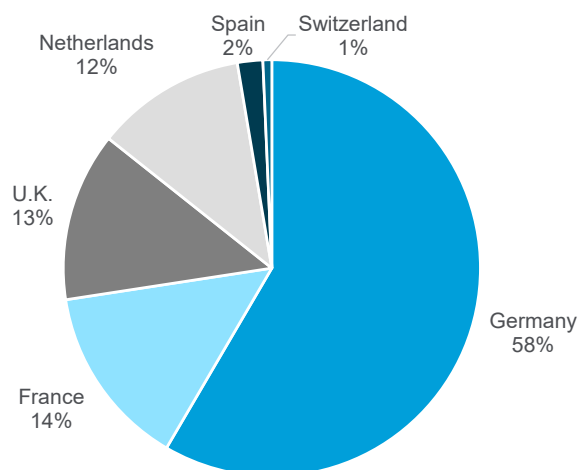
The scale of the corporate sector appears small in philanthropic terms. We believe increased reporting of Corporate Social Responsibility initiatives globally will improve the amount of data here. There is also some blurring of the boundary between corporates and corporate foundations. Some corporations make donations themselves, while others have set up an associated foundation, which manages grants separately. There may be a risk of double counting in our estimate, since some of the foundations in our data set are corporate foundations. However, this is likely insignificant due to the small percentage of donations affected.

Within the corporate sector, there is strong variation between countries with Germany a particular stand out. In Germany, corporations make up 43% of total cash donations, compared with just 3% in Switzerland.⁸ Figure 6 shows corporate donations from six key European economies. German corporations not only donate more than most other economies but also make up over half of the donations from six leading European economies. This appears due in large part to the historic social role that corporations have played in Germany, which is stronger than in many other economies. Corporate volunteering is also a strong initiative among German corporations, which further augments their apparent generosity.

Chinese corporates play a significant role

One recent study has observed the strength of corporate philanthropy in parts of Asia where, in China, it makes up 66% of total charitable giving.⁹ However, this is skewed by the historically low level of individual donations in China.

Figure 6. Corporate Giving in Europe by Country of Donation



Source: Philanthropy Services (2021)

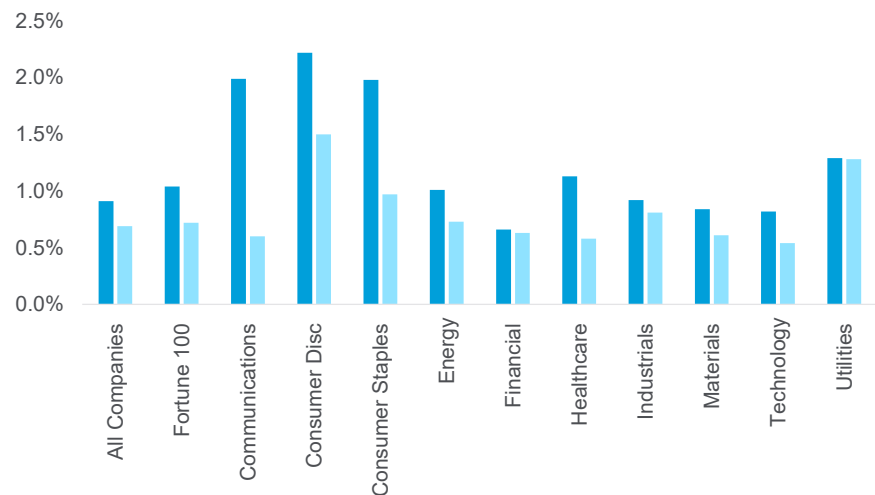
⁸ Philanthropy Services AG, *Market Study Synopsis: Comparative Market Research on Philanthropy, Fundraising and its Digitalization in Six Countries*, 2021.

⁹ ["Asian Companies Develop New Forms of Philanthropy,"](#) Centre for Asian Philanthropy and Society, accessed October 14, 2021.

Corporate volunteering makes up a significant portion of total corporate donations. A report by the Harvard Business Review showed 47% of U.S. companies offered volunteer programs in 2018, up from 40% in 2014.¹⁰ Examples include mentoring schemes with local young people and running events for service users of charities, such as shelter and food services or activities at an elderly care center.¹¹

Corporate donations also vary by industry sector, as shown in Figure 7. Communications and Consumer sector businesses donate the largest percentage of their pre-tax profit. However, non-cash giving, including products or arranging corporate volunteering schemes, accounts for over half of the donations across sectors. Donations from Financial Services and Utilities companies are far more likely to be cash donations.

Figure 7. Corporate Donations as a Percentage of Pre-Tax Profits by Industry Sector (U.S.)



Source: Chief Executives for Corporate Purpose (2020)

Corporate foundations are a small percentage of total foundations

Some corporations donate through foundations. While the role of corporate foundations varies by region, in most regions foundations operated by corporates constitute a small percentage of total foundations. In North America, they play a particularly small role with just 3% of foundations linked to corporates. In Latin America, however, almost half of foundations in one representative sample were found to be linked with a corporate, which makes the region an outlier.¹²

¹⁰ Jessica Rodell, "Volunteer Programs That Employees Can Get Excited About," *Harvard Business Review*, January-February 2021.

¹¹ More detailed case studies of corporate volunteering programs are hosted by [Volunteering Matters](#).

¹² Paula Johnson, *Global Philanthropy Report: Perspectives on the Global Foundation Sector*, Harvard Kennedy School, 2018.

Gender and Age

Women as Donors

Women as donors: more generous today and with more likely to come

Multiple studies confirm the view that single women are more likely to donate in general and donate a higher average amount than single men.¹³ However, there is no observable difference between the donation rates of high-net-worth men and women.

Marriage is often connected with an increase in charitable giving as married people connect more readily with social networks and their communities. However, some studies demonstrate that the impact is gendered: marriage makes men more likely to give and to give larger amounts, while the impact on women is more limited.¹⁴ Women currently make up just 10% of high-net-worth individuals, but a report from the Charities Aid Foundation calculates they account for 14% of donations.¹⁵

Given this enhanced rate of donation among women, the coming large-scale economic transfer of wealth to women indicates the potential for large benefits to the philanthropic landscape. Women already control \$11 trillion in assets. By 2025, it is estimated that 60% of billionaires will be women, up from 11.9% in 2019 and this will grow further as women are forecast to inherit 70% of intergenerational wealth transfers.¹⁶

Women exhibit different donation patterns compared with their male peers: they tend to donate to a higher number of charities meaning that while they give more in total, the size of their individual gifts is on average smaller. Some think this dilutes the influence of women donors.

¹³ Debra Mesch et al., *Do Women Give More? Findings From Three Unique Data Sets on Charitable Giving*, The Women's Philanthropy Institute, Indiana University Lilly Family School of Philanthropy, September 2015.

¹⁴ Ibid.

¹⁵ ["The Crucial, Growing Role of Women in Philanthropy,"](#) Charities Aid Foundation, accessed September 24, 2021.

¹⁶ Bruce DeBoskey, "On Philanthropy: Predictions on Charity and Giving for 2021," *The Denver Post*, January 10, 2021.



Berit Ashla
Vice President
Rockefeller Philanthropy Advisors

Women in Philanthropy: From Behind the Scenes to Leading the Way

Women's philanthropic power and leadership is on the rise and their proximity to the issues they support has a profound impact on how they approach their work and think about social transformation. Formally and informally, prominent women inheritors, wealth creators, and philanthropic experts are advocating for a more trust-based, collaborative approach to giving. Women donors are writing books and blogs, leading Zoom webinars, making front-page news, and finding their rightful place at philanthropy's center stage.

Women philanthropists are reimagining ways to lead, partner, develop, and grow thoughtful, effective philanthropic strategies and programs. Many women, like MacKenzie Scott, are advocating for an accelerated payout model choosing to give their fortunes away while they are alive to see, appreciate, and amplify the impact of their grantee partners' work. There is a steady rise in gender lens investing, feminist philanthropy, and growth in the payout from women's funds, foundations, and funding circles.

This increased visibility and the opportunity for increased impact is matched by the impending transfer of wealth. In the United States alone, approximately \$30 trillion will be transferred this decade from the Boomer Generation (born 1946-1964) to Generation X (born 1965-1980) with Millennials (born 1981-1996) following closely behind and creating new tech wealth that also challenges traditional philanthropy. Given the larger number of women who will inherit from parents and/or husbands (life expectancy is currently 81.1 years for women and 76.1 for men), women will have a larger role to play in the deployment of those assets, particularly those earmarked for philanthropy.

The questions many of us in philanthropy are asking include: What are the best ways we should reform systems to meet this moment and future disruptions? What lessons can we learn from today's leading-edge women philanthropists?

Funding Gender Justice: The Cause of Women and Girls

Carving a path for gender justice drives philanthropic strategies for many women. As a student at Stanford in the late 1970s, Michelle Mercer took courses in feminist studies that changed her life. Her eyes were opened to women's oppression and her professor, historian Estelle Freedman, introduced her to a politically-active feminist community that heavily informed Mercer's work as an attorney, nonprofit advocate, and strategic philanthropist. Only 7% of philanthropy dollars go to women and girls, which Mercer considers woefully inadequate. To honor the tremendous contributions to the field by her first feminist studies professor, Michelle and her husband endowed the Michelle Mercer and Bruce Golden Family Professorship in Feminist and Gender Studies at Stanford, in honor of Estelle Freedman, as well as a second Professorship in Women's Leadership.

Asked of her philosophy in giving, Mercer cited the importance of a diverse giving portfolio much the way investors aim to have a diversified financial portfolio. This includes everything from influencing higher education to funding policymakers and grassroots women of color leading efforts to create a more equitable, inclusive economy. Mercer says her goal as a donor is to "get the money out the door, trust the leaders who are in the trenches doing the work, and not have them feel beholden to us." Mercer's funding goes to female political candidates, 501(c)(4) organizations, and 501(c)(3) organizations focused on gender justice, democracy, freedom of the press, and immigrant rights.

Women Philanthropists: Collaborating for a Cause

In his 1889 “Gospel of Wealth,” Andrew Carnegie said he believed in giving wealth away during one’s lifetime, and that “the man who dies thus rich dies disgraced.” What didn’t appear in so much of the retelling of Carnegie’s giving was that of the more than 2,000 free libraries his philanthropy created, matching funds were required in the cities and towns where most of those libraries were built. Who tended to raise those matching funds? Women!

In 2021, perhaps the women’s gospel of wealth is the importance of collaboration, community partnership, and sharing strategies to accelerate social change. Mercer intends to share with others the giving strategy she created with her advisor Andrea Dew Steele with a guide focused on women in politics and gender justice. Since it took them a long time to develop their strategy and find the many organizations Mercer supports, she is organizing a digital guide that can be updated, where inspired donors can easily find and support these organizations and leaders.

In recent years, Valerie Rockefeller, Chair of the Rockefeller Brothers Fund and Board Director at Rockefeller Philanthropy Advisors, says that seeing society crumbling around her where racism and sexism was so blatant, she felt an anger so intense, it was clarifying. In her work, Rockefeller finds that, “the anger may spur you to action, but joy for the work and loving the people you are working with is what sustains your leadership.” Rockefeller says that working with more women and people of color has led to more honesty, fewer self-aggrandizing speeches, more personal check-ins, and a more collaborative approach to problem-solving and leadership in the board room and beyond.

Donor Networks Facilitate Shared Learning

The Women Donors Network (WDN) is another place where collaboration, patient capital, and catalytic funding is inspiring women to fund organizations that reflect the world they want their daughters and sons to inherit. Five years ago, CEO Donna Hall says WDN facilitated \$5 million of giving; this year WDN moved over \$20 million to social justice grantees. Women join WDN to learn from one another and encourage one another to be bold and invest in long-term strategies to make lasting, positive change.

According to Hall, “women come to WDN seeking community that is less hierarchical and where they feel safe to ask questions.” WDN members are united by shared values that sharpen their collective focus and understanding of issues. They encourage one another to experiment and learn together and strive to change systems by going upstream, finding the root of injustices that they want to address.

When Hall became leader of WDN nearly two decades ago, the membership was less diverse than it is today. Diversifying the membership was always a goal of hers and most members, but it was the launch in 2014 of WDN’s Reflective Democracy Campaign that honed their focus and began attracting more women of color. WDN’s Reflective Democracy Campaign began with deep research and a series of pilot projects that tested what is gained when leaders reflect the communities they represent. At 70% of the American population, women and people of color hold just one-third of elected offices. White men are 30% of the population, yet they hold two-thirds of the power. The Reflective Democracy Campaign says that a narrow slice of our population cannot effectively govern the United States in the 21st Century. Today, 21% of WDN is made up of Millennials and 17% of its members are women of color with a broader mix of wealth creators and inheritors.

In addition to the Women Donors Network, growth in women's foundations and new funding circles is taking off. Jeannette Ferran Astorga, Head of Sustainability at Zoetis and President of the Zoetis Foundation returns to her alma mater every year for the Fordham Women's Summit highlighting philanthropy and leadership. Alumni that include company founders, corporate CEOs, government and nonprofit leaders gather to learn, network, and build community together in ways that have led some to create their own funding circles, expanding the definition of who a woman donor can be.

Leading women philanthropists are investing in the dynamic benefits of convening their grantees too. Wendy Schmidt with her 11th Hour Project is revered in the sector for the thoughtful gatherings she hosts for her grantee partners. Organization leaders learn from one another, enjoy getting to know others in their field, and have a chance to consider the collective impact they might have by joining forces with one another. Schmidt invests in leaders addressing some of the most pressing issues of the day — supporting resilient systems for food, energy, water, human health, and climate. Partnership is part of her theory of change, and she is helping to facilitate authentic connections by listening to her grantees and taking their lead. Her financial investing complements her philanthropic giving too, and she encourages others to pursue similar alignment. Schmidt is comfortable with a longer term return on investment (ROI) than more traditional pools of capital because her goal is true transformation, not tinkering at the margins.

Five Lessons from Leading Women in Philanthropy

More women philanthropists can take a leadership role in accelerating the effectiveness of their giving in the following five ways:

1. Trust your grantees to know best by providing multi-year, general operating support.
2. Make use of your proximity to the issues you are addressing — acknowledge the spotlight you can attract as a donor and shine it on your grantee partners' work.
3. Build relationships on a bedrock of trust and respect so when the going gets tough, your grantees will be honest with you about course corrections they may need to make. This pandemic has taught us how even the best laid plans might need to be thrown out the window — better to make that decision in partnership with your grantees. This might include testing new leadership models.
4. Get comfortable with longer timelines for evaluating results — real change take time.
5. Ask grantee partners how they are thinking about diversity, equity, and inclusion in their organization's planning. Getting them to address this question can provide what the leadership needs to push its board to think more clearly about the valuable benefits and creativity that result from engaging more diverse voices in decision making.

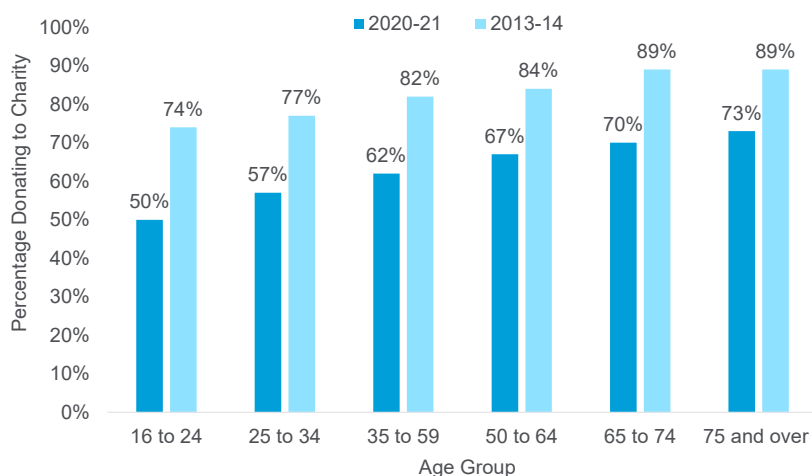
Donation rates among the young have fallen more than for the donor population as a whole

Younger People Are Donating Less than Historically

The likelihood of an individual donating increases as they get older. For example, 73% of people over the age of 75 in England reported donating to charity in 2020-21, compared with just 50% of those in the 16-24 age bracket. A large part of this relates to the simple ability to give but there are more nuanced factors at play. Understanding and responding to these factors is vital for the philanthropic sector if a widespread bedrock of future donors is to be built from today's younger generation.

When we look at age profiles, which is most significant is that while the volume of donors has declined in all age groups, the largest falls are seen among the young. Figure 8 shows the difference in donations between 2013-14 and 2020-21 in England. A longer-term view augments this trend. Research from the Charities Aid Foundation noted that more than half of all donations in the U.K. come from the over 60s, compared with just one-third 30 years ago.¹⁷

Figure 8. Younger Age Groups in England Are Less Likely to Donate



Source: Statista

The same trend is observed in the U.S. In 2015, 41% of those aged 22-35 reported donating, compared with over 50% of the population as a whole. Under 30s in the U.S. also donated less recently than previous cohorts of young donors. One study concludes that the giving rate among under 30s, which stood at over 47% in 2005, had declined to less than 29% by 2015 with a new cohort of young donors.¹⁸

There are multiple societal shifts impacting younger donors

Some have ventured explanations of this declining donation rate among younger generations. The Do Good Institute, for example, argues that younger generations are rejecting the key milestones traditionally associated with the transition to adulthood by their predecessors — marriage, independent living, and education — which have historically been correlated with increased volunteerism and charitable giving.¹⁹

¹⁷ Charities Aid Foundation, *Mind the Gap: The Growing Generational Divide in Charitable Giving. A Research Paper*, September 2012.

¹⁸ ["Understanding the Past and the Present to Ignite America's Spirit of Generosity,"](#) The Generosity Commission, accessed October 14, 2021.

¹⁹ Nathan Dietz and Robert T. Grimm, Jr., *Shifting Milestones, Fewer Donors and Volunteers: 21st Century Life for Young Adults and the Impact on Charitable Behaviors*, Do Good Institute, University of Maryland, October 2019.

The Institute references declining marriage and independent living rates, the high cost of home ownership, and the financial burden of completing higher education as examples of hurdles to traditional milestones.

According to the annual US News & World Report survey, the average student loan value increased 20% over the period from 2010 to 2020, reaching an average of just under \$30,000 by the end of the period.²⁰ Similarly, in England, the average student loan debt upon entering the repayment threshold stood at under £3,000 in 2000; by 2021, the figure has risen to over £45,000.²¹ Obviously, the increasing cost of tertiary education cannot completely account for the declining donor rate among the young as many young people still do not attend college — only a third of young people in the U.S. attended college in 2019 according to the Do Good Institute.

Similar statistics reveal the inaccessibility of the property market as a hurdle to independent living. In the U.K., Office for National Statistics (ONS) data show the ratio of house prices to earnings has increased from around 5.0x in the 2000s to 7.7x in 2020; in London, the figure has almost doubled from 6.9x in 2000 to 12.5x in 2020.²² This is strong evidence in support of the Do Good Institute's hypothesis.

Although on traditional metrics the younger generation may look less generous, zooming out and looking at a broader definition of generosity gives a fuller picture of their philanthropic impact. In the next section, we look at the differences between generations in terms of their attitudes towards charity and giving.

²⁰ Emma Kerr and Sarah Wood, "10 Years of Average Student Loan Debt," U.S. News & World Report, September 14, 2021.

²¹ Statista, "[Average student loan debt on entry to repayment in the UK from 2000 to 2021 by repayment cohort](#)," Statista, accessed November 15, 2021.

²² See "House price to residence-based earnings ratio" from the ONS.



Karen Kardos, CPA
Head of Philanthropic Advisory
Citi Private Bank

This Is Not Your Grandfather's Philanthropy

Many of us have heard the adage “time, treasure, and talent” when it comes to philanthropy. However, the attitudes, definition, and practice of philanthropy for younger generations suggests it could use a tweak — perhaps to “time, treasure, talent, and lifestyle choices.” Those choices concern how to live and behave according to an individual's value system. After all, philanthropy is highly personal and is solely motivated by your own beliefs and values.

In general, each generation is shaped to some degree by their collective experiences. These include many factors, such as historical events, technology, and the political, social, and economic climate to name a few. The younger generation is defined here as those born roughly between 1980 and 2000, aged 21 to 41. This includes not just Millennials or Generation Y, but also the early half of Generation Z, as they are either in or entering the workforce.

ESG Factors

For many of the younger generation, lifestyle choices are seen as a way to help others, including decisions about the organizations they will work for, invest in, and buy from. Their personal identities and value systems are interconnected with those of the organizations they engage with. Corporate social responsibility, or being a good corporate citizen, reflects an organization's values and can be measured by environmental, social, and governance (ESG) factors designed to have a positive impact on society.

For example, environmental practices could include reducing the size of an organization's carbon footprint, lowering its energy consumption, or embracing a greater use of renewable resources. Social practices may relate to workplace health and safety, treatment of employees, and customer or product quality issues. Governance practices may address the number of board seats held by minorities, executive compensation policies to reduce pay gaps, or disclosure policies.

The practices and policies supporting an organization's approach to ESG relate not only to its direct activities, but also to its workforce, customers, and supply chain. The higher the ESG rating for an organization, the greater its positive impact on society. For the younger generation, this translates to something along the lines of “if I engage with an organization that is helping to create positive change, I too am creating positive change for the world.”

Choosing Social Responsibility

Employment, investing, and consumer choices are among the tools the younger generation views as effective for doing good and making positive change. Many working adults, regardless of age, express a desire to work for a socially-responsible organization. Some studies have shown that younger employees would sacrifice salary to work for a socially-responsible company and believe making a positive difference in the world is more important than professional recognition.

The importance of working for a company engaged in corporate social responsibility is underscored by a recent Fidelity Charitable study. Some 87% of Millennials agree that a company's social responsibility is an important consideration when evaluating a potential employer. Baby Boomers and Generation X were not far behind at 64% and 71%, respectively.²³

The Rise of ESG Investing

In recent years, there has been an explosion in interest in ESG investing, not only in the investment strategies themselves, but also with respect to investment organizations (i.e., ensuring the organization is comprised of a diverse population of portfolio managers). The younger generation still want a return on their investment, but they also want it to reflect their personal values and contribute to the social good. According to Zacks Equity Research, 90% of Millennials aim to customize investments based on their set of values, and 87% of high-net-worth Millennials prefer reviewing a company's ESG credentials before investing in it.²⁴

That is not to say the Baby Boomer generation does not incorporate ESG issues into their investment decisions. They do, but ESG issues do not appear to be as important to Baby Boomers. According to a recent study by Allianz Life, 42% of Baby Boomers indicated that ESG issues are important to the investing decisions as compared to 64% of Millennials.²⁵

Older vs. Younger

During the height of the COVID-19 pandemic, a study by Influence|SG found that 39% of young adults aged 18 to 30 took action to support or help others by spending, or increased spending on products and services. This was against just 12% that took action by making a monetary charitable donation. According to Fidelity Charitable, 65% of Millennial donors surveyed purchased products from socially responsible businesses, compared with 40% of Baby Boomers.²⁶ It appears the younger generation may be more likely to shop than to give a donation in response to a crisis, and where they shop, makes a difference to them.

The importance of donating time and talent should not be underestimated and can take the form of board service, pro bono technical or professional expertise, or lending time for administrative or programmatic activities. Without volunteerism, many nonprofits would be unable to fulfill their missions. In fact, some nonprofit organizations are run entirely by volunteers.

²³ ["The New Definition of Philanthropy Includes Any Act of Social Good,"](#) Fidelity Charitable, accessed November 15, 2021.

²⁴ Zacks Equity Research, "Millennials Are Inclined Toward ESG: Here's Why," Nasdaq, March 9, 2020.

²⁵ ["Socially Responsible Investing and ESG: It's Not Just a Millennial Trend,"](#) Allianz Life, August 12, 2019.

²⁶ ["The New Definition of Philanthropy Includes Any Act of Social Good,"](#) Fidelity Charitable, accessed November 15, 2021.

According to the Case Foundation, 70% of Millennials donated more than one hour to charitable causes via company-sponsored volunteer work, and according to Define Financial, most volunteers in 2020 were between the ages of 35 and 44.²⁷

While nonprofit boards tend to be comprised of older generation members, many nonprofits see the value of multi-generational boards or advisory boards comprised entirely of younger generation members. They bring unique perspectives and viewpoints to the organization, are typically well versed in technology, and represent the future pipeline of donors and board members. The younger generation is much more likely to use technology to fundraise for organizations through crowdfunding efforts.

It probably comes as no surprise that older generations tend to be more generous than younger generations based solely on the overall amounts given, perhaps because they have more disposable income. And when it comes to the younger generation, regardless of how they “promote human welfare,” 74% consider themselves philanthropists, as compared to only 35% of Baby Boomers.²⁸

We typically see that older generations have an affinity to specific organizations and they continually give to those same organizations year after year. With the younger generations, there is a greater inclination to first identify a cause they want to support and then narrow down the organization(s) supporting that cause. They typically want to be more “hands on” with the nonprofit(s) they work with, be that via volunteering, fundraising, or reviewing annual reports or other data shared by the nonprofit. They also prefer to give directly to individuals versus to nonprofit organizations, platforms, or websites.

A Different Lens on Giving

There are, of course, many generational differences when it comes to philanthropy: the types of causes each generation is inclined to support, the use of technology to support organizations, advocacy and political support, spend-down philanthropy versus perpetuity, recognition, anonymity, etc.

However, as we look to the future of time, treasure, talent, and lifestyle choices in relation to philanthropy, most importantly, younger generations are still generous, contrary to the “me, me, me generation” stereotype. They are more inclined to be socially conscious, they want to make an impact, and they think holistically about how their decisions can promote human welfare and help others. Since they pull some non-traditional levers to make their impact, both for-profit and nonprofit organizations will most likely continue to make strides to achieve ESG goals. Younger generations engage with causes they care about just like their predecessor generations. However, they sometimes want to engage on a much deeper level, which nonprofits must expect and embrace. After all, they will soon be the next leaders and board members in society. Finally, their technological savviness coupled with their desire to make an impact and drive change, gives me hope they will find new and better ways to understand and solve the pressing issues of today and those yet to arise in the future.

²⁷ Case Foundation, *Millennial Impact Report: 2015*, 2015; Taylor Schulte, “Charitable Giving Statistics for 2021,” Define Financial, July 29, 2021.

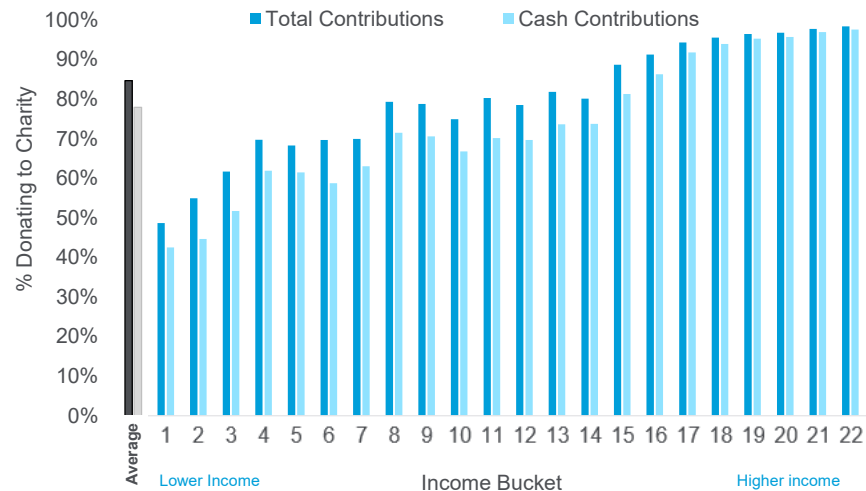
²⁸ “[A New Mindset Changes Donors’ Relationship With Philanthropy](#),” Fidelity Charitable, accessed November 15, 2021.

Income and Wealth

Surprisingly limited correlation between income and donation rates in relative terms

In absolute terms, higher earners clearly donate more. Further, looking at the U.S., higher earners donate in greater numbers, with nearly 100% of the highest earners giving to charity each year (see Figure 9).

Figure 9. In the U.S., Those with a Higher Annual Income Report Donating in Higher Numbers



Source: Citi GPS, IRS Data (2018)

More interesting is the amount that donors give as a *percentage* of their income. This is much less clear than absolute rates of donation because it requires the comparison of various sets of often incomplete national accounts. However, while there is no hard consensus, the literature suggests that for the vast majority of the income spectrum, there is little connection between income and donations. For example, one recent National Bureau of Economic Research (NBER) study shows that, when outliers are excluded, the rate of donation across the income distribution in the U.S. is flat for annual incomes less than \$500,000.²⁹

Instead, the NBER report finds a stronger correlation with wealth.³⁰ As wealth increases, the percentage of wealth donated increases. This echoes a recent report from Pro Bono Economics, which notes that individual donations appear insulated from economic shocks. They find that donations are linked with expected lifetime wealth rather than annual or otherwise shorter-term earnings.³¹

Material correlation between donations and wealth as well as views of future wealth

²⁹ Jonathan Meer and Benjamin Friday, *Generosity Across the Income and Wealth Distributions*, National Bureau of Economic Research Working Paper 27076, May 2020.

³⁰ Ibid.

³¹ Pro Bono Economics, *Is This Time Different? Charity Funding in Recession and Recovery*, November 2020.

Donation of Time and Services

The Value of Volunteers

Time volunteered constitutes three-quarters of total donations each year

Time volunteered constitutes three-quarters of the total donations each year on our method of calculation. This estimate is based on the UN calculation that 109 million full-time equivalent (FTE) roles are fulfilled by volunteers.³²

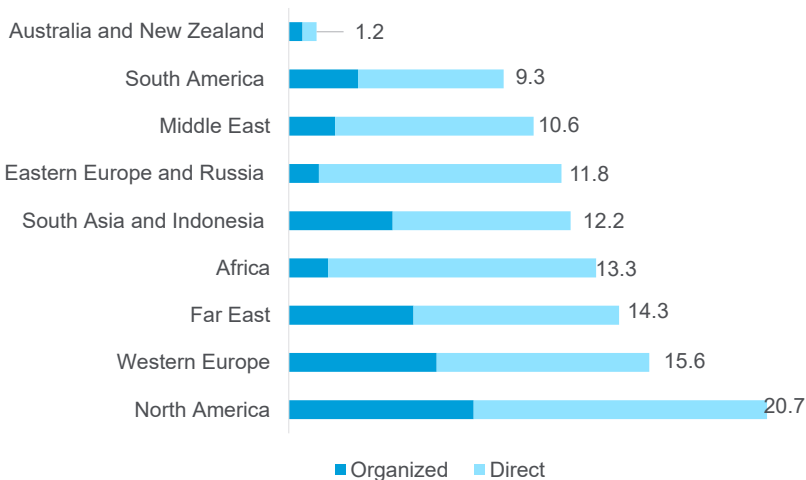
Valuing time donated is much more complex than valuing cash donated. One valuation yardstick is the market cost of replacing volunteer labor. Another is the opportunity cost of the volunteer. The two may not be the same: a volunteer may have been able to command a higher salary than the cost of replacing their labor. A third option values the monetary cost of producing the same increase in wellbeing as arises from volunteering. And there may be additional methods of valuation.

We have adopted a conservative methodology in this report. Multiplying the number of FTE jobs filled by volunteers by the lower bound OECD global salary, gives our \$1.75 trillion figure. This is an underestimate because 35 million of the jobs filled by volunteer labor are in North America and Europe, where salaries are higher than the lower bound OECD figure. Moreover, the skill profile required for some volunteer labor might command a significantly higher salary than the global median.

Volunteer labor is centered on Western economies

Figure 10 shows that volunteer labor is highly prevalent in North America and Western Europe. However, there is intra-region variation and the extraordinary contribution of some countries is masked by this regional view. For example, Mexico and Scandinavia significantly boost the volunteer rate of their respective regions.

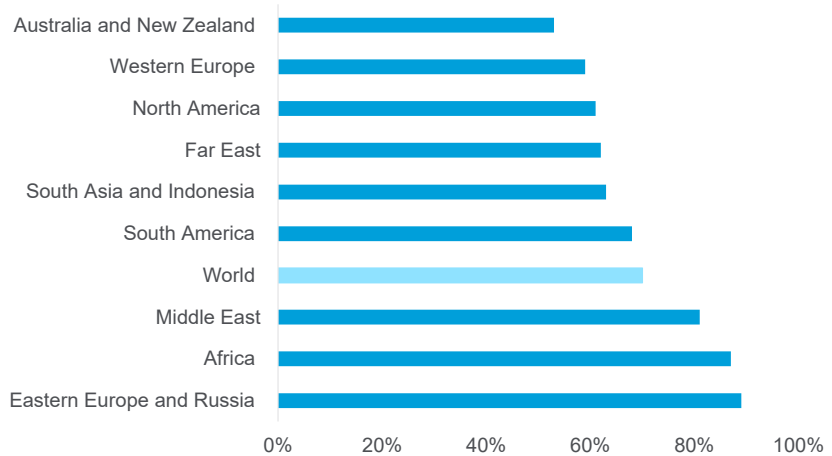
Figure 10. Number of FTE Roles (millions) Performed by Volunteers in Each Region



Source: UN Volunteers (2016)

Most people help directly, with around 70% of global volunteer work being direct rather than through organized institutions. Direct volunteering involves helping one's community independently of a charitable organization. For example, driving an elderly neighbor to the hospital or tending their garden is direct volunteering, while working for free in a charity shop would be an example of organized volunteering.

³² UN Volunteers, *The Scope and Scale of Global Volunteering: Current Estimates and Next Steps*, 2018.

Figure 11. Percentage of Volunteering Performed Directly Rather Than Through a Charity

Source: UN Volunteers (2016)

There are material regional differences in volunteering. In Africa, as well as Eastern Europe and Russia, much more volunteering is direct. This reflects variances in the infrastructure of civil society. It follows that where there is less infrastructure for civil society, more giving and/or volunteering will be direct, rather than through an organized body.³³

Volunteering by Gender and Age

Women perform a majority of volunteer labor

While women's philanthropic power is still growing, women already dominate among the ranks of the volunteer workforce. Globally, women complete 56% of volunteer labor and their contribution only increases when we look at direct volunteering. The same pattern can be observed in almost all regions. It is well documented that fewer women are employed: ILO figures for 2021 note that the employment rate for women stood at 43% while for men it was over 68%.³⁴ This leaves women as a group more time to contribute to their communities through volunteer work. In considering the role of women volunteers, it is important to note that women also perform 70% of unpaid care work inside the home.³⁵

Generational differences in volunteering vary significantly by country

The rate of volunteering by age group differs by country when we look at organized volunteering. In some countries, the volunteer rate decreases with age (e.g., Hungary, Poland, Portugal, and Canada) while in others it increases (e.g., Italy, South Africa, and the U.S.). In a further set of countries, there are fluctuations with age in various different patterns (e.g., Australia, Japan, and Austria).

Looking at the U.S., the national volunteer rate for all adults in 2015 stood at almost 25%, while the rate for young adults aged 22-35 was closer to 20%. Trends shifted in 2020 with the average volunteer getting younger, more female and more educated.

³³ Lester M. Salamon, S. Wojciech Sokolowski, and Megan A. Haddock, A. *Explaining Civil Society Development: A Social Origins Approach* (John Hopkins University Press, 2017).

³⁴ International Labour Organization, *Building Forward Fairer: Women's Rights to Work and at Work at the Core of the COVID-19 Recovery*, July 19, 2021.

³⁵ International Labour Organization, *Care Work and Care Jobs: For the Future of Decent Work*, June 28, 2021. Note that this report gives the pre-pandemic figures and the situation may have worsened post-COVID.

However, this may have been due to working mothers being forced to work from home to manage childcare and virtual schooling. Older generations also declined in 2020 probably due to pandemic effects regarding health and safety.

However, direct volunteering may have a clearer trend. The direct volunteering rate peaked in the 45-55 age group for the six countries for which data could be assembled. There is no single explanation for this trend but we believe there are two contributing elements:

- **Absence of childcare demands:** This age category tends to have older children, leaving time available for volunteering outside of the family.
- **Links to the community:** People in this age category are more likely to have friends and neighbors who call on them for help.

Although both of these conditions of participation persist into older age, declining health and reignited family obligations, including caring for grandchildren, weigh on the cohort's continued participation in volunteering outside the household.

The Value of Donated Goods and Services

Charities receive multiple donations of food as well as other goods and services

Giving cash or time is not the only way to contribute to charities. Charities also receive donations of food, as well as other goods and services. Some goods are already included in the value of charity income: the value of goods donated to charities for sale in their shops, for example, is already included in charity income because estimates of the total charitable receipts in some countries include “earned” income, i.e. income from shops. However, the donations of goods outside of earned income can be of significant value, including, donations of medical equipment and pharmaceuticals by healthcare companies, and donations of food by individuals.

This is a significant third category of both organized (i.e., through a charity) and direct (i.e., with no intermediation) donation. Food banks delivered the equivalent of 1.4 billion meals in 2020 across 44 countries in both developed and emerging economies.³⁶ In the U.K. alone, the Trussell Trust reports that 2.5 million food parcels were provided to service users in 2020-21.³⁷ One estimate notes the cost of a food-bank diet, such as those provided by the Trussell Trust, is £17.66.³⁸ Since each parcel provides food for three days, this implies the cost of the food parcels totals £18 million (~\$24 million) — just in the U.K. Not all of this was received in donations of food, since the charities accept cash donations as well as donations of food. However, taking a global view, the donation of food and other goods is a significant element of the total landscape.

³⁶ The Global FoodBanking Network, *Powering Communities for Zero Hunger: FY2020 Annual Report*, 2020.

³⁷ The Trussell Trust, *Together for Change: Impact Report 2020-21*, 2021.

³⁸ Sinead Furey and Martin Caraher, *The Differential Cost of an Emergency Food Parcel and a Consensually Acceptable Basket of Healthy Food*, 4th World Congress on Health Economics, Health Policy, and Health Care Management, at Zurich, Switzerland, September 2018.

The Multiplier Effect of Philanthropy

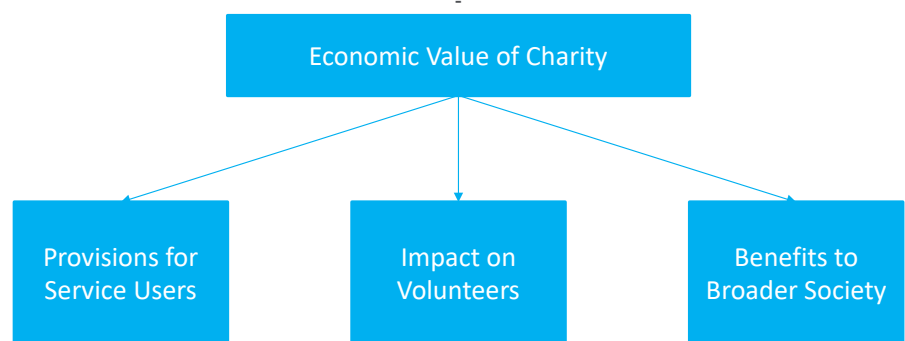
The Downstream Value of Philanthropic Contribution

As we noted at the start of this report, the \$2.3 trillion we calculated as the approximate current value of money and time donated creates materially more in terms of total economic value as, similar to the Keynesian theory of the Multiplier Effect, services and activities enabled by donations and provided by charities create downstream economic benefits.

We see three dimensions of downstream economic value to charitable activity

There are three dimensions of downstream economic value to charitable activity: provisions for service users, the impact of providing services on volunteers, and benefits of services to broader society.

Figure 12. The Economic Multiplier of Charitable Donations in Three Dimensions



Source: Citi GPS

Social Return on Investment Calculations

Downstream benefits multiply the value of donations and can be expressed through Social Return on Investment metrics

Social return on investment (SROI) calculations are a common metric used to measure the value generated by charitable donations. They evaluate the economic contribution of a particular charity's activities.

One study of Crisis, a U.K.-based homelessness charity, concludes that every £1 donated generates £4.37 in economic value.³⁹ Various factors contribute to this 4.37x multiplier including:

- **Improved employability of service users:** Moving service users into paid work generates economic value from improved spending power of the newly employed, tax revenue from the newly employed, and reduced social security payments to the former service user.
- **Improved job market outcomes:** Providing training courses, volunteer work placements, and accredited qualifications enhance labor market outcomes for service users.⁴⁰ This often results in higher salaries with correspondingly higher spending power and tax receipts.

³⁹ Oxford Economics, *Explanation of the SROI Calculation for Crisis Skylight Education, Training and Employment Centres for Homeless People*, October 2009.

⁴⁰ There is an interesting node of circularity around incorporating volunteer work into the reintegration of the unemployed into the workforce given our second heading under the multiplier effect — benefits to volunteers.

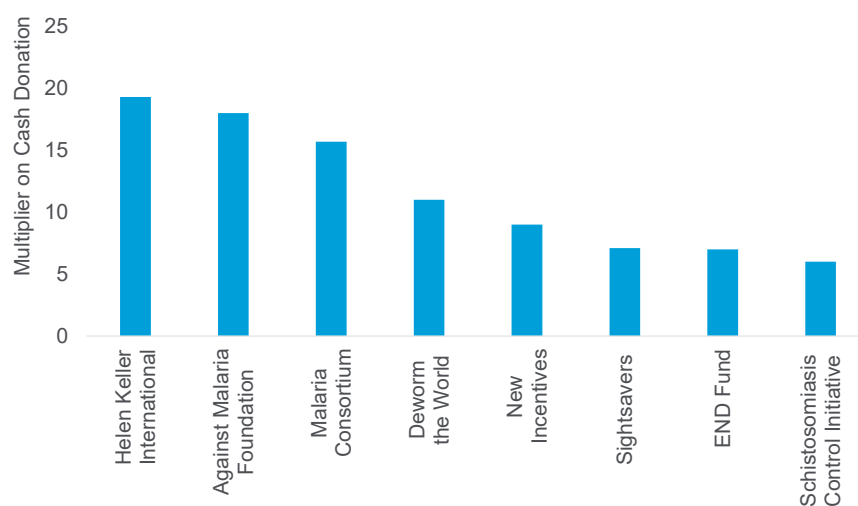
- **Improved housing situation:** Developing service user access to mainstream housing options reduces the cost of providing first-line housing interventions in the form of hostels and other emergency solutions. Emergency solutions are more expensive to run than traditional housing.
- **Reduced healthcare costs:** One report from Homeless Link in the U.K. estimates the number of hospital admissions per year is four times higher for homeless people than for the general public. Helping service users into housing reduces the cost to the healthcare system by reducing the risk of physical and mental ill-health.

Philanthropic capital needs to be patient to witness the full economic benefits of an intervention

It merits noting that some of these economic benefits will not be realized until the remote future — specifically, they are further into the future than philanthropic capital has often been accustomed to look. For example, when the charity intervenes to help the homeless back into accommodation and work, the savings for the healthcare system may be realized multiple years into the future. Fully appreciating the multiplier of a donation requires philanthropic capital to be patient and the desire to measure immediate impact must to some extent be resisted to see this full picture.⁴¹

The multipliers of different charities vary widely. One report estimates the average multiplier for reporting charities in the U.K. is 5x.⁴² However, Figure 13 shows some sample variation. Any multiplier above 1.0x is obviously positive, but some charities deliver almost 20x the economic value of donations.

Figure 13. Some Charities Deliver a Multiplier of 20x on Cash Donations



Source: GiveWell (2021) "Initial cost-effectiveness estimate in multiples of cash transfers." Where charities have more than one country of operation with different multipliers, we have taken the median.

⁴¹ Philanthropic capital has not always been sufficiently patient to observe the full impact of donations. See *Philanthropy and COVID-19: Is the North-South Power Balance Finally Shifting?* by the Centre for Strategic Philanthropy at the University of Cambridge Judge Business School, published in 2021.

⁴² Heidi Fisher, "What Is a Good SROI Figure?" Make an Impact CIC: Connecting Impact and Growth, February 19, 2018. The multiplier that charities report has increased since the SROI metric was introduced. This may be due to improvements in the running efficiency of charities or due to inflation and a motivated desire to improve the figures.

The multiplier of a charitable donation cannot alone tell us which philanthropic causes may be most effective to fund

The Need to Apply Caution to Multipliers in Isolation

The multiplier of a charitable donation cannot alone tell us which philanthropic causes may be most impactful to fund. Indeed, the sector, and even sub-sector, that a charitable organization operates within can materially determine its multiplier.

The charities in Figure 13 tackle blindness and child mortality (Helen Keller Foundation), malaria (Against Malaria Foundation, or AMF, and Malaria Consortium), and deworming (Sightsavers, The END Fund, and SCI Foundation). These charities save lives by taking inexpensive treatments and preventative medicines to developing countries where there is an acute need. This is an immeasurable moral good, but it also provides economic value: children whose lives are saved grow up to be economic contributors, with employment opportunities, and spending power. This augments the economic multiplier of charities tackling child mortality, to cite just one example. By contrast, an arts charity operating in the U.S. or the U.K. will have a very different multiplier due to the goals at which it aims. This results in a differential between different charities' impact multipliers.

The geography in which a charity operates partially determines its economic multiplier

Furthermore, the geographical regions in which a charity operates also partially determines its economic multiplier. The data in Figure 13, where charities operate in multiple regions with different multipliers, has been calculated by taking the median multiplier. The range is sometimes dramatic. Deworm the World, for example, while having a median multiplier of 11, has a multiplier of over 26 in Kenya and under 5 in Pakistan, all according to the same GiveWell estimates.

Comparing the multipliers of different charities is therefore difficult. Multipliers might allow us to compare charities with identical aims and regions of operation, but it would be rare to find two such charities. Moreover, analysis of SROI figures cannot answer the normative question of which charities ought to receive the most funding. No economic figures will tell us which causes are worthy.

Nevertheless, this analysis illustrates that a dollar given to charity could deliver much more economic value than a dollar spent elsewhere. If the estimated average above is accurate, the \$0.5 trillion donated in cash every year delivers economic value of perhaps \$2.5 trillion annually, even if the multiplier is only applied to cash donations.

An Hour Volunteered Is Worth More Than an Hour

Volunteering creates an economic multiplier

Volunteering also has an economic multiplier. Volunteering often paves the way for a return to work, but it also catalyzes career progression by allowing volunteers to gain new skills.⁴³ Volunteers also report higher self-confidence and self-esteem, which potentially accelerate career progression and increase earnings.⁴⁴

⁴³ "Supporting Effective Volunteering for the 2020s," Pro Bono Economics, June 7, 2021.

⁴⁴ Oxford Economics, *Explanation of the SROI Calculation for Crisis Skylight Education, Training and Employment Centres for Homeless People*, October 2009.

Philanthropic Dollars and Community Value

The lens of social impact can zoom out yet further to consider the economic state of communities around charitable service users. In a study of rural Kenya, for every \$1 donated via direct giving, there was an increase in economic activity of \$2.60.⁴⁵ Recipients spent the cash they received with local businesses, increasing their revenue and benefiting the broader community.

Dimensions of community value

Zooming out to capture these benefits points to an array of outcomes with economic value, beyond the direct provision of services. The U.S.-based National Council of Nonprofits illustrates four dimensions of this broader economic contribution:⁴⁶

1. Nonprofits are a **significant employer**, with 12.3 million employees in the U.S., generating tax revenue and spending power. One pre-pandemic report noted that between 2007 and 2017, nonprofit jobs grew almost four times faster than for-profit jobs.⁴⁷
2. Charities often **care for children and the elderly**, reducing the burden of care and releasing workers into the paid workforce.
3. Nonprofits **attract other businesses**, which could also become significant employers, to an area as they support employee wellbeing.
4. When members of the public attend **charitable events**, they often generate income for local businesses.

Figure 14. The Multiplier Effect Contributes Economic Value Across Three Streams

Provisions for Service Users	Impacts on Volunteers	Benefits to Broader Society
- Charities provide support for service users in the community which would otherwise be lacking or a cost for public expenditure - Charities assist service users before a crisis, helping to limit public spending required to treat emergencies - Charities provide training and development opportunities for service users improving labor market outcomes	- Volunteering develops skills, paving the way for a re-entry to the paid workforce or accelerated career progression - Volunteering improves self-confidence and self-esteem, further improving labor market outcomes for individuals	- Direct cash giving generates shared economic value by driving up spending - Charities are significant employers - Charities alleviate the care burden, facilitating workforce participation - Events organized by charities encourage spending by participants and attendees - Volunteering provides an opportunity to grow community networks and develop social solidarity

Note: The economic value of service provision varies strongly depending on the operations of the charity.
Source: Citi GPS

⁴⁵ Dennis Egger et al., *General Equilibrium Effects of Cash Transfers: Experimental Evidence From Kenya*, National Bureau of Economic Research Working Paper 26600, December 2019, revised October 2021.

⁴⁶ [“Economic Impact,”](#) National Council of Nonprofits, accessed September 22, 2021.

⁴⁷ Lester M. Salamon and Chelsea L. Newhouse, [“The 2019 Nonprofit Employment Report,”](#) *Nonprofit Economic Bulletin Data no. 47*, January 2019.

An exclusionary focus on economic multipliers prohibits a full appreciation of the value arising from charitable activity

Not All Value Is Economic Value

These multipliers consider the net add to GDP. However, GDP measurements are not ideologically neutral: economists must decide what gets counted in this indicator and civil society has largely been excluded. Any analysis of a country's economy is incomplete due to the omission of the economic contribution of civil society given the huge scale of the charity sector's contribution.

An exclusionary focus on *economic* multipliers prohibits a full appreciation of the value arising from charitable activity. There are significant non-economic benefits to charitable activity: volunteering provides the chance to socialize and feel valued, as well as generating community integration; a strong civil society generates social solidarity and community resilience; and altruism is an independent moral good.

Each of these could be valued in economic terms, but some have argued we have reason to resist the economic valuation of all dimensions of philanthropy. Such valuations crowd out the altruistic motives that ought to govern charitable giving.⁴⁸ The financial ruler is inappropriate because, as one volunteer in Myanmar put it, "We know what we are doing, we value ourselves."⁴⁹ While detachment might facilitate rational funding decisions, there is good reason not to lose the humanity of philanthropy to a screen of economic multipliers and efficiency figures.⁵⁰

⁴⁸ Michael J. Sandel, *What Money Can't Buy: The Moral Limits of Markets* (Farrar, Straus and Giroux, 2012).

⁴⁹ UN Volunteers, *2018 State of the World's Volunteerism Report: The Thread That Binds*, 2018.

⁵⁰ Eric Friedman, *Reinventing Philanthropy: A Framework for More Effective Giving* (Potomac Books, 2013).

An Interview with Matt Whitaker, CEO of Pro Bono Economics



Matt Whitaker is CEO at Pro Bono Economics, the charity set up by former Bank of England chief economist Andy Haldane to provide economic support to other charities across the U.K. He is also a founding member of the Law Family Commission on Civil Society, a two-year research and policy program run by PBE and chaired by Lord Gus O'Donnell that is designed to bring together experts from across the public, private and social sectors to help "unleash the potential" of civil society over the next decade. Prior to joining PBE, Matt spent 11 years at the Resolution Foundation economic think tank, serving as Chief Economist and Deputy CEO. He is a leading expert on the subject of income inequality and living standards, publishing extensively and making regular media contributions.

Pro Bono Economics is a charity that helps other charities create impact and scale. Can you tell us about your model and some of your successes?

The standard model is relatively straightforward: we use volunteer and in-house economists to help charities convert data on their outputs into knowledge about their impact. The charity Magic Breakfast is a good example. They provide free nutritional breakfasts in school to children at risk of hunger in disadvantaged parts of the U.K. They have a good understanding of the number of schools and children supported, but determining the sustained economic and social difference made by their program requires further steps. Our economists have helped by first measuring a range of outcomes, including improvements in Key Stage 1 & 2 results, reduced truancy, reduced need for special educational needs provision, and reduced school exclusions. Importantly, we can compare these improvements with movements recorded in those schools not working with Magic Breakfast in order to ascertain how much of the difference can be directly attributed to the program. Then we turn to pre-existing evidence pathways showing the wider long-run economic benefits associated with improvements in each of these measures. Multiplying the Magic Breakfast effect by the associated economic effect provides a per-child lifetime economic benefit: £9,200 (~\$12,350) in this case. With 298,000 pupils currently completing Key Stage 1 at schools with high disadvantage in England, the total potential economic benefit that might be achieved if breakfast clubs were universally provided could be as high as £2.7 billion (\$3.6 billion).

Increasingly, our work supports government policy decisions that can drive systemic change. The Chancellor's October Budget contained two big movements on this, backed by more than £1 billion (\$1.3 billion) of funding in total. The first — building on our work with the Children's Services Funding Alliance — provided extra investment in early intervention services that are shown to reduce costs further down the line. The second relates to a new program designed to support adult numeracy skills, with Rishi Sunak directly citing the evidence of associated long-term economic gains we produced in collaboration with the charity National Numeracy.

Commenting on the lack of data around the economic impact of charities, Pro Bono Economics' founder said, "What is not measured is not managed." Where do you see data gaps in measuring the stock of philanthropy? What would more data achieve?

Data gaps are a big issue for all parts of the charity sector. Our limited understanding of the true value of charitable activities means the sector tends to be overlooked in policy discussions, too often viewed as a residual that picks up that which falls through the cracks of the private and public sectors. Better data and a fuller understanding of what the sector does would help individual charities — and those who finance them — better understand their effectiveness, and prompt policymakers to make more informed decisions.

This is as true of philanthropic giving as it is of charitable activity. Most national surveys fail to ask questions about philanthropy, and the ultra-wealthy who account for a very large share of giving are in any case absent from such studies. As a result, we have a very limited understanding of the who, how, and why of large-scale giving. What we can derive from administrative data related to Gift Aid claims suggests that the U.K.'s flow of philanthropic donations has in recent years become

increasingly reliant on a smaller and smaller number of very wealthy individuals. It would also appear that donations among the highest earners have been drifting down as a share of income, even as the overall group has been getting richer. Shifting the dial on either of these two things — getting more wealthy people to donate and lifting the level of giving among those who do — would very quickly release significant sums of money into our charity sector. Yet our lack of data makes it hard to be definitive about any of this, and harder still to determine what policy levers we might pull.

Some think that measuring the total value of philanthropy in economic terms is not possible; others think that it is not desirable. What are the methodological limitations on an economic analysis of philanthropy?

It's true that much of what the charity sector delivers is hard to measure in pounds and pence: programs that support victims of racial discrimination for instance might generate some employment outcomes that we can put a price on, but they can also boost dignity, improve community cohesion and shift cultural norms in ways that might feel impossible to value. Nevertheless, it's important that charities — and the philanthropists who support them — have at least some means of determining the effectiveness of what they do. That can often mean looking beyond pounds and pence, but it shouldn't mean giving up on measurement altogether.

The most straightforward means of determining the value of activities like those run by a charity tackling racial discrimination is to run before and after surveys of those involved to capture changes in their personal wellbeing. If we do that in a standardized way, and ask the same questions of the wider population, we can once again quantify the difference being made by the charitable activity. That's precisely what's happening with the development of the WELLBY measure.

One "wellbeing year of life" (WELLBY) is equal to a one point increase in a person's wellbeing score (on a scale of 1-10) sustained for one year. The Office of National Statistics (ONS) has been measuring wellbeing using four questions since 2010, meaning the U.K. has a great databank of population-wide information against which the WELLBY movements recorded by an individual charity can be compared. The government has taken this a step further, placing a cash value on a single WELLBY and introducing guidance on how to calculate it into the "Green Book" used by Her Majesty's Treasury (HMT) officials to compare and contrast the cost effectiveness of different policy interventions. Our example race charity can therefore now convert its activity into a WELLBY measure and then into a cash figure, allowing it to directly report the cost effectiveness of what it does.

This works because the economics profession has found a way of measuring something that feels intangible. I think we can go further down that route, broadening out our concept of economic value to account for more of the things that matter to people. We might never be able to boil everything down to a single figure, and it's important that we continue to focus on qualitative evidence, but we should ask economics to do a better job rather than assuming it's all too hard.

You have been surveying U.K. charities periodically since the outbreak of the pandemic with the COVID-19 Charity Tracker. What have you learned? How are charities faring at this stage of the economic recovery?

The basic story of the pandemic — and the recovery — for many charities is one of having to meet elevated demand with constrained resources. The impact of the COVID-19 crisis has fallen all too often on those already at the sharp end of society: those already most likely to be supported by the nation's charities. Moreover, the

understandable focus on dealing with the immediate threat of the pandemic is producing legacy problems, which charities expect to drive further demand in the coming months — mental health challenges that have gone unnoticed for too long, personal finance problems, which people haven't had the capacity to confront. Yet the closure of charity shops, the cancellation of events, the squeeze on many household incomes, and the downsizing of fundraising teams mean that many charity finances have been hit. Foundations, philanthropists, and the government have all stepped forward to plug some of the gap, but charities are concerned that at least some of this support will represent a bringing forward of incomes from future years, leading to a tightening further down the line: a risk that might grow as the very visible pressures associated with the pandemic start to fade.

Yet at the same time, the story of the pandemic is one of great resilience: of charities weathering the financial storm and managing to meet the additional need they've faced. Our surveys have highlighted a surge in digital skills, collaborations — within the charity sector and with both the public and private sectors too — and the introduction of new delivery mechanisms, all of which can be expected to support more effective performance as the crisis comes to an end. Public sentiment is in a good place too, with a recognition of the role charities have played in supporting the country through COVID-19 and an appetite for the sector playing a greater role in our recovery. Undoubtedly, there are significant pressures, which are likely to persist for some time, but there are opportunities too and charities are by their very nature very good at adapting to rapidly changing circumstances.

What are your major hopes for the charity sector over the next decade?

The charities, community groups, social enterprises, and mutual aid organizations that comprise the U.K.'s civil society already make a far greater contribution to our economy and to the wellbeing of our society than any official statistics recognize. The charity sector's gross added value (GVA) officially sits at just under 1%. In those advanced economies where better data exists, it is estimated to be closer to 5%. Adopting a quality-adjustment approach more akin to that which is used in the public sector, Pro Bono Economics' (PBE's) estimate is that it is more like 10%. Getting to a position where this scale of contribution is more broadly recognized — especially within the policymaking world — would go a long way to ensuring that the sector is more fully involved in our nation's vision of what the future holds. Rather than framing policy debates around finding the correct balance between what the state does and what the market does, we should be thinking about the three sectors working together to achieve optimal outputs.

The good news is I think there's some scope for achieving this. Economics is already gravitating towards an understanding that there's more to life — and therefore more to the subject — than our traditional focus on GDP might suppose. Businesses too are increasingly focused on delivering social value as well as profit. If approaches such as the WELLBY take off, then they can shift the center of gravity of political debate. Likewise, existing priorities around "building back better" and "levelling up" naturally play to the strengths of the charity sector. The evidence is clear: strong civil society helps generate strong trust, neighborliness, and social capital, and these factors in turn help generate better and more sustained growth. If the government wants to tackle regional inequality and pockets of deprivation, it must engage with the local institutions that can make that happen. The charity sector can play a central role in the country's regeneration, moving beyond simply dealing with the consequences of economic, social, and environmental failures to helping tackle the root causes — serving as an equal partner alongside business and alongside government in the process.

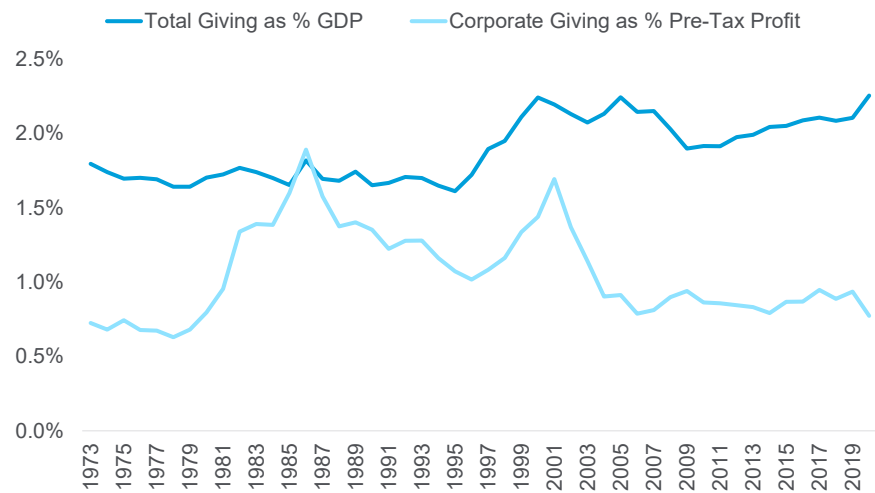
Explaining a Global Flatlining of Philanthropy

Stability or Stagnation: Twenty Years of Flatlining

On a global scale, the rate of donation and volunteering has been relatively stable, or put another way stagnant, at around 3% of GDP for two decades

On a global scale, the rate of donation and volunteering has been relatively stable, or put another way stagnant, at around 3% of GDP for two decades. While this masks regional differences, it is essentially the case for three major centers of philanthropy — the U.S., the U.K., and Singapore. Figure 15 shows, for example, that total monetary giving in the U.S. has grown only modestly after a period of more rapid growth at the end of the last millennium.

Figure 15. U.S. Giving Has Grown Slowly with a Modest Uptick in 2020 Driven by the Pandemic



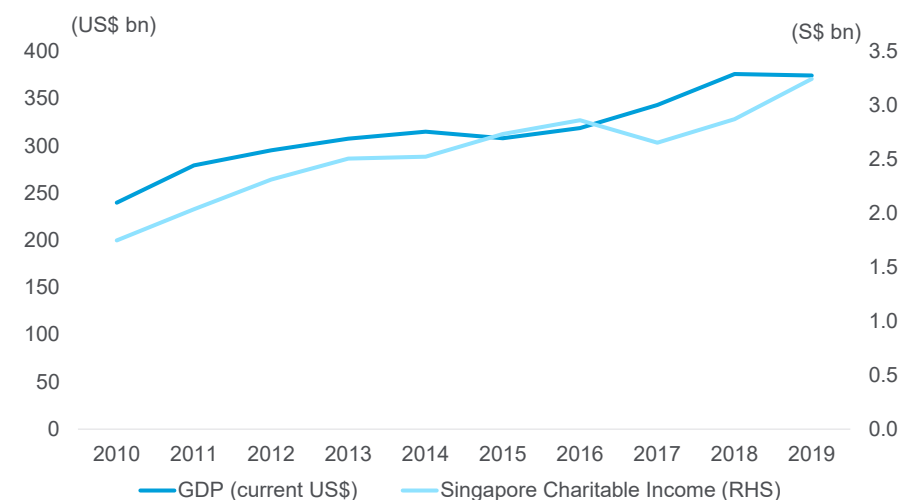
Source: Giving USA, FRED Economic Data

Until the pandemic year of 2020, total monetary giving had been stuck since 2015 at 2.1% of GDP. U.S. donations had not surpassed this figure since 2005, which marked the end of a period of growth in the previous decade.

Figure 16 and Figure 17 show a similar trend in the U.K. and Singapore: charitable giving has moved broadly in line with GDP.

Figure 16. U.K. Charitable Income Has Moved in Line with GDP

Source: Pro Bono Economics

Figure 17. Singapore. Charitable Income (right axis) Has Moved in Line with GDP (left axis)

Source: World Bank, Singapore Commissioner of Charities Annual Reports (2015 and 2020)

However, this does not tell the whole story in the U.K. While overall charitable receipts have remained constant as a percentage of GDP in the U.K., individual giving has increased to offset reduced government support for charities.⁵¹

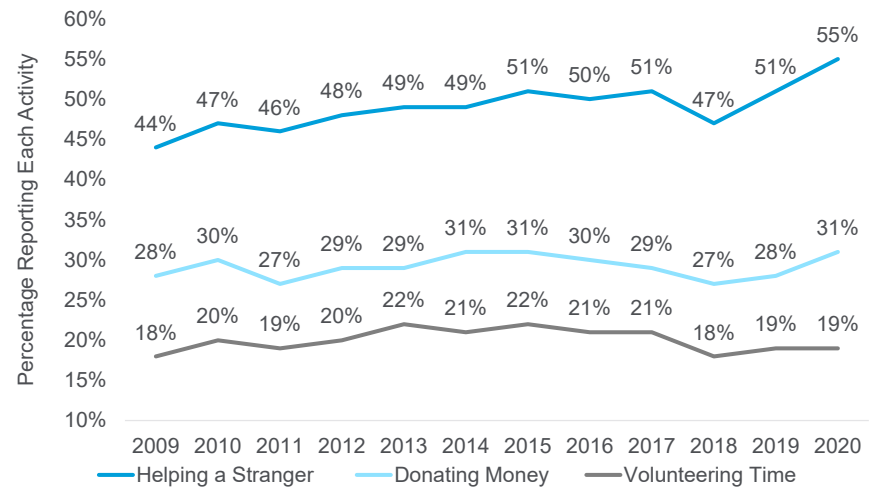
No growth in the percentage of individuals donating to charity

This echoes decades of survey data. According to data from the Charities Aid Foundation, the percentage of people donating to charity globally is stuck just under 30%, with a slight up-tick in the pandemic year of 2020.⁵² However, the same data set shows that the number of people reporting they had helped a stranger in their community increased over this period. In other words, charitable sentiment may be increasing, even if that is not resulting in more donations to charity.

⁵¹ Pro Bono Economics, *Is This Time Different? Charity Funding in Recession and Recovery*, November 2020.

⁵² Charities Aid Foundation, *CAF World Giving Index 2021: A Global Pandemic Special Report*, June 2021.

Figure 18. The Number of Donors and Volunteers Has Been Stagnant on a Global View



Source: CAF (2020)

Declining trust in charities may play a role behind the pressures in developed countries

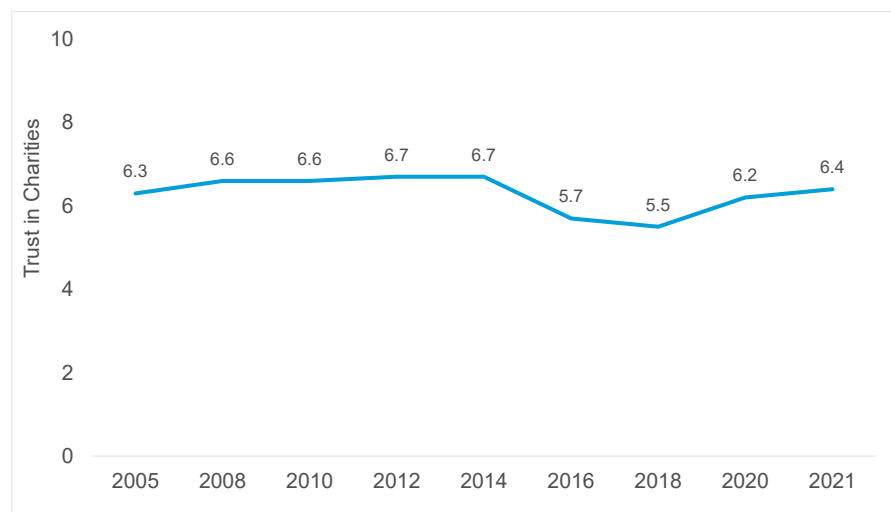
Declining trust in charities may play a role in this trend. One report in the *Chronicle of Philanthropy* has warned that, based on 2019 data, only 52% of Americans trusted nonprofits to do what was right and trust in charities had fallen to the same level as trust in for-profit bodies.⁵³ Similarly, in the U.K., trust in charities peaked in 2014 and has declined since, according to data from the Charity Commission for England and Wales. However, the pandemic has offered a chance for a structural reset here: in the U.K., at least, trust in charities has rebounded in both 2020 and 2021 (see Figure 19).

Explaining the issue of trust is difficult. One reason is that there is an information gap between those who fund charities and those who use their services. For the average donor, this creates a degree of opacity, making it difficult to cultivate trust.⁵⁴ This gap is greatest for charities with international operations. Technology, which facilitates the democratization of information, could play an important role in narrowing the information gap and improving trust but social media can as easily breed suspicion as trust.

⁵³ Ben Gose, "The Trust Crisis," *Chronicle of Philanthropy*, January 07, 2020.

⁵⁴ Jonathan Garton, "Why Has Trust in Charities Been Declining?" *The Conversation*. February 29, 2016.

Figure 19. U.K. Trust in Charities (as a Score Out of 10)



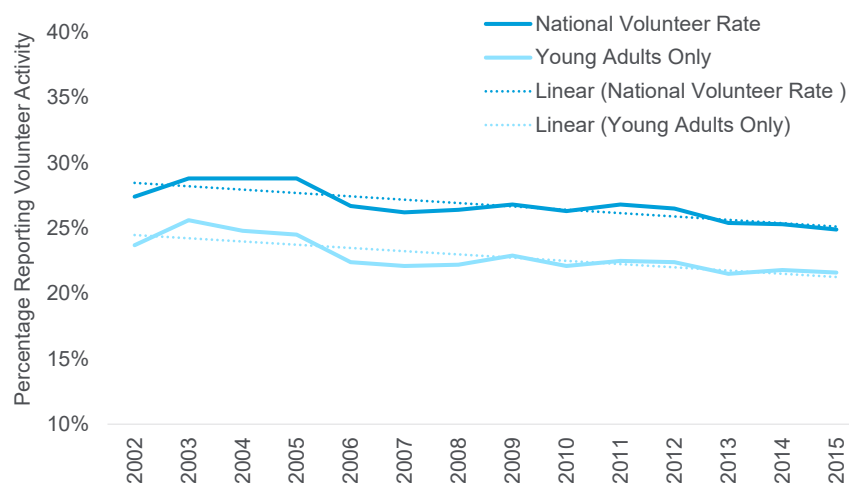
Source: Charity Commission for England and Wales

Volunteering in the advanced economies has declined alongside the number of donors

Volunteering Is Also in Decline

This trend is sharper in the rate of volunteering. Figure 18 showed that the number of people reporting volunteering has declined alongside the number of donors globally. In the U.S., the volunteering rate reached a peak of 29% in the wave of support following 9/11 (see Figure 20). The gradient of the two trend lines in Figure 20 is almost identical, but young Americans are especially affected by the decline in the volunteering rate as they started from lower rates of participation.

Figure 20. The U.S. Volunteer Rate has been Declining since 2005



Source: Dietz and Grimm (2019)

Technological change may offer the opportunity to improve the volunteering rate

There is an opportunity to increase the volunteering rate. As technology enters the workplace and improves efficiency, some have forecast a reduction in working hours. Indeed, a shorter working week has already been trialed in some countries (e.g., Iceland), with others committing to future trials (e.g., Scotland). If such forecasts become reality, we expect the volunteer rates to improve as working age would-be volunteers have more time to spend outside of their workplaces.

The fact that the volunteer rate improves among those with fewer demands on their time illustrates the likelihood of this possibility. We saw above that many volunteer when their children have grown up or when they retire. This suggests that people do offer their time to volunteering when more of their time becomes available.

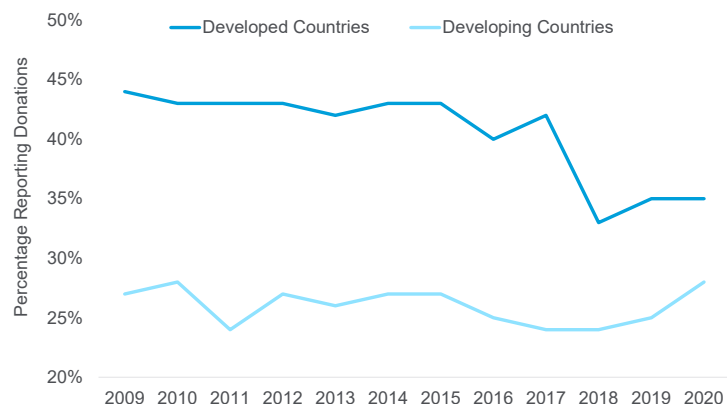
While the pandemic sparked an uptick in donations, it also prompted what the UN describes as a “surge” of volunteering and a “wave of solidarity.” For example, the French volunteering platform Tous Bénévoles saw a doubling of those registering in 2020, bringing 40,000 new volunteers onto the platform. The international Committee of the Red Cross reported that new volunteers ran into the hundreds of thousands across the world. For others, however, the pandemic had the opposite impact. Some activities were cancelled or moved online, reducing the number of opportunities to volunteer, and older volunteers were often unable to participate due to health concerns.

Regional Differences: Developed vs. Developing Countries

Across developing countries, the number of people donating to charity has increased driven by a growth of the middle class

Peeling back the layers, there are important differences between regions. In developing countries, the number of people reporting they donate to charity increased from 24% in 2017 to 28% in 2020. In developed countries, by contrast, the number of people who reported they donated to charity fell from 42% in 2017 to 35% in 2020.⁵⁵ Figure 21 shows data from the Charities Aid Foundation.

Figure 21. Donation Rates Vary on a Regional Level



Source: CAF (2021)

One explanation for the advancement in emerging economies is the growth of the middle classes. The Charities Aid Foundation suggests that if middle class giving reached the same levels in emerging economies as it has in the U.K. (just over 50 basis points of GDP on their estimates) this would yield \$345 billion per year.⁵⁶

Examples from India and Uganda

This is an ambitious hope, but individuals in many developing countries have started to donate as they become more affluent. India is a useful example. The Centre for Social Impact and Philanthropy at Ashoka University, one of the first centers to focus on philanthropy in South Asia, notes that “retail philanthropy” from India’s burgeoning middle classes is growing rapidly.

⁵⁵ Charities Aid Foundation, *CAF World Giving Index 2021: A Global Pandemic Special Report*, June 2021.

⁵⁶ Charities Aid Foundation, *Laying the Groundwork for Growing Giving: The Importance of Middle Class Giving*, August 2017.

The contrasting picture in developed countries

Domestic donations in India matched cross-border philanthropy between 2013 and 2017.⁵⁷ Evidence from Uganda similarly shows that emerging middle classes donate significantly. One report shows the Ugandan middle class gives 31% of its monthly income, usually on an informal, direct basis.⁵⁸ This includes donations that go beyond what we have considered as philanthropy in this report, including donations to family, the wider community, and formal charities.

However, the trend is more concerning in developed economies. While the amount donated to charity each year has remained stable, the number of donors has fallen. In other words, individual donors have increased the amount per capita they give, which has countered the trend of a falling donation rate. We consider this a risk to the income of charities going forward if left unaddressed, as they would rely on an increasingly narrow pool of donors.

There is also another reason to be concerned about a model of funding which relies on increasingly fewer donors. Donors determine which causes receive funding and which charities continue to exist. This affords donors significant power. Concentrating this power increasingly in the hands of fewer donors risks augmenting any material mismatches between supply and demand. Some have also argued that concentrating this power presents a challenge for democracy.⁵⁹ We discuss later in this report the potential for technology to reverse this trend.

⁵⁷ Caroline Hartnell, "The Rise of Middle-Class Giving in India," *Alliance Magazine*, February 20, 2017.

⁵⁸ "Middle Class Ugandans Give 1 Shilling in 3 to Family, Community, or Charity, Says Ground-Breaking Research," Charities Aid Foundation, September 29, 2020.

⁵⁹ For example, Paul Valley in the 2020 book *Philanthropy: From Aristotle to Zuckerberg*.



5

Laura MacDonald has served the nonprofit sector over her 30+ year career as a fundraising practitioner. She is the Chair of the Giving USA Foundation and a contributor to *Giving USA: The Annual Report on Philanthropy* as well as Principal and Founder of Benefactor Group. Her articles on advancement and philanthropy have appeared in *Advancing Philanthropy*, *Nonprofit Quarterly* and other professional publications.

An Interview with Laura MacDonald, Chair of the Giving USA Foundation: Part One

In developed markets and excluding some specific impetus created by the COVID-19 pandemic, the number of people giving to charity has been declining in the more recent past while the overall stock of donations has been fairly stable. Why do you think this has occurred and what can be done to stop the erosion of a donor base?

First, let's look at the data to clarify the philanthropic landscape in the U.S. Recent studies of donor behavior suggest that the number of donors giving to religion (i.e., houses of worship) started declining two decades ago, while the percentage of households giving to secular causes has been declining steadily since the Great Recession.⁶⁰ Because giving to religion is the largest share of giving in the United States, it has an outsized influence on overall rates of giving. But it's the more recent decline in giving to other causes that is more troubling.

Certainly, wealth and income dynamics play a part. Financial resources are distributed disproportionately among high-net-worth households; charitable giving, too, has become more concentrated among these households.

Studies also indicate that prosocial traits like trust and empathy have declined, and that may also be a significant factor in the reduced giving to nonprofit organizations. And it may be that our counting methods fail to capture acts of generosity that may be more common among younger and more modest households — GoFundMe-style giving, mutual aid societies, and even acts like leaving an outsized tip at a struggling mom-and-pop restaurant.

Some of the fault may also lie with the fundraising profession. Most fundraising offices have become more and more focused on major gifts, paying scant attention to broad-based tactics like direct response. It shouldn't be surprising, then, that the smaller group of donors that gets the most attention is more likely to give and more likely to be retained.

What are the challenges posed by a narrower donor base?

The concentration of giving among fewer donors who make larger gifts increases risk and weakens long-term prospect development. If a single donor fails to renew their \$100,000 annual gift, it will be difficult for an organization to quickly fill the budget gap. And, since many major donors begin as modest donors, organizations may find their pipeline becomes anemic over time. Finally, philanthropy is healthiest when it is most democratic — when citizens from diverse circumstances stand together in support of a cause.

And how can charities improve donor retention?

What can be done? To the extent that charitable giving reflects larger societal trends such as the concentration of wealth or the decline in trust, philanthropists can invest in broad movements that are working to address these issues. Unfortunately, I've found that it's challenging to attract donors to movements that work in complex ways over a long period of time.

⁶⁰ Una O. Osili et al., *The Giving Environment: Understanding Pre-Pandemic Trends in Charitable Giving*, Indiana University Lilly Family School of Philanthropy, July 2021.

As a profession, we can advocate for policies that encourage giving, such as a universal charitable tax deduction. And as fundraisers, we can promote quality donor engagement at every giving level. That means understanding our donors' motivations, tailoring communications, recognizing and stewarding their gifts, and inviting their authentic participation and feedback.

The Benefactor Group is a supporter of the newly launched [Generosity Commission](#) which will explore the future of civil society in America. Tell us a little about this initiative.

The Generosity Commission grew out of a conversation among members of the Giving Institute and Giving USA Foundation during a casual post-board-meeting conversation. It was modeled after the "Filer Commission" of the 1970s, which sought to understand and elevate the role of philanthropy. Similarly, the Generosity Commission was conceived as a response to a steady decline in the number of people donating to charity or volunteering in their communities. It is intentionally named, given the growth (and growing awareness) of other expressions of generosity, beyond traditional philanthropy and volunteering. Through fresh research, the creation of a national conversation around generosity in America, and concrete policy and practice recommendations, the Generosity Commission hopes to celebrate and inspire generosity across America by providing insight into the central role it plays in our society, and the ways it is being reimaged across generations and communities.

How might younger generations reshape philanthropy?

I am hopeful — despite the fact that many studies show that they give at lower rates than older generations. However, those studies may undercount "nontraditional" acts of generosity like checkout donations and GoFundMe campaigns. Studies have also shown that earlier generations' prosocial behaviors — like charitable giving — increased with chronological age. And, at 74 million, Millennials will have enormous influence as their earnings and wealth grow.

Millennials are early adopters of technology, so they'll likely reshape *how* we make charitable contributions. I'm more interested in *where* and *why* they give. We understand that each generation prioritizes different causes, so Millennials will likely shift the proportion of giving going to each sector: possible declines to religion and higher education; increases to the environment and children's causes. They also tend to be loyal to a cause, not necessarily an institution. Since we don't have a way to track giving across organizations, we may see donor retention for singular entities continue to decline.

The current decade could see a turning point for philanthropy

Future Trends in Philanthropy

While philanthropic giving has been stagnant as a percentage of global GDP, and the number of donors in developed economies has declined, we see reasons for optimism. In many ways, the current decade could be a turning point for philanthropy on a global basis. Two principal drivers include: (1) the emergence of new categories of donors in the philanthropy landscape and (2) a post-pandemic reset in expectations which proves more durable than just a short-term reaction to need. The emergence of new donors may bring with it an evolution in funding structures. The role of governments could be pivotal, both deliberately and inadvertently. A major macro swing factor could be how tax policy develops, both narrowly in terms of charitable contributions and more broadly as a means of dealing with record peacetime levels of government borrowing.

New Donors in the Philanthropy Landscape

Some new donors are already emerging into the philanthropy landscape. In particular, we highlight the growing middle classes, newly philanthropic countries, and female donors. However, there is also an opportunity to stimulate growth in further categories, including corporations and corporate foundations, young donors, and higher earners.

The growing middle class should create philanthropic opportunities

A Growing Middle Class Supports Wider Philanthropy

As we noted earlier, in countries like India and Uganda where new middle classes have emerged, many more individuals donate some of their newfound wealth to charity, either formally or informally. The growth of the middle class in emerging economies presents an opportunity for continued growth in the scope and scale of donations globally.

According to estimates from the Charities Aid Foundation (CAF) 2.4 billion people will enter the middle class globally by 2030. The new mass affluent are expected to double their spending from \$34 trillion to almost \$64 trillion. If the middle classes dedicated just 0.5% of this spending to charitable causes, the CAF report believes an additional \$319 billion would be donated each year.⁶¹ This is nearly equivalent with the level of annual individual donations currently seen in the U.S. This funding would likely have a more global reach as it would originate from a broader range of countries and regions.

A case study of Brazil

Brazil Is a Case Study of an Emerging Middle Class Driving Donations

In the words of the Secretary General of the Group of Institutes, Foundations, and Enterprises (GIFE), Brazil has experienced a “philanthropic boom” since its transition to democracy. Many of the giving trends observed in more established philanthropic communities across the world are also becoming clear among Brazil’s emerging middle class donors:

- Philanthropic giving in Brazil is now estimated to total **0.23% of GDP**, i.e., BRL13.7 billion (\$2.5 billion).⁶²

⁶¹ Charities Aid Foundation, *Laying the Groundwork for Growing Giving: The Importance of Middle Class Giving*, August 2017.

⁶² Movement for a Culture of Giving (Movimento por uma Cultura de Doação), *For a More Giving Brazil, Always*, August 2020.

- This is drawn from a wide cross-section of society with **50% of individuals** reporting donating to charity.⁶³
- Donation size from individuals is small, averaging just BRL200 (\$37).⁶⁴ This average is impacted by the prevalence of lower earners among donors.⁶⁵
- Like many other economies, Brazilian donors favor religious organizations with **52%** reporting **religious donations** in the last 12 months — the nearest competitor was donations for children at 38%.⁶⁶
- **Corporate** donations outstrip the budget of some government ministries. A 2018 GIFE report found that organizations made social investments of \$3.25 billion, 1.5x the budget of the Culture Ministry and 2.5x the budget of the Sport Ministry.⁶⁷
- Corporate donations increasingly fund **projects designed and run by the corporations** rather than non-governmental organization (NGO)-led projects.

But not all one way traffic in Brazil

Despite recent positive trends, there is still a need to educate individuals, especially older generations, about the role of philanthropy in public life. Some in Brazil still think of charity as a self-serving tactic to take advantage of favorable tax treatments while failing to produce real social value.⁶⁸ In addition, and contrary to the global trend in developed countries, the pandemic has had a negative impact on philanthropy in Brazil, despite some early suggestions the pandemic could spur on the philanthropic boom.

Spreading Wealth Globally Puts New Countries in the Frame

China could see a huge philanthropic upturn

Whole countries are emerging onto the philanthropy landscape, driven by growth in prosperity and the global distribution of wealth. The best example is China, where individuals made donations equivalent to only 0.03% of the country's GDP as recently as 2016. The country is now home to 500 billionaires, second only to the U.S. Given the low starting point, this presents a huge opportunity to grow philanthropy in China and for foundation giving in particular.⁶⁹ Indeed, the number of foundations increased six-fold between 2004 and 2015 (from 739 to 4,907).⁷⁰

Chinese corporations are also responding to the need for charitable funding. Technology companies, in particular, against the background of increased regulatory challenges, are increasing their philanthropic commitments. At the same time, policymaking has played a significant role in growing China's philanthropy sector.

⁶³ Ibid.

⁶⁴ Ibid.

⁶⁵ Charities Aid Foundation, *Brazil Giving 2017*, 2017.

⁶⁶ Charities Aid Foundation, *Brazil Giving 2019: An Overview of Charitable Giving in Brazil*, February 2019.

⁶⁷ Uaná Consultoria e Assessoria, *Censeo GIFE 2018*, 2019.

⁶⁸ Caroline Hartnell and Andrew Milner, *Philanthropy in Brazil: A Working Paper*, Philanthropy for Social Justice and Peace, May 2018.

⁶⁹ Liz Longley, "Rising Tide: Tracking the Emerging Philanthropy of China's Ultra-Wealthy," *Inside Philanthropy*, June 9, 2021.

⁷⁰ See Pauline Tan and Swee-Sum Lam, "Philanthropic Foundations in Asia: Insights from Singapore, Myanmar and China," *AFD Research Papers Series*, No. 2017-58, October 2017.

New Charity Laws were passed in 2016, expanding the organizations that could fundraise as charities.⁷¹ A more recent study finds that China gives 0.17% of its GDP, and this may be just the beginning.⁷²

India is another outlier country: there are currently fewer than 1,000 foundations based in the country and, according to Ingrid Srinath, director of the Centre for Social Impact and Philanthropy at Ashoka University, “the overwhelming sentiment is that we [Indians] could do better.” The strategic philanthropy firm Dasra estimates private philanthropy in India grew at a rate of ~15% per year between 2014 and 2018.⁷³

Rising Women’s Wealth Could Shake up Philanthropy

The growing role of female philanthropists

Women are becoming a substantial new wealth category that could significantly change the philanthropic landscape. By 2025, 60% of U.S. billionaires are forecast to be women; women already control \$11 trillion in assets; and women will inherit 70% of the intergenerational wealth transfer by 2035.⁷⁴ We noted earlier that women are more likely to give and they are more likely to donate larger sums.

Important nuances in how women give to charity

Multiple studies suggest that women give differently to men:

- **Supporting equality:** Various studies suggest women are more likely to give to causes that support other women and advance gender equality.⁷⁵
- **Shared giving:** Other studies find women are more likely to spread their giving among a higher number of charities and sectors.⁷⁶
- **Unrestricted giving:** While the data is still emerging, women appear to be more prepared to make philanthropic donations without restrictions. One high profile example of this is MacKenzie Scott who donated \$4 billion to 384 organizations in the last four months of 2020 as unrestricted funds for a range of purposes.

The emergence of women donors stands to increase the amount of money donated to charity, as well as change the ways in which it is given.

Evolving Funding Structures

The possible emergence of new funding models

As new donor categories emerge, it is not only the causes, which receive capital that will change. Nor is it only the removal of restrictions. Philanthropic funding structures could evolve even more broadly. Indeed, to succeed over the next decade, enhanced or even new philanthropic funding models will be needed. We note two such models in particular. First, we see an increase in bottom-up giving, in which funders give to projects identified by charities to be in need of funding rather

⁷¹ International Center for Not-for-Profit Law, *FAQ: China’s 2016 Charity Law*, PDF accessed September 22, 2021

⁷² Liz Longley “Rising Tide: Tracking the Emerging Philanthropy of China’s Ultra-Wealthy,” *Inside Philanthropy*, June 9, 2021.

⁷³ “Why India’s Rich Don’t Give Their Money Away,” *BBC News*, April 2, 2009.

⁷⁴ Bruce DeBoskey, “On Philanthropy: Predictions on Charity and Giving for 2021,” *The Denver Post*, January 10, 2021.

⁷⁵ Debra Mesch et al., *Giving to Women and Girls: Who Gives, and Why?* The Women’s Philanthropy Institute, Indiana University Lilly Family School of Philanthropy, May 2016.

⁷⁶ Debra Mesch et al., *Where Do Men and Women Give? Gender Differences in the Motivations and Purposes for Charitable Giving*, The Women’s Philanthropy Institute, Indiana University Lilly Family School of Philanthropy, September 2015.

than determining those projects themselves. Second, many funding opportunities need simplification. Both of these provide an opportunity to reshape philanthropy.

More direct funding models

Bottom-up Funding Models

Top-down funding models rely on trustees, advisors, consultants, and managers to make recommendations to funders about what they can best do with their money. This advice determines which projects receive funding. However, while this advice is well-meaning and those giving it intend to help donors support worthy causes, charities and younger donors are increasingly skeptical this is the best way to allocate donations.

Some funders are instead looking towards service providers and service users to determine which projects to fund. Donors are beginning to seek out the voices of charities and service users to ensure the projects they express a need for are the ones to receive funding. This funding model adds agency to service users as well as delivering an efficient use of capital. It can also build trust in organizations among service users and encourage those in need to make use of the charitable services available to them.⁷⁷

Reducing complexity in funding models

Funders Simplify and Reduce Reporting Burdens

The pandemic facilitated grantmakers' funding simultaneously at scale and at speed. A report from the Judge Business School at Cambridge University notes that funders shifted to less complex funding models during the pandemic to ensure access to capital in the timeframe it was needed.⁷⁸ Many funders waived conditionality and reduced reporting requirements during the pandemic to allow charities to focus on service delivery and strategic priorities rather than reporting requirements.

Reduced conditionality and reporting requirements may persist beyond the end of the pandemic, which could benefit charities if funding structures remain simpler or if administrative burdens remained reduced. Some of these expected changes are part of a broader trend: trust-based philanthropy, which goes far beyond changing only funding structures.

⁷⁷ Interestingly, some older research from 2014 concludes that middle earners make more use of charities than the lowest earners. This perhaps indicates a need for service users to be educated about the services available to them. See Charities Aid Foundation, "Middle Classes Use More Charities Than Those on Lowest Incomes," 2014, last accessed September 27, 2021.

⁷⁸ Centre for Strategic Philanthropy, University of Cambridge Judge Business School, *Philanthropy and COVID-19: Is the North-South Power Balance Finally Shifting?* 2021.



Shaady Salehi
Director
Trust-Based Philanthropy Project



Nick Tedesco
President & Chief Executive Officer
National Center for Family Philanthropy

Trust-Based Philanthropy: Shifting Power to Communities

An Article from the National Center for Family Philanthropy

Philanthropy is a complicated pursuit. Donors are committed to supporting their grantees to advance social progress, yet they hold a disproportionate amount of power, and operate within an inherently inequitable system that often perpetuates harm. Foundations and donors have virtually all the power in determining where, to whom, how, and when money is redistributed in service of their vision for social progress, and there are typically few pathways for those with lived experience to make decisions, drive strategy, or share feedback.

In recent years, a different approach has gained momentum: trust-based philanthropy. While many of the ideas posited by this movement are not new, the approach reflects a comprehensive set of values and practices that embodies what it means to share power with nonprofits and communities. Trust-based philanthropy approaches have reached a broader and increasingly receptive audience in recent years with the creation of initiatives such as the Trust-Based Philanthropy Project that are working to advance peer learning and adoption of the approach.⁷⁹ The global pandemic, racial reckoning, and a mounting climate crisis have all highlighted philanthropy's inequities, and increased the momentum of trust-based approaches. However, trust-based philanthropy is not a crisis response, it is a model of effective philanthropy. And it is not merely a trend in the U.S., but a sustainable approach taking root globally.

Trust-based philanthropy offers a modern approach to governance, grantmaking, and operations and promises to deliver better outcomes — as long as philanthropy is realistic about how change happens and who defines success. Recognizing the inherent limitations of funders making decisions about issues they may not have direct experience with, trust-based philanthropy provides a path for redistributing power and resources to nonprofits and communities in a more equitable and effective way. In short, if funders and donors truly want to make a difference in our unpredictable society, we must give up some of our power and listen to the leadership of those closer to the ground. That starts with humility, a commitment to relationship building, and a willingness to give up some power and control. And it also includes a clear set of practices that, when applied holistically, can help advance a healthier and more equitable nonprofit ecosystem and society.

Six Practices of Trust-Based Grantmaking

The Trust-based Philanthropy Project has identified six core practices that, when practiced holistically, contribute to more equitable, trust-based relationships between funders and nonprofits.

- **Give multi-year, unrestricted funding:** The work of nonprofits and non-governmental organizations is long-term and unpredictable. Multi-year, unrestricted funding gives grantees the flexibility to assess and determine where grant dollars are most needed, and allows for innovation, emergent action, and sustainability.

⁷⁹ Trust-Based Philanthropy Project's [website](#).

- **Do your homework:** Oftentimes, nonprofits have to jump through countless hoops just to be invited to submit a proposal. Trust-based philanthropy moves the onus to grantmakers, making it the funder's responsibility to get to know prospective grantees, saving nonprofits' time in the early stages of the vetting process.
- **Simplify and streamline paperwork:** Funder-driven applications and reports can take an inordinate amount of time, and distract from mission-critical work. Streamlined approaches — focused on dialogue and shared learning — can pave the way for deeper relationships and mutual accountability.
- **Be transparent and responsive:** Open, honest, and transparent communication will help support relationships rooted in trust and mutual accountability. When funders model vulnerability and power-consciousness, it signals to grantees that they can show up more fully.
- **Solicit and act on feedback:** Philanthropy does not have all the answers. Grantees and communities provide valuable perspectives that can inform and guide a funder's strategy and approach, inherently making our work more successful in the long run. Organizations like the Fund for Shared Insight have resources on how to ask for and use feedback.
- **Offer support beyond the check:** Responsive, adaptive, non-monetary support bolsters leadership, capacity, and organizational health. This is especially critical for organizations that have historically gone without access to networks or level of support than their more established peers.

Infusing Trust-Based Philanthropy in Your Philanthropy Beyond Grantmaking

Trust-based philanthropy requires that you reflect deeply on your role in the greater ecosystem of change and impact. Donors and foundations are just one set of actors in a large, complex system. Learning what it takes to advance lasting, meaningful change is contingent upon your ability to trust and collaborate with those who are closest to the issues you seek to address. Since this approach is fundamentally about redistributing power, a true embodiment of trust-based philanthropy goes beyond grantmaking alone, and has implications for your culture, values, and leadership. While many funders consider grantmaking to be at the fore of their work, applying trust-based values to the full spectrum of your philanthropic effort will shift your culture, not just your processes.

Philanthropic Purpose

Trust-based philanthropy invites funders to consider how power-sharing and equity can be incorporated into your philanthropic purpose — your mission, vision, values, and priorities — which are at the core of your work. Your philanthropic purpose should be what guides you in making difficult decisions and what binds you together as a family. Is your organizational purpose and theory of change informed by those doing the work on the ground? Do your articulated values acknowledge power, relationships, and accountability to the community? Do any of your articulated values unintentionally reinforce power imbalances? Are there any assumptions or biases implicit in your existing values statements?

Practice in Action

A growing number of foundations are explicitly articulating and sharing their values and purpose on their websites. Doing so helps ensure they stay accountable to these guiding forces, and can serve as a touchstone to inform philanthropic decisions and strategies. For instance, the Satterberg Foundation in Seattle has articulated its commitment to equity on its website, noting that “when we center and trust communities who are most impacted by environmental destruction...we create a sustainable environment where humanity and the natural world are in balance.” Living into these values, the Foundation made a pause to its 2020 core support grants in order to evaluate its current portfolio, and identify gaps in its funding areas as well as “how we may better hold ourselves accountable to our BIPOC communities.” As part of this assessment, the foundation pledged an additional \$50 million, at minimum, to support Black, Indigenous, People of Color (BIPOC) groups over the next 10 years.

Governance

Governance is the decision-making structure that guides your philanthropy’s work. Governance determines who makes decisions and how, and provides guidance to your overall philanthropic strategy. In traditional philanthropy, grant decisions and strategic directions are often held by a small group of board members and executive leadership, with very little integration of perspectives outside that bubble. A trust-based approach encourages us to incorporate feedback and insights from those who will be most affected by those decisions. Reflect: how centralized (or decentralized) are your decision-making structures? Do your decisions include opportunities for collective input, community perspectives, and stakeholder feedback?

Practice in Action

In recent years, the Stupski Foundation revamped its grantmaking process to transfer power from the board to staff and communities. In an article for PEAK Grantmaking, CEO Glen Galaich says, “When you examine your grantmaking process, I encourage you to note each time you hit one of those points where only a few people — or just one person — are making a decision, and consider how you can invite multiple perspectives to increase the opportunity for equitable outcomes, efficiencies, and more. Whenever possible, center the perspectives of the stakeholders most affected by your processes and decisions.”

Similarly, a growing number of family foundations are recognizing the limitations of having boards that are exclusively composed of family members; many are making intentional shifts to add non-family trustees to their boards to add people of color, nonprofit directors, and other community leaders who can add valuable perspective to the foundation’s governance.

Management and Operations

The nuts and bolts of administrating your philanthropy may not seem as exciting as the grantmaking work, but your operational practices are full of opportunities to adopt a trust-based lens that reflects your values and advances your mission. Who are you banking with? Are your personnel policies reflective of power-sharing or do they perpetuate top-down power imbalances? What does your office space and location signal to your staff and grantees? How cumbersome is your grant management system? Do you ask grantees to come to you, or do you usually go to them? When grantees call your office, do they hear an automated message or are they able to reach a human being?

Practice in Action

The Hill-Snowdon Foundation (HSF) intentionally developed a policy about staff well-being, stating on its website: 80

“HSF’s ‘people first personnel policies,’ push us to seek ways to support the well-being of staff by providing abundant support to help them and their families to thrive, with the understanding that as they thrive so too will the Foundation, our allies and our grassroots partners.”

HSF recognizes that in order to build thriving communities, its workplace must be an example of a thriving space, where staff are able to build trusting, meaningful relationships with their grantee communities.

While HSF developed a personnel policy that aligned with its trust-based values, the Nathan Cummings Foundation (NCF) considered how its physical space reflected its values.⁸¹ NCF moved its offices in 2020. Board Chair Jaimie Mayer said, “Finding an office space that embodies our commitment to social justice and equity was of utmost importance to us.” NCF says it designed its space “to deliver democratic access to all features and emphasize openness, flexibility, and collaboration.” NCF’s deliberate choice of space is meant to demonstrate a commitment to collaboration. They are not only seeking to build relationships through their grantmaking, but to create a physical space where collaboration can be fostered.

Assessment and Learning

Learning about the work of your grantees and the impact of your own work — and adjusting accordingly — are crucial parts of improving your philanthropic practice. In philanthropy, the focus is often on evaluating grantees’ performance: Did they accomplish what they set out to do with the resources you provided? Trust-based philanthropy encourages a more expansive lens on learning about grantees’ work. Rather than holding them accountable to pre-determined outcome measures, how can you approach these relationships with greater openness to learn about what’s working well, and what’s not working so well? How can these conversations help establish a bigger picture understanding of the work at hand, the real barriers that come up, and how you may be able to support that work from your philanthropic seat? Beyond this, it’s equally, if not more, important to evaluate your own role and learn from your successes and mistakes as a grantmaker. This often includes engaging in deep and intentional listening with community partners and soliciting feedback in an equitable manner. How well are you delivering on your promise to supporting grantees’ effectiveness? How can you improve your work and approach in order to build greater trust? Are your evaluation practices leaving room for mistakes, risk taking, and learning? Are you learning from your grantees and recognizing them as subject matter experts?

⁸⁰ Hill-Snowdon Foundation [website](#).

⁸¹ The Nathan Cummings Foundation [website](#).

Practice in Action

The Overdeck Family Foundation recently announced a change to its funding model, in light of feedback from their grantees.⁸²

“At the heart of this work was feedback from our grantees, who had asked us to consider incorporating more transparency into our decision making process, less reporting burden, longer grant terms, and more support outside of funding dollars.”

Not only does this shift incorporate important grantee feedback, but Overdeck is also closing the feedback loop by telling their partners what changes they've made with the feedback they received — demonstrating that they listened and value the feedback they received.

The Nord Family Foundation's Executive Director Tony Richardson also recently shared a trust-based perspective on learning:⁸³

Effective organizations value learning and only fall short when they embark upon an endeavor and fail to learn from it. Such organizations have a clear vision: they know their strengths and limitations, they constantly reassess, and they are unapologetic about who they seek to serve.

Legacy

Building your philanthropic legacy is not a passive process that happens to families. With a trust-based lens, it can be something you craft with intentionality and continually refine, with the help of your community partners. As Surdna Foundation Trustee Kelly Nowlin states, “The idea of legacy doesn't have to be a rigid, prescribed mandate. To be effective philanthropists requires that we address the issues of our day, understand the history of systems and policies that have led to racial inequality, listen to those most impacted by the issues we are supporting, and learn, take risks, innovate, and persist.” What legacy do your grantees seek to create and are you augmenting that vision?

Practice in Action

As highlighted in *Legacy in Family Philanthropy: A Modern Framework*, for many families, central to the legacy they wish to put forward into the world is using their privilege to create power for others — a commitment to social justice and equity.⁸⁴ For these families, this looks like shifting the focus from their own family philanthropy out into the communities they're most invested in as change-makers. Caitlin Heising, a donor-advised fund donor and vice chair of the Heising-Simons Foundation, explains:⁸⁵

“It's about how we can use this wealth that none of us created and none of us have the right to have in order to support communities that have been underserved and left out of decision-making tables for generations. Our goal should be to support them in building leadership and making the world a more just and fair place...I don't like to think about it as centering us; it's about the partners doing the work and the people impacted by that work.”

⁸² Overdeck Family Foundation [website](#); Anu Malipatil, “Announcing Updates to Our Funding Model: A Commitment to Multi-Year Grants, More Early Stage Organizations, and Increased Strategic Support,” Overdeck Family Foundation, April 6, 2021.

⁸³ The Nord Family Foundation [website](#); Anthony Richardson, “Listening, Learning, Reassessing: Translating Potential to Effectiveness,” The Center for Effective Philanthropy, July 9, 2019.

⁸⁴ Janice Simsohn Shaw and Shira Saperstein, “Legacy in Family Philanthropy: A Modern Framework,” National Center for Family Philanthropy, May 16, 2021.

⁸⁵ Heising-Simons Foundation [website](#).

In a recent blog post for the Center for Effective Philanthropy, LaTida Smith recognizes the role that the foundation she leads has in the larger funding ecosystem.⁸⁶

"I had to step back and acknowledge that Moses Taylor Foundation is just one piece of the puzzle for our grantees.⁸⁷ Their needs always surpass our capacity. They are not looking for us to save them. They just hope we'll listen and be smart about the support we provide."

Indeed, grantees are not looking for funders to save them. It is our hope that widespread adoption of the tenets of trust-based philanthropy will shift our institutions such that philanthropy will embrace its role to be in deep relationship with communities and trust them to do the valuable work our world needs.

⁸⁶ LaTida Smith, "How Learning to Listen Prepared One Funder for Its Crisis Response," The Center for Effective Philanthropy, May 11, 2020.

⁸⁷ Moses Taylor Foundation [website](#).

The Opportunities for Corporate Philanthropy

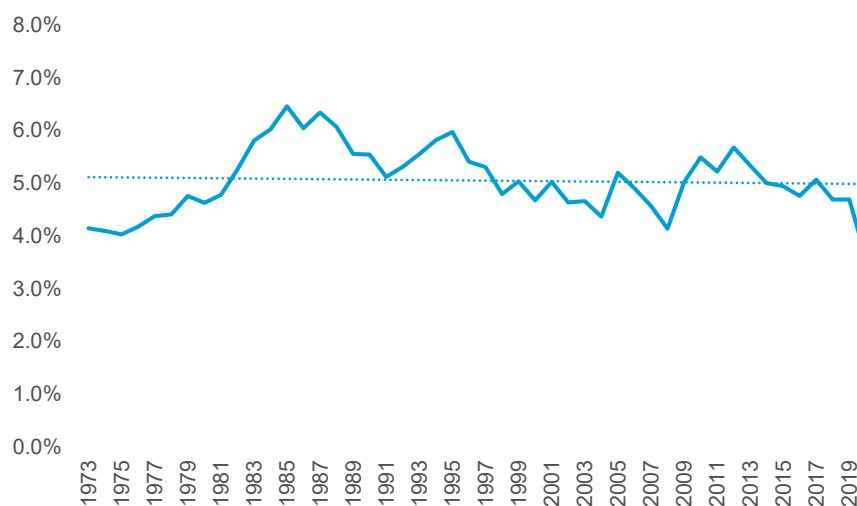
Looking at the role of corporations and philanthropy would be a large study in its own right and must be linked to the trend of growing corporate social responsibility as well as to the importance of managing corporate environmental footprints.

Viewed just in terms of direct corporate philanthropic donations in relation to pre-tax profits, there has been a reduction in corporate giving since 2001. After peaking at 1.7% in 2001, U.S. corporate donations have been stagnant as a percentage of pre-tax profits, with donations on average struggling to break 1% of pre-tax profits. The initiative Pledge 1%, which encourages companies to give 1% of equity, time, product, or profit indicates what constitutes an aspirational level for many corporates.

Well-judged corporate philanthropy can enhance brand, attract customers, and act as a retention and career development tool with employees. Corporate philanthropy may also be a way to compete when it comes to attracting talent to the workforce, given the clear preference by Millennials and Gen-Z to work for socially responsible companies.⁸⁸

Figure 22 and Figure 23 show that the contribution of corporate donations to the total philanthropic efforts of the U.S. has been volatile and fluctuates with economic performance. Declines in charitable corporate giving also accompanied the economic, and particularly stock market, contractions of 1987 and 2001. There is not yet adequate data on the scale of charitable giving following the 2020 recession.

Figure 22. Corporate Donations as a Percentage of Total Giving (U.S. Only)



Source: Giving USA

Corporate giving is much more sensitive to fluctuations in economic performance than individual donations

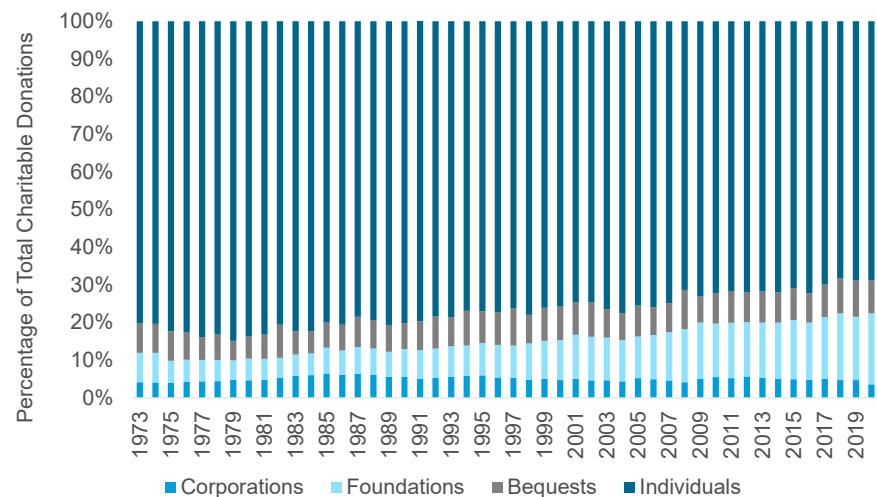
Excluding the pandemic year of 2020, corporate giving was one of the fastest growing categories, with a 6.6% compound annual growth rate (CAGR) from 1973 to 2019. This outperformed charitable donation as a whole, which grew at only a 6.3% CAGR. However, the majority of this growth came from the first half of that period and the last twenty years tell a different story.

⁸⁸ Afdhel Aziz, "The Power of Purpose: The Business Case for Purpose," *Forbes*, March 7, 2020.

As a share of pre-tax profit, corporate donations have been declining from 1.4% in 2000 to 0.8% in 2020. Moreover, charitable corporate giving as a percentage of total donations has also declined from almost 5% in 2000 to less than 4% in 2020. Excluding the pandemic year, corporate donations accounted for the same percentage of total giving in 2019 as they did in 2000.

The fact the pandemic year distorts this trend echoes that corporate giving is much more sensitive to fluctuations in economic performance than individual giving. Individual giving instead seems connected to the wealth that households can expect to hold over a lifetime.⁸⁹ Figure 23 also shows the increasing role of foundation giving which has become a steadily greater share of total donations in the U.S. over the last half a century.

Figure 23. Percentage of Total Charitable Donations in the U.S., by Source



Source: Giving USA, FRED Economic Data

The growth of stakeholder capitalism

The nature of corporations is also changing. The move from shareholder to stakeholder capitalism supports a future in which a higher percentage of profit may be given to enterprises that generate social good with less immediate return on investment than traditional business investments. This could be equated to a form of philanthropic capital. The same social contract which allows individuals to accumulate wealth also permits corporations the same liberty. As society comes to demand more of corporations, the future of the corporation might be one in which charitable contributions and social outreach grow.

Corporates are well positioned to donate "in-kind" support

We noted above there is extensive variation in the apparent generosity of different sectors, and that some sectors are more likely (or better suited) to donate in-kind. There is extensive need for in-kind support whether that be products from the healthcare and communications sectors or sharing the expertise of employees in the technology sector. In-kind donations by corporations, including the sharing of a workforce's skills, can be a critical element in the philanthropic landscape.

Corporates, especially global multinationals, are better placed than individuals to provide cross-border support

⁸⁹ Pro Bono Economics, *Is This Time Different? Charity Funding in Recession and Recovery*, November 2020.

Increasing corporate donations could also have significant impact on international philanthropy. One study suggests international giving is much more prevalent among corporations than the general population: in some industry sectors, over one-third of charitable dollars constituted international community investments.⁹⁰ The famous aphorism “charity begins at home” illustrates why international giving by individuals is a small portion of total charitable giving: charitable funding is routed to the causes closest to donors whether that is geographically or emotionally. For many corporations, however, home is international: operating across borders means that corporations may be more inclined and more able to make international donations. Moreover, as corporations increasingly consider the UN Sustainable Development Goals (SDGs) in mapping their ESG profile, their donations may link more strongly to the UN agenda than those of the average individual. In this sense, corporations are better suited to giving for development and other cross-border causes than individuals. Corporate philanthropy thus presents an opportunity to grow international giving.

Other Factors: Young Donors, High Earners, and Tax Policy

Young Donors Are the Lifeblood of Philanthropy

The criticality of engaging younger donors

We saw above that young donors and young volunteers are more lagging in participation in the philanthropic landscape. It is important to understand why and to ensure that younger would-be donors begin to engage with philanthropy as they age. Failure to engage younger donors risks leaving some charities to face extinction within a generation.

We described above the idea of a social contract. Some philanthropists have explicitly appealed to this notion of a social contract as a motivator of their giving: Martin Rothenberg, founder of Syracuse Language, describes the libraries and museums in which he learned and was inspired, and the research grants which funded his early projects.⁹¹ Having benefited from philanthropic capital, he was left with what Eric Friedman calls a “quasi-debt,” a sense that he must pay forward the benefits he received from the philanthropists of the past to future generations.⁹²

Higher Earners Could Drive a Growth in Donations

The highest earners do not generally contribute more to charity relative to their income

While it is difficult to measure precisely which income brackets provide the greatest percentage of their income to charity, the trend appears quite flat. In other words, all income groups give essentially similar percentages of their income to charity.

It obviously follows that higher earners make a greater contribution in absolute terms but not necessarily relative to their income. However, there is reason to think that higher earners could begin to donate a higher percentage of their income each year, helped by policy initiatives including tax incentives, match funding, and collective campaigning.

Tax policy and individual donations: higher value donations respond more to tax incentives than smaller ones

Tax incentives are one of the most common policy tools deployed to stimulate enhanced giving, although there are lobbyists who argue both for and against the appropriateness of using the tax system to stimulate philanthropy.

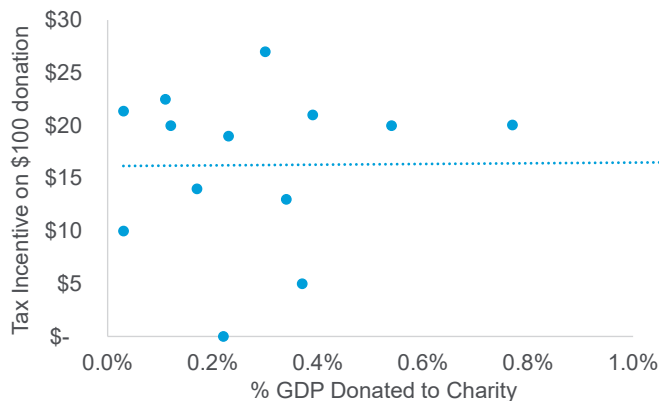
⁹⁰ Chief Executives for Corporate Purpose, *Giving in Numbers: 2020 Edition*, 2020.

⁹¹ Paul Valley, “How Philanthropy Benefits the Super-Rich,” *The Guardian*, September 8, 2020.

⁹² Eric Friedman, *Reinventing Philanthropy: A Framework for More Effective Giving* (Potomac Books, 2013).

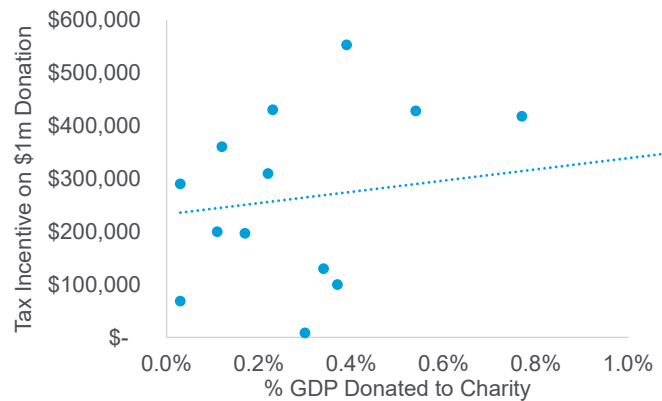
Figure 24 examines the percentage of GDP donated in each country with the tax incentive that local laws provide for a donation of \$100. Figure 25 shows the same relationship for a \$1 million donation. Comparing the two charts shows that higher value donations respond more to tax incentives than smaller donations. However, of the countries represented in the two charts, the average tax incentive on a \$1 million donation is 27% of the donation value. For \$100 donations, the average is just 16%.

Figure 24. Tax Incentive on \$100 Donation Has Low Correlation with the Total Value of Donations in that Country



Source: CAF (2016)

Figure 25. Tax Incentive on \$1million Donation Has a Modest Correlation with the Total Value of Donations in that Country



Source: CAF (2016)

Matched giving as an alternative policy

Encouraging donations of all sizes, but especially small donations, might require alternative policy support beyond tax incentives. One such policy is match funding, where governments double, or “match,” donations by individuals or corporations. This increases the magnitude of donations received by the charities. One example of this in practice is the Change for Charity initiative operated by the Singapore Ministry of Social and Family Development. For a period of five years, the Singapore Government agreed to provide a matching grant of \$0.50 for every dollar donated meeting specific criteria. They also provided an enhanced matching grant for donations that were already matched by businesses.

The opportunity for improved coordination between charities

Encouraging donation does not need to involve fiscal incentives. Pro Bono Economics, examined how to “set lockdown savings free” on the charity sector, and suggested that a coordinated campaign between charities could motivate increased giving from those who had accrued savings during the pandemic. Similar campaigns might motivate donations on a larger scale. Moreover, campaigns to tackle declining trust in charities might be more effective in growing philanthropy than tax incentives — especially at the lower donation values.

Tax Policy and Philanthropy

Comparing tax policies across countries

Figure 26 lists the tax incentives on donations for individuals and corporations across twenty major economies. The data shows, perhaps unsurprisingly, how varied the landscape has become. As a general rule, countries where the state plays a greater role in national life, such as in the Nordic region, have smaller tax incentives for donors.

Figure 26. Tax Incentives on Donations for Individuals and Corporations Across 20 Major Economies

Country (Source/s)	Individuals	Corporates
U.S. (1/3)	100% of donations tax deductible up to either 60% or 30% of adjusted gross income depending on the beneficiary	Deductible up to 10% of taxable income; additional deductions available for donating inventory
U.K. (2)	Charities can claim the basic rate of tax paid on donations received from tax payers; higher rate tax payers can claim tax relief against income.	Companies deduct charitable donations from their taxable income
Canada (1/3)	15-33% tax credit for donations up to 75% of net income (cash donations only)	Deductible in computing taxable income up to 75% of net income
India (1/3)	50-100% of donations tax deductible up to a limit of 10% gross total income	50-100% of donations tax deductible up to a limit of INR 2,000 in cash
Korea (3)	Tax credit rate of 15% for the donation amount up to KRW10 million and 30% for excess	Donations to government bodies and social welfare organizations deductible up to 50% of total taxable income. Donations to other public entities deductible up to 10% of total taxable income (additional)
Germany (2)	Deduct 20% of pre-tax income as a donation to any nonprofit recognized by the tax office	Deduct the higher of 20% of pre-tax income or 0.4% of the total of sales revenue and wages and salaries
Japan (1/3)	Donations 100% tax deductible up to a limit of 40% of total income	Deductions available up to a limit deducted from capital surplus and income
Russia (3)	Donations are deductible from taxable income up to 25% of the individual's income	Entities may deduct up to 1% of revenues
China (3)	Deductible up to 30% of taxable income	Donations are tax deductible up to 12% of annual accounting profit; up to 2025, donations for poverty alleviation are full deductible
Australia (1/3)	Donations 100% tax deductible so long as they do not add to or create a tax loss	Deductible when made to entities named in the tax law, unless they would generate tax losses
France (2)	Tax reduction of 66% of the amount donated in income tax or 75% in wealth tax; capped at 20% of annual taxable income	Tax credit of 60% of donation, up to 0.5% of annual turnover
Mexico (1/3)	100% of donations tax deductible up to 7% of last year's cumulative income for donations to private institutions (4% for governmental institutions)	Limited to 7% of the taxable income of the previous year
Netherlands (2)	Deduct the value of donations from taxable income, up to 10% of taxable income	Deduct the annual value of gives from taxable income up to a maximum of 50% of annual profit/revenues
Sweden (2)	No tax incentives for individuals or businesses donating to charities in Sweden	
Ireland (2)	Charities claim back tax a donor has paid on donations between €250 and €1,000,000	Companies claim back tax paid on donations between €250 and €1,000,000
Spain (2)	Tax credit of 30% of the value of donations, capped at 10% of taxable income	Similar scheme as for individuals
Switzerland (2)	Tax deductions on donations greater than CHF 100, up to 20% of taxable income	Similar scheme as for individuals
Norway (2)	Donations of NOK 500 - 40,000 are eligible for tax deductions against the value of those donations	Similar scheme as for individuals
Finland (2)	No tax incentives except for a specific program of support for EEA universities (€850 - €500,000)	No tax incentives except for a specific program of support for EEA universities (€850 - €500,000)
Czech Republic (2)	Tax exempt up to the value of 10% of taxable income	Tax exempt up to the value of 5% of taxable income

Source: (1) OECD Library, (2) EFA Tax Survey Report, (3) PwC Tax Summaries

A Post-Pandemic Reset in Donation Expectations

Crises have often catalyzed an increase in charitable or public-spirited behavior

The pandemic year of 2020 saw an uptick in charitable giving (Figure 15). This could, of course, be a one-off reaction from donors, motivated to give to causes tackling the pandemic or to obvious cases of need. It is also in part, but far from in full, due to GDP itself contracting.

Crises have previously catalyzed an increase in charitable or public-spirited behavior, including donations and volunteering. In the U.S., the volunteer rate reached a peak in the years following 9/11. The current increase in charitable giving could likewise be longer lasting, since the pandemic has very visibly highlighted inequalities and the need for support.

Donations to medical causes increased during the first months of the pandemic. The U.K. National Health Service (NHS) saw a significant increase in donations, no better illustrated than with the fundraising effort by Captain Sir Tom Moore. Captain Tom at the age of 99 vowed to complete 100 laps of his patio before his 100th birthday to initially raise £1,000 for the NHS. His efforts and extensive media coverage inspired many to join his campaign and he eventually raised £38.9 million.

As the impacts of the pandemic and its associated lockdowns were realized, and donors saw that the impact spread much further than medical causes, a broader cross-section of charities came into the spotlight, although partially at the expense of other charities.

The pandemic has highlighted inequalities within and between communities

The pandemic has highlighted deep inequalities between communities including:

- **The digital divide:** The unequal access to digital tools, including not only high-speed broadband and 5G, but also hardware such as laptops and tablets, was revealed when students and workers were required to work from home and use only their own equipment.
- **Ability to isolate:** Those in precarious employment who are not paid if they do not work were unable to isolate without state support. Some were compelled to risk their health to continue working, to avoid being unable to meet their basic needs.
- **Access to vaccines:** The rollout of vaccine programs across the world has been unequal. For example, only 0.5% of citizens in Tanzania had received a vaccine by the time 88% of those in the UAE had been vaccinated. Moreover, even in countries with strong access to vaccines, marginalized communities disproportionately remain unvaccinated.

The pandemic is also widely thought to have worsened inequality, especially in two key areas:

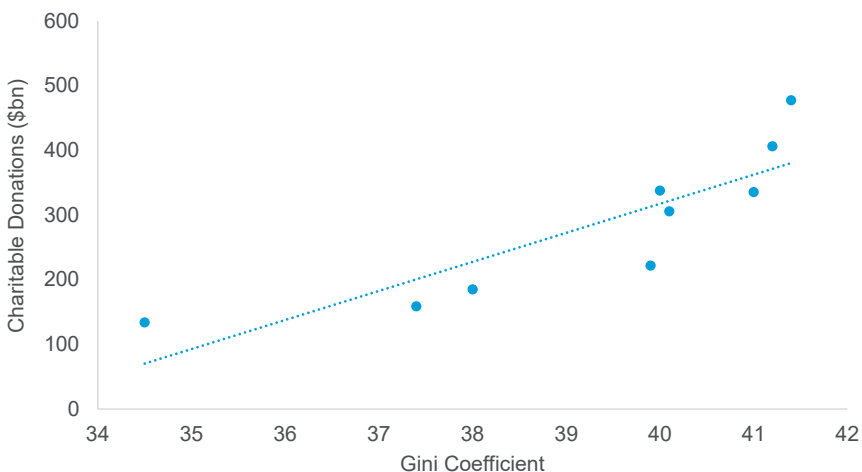
- **Access to education:** Those without digital access were unable or less able to engage with education, resulting in missed education opportunities and falling behind in progress against peers with full digital access.
- **Gender equality:** Girls unable to access education spent longer periods of time at home and experienced a higher rate of youth pregnancy during the pandemic, removing them from education going forward. A disproportionate amount of women also work in the service sectors of the global economy, which were most impacted by national lockdowns.

This is a small sample of the inequalities highlighted by the pandemic. Shining a light on these inequalities has served to raise consciousness about the causes requiring help, prompting what some commentators have described as a transition from tackling the symptoms of social problems to tackling their causes.

Charitable giving is correlated with inequality

This rise in consciousness may persist far beyond the end of the pandemic, resulting in increased and better targeted giving towards the highlighted causes, including unequal access to education and healthcare. Indeed, charitable giving is correlated with inequality: periods of higher inequality (indicated by a higher Gini coefficient) have brought increased charitable donations, as shown in Figure 27.

Figure 27. Charitable Donations in the U.S. vs. Gini Coefficient for the Same Year (inflation-adjusted \$ billions)



Sources: Giving USA (inflation adjusted dollar donations), World Bank

In summary, we think the spotlight on the huge inequalities within and between communities exposed by the pandemic presents an opportunity to target charitable giving on a more structural basis.

Pent Up Savings Could Increase Flows Into the Charity Sector

Household savings have risen among higher income households during the pandemic...

Generally, there is cash in the system waiting to be given. Savings have risen among higher-income households at the same time they have fallen among lower income households. The Bank of England projects excess savings (discounting savings in an ordinary year) across the U.K. population could soon reach £250 billion. This presents a significant opportunity to increase giving if would-be donors can be incentivized to give more from their increased balances.

...but U.K. evidence suggests only a small proportion may go toward charitable donations

However, recent research by Pro Bono Economics shows that households are unlikely to donate much of these excess savings. Instead, households are expected to hold on to their savings or use them to pay down debts; a quarter of households said that they would increase their spending while 10% fell into the categories “other,” which would include charitable giving, and “don’t know.” Pro Bono Economics argues that some form of stimulus will be needed — whether via government incentives or coordinated campaigns from charities — to encourage this cash to be re-routed toward charities.⁹³

⁹³ “[Setting Lockdown Savings Free](#),” Pro Bono Economics, accessed October 19, 2021.

Post-Pandemic Policy Risks

Research from Pro Bono Economics concludes that individual charitable giving is not usually impacted by recession. Examining donation rates post the Great Financial Recession (GFC), research shows the crisis had limited impact on donations from individuals.⁹⁴ However, there are still risks arising from post-pandemic policymaking priorities, which could have a negative impact on charitable incomes. In particular, tax changes could reduce incentives to donate and direct charity support from governments is at risk from any tightening in fiscal spending. Globally we note there is much less appetite for austerity than there was post-GFC. We believe this mitigates, but does not remove, risks to the stock of philanthropic donations.

Tax system incentives for philanthropy could conceivably be at risk

Tax incentives are a significant expense to the treasuries of all countries which operate them. In the U.K., for example, the Gift Aid program is estimated to cost the Exchequer £5 billion each year. This requires significant political will to continue at any time, but with record levels of government spending after the pandemic, it could be particularly at risk.

We saw above that tax incentives have limited effect on small- and medium-sized donations. However, the tax incentive on large donations (\$1m+) was more correlated with the rate of philanthropic giving in a country. Changes to the tax system risk reducing the number of large donations, or at least the size and timing of them.

If government spending tightens after the pandemic, tax relief on charitable donations risks becoming a prime candidate for attack. Augmenting this risk is the ideological question of whether adding to private donations from public spending on an unquestioned basis is justifiable. For now, the latter issue does not appear to be high on the political agenda in most countries compared to the more traditional approach of increasing taxes on income, capital, and (where they exist) wealth.

Direct Government Support for Charities Could Be at Risk

The state provides significant quasi-philanthropic support which might be at risk due to elevated national debts

In some countries, grants from central and local government bodies provide a reliable source of essentially philanthropic funding. For example:

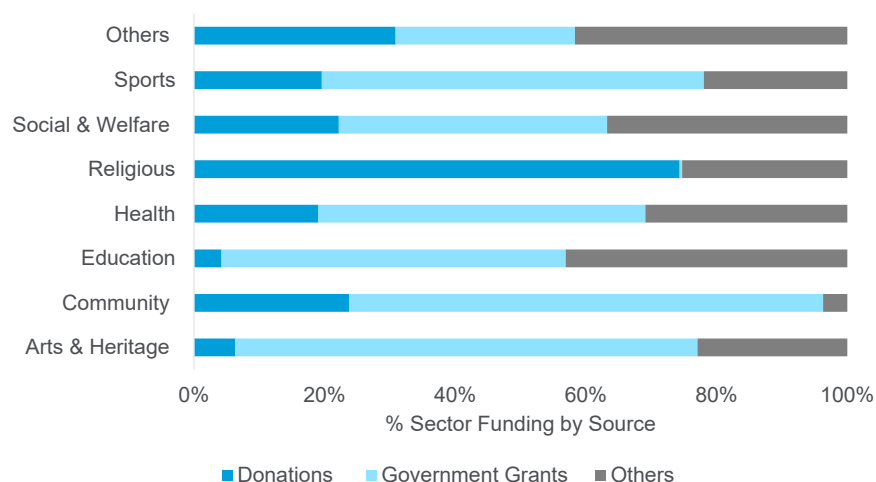
- In Singapore, government grants constitute over 70% of funding for arts and heritage organizations, as well as community groups according to 2019 data.
- In the U.K., government funding is the second largest source for charities (behind the public), providing £15.8 billion in 2018-19. This constituted 28% of charities' income, another fall from the 2008-09 levels (37% of income).⁹⁵

Government grants are a key revenue stream in some economies. However, charitable grants have historically been cut when government spending tightens. Although there is little appetite for programs of austerity and the importance of charities has been highlighted by the pandemic, we still consider that continued state support for direct giving to charities is a risk in coming years.

⁹⁴ Pro Bono Economics, *Is This Time Different? Charity Funding in Recession and Recovery*, November 2020.

⁹⁵ "What Are the Trends in Income From Government?" U.K. Civil Society Almanac 2021, NVCO Publications, accessed October 21, 2021.

Figure 28. Government Grants to a Range of Causes in Singapore



Source: Singapore Commissioner of Charities Office

Motivations to donate are notoriously intractable

There is a strong correlation between the size of the state and the stock of national philanthropic donations

Social Expectations Partly Determine Donation Rates

The likelihood of a person donating to charity is based on a number of factors. We saw above that gender and age are key predictors of charitable behavior. There are, however, two additional factors that often come into play and are worth noting. First, the political context partly determines the scope and scale of donations by generating social norms and expectations of generosity. Second, religious affiliation is a strong predictor of donation. The significant contribution each of these makes to the motivation to donate makes the rate of donation particularly intractable.

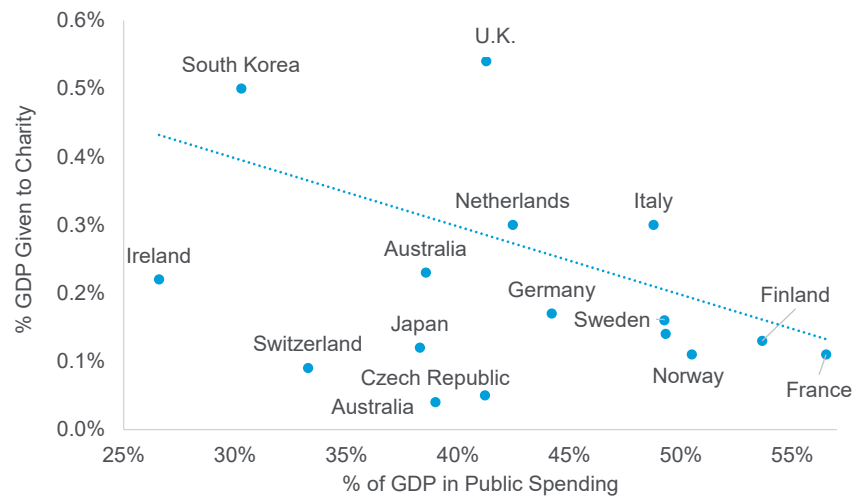
There is also a political dynamic to donation: the higher the level of public expenditure, the lower the level of charitable donation. For example, public expenditure in the Nordic states is above 50% of GDP while charitable giving is just 0.15%.⁹⁶ By contrast, the U.S. spends less than 40% of national income on public expenditures and charitable donations surpass 1.4% of GDP (see Figure 29).

This correlation can be explained. We earlier raised the idea of a social contract in the discussion of young donors. It is also relevant here: philanthropy is built into the social contract of some countries in a way that it is not built into others. More precisely, some societies have an expectation that the key structures of the social order, including education or healthcare, will be part-funded by philanthropy. This generates an expectation that the affluent will give to charity. In other countries, these social structures are mostly funded by state expenditure and the expectation to donate is correspondingly absent.

Encapsulating exactly this point, Vartan Gregorian, the late president of the Carnegie Corporation of New York, noted of the U.S. that philanthropy is “part of our social contract.”⁹⁷ The political system allows individuals to accrue significant wealth but with this comes the social expectation that individuals will donate some of their wealth.

⁹⁶ See data from the OECD, “General Government Spending (indicator),” 2021; Charities Aid Foundation, *Gross Domestic Philanthropy*, 2016.

⁹⁷ See Vartan Gregorian, “[On Philanthropy: Philanthropy in America](#),” Carnegie Medal of Philanthropy, accessed September 22, 2021.

Figure 29. There Is a Negative Correlation Between State Spending and Charitable Donations

Source: CAF (2016), World Bank. The U.S. is included in the trend line, but is not visible as an individual data point.

In countries with higher public spending, there is a sense that any debt to society has been repaid through an individual's or a corporation's tax bill. Where there is less public spending, there is a greater sense that something is owed. This distinction drives the trend in Figure 29. The fact that charitable giving is linked with a nation's political make up underscores the difficulty in improving donation rates. Social contracts determine the rate of public spending in a country and the norms which they dictate are difficult to change.

Religious Affiliation Is Strongly Connected With the Rate of Donation

Religious affiliation and charitable behavior

Religious affiliation also impacts the scale of charitable behavior. The top two countries for the percentage of the population reporting charitable donations are helped by their religious cultures. In Indonesia, for example, *zakat* (a form of charitable giving required by Islam) is practiced widely. Myanmar's ranking is similarly a function of the quasi-mandatory religious giving required by Buddhism.⁹⁸ Figure 31 shows data from the Charities Aid Foundation. Further, six of the 10 highest scoring countries for "helping a stranger" are in Africa, where Ubuntu (the traditional practice of compassion and reciprocity) is a prevalent ethical framework.

⁹⁸ Charities Aid Foundation, *CAF World Giving Index 2021: A Global Pandemic Special Report*, June 2021.

Figure 30. The Tradition of Ubuntu Fosters Charitable Actions: Many of the Best Ranked Countries for ‘Helping a Stranger’ are in Africa where Ubuntu is a Common Practice



Helping a stranger by country and ranking		People (%)
Nigeria	1	82%
Cameroon	2	78%
Iraq	3	78%
Georgia	4	76%
Zambia	5	76%
Kenya	6	76%
Uganda	7	75%
Egypt	8	71%
Tajikistan	9	70%
Dominican Republic	10	70%

Source: CAF (2021)

Figure 31. Religion is a Key Motivator of Donations: Many of the Countries with the Highest Donation Levels Have Large Religious Communities



Donating money by country and ranking		People (%)
Indonesia	1	83%
Myanmar	2	71%
Australia	3	61%
Thailand	4	60%
Kosovo	5	59%
United Kingdom	6	59%
Iceland	7	56%
Netherlands	8	56%
New Zealand	9	51%
Bahrain	10	51%

Source: CAF (2021)

Over half of Americans report that their religion was an important motivator in deciding to donate, and Americans with religious affiliations report giving at higher rates. In one study, 65% of Americans with religious affiliations donated versus 56% of non-affiliated Americans.⁹⁹ In the U.S., low public spending and extensive religious affiliation combine to produce a world-leading rate of donation.

Religious affiliation is difficult to change and it is not clear that policy can or should play any role in addressing religious affiliation among a population. The strength of religious affiliation as a motivator of charitable giving therefore is a lever that is unavailable as a driver for increasing or restoring the rate of donation in many economies.

⁹⁹ Melanie A. McKittrick et al., *Connected to Give: Faith Communities*, Jumpstart Labs, 2013.

The Demand Equation for Philanthropy

Current Donations Are Not a Proxy for Demand

Understanding the demand for philanthropy

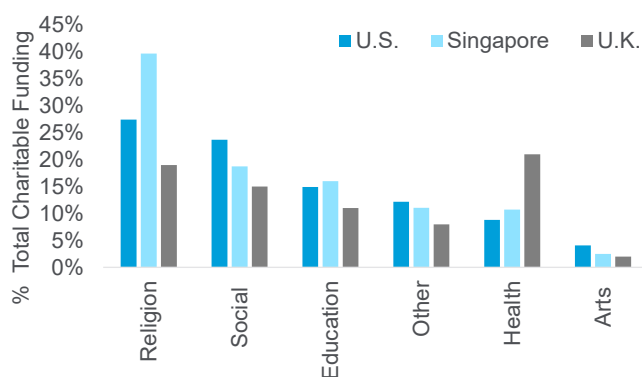
While there is some prospect of increasing the donation rate in coming years, we should not rely on it. Against this backdrop, there is compelling reason to maximize the efficacy of every dollar donated. If the supply of charitable giving was to have reached its peak, donors should pay closer attention to matching their giving with the areas of most significant demand to help them do the most good.

It is difficult to measure demand for philanthropy and charitable services because we could seemingly always do more good if we had more resources. However, examining the most popular sectors of donation for philanthropists shows that funding is not split evenly across sectors and there may be reason to think it does not reach the causes that most need it. Below we discuss where philanthropic dollars are currently going and where the most obvious mismatches are with global needs.

Religious Causes and Organizations Are the Most Supported

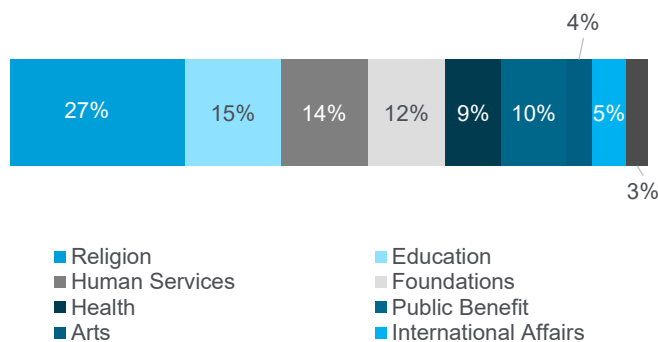
Religious organizations collect more than any other single sector. Figure 32 shows this is most acute in Singapore where donations to religious organizations constitute 40% of total charitable giving. The same trend emerges from volunteering: in the U.S., 36% of volunteers worked for religious organizations, almost twice the nearest competitor, helping the poor, at 21%.

Figure 32. Religious Causes Receive a Significant Portion of Total Philanthropic Dollars



Source: U.S.: Giving USA 2021; U.K.: CAF Giving Report 2019; Singapore: Office of Commissioner of Charities (2019)

Figure 33. U.S. Giving by Sector

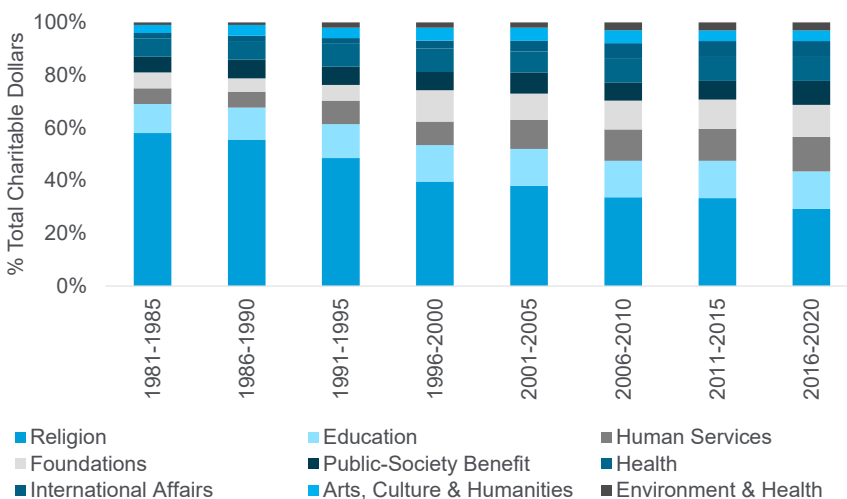


Source: Giving USA (2021)

In the U.S., religious giving constitutes more than a quarter of total donations each year closely followed by education. However, while it is the second largest sector of donation, the value of donations flowing to education is only half of those received by religious causes. The same trend exists across many economies, although in the U.K. healthcare (including medical research, hospices, and mental health) surpasses religious giving as the most popular cause.

While religious giving is still the most popular cause for donations, its popularity in the U.S. has been waning over the last two decades. In 2020, religious causes received just 27% of total charitable funding compared with 58% of funding at the beginning of the 1980s as shown in Figure 34.

Figure 34. Evolution of U.S. Donations by Sector Over Time



Source: Giving USA

The decline in giving to religious organizations echoes the pattern of a shrinking donor base. Since religious affiliation is a significant motivator of charitable giving, charities and fundraisers must be alert to the links between them. As the percentage of charitable dollars going to religious causes has declined, these donations have not disproportionately accrued to any one sector: when religious giving declines, money previously earmarked for religious charities appears to be scattered across the full range of alternative causes.

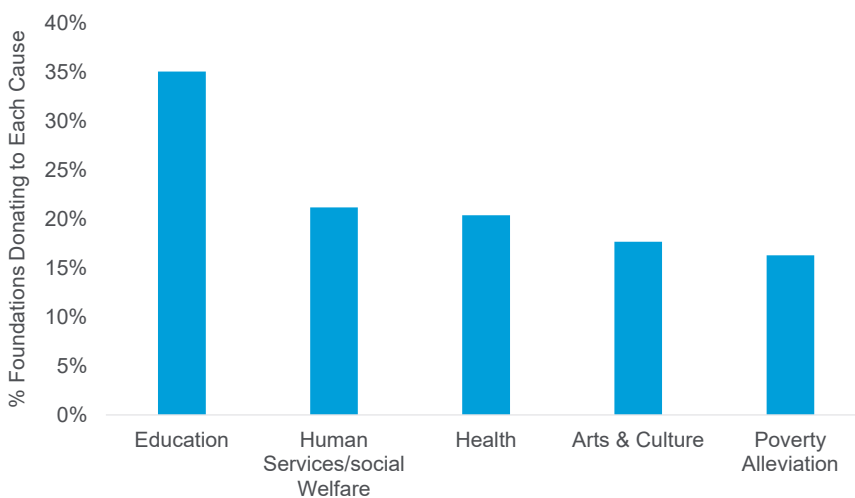
Foundations Do Not Generally Support Religious Causes

Foundations in aggregate have a different grantmaking profile to individuals

A bigger difference can be found in grantmaking by foundations:

- **Foundations do not report giving to religious organizations**, which are the most popular target at an individual level.
- **Foundations give much more to support the arts** in general, compared with high-net-worth individuals and all individuals.

Direct comparisons are difficult between foundations and individuals as foundations reports activity in a particular sector rather than the percentage of assets directed to a particular cause.

Figure 35. Many Foundations Support Education, But Not Religious Organizations

Source: Johnson (2018)

Cross-border philanthropy is quite small in cash terms and currently much smaller in volunteer time

Most Charitable Dollars Stay in the Country of Donation

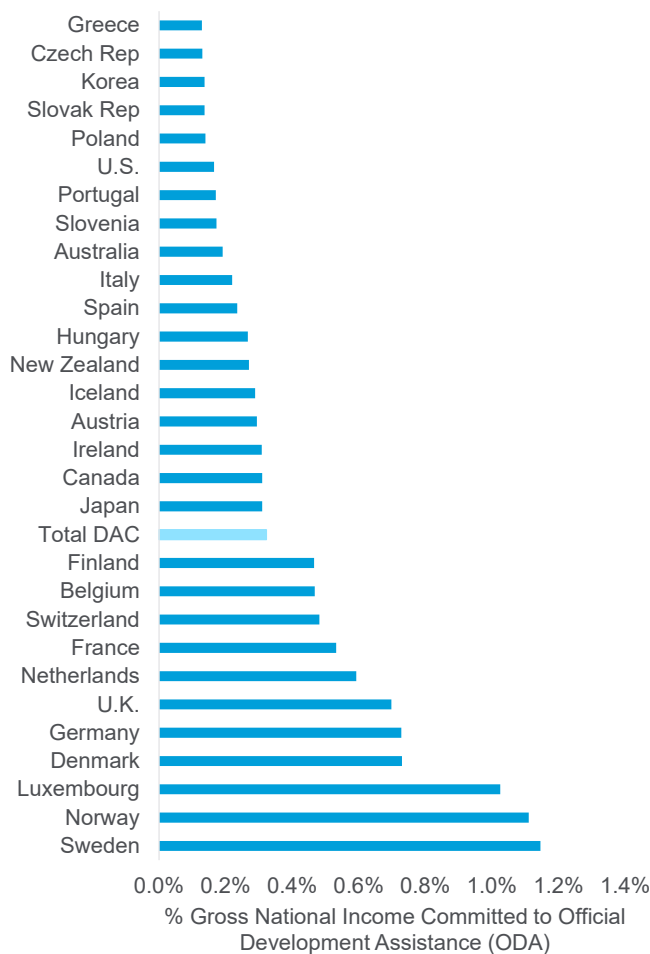
On a global scale, cross-border philanthropy is a small business with around 10% of the cash dollars donated every year ending up in a different country from where they were donated. In the U.K., for example, international donations constitute 11% of total donations by individuals.¹⁰⁰

Volunteering shows a similar trend: U.K. volunteers reporting they mostly work in their own community with only 3% volunteering outside of the U.K. This was the pre-pandemic reality which travel restrictions of the past two years has probably exacerbated. However, since volunteering is not yet fully digitally enabled, its locality is predictable.

While cross-border philanthropy is a small amount of total cash donations and an even smaller amount of volunteering, it is still a significant percentage of overseas aid. On average, countries dedicate just 0.3% of gross national income to overseas aid as shown in Figure 36. In absolute terms, Official Development Assistance (ODA) payments are greater in value than philanthropic capital (see Figure 37). However, ODA payments are a much smaller percentage of gross national income than cross-border philanthropic donations are as a percentage of total donations.

¹⁰⁰ This may not be the total donated cross-border in the U.K. International aid may not include, for example, donations to build or equip schools in the developing world, which may instead be categorized under the heading of “education.”

Figure 36. Gross National Income Committed to Official Development Assistance is Significantly Less (0.3% average) than Cross-Border Philanthropy (10% average)



Note: DAC = OECD Development Assistance Committee, It is an international forum with 30 members consisting of many of the largest providers of (ODA) aid.

Source: OECD

The Overlap of Remittances with Philanthropy

Cross-border remittances are very important as a source of cross-border aid but not included in philanthropic calculations

Far bigger than cross-border philanthropy or ODA payments is the category of remittances, i.e., cross-border payments usually made by migrants to overseas destinations. We do not include remittances in our definition of philanthropy since they are usually made to family members. However, it is clearly important to consider them in the overall overseas development and international aid landscape given their significant size.

Figure 37. Remittances are the Largest Portion of Cross-Border Resource Flows Across 47 Economies

Total Amount: \$834 billion



Source: Global Philanthropy Tracker (2020)

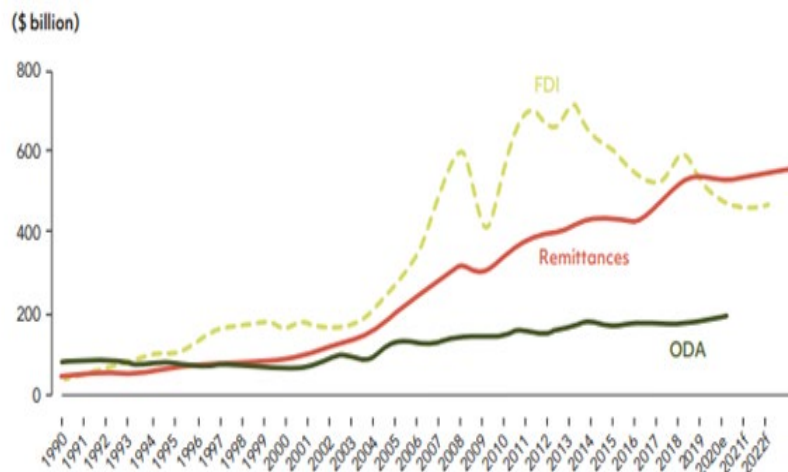
Remittances are the most significant element of overseas aid, with remittances from U.S.-based immigrants alone running into the hundreds of billions each year. According to the 2020 Global Philanthropy Tracker, in 2018 remittances totaled \$481 billion, seven times the value of philanthropic outflows from 47 economies as per Figure 37.

Cross-border remittances swamp cross-border private philanthropy

Remittances in low- and middle-income countries reached \$540 billion in 2020. The biggest source countries were the U.S., the UAE, Saudi Arabia, and Russia. Since 2008, the biggest recipient has been India, but Tonga, Lebanon, and the Kyrgyz Republic all receive more in remittances relative to their GDP.

Remittances have not always been the largest element of cross-border resource flows. Their growth was catalyzed at the beginning of the millennium and since the 2010s, while the growth rate has moderated, strong migration flows continue to support increased remittances (see Figure 38).

Figure 38. Remittances, Foreign Direct Investment, and Official Development Assistance Flows to Low- and Middle-Income Countries (1990-2022E)



Source: World Bank (2021)

Remittances are still constrained by a lack of infrastructure. At the end of 2020, the average cost of remittances was 6.5% of the transaction value. This is more than double the 3% target set by the SDGs with a deadline of 2030.¹⁰¹

Our 2019 Citi GPS report [For Better or Worse, has Globalization Peaked?](#) argued that by many metrics, globalization peaked in the 2010s.¹⁰² Trade flows stalled and, by the end of the decade, other metrics were in retreat. Conversely philanthropic outflows grew over the 2010s, bucking the trend of stalling globalization. Remittances followed the same trend, with continued growth, albeit more moderate growth than the previous decade.

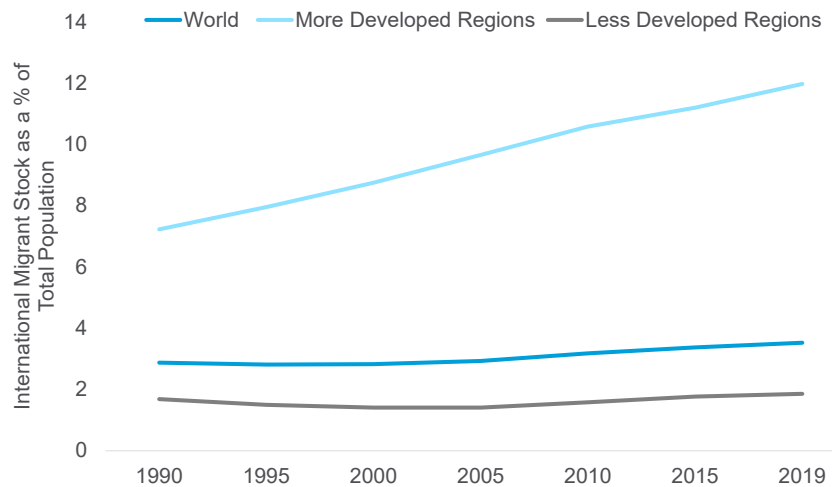
Links between remittances and migration

It appears that remittances and philanthropic outflows are better connected with migration than globalization. The growth in philanthropic outflows over the 2010s echoes the increased rate of migration over the same period. Figure 39 shows the international migrant stock as a percentage of the total population. It continued to increase as remittances and philanthropic outflows also increased.

¹⁰¹ World Bank Group, "Resilience: COVID-19 Crisis Through a Migration Lens," *Migration and Development Brief 34*, May 2021.

¹⁰² Citi GPS, [For Better or Worse, Has Globalization Peaked?](#), August 2019.

Figure 39. International Migrant Stock as a Percentage of Total Population



Source: UN Population Division (2019)

Technology will be a driver of cross-border flows while more value from remittances may accrue to charitable causes

The link with migration might give cross-border philanthropy a bright future:

- The emergence of **diasporic communities** is likely to encourage cross-border giving between communities and across regions. When migrant communities reach critical mass and, crucially, accumulate a critical mass of wealth, they may be encouraged to donate to causes in their country of origin. In other words, remittances may extend beyond migrants' family units and therefore become cross-border philanthropy.
- Technology will make cross-border donations **cheaper, easier, safer, and more transparent**. Developing the infrastructure for cross-border donations comes in tandem with the infrastructure for remittances.

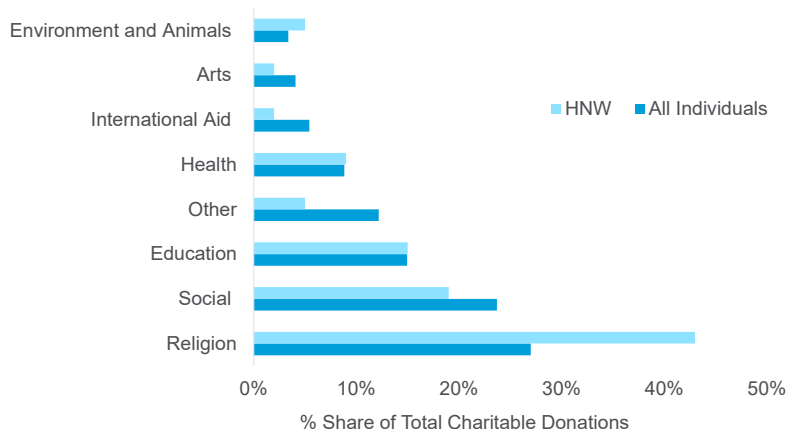
HNW Philanthropy Seems Broadly Aligned with Overall Donations

While HNW donors have a broadly similar pattern of giving to all donors, the environment features more significantly

Data from the U.S. shows that high-net-worth (HNW) donors have a broadly similar pattern of donations, although there are some differences:

- **Religious causes** are even more popular with HNW donors, receiving 40% of all charitable dollars.
- HNW donors contributed more to the causes of **animal welfare** and the **environment** at 5% of all HNW donations compared with just 2% of all individuals.¹⁰³
- **Health and education** are leading causes for both HNW donors and individuals as a whole to support.

¹⁰³ See Giving USA, "Giving USA 2021," 2021; Una Osili et al., *The 2018 U.S. Trust Study of High Net Worth Philanthropy*, U.S. Trust and the Indiana University Lilly Family School of Philanthropy, 2018.

Figure 40. HNWI Individuals Largely Give to the Same Causes as Individuals as a Whole

Source: Giving USA (2021); Osili et al. (2018)

A Significant Data Gap Obscures the Supply-Demand Divide

There is a broad problem with much of the available data on charitable giving. Notably, the sector headings “education” and “healthcare” are incredibly broad. Donations to education include such disparate areas as supporting Campaign for Female Education (CAMFED) — a pan-African campaign to fund schools for girls — as well as donations to elite educational institutions like Oxbridge and Ivy League colleges.

There is reason to think that if we could unravel these broad sector labels, there would be greater divergence between more and less affluent donors. Data here is lacking but one example illustrates the potential scale. In the U.K., two-thirds of all millionaire donations in the decade up to 2017 (£4.79 billion) went to higher education. Half of this went to Oxbridge.¹⁰⁴ The breadth of reporting sub-sectors obscures differences between affluent donors and the rest of society.

Furthermore, at the level of the sector headings, all of these causes seem to have an equal claim upon philanthropic capital. Education, healthcare, and international aid are important causes and have weighty arguments in favor of donating to them. However, when we look under the hood of each of these sectors, it becomes less convincing that all potential causes are in equal need of capital each year.

Continuing with education, which is just one example, some of the causes under this sector heading already have large asset pools. As such, they have little pressing need for additional funding. If donors ask about the impact of one more charitable dollar, for some organizations it will be difficult to answer their inquiry.

This is not a question of the moral worthiness of causes, but rather the economic utility of additional charitable dollars in the immediate term. All facets of the sectors to which philanthropists give can make a compelling case for the benefits of their work, the question is only which have ample funding already and which must fight to continue their work. To facilitate greater understanding of the philanthropic landscape, the sector of donations needs to be disaggregated under narrower headings than those currently used.

¹⁰⁴ Paul Valley, “How Philanthropy Benefits the Super-Rich,” *The Guardian*, September 8, 2020.

Donations under aggregate headings such as “education” include giving to wide and uncorrelated causes

Many religious organizations and charities support secular efforts

The Sub-Sectors of Religious Giving Need Disaggregation

For one sector, the need for greater disaggregation is particularly pressing. Donations to religious organizations are heterogeneous, including donations to congregations as well as those to religiously-identified organizations which support secular efforts.¹⁰⁵ An example of the latter is CAFOD, the Catholic Agency for Overseas Development, which supports development projects through a global overseas network.

This might seem a clear-cut distinction. However, some common types of donation blur the binary. One study found that grants made by Muslim organizations to arts and culture organizations often target the promotion of intercultural understanding and the preservation and dissemination of Islamic traditions.¹⁰⁶ This kind of donation, ostensibly to the arts, seems to fall into the category of non-congregational giving. However, the focus on disseminating Islamic culture prevents this from being a secular donation. Clearly, it is not a straight forward delineation between our two categories.

Understating where donating is motivated by religion as opposed to being mandated by it

If creating a clear taxonomy is difficult, disaggregating the amount donated to each element on a global scale is currently almost impossible.¹⁰⁷ One landmark study of the U.S. concluded that while 73% of Americans give to religious causes, this is comprised of 41% giving to congregations and 32% giving to religiously-identified organizations.¹⁰⁸ However, this almost certainly differs by country. In countries where donating is not only motivated by religion but even mandated by it, a higher percentage might be donated to congregation-type religious organizations.

It is notable that the most recent available data disaggregating religious giving is many years old. There is a significant data gap, which is an obstacle to understanding charitable giving: analysis relies on bespoke surveys rather than systematic data to peel back the mask of sector headings, and such surveys are few and far between.

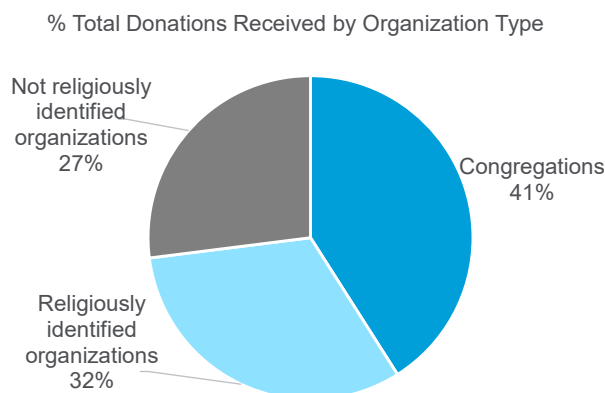
¹⁰⁵ Mark O. Wilhelm et al., *Connected to Give: Faith Communities. Key Findings from the National Study of American Religious Giving*, Jumpstart, November 2013.

¹⁰⁶ Cathy Pharoah, *Building a Picture of Muslim Philanthropy in the UK Context: The Scope of Existing Data*, Centre for Charitable Giving and Philanthropy, Cass Business School, City, University of London, 2020.

¹⁰⁷ Giving USA, *Special Report on Giving to Religion*, 2017. There is no single source of data on giving to congregations because faith groups do not have the same reporting requirements. Research relies on data compiled by denominational associations.

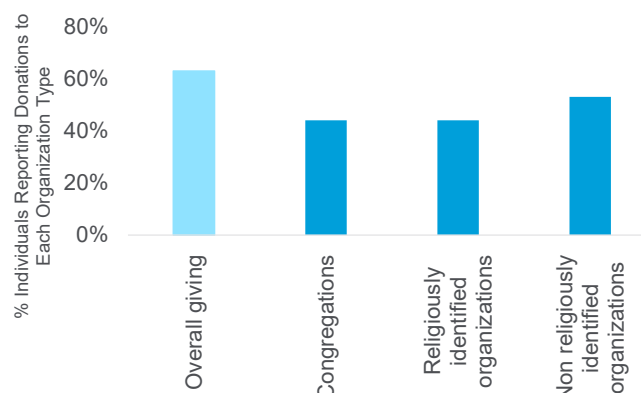
¹⁰⁸ Mark O. Wilhelm et al., *Connected to Give: Faith Communities. Key Findings from the National Study of American Religious Giving*, Jumpstart, November 2013.

Figure 41. Religiously Identified Organizations Receive the Largest Amount of Money From Charities



Source: Wilhelm et al. (2014)

Figure 42. More Individual Americans Donate to Non-Religious Organizations



Source: Wilhelm et al. (2014)

Assessing demand for charitable funding requires agreement on the aims of philanthropy

The UN SDGs Provide One Proxy for Demand

It is difficult to measure demand for charitable funding, not least because to do so requires agreement on the aims of philanthropy. However, a number of proxies for demand reveal that the funding available could do more if at least a portion of it could be rerouted. The main challenge for an economic analysis of the philanthropic landscape lies in assessing the demand side of the equation.

Measuring demand requires determining whether philanthropy should maintain the *status quo* of its present scale and scope outlined earlier in this report, or whether it should seek to achieve a particular set of goals in aggregate. The *status quo* is not a suitable measure of demand because there are significant unfunded needs in the world which nation states will struggle (or fail) to solve on their own. Philanthropy could always do more. With more donations, more service users could benefit from the work of charities. In this sense, demand for charitable donations could be seen as infinite.

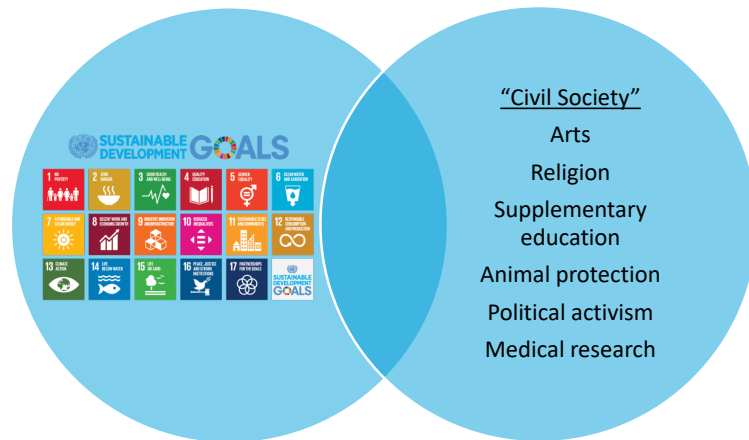
Supporting the delivery of the UN SDGs could be a target for philanthropy in aggregate

The United Nations Sustainable Development Goals (UN SDGs) might be a suitable objective for philanthropy in aggregate to strive to support. The UN originally estimated that \$5 trillion to \$7 trillion would be required annually between 2015 and 2030 to achieve the SDGs.¹⁰⁹ The International Monetary Fund (IMF) estimates that \$1.3 trillion is required annually out to 2030 to achieve only the infrastructure goals in developing economies with a further \$1.3 trillion annually over the same period for health and education.¹¹⁰ Philanthropy could play a role in supporting governments and corporations in delivering the promise of the SDGs.

¹⁰⁹ Dana Vorisek and Shu Yu, *Understanding the Cost of Achieving the Sustainable Development Goals*, World Bank, Policy Research Working Paper 9146, February 2020.

¹¹⁰ Ibid.

Figure 43. The UN SDGs Partly Overlap With the Aims of Philanthropy



Source: Citi GPS, United Nations

The need for collaboration and partnerships is built into the SDGs. Partnerships with the charitable sector are still in their relative infancy when compared with public-private partnerships

Some of the SDGs are of limited suitability for philanthropic goals as they are connected with policy and governance. Moreover, the UN goals are an aim for the world, in which philanthropists are just one actor. Achieving them requires philanthropists, nation states, and corporations to work together.

Furthermore, philanthropists have many additional aims outside and beyond the UN SDGs. Philanthropy is the intersection of the Venn diagram in Figure 43: neither the UN SDGs, nor philanthropists' self-declared interests are a suitable proxy for charitable demand.

Below we consider three areas where collective philanthropic action could make a major difference: zero hunger, quality education, and climate action. We consider these three elements of the SDGs areas of significant potential contribution for philanthropists.

Philanthropy Could Catalyze Eliminating Hunger

Achieving zero hunger is an achievable goal in which philanthropy could play a part

Our 2018 Citi GPS report [UN Sustainable Development Goals](#) highlighted the cost of eliminating hunger, noting that 767 million people are undernourished and the cost of achieving zero hunger would be \$198 billion per year.¹¹¹ The amount of money donated to charities globally would be more than sufficient to achieve this goal if the majority of donations were rerouted to ending hunger. However, it is unlikely that such a diversion could be effected on philanthropic flows. Moreover, while ending hunger is clearly of great importance, it is not the only worthy cause and much would be lost if funding were diverted from other causes. However, this example is illustrative of what could be achieved.

¹¹¹ Citi GPS, [UN Sustainable Development Goals](#), June 2018.

Some philanthropic funding could be rerouted within the global education complex

Philanthropy Could Extend High Quality Education

One report calculates that achieving SDG 4, a quality education for all, would require an increase in spending to \$340 billion by 2030.¹¹² This would provide universal pre-primary, primary, and secondary education for children across the globe. Again, the amount of money donated to charity each year is greater than this figure, but it is obviously not desirable that all donations should be rerouted to education. Looking instead at U.S. donations toward education, which totaled \$71 billion in 2021, and even adding the donations toward education in other economies, there is significantly less funding than what is required to provide a quality education for all.

However, setting aside the present inadequacy of donations to meet this goal, at \$71 billion, there could be significant progress toward it if some education funding were diverted towards providing primary and secondary education rather than institutions for higher education. If philanthropic dollars that currently go to asset-heavy educational institutions could be rerouted more widely, the progress could be significant.

The environment may become an epoch-defining cause for philanthropy

The Environment as an Epoch-Defining Cause

Relatively few charitable dollars today support environmental causes. For example, only around \$16 billion was donated to climate action in the U.S. in 2020. Within this, high-net-worth individuals have shown a greater propensity to support environmental or conservation projects as noted earlier. However, the urgency of the twin crises of climate change and biodiversity loss may provide epoch-defining causes around which the public, private, and charity sectors can be brought together to the benefit of the world. Making this potential partnership work would likely require the formation of new institutions, as well as the willingness of respected leaders and experts to work together across multiple boundaries. The UN Development Programme (UNDP) estimates the cost to achieve SDG 13, Climate Action, is \$140 billion to \$300 billion annually through 2030, just to meet the requirements of adaptations for climate change.¹¹³ The cost of infrastructure associated with this goal runs into the trillions. In aggregate, philanthropy can only play a part in supporting this transition.

The greater prevalence of donations to environmental causes among high-net-worth donors points to a possible future trend. As society becomes more aware of the environmental challenge, increased donations will likely follow. Indeed, it is possible that the environment becomes an epoch-defining cause for philanthropy because there is no transience.

Climate and biodiversity must be considered together

ESG is already shaping the investment landscape. As this comes to play an even more dominant role in investment considerations, it would be a natural complement if the same considerations also began to impact donations. Moreover, while climate action and emissions targets have often been considered a concern for governments, charities can — and indeed already do — play a significant role in more nascent environmental themes like conservation and biodiversity.

¹¹² United Nations Educational, Scientific and Cultural Organization, "Pricing the Right to Education: The Cost of Reaching New Targets by 2030," *Education for All Global Monitoring Report*, Policy Paper 18, July 2015.

¹¹³ See "Financing Solutions for Sustainable Development. Goal 13: Climate Action," UNDP website, last accessed September 22, 2021.

Philanthropy can serve vulnerable communities through climate change

Our recent Citi GPS report [Biodiversity: The Ecosystem at the Heart of Business](#) drew attention to the need for action on biodiversity as much as climate change, as their economic scale is comparable.¹¹⁴ Philanthropy has long been interested in conservation and species preservation. The emergence into the social consciousness of biodiversity as being comparable to climate change presents an opportunity for environmental philanthropy to grow.

One of the main aims of philanthropy is to serve vulnerable communities and there are two ways that this plays into environmental donations. First, climate change will disproportionately affect vulnerable groups over the medium term. For example, much of the global south risks becoming uninhabitable with longer periods of drought and displacement due to fire, storm, and flood patterns. Moreover, within those communities, women will be affected first: it is women's workload that increases when the walk to get water becomes longer or food becomes scarcer. Philanthropy, which cares for the vulnerable must therefore begin to turn its attention to environmental causes.

The climate transition must also be just. One example of this is the nature of the workforce: some jobs will be lost due to the green transition and others will be created. But those created will require different skills. Ensuring a just transition in this dimension involves ensuring that displaced workers have the skills and expertise to engage with the evolving workforce. Again, to continue to serve the most vulnerable, charities will need to turn towards environmental causes as a mediator of a just green transition.

Philanthropy could help deliver technological solutions to environment challenges

In terms of big philanthropy, major donors may be able to fund new technologies and foster innovation in areas where the state or the capital markets struggle. Philanthropists are better able to provide risk capital than either governments or for-profit investors, meaning that they may be able to fund at an earlier stage in the design and deployment of new technologies. One particularly pressing example is the provision of clean-energy in the developing world. To meet this challenge, philanthropic capital could be mobilized for financing infrastructure projects or loaning money to energy customers. More innovative, structured solutions would allow philanthropic capital to work in tandem with capital markets — for example, by guaranteeing loans to renewable energy companies.

Other Measures of Impact Improvement

Improving Efficiency of the Dollars Donated

There is considerable room to improve the efficiency of donations without losing the empathy that many individuals feel for the charitable cause that they support

With demand so difficult to quantify, it may be impossible to precisely match the supply of funding with demand. Perhaps the best we can hope for is to maximize the efficiency of the money donated to charity each year. If demand for charitable services really is endless, or is so opaque that it cannot be systematically measured, efficient giving may be the best hope for those who want to give. In the face of this information gap, philanthropists might follow the logic of effective altruists, applying evidence-based thinking to determine the most effective ways to improve the world. Stripping emotion and intuition out of philanthropic decision-making, donors might instead think more scientifically on the basis of effectiveness.

¹¹⁴ Citi GPS, [Biodiversity: The Ecosystem at the Heart of Business](#), July 2021.

This involves giving to the charities with need of additional charitable dollars and those with the greatest unrealized spending opportunities in the immediate future. One way to practically implement this philanthropic ethos is to examine reports, like those provided by GiveWell, on the spending opportunities that individual charities are expected to have in the immediate term.

In the face of significant data gaps, such as the lack of specific sub-sector data as outlined above, and the difficulty of quantifying demand for charitable funding, it merits noting that there are strong *a priori* reasons to think there would be a mismatch between the supply and demand for philanthropic capital. Here are two:

1. Donors give to the causes for which they feel the most **empathy** or affinity, which are not always the causes with greatest demand;
2. Donors often prefer **programmatic** funding, which leaves the expenses of running a charity often unaccounted for.

Each of these leads to a gap between the causes that philanthropists want to fund and the causes that most need funding. Commenting on this, the Sumerian Foundation notes that the supply side determines what charitable dollars achieve, even if that is not supporting the most pressing causes, or what the demand side would most advocate funding.¹¹⁵

Sometimes funding running expenses can be a leveraged way to create greater impact

Funding a charity's expenses may not be fashionable, but it is certainly necessary. Dan Pallotta argues that overheads are not an enemy of the cause a charity supports, they are part of it. To think otherwise, he says, is to assume that the business of donation is a zero-sum game, but it is not: investment in the overheads of a charity might drive greater fundraising capacity, leading to higher donations in the future, and more funding available for the core objective.¹¹⁶ Even investments outside the fundraising function can serve to increase efficiency facilitating more direct work with service users. The National Council for Voluntary Organisations (NCVO) briefing for charities and trustees in the U.K. similarly notes that it can be a false economy to minimize back office costs: they give the example that out-of-date or cumbersome IT systems lead to inefficiencies and lost time, slowing down a charity's work toward its mission.¹¹⁷

The Growth of Crowdfunding: Some Challenges with the Model

Donors are often motivated to give by empathy with those who need funding, and they often provide more aid in situations where they believe that the person needing help "could have been them", or indeed has historically been them.¹¹⁸ These donations tend to perpetuate existing hierarchies as causes that produce the wealthiest potential donors recoup the most in future donations. Education is again a prime example.

¹¹⁵ Centre for Strategic Philanthropy, University of Cambridge Judge Business School, *Philanthropy and COVID-19: Is the North-South Power Balance Finally Shifting?* 2021.

¹¹⁶ Dan Pallotta, "The Way We Think About Charity Is Dead Wrong," TED conference, March 2013.

¹¹⁷ See "How Much Money Goes On Running Costs? Reporting on Charities," PDF by NVCO, accessed October 21, 2021.

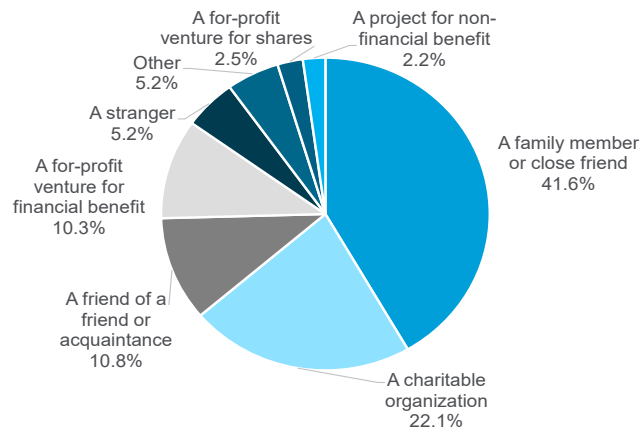
¹¹⁸ In Western thought, Adam Smith's circles of empathy present the donor, in our case, at the center of concentric circles, feeling greater empathy towards those in circles closer to her. The same notion is found in Confucian thought. See above for discussion of donating after benefiting from the donations of previous generations of philanthropists.

Many donate to their alma mater. However, the schools most in need of donations frequently do not produce the wealthiest alumni, resulting in inter-generational underfunding compared with elite competitors.

The impact of crowdfunding

Crowdfunding is sharpening this trend. Over 40% of dollars contributed to crowdfunding campaigns were to family members or close friends; including friends of friends brought this to over half, while only 5% reported donating to a stranger's cause (see Figure 44). While crowdfunding has been lauded as a great democratizer of charitable giving, it risks perpetuating existing inequalities and access to funding by intensifying the trend for donors to donate to the causes closest to them.¹¹⁹

Figure 44. Crowdfunded Donations by Type of Cause



Source: Osili et al. (2021)

Empathy Versus Efficacy in the Process of Giving

Some argue that donations should be motivated by efficacy and demand rather than empathy. At the extreme, the author Eric Friedman advocates stripping empathy out of donations altogether.¹²⁰ Friedman's skepticism here is of empathy as an action-guiding tool for donors. He argues that the right way to choose between causes is by analyzing where the donated money can do the most good.

Reasons to be skeptical about a too scientific approach to philanthropy

Motivating giving based on efficacy rather than empathy might address the supply-demand gap by focusing decisions on simple impact value rather than donor emotions. But it has at least two other challenges. First, there is something profoundly odd about stripping the emotions away from philanthropy and, by extension, turning it into a science. The philosopher Bertrand Russell once famously claimed that the greatest hope for humanity's future was to extend the "scope of sympathy." Moreover, it is fairly evident that causes to which donors have an empathetic attachment will get larger, and less questioning, support than those which are simply recommended to them. There may be some middle ground here in improving levels of understanding by donors of the areas of greatest potential need in the spaces which they care most about (say education), but philanthropists donate their own, personal resources and hence it is for individual philanthropists to choose the causes they would like to support.

¹¹⁹ Una O. Osili et al., *Charitable Crowdfunding: Who Gives, to What, and Why?* Indiana University Lilly Family School of Philanthropy, April 2021.

¹²⁰ Eric Friedman, *Reinventing Philanthropy: A Framework for More Effective Giving* (Potomac Books, 2013).

Second, who decides which causes to put in front of donors and how to fairly assess them in terms of efficiency? There could never be a simple, objective process for achieving this which removes the existing biases of those that seek philanthropic capital. Donors themselves must determine the best way to make their donations, but we suggest here that philanthropic capital could do greater good if both the efficacy of donations was considered (at least alongside empathy) and the scope of empathy was expanded.

The Preference for Programmatic Funding

A second gap describes not the sector of donations but their nature. There is a strong preference among donors to fund programmatic work, i.e., to fund the core business of a charity rather than supporting its running costs or overheads.

This preference is understandable:

- There has been declining **public trust** in charities in recent years which some donors are combatting by closely tracking the use of their donations;
- Donors are motivated by the **impact** that their money can have on society and especially on service users of particular charities.

Moreover, this trend is fostered by technology. An app, for example, named Alice allows individuals to donate to causes, conditional on achieving particular aims or fulfilling certain criteria. It even allows funds to be blocked if charities do not meet the objectives they set.

However, overheads and running costs are an unavoidable part of running charities and there can be no impact without the charity continuing to operate. The pandemic shone a light on the necessity of non-programmatic funding to allow charities to keep functioning. Charities were able to access job retention schemes alongside other businesses, and they received additional funding sometimes from governments and other times from donors to ensure they were still able to operate when services were able to resume.

Furthermore, as we move into the Fourth Industrial Revolution charities need to make significant investments in their technology infrastructure to remain relevant to service users. This will require significant investment. One study from 2021 observed that 62% of charities saw an increase in their need for digital funding while 48% had not accessed any digital funding.¹²¹ If charities are to make the leap to the digital era alongside the private sector, there is a need for specific funding and (as we argue below) greater sharing of technology skills between charities and corporations.

Demand for Charity Services Will Remain Elevated

While it is difficult to measure demand for charitable services, it is easier to observe an increase in demand by listening to what charities say about their service users. We noted above that the pandemic has shone a spotlight on the inequalities within and between communities. It has also augmented them. This has led to an increase in demand for charitable services, including increased demand from existing service users and from new service users as shown in Figure 45.¹²²

Nonprofit organizations need strategies to cover administrative and technology costs versus a traditional donor preference for programmatic funding

Many charities are currently not accessing any digital funding

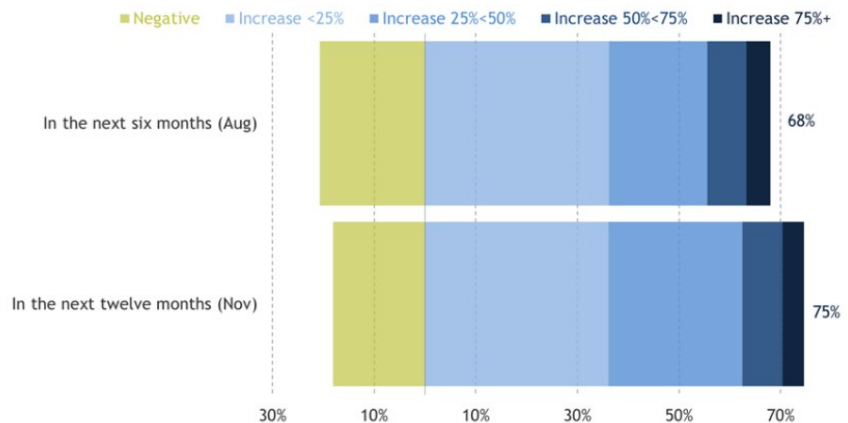
Evidence that demand for charitable services is rising further as we exit the worst of the pandemic

¹²¹ Skills Platform, *Charity Digital Skills Report 2021*, 2021.

¹²² Pro Bono Economics in partnership with Charity Finance Group and the Chartered Institute of Fundraising, *The Charity Sector Through COVID*, January 2021.

A recent Pro Bono Economics survey in the U.K. in August 2021 concluded that demand was higher than at any point during the pandemic, with 62% of small charities reporting increases over the three months prior to the survey.¹²³

Figure 45. The Impact that Participants Expect COVID-19 to have on Demand for their Organization's Help



Notes: 9-15 November (n = 216) and 3-7 August (n = 455). Residual is "no impact".

Source: Pro Bono Economics (2021)

We expect that demand for charitable services will remain elevated compared with pre-pandemic levels

We know that the impact of the pandemic will last much longer than the initial public health measures. One report by the British Academy calls the 2020s the "COVID decade."¹²⁴ Their report isolates three categories of impact:

- **Health and wellbeing**, including physical and mental health of children and adults, and general wellbeing.
- **Communities, culture, and belonging**, including cities and towns, family kinship, the arts, sports, and communities.
- **Knowledge, employment, and skills**, including education, research, skills, and work.

Charities are involved in all three of these areas: they are critical in rebuilding communities, supporting wellbeing, and securing access to work and education. We therefore expect that demand for charitable services will remain elevated, compared with pre-pandemic levels, even if the sub-sectors of charities affected by increased demand evolve over the coming decade.

¹²³ Melanie May, "62% of Small Charities Report Rise in Demand Over the Last Three Months," UK Fundraising, August 25, 2021.

¹²⁴ The British Academy, *The COVID Decade: Understanding the Long-Term Societal Impacts of COVID-19*, 2021.

Charities in the Digital Era

Technological Opportunities for Philanthropy

We have discussed various trends impacting the supply and demand for charitable funding over the course of this report. Advancing technology is a key trend that will shape many aspects of the future, and philanthropy is no exception.

The opportunities of a digital world

There are huge opportunities for charities in the digital future, including digitizing all aspects of the service user and volunteer experience, fundraising, as well as using data (within privacy rules) for impact measurements. Embracing these opportunities presents a challenge for charities, including the race to attract talent in competition with the private sector and in funding technological innovation. Understanding how to make the best use of technology in their particular context is also a challenge for philanthropic enterprises. Addressing these challenges will require the support of philanthropists as each requires significant funding.

Key Prerequisites for a Digital Strategy

In the near future, charities must:

- Update the **service user experience** to go digital
- Digitize the **volunteer experience**
- Digitize **fundraising**
- Make greater use of **data**, including in measuring **impact**

The urgency of digitizing the donor and service user experiences

First, charities must update the service user experience by transitioning to a digital service offering. In practice, this involves offering courses, support groups, and advice sessions online as well as, or instead of, face to face. A number of charities initiated these programs during the pandemic. For example, the U.K. National Childbirth Trust started online classes, hospices compiled digital bereavement guides, and support groups across the world transitioned to online meetings.¹²⁵

Not all charities have been able to transition. The 2020 U.K. *Charity Digital Skills* report found that over a fifth of charities had to cancel services because they did not have the skills or technology required to shift to online.¹²⁶ Moreover, of those who did transition their services, a follow-up survey in 2021 showed that almost half had to provide service users with a device, data, or support to access continued support.¹²⁷

While the pandemic catalyzed digitization, there are two further drivers of this trend going forward: service users will come to expect a digital offering from charities as they do from other organizations and running services without any digital elements will become too expensive.

¹²⁵ Paul Rubens, "How COVID-19 Is Changing Charity Service Delivery for the Better," Charity Digital, May 21, 2020.

¹²⁶ Skills Platform, *Charity Digital Skills Report 2020*, 2020.

¹²⁷ Skills Platform, *Charity Digital Skills Report 2021*, 2021.

Digitizing services presents significant opportunities for charities. A digital service offering can go further, offering support for a wider group of people and extending a charity's reach and impact. This has positive implications for fundraising since growing the pool of people aware of the charity's work increases the potential pool of donors. Some argue that technology will see smaller charities merge into larger organizations.¹²⁸

However, we note that some charitable services can never be fully replicated by digital solutions, even if digital proxies were found during the pandemic. For example, the care provided by hospices or support for the bereaved are face-to-face human services where technology will still be utilized but not in the delivery of front-line services.

Digitizing the Volunteer Experience

Great scope exists to expand the volunteer network through digital channels...

It is not only service users who will come to expect a digital service offering; digital volunteering opportunities will be key to engaging volunteers. Digitally-offered micro opportunities, in particular, offering the opportunity to volunteer in short bursts from anywhere, present an opportunity to increase the volunteer rate.

One vanguard example is Bookmark Reading, a U.K.-based charity that supports children learning to read. They offer online and in-person volunteering opportunities to support children's reading in one-to-one and small group sessions.

...and, through this route, to grow the cohort of younger volunteers

We noted earlier that the rate of volunteering is particularly low among younger age groups. We think that opening up digital opportunities and short-term opportunities, or "ad hoc 1 hour quick hits" as the British Heart Foundation calls them, presents a new way to engage younger volunteers.¹²⁹

We can imagine a revolution in volunteering like the gig-economy in paid employment. As well as signing up for regular shifts, volunteers will access micro-opportunities in their area or online through apps. Just as apps like TaskRabbit and Thumbtack allow the self-employed to advertise and be matched with those in need of ad hoc help, volunteers will similarly be matched with charities' activities.

New digital platforms span across nonprofit organizations

Some websites and app solutions are already emerging: VolunteerMatch and Reach Volunteering are websites that bring together skilled volunteers with charities and boards in need. The former reports connecting 16.8 million volunteers with opportunities across more than 135,000 nonprofits using the platform.

Fundraising Will Become Increasingly Digital

Alongside volunteers and service users, donors are already increasingly looking to make their contributions through digital avenues. Charities have begun the process of digitizing their revenue streams and this was also catalyzed by the pandemic restrictions. Charities ran online events, moved to online shops, and even started streaming services for revenue generation.¹³⁰

¹²⁸ Madeline Duva, "These Key Tech Trends Will Shape Philanthropy in 2020," *Forbes*, January 6, 2020.

¹²⁹ "Supporting Effective Volunteering for the 2020s," Pro Bono Economics, June 7, 2021.

¹³⁰ Christine Chiu, "Charities Show Recovery and Resilience by Pivoting to Digital Fundraising," *Charity Digital*, December 8, 2020.

Developing an infrastructure which makes donating smaller amounts easier should improve the donation rate among adults

While this is just the beginning, there is much more to come. Cor Hoekstra, the co-founder and CEO of the giving app Amicus, describes how the infrastructure for philanthropy has been set up to target high value donations, leaving lower earners without the means to donate easily, and charities without the means to access them.¹³¹ He argues that developing an infrastructure that makes donating smaller amounts easier should improve the donation rate among adults.

It is intuitive that a technology solution stands to improve donation rates among the young, as it might volunteering rates. Furthermore, Hoekstra thinks that if donation infrastructure could support and motivate smaller donations, donors would begin to give earlier in their lifetime before they are financially able to make larger donations.

Technology could also be deployed to personalize content for smaller donors

This is not only about providing the infrastructure to support the logistics of giving. It could also be used to motivate donations. Large donors already receive bespoke updates on what their funding has achieved. Indeed, charities often manage their relationships with large donors by providing reports on their use of funds. Smaller donors, however, are less likely to receive this kind of content. Technology could also be deployed to personalize content for smaller donors, without the human capital currently required which restricts it to those donating larger amounts.

Data will become an even more critical resource for philanthropists and charities

Personalizing the journey of small-value donors relies on data covering all aspects of a charity's operations, from data about the donor themselves to the charity's services and impact. Collecting this data allows charities and funders to engage more deeply with their operations, which stands to improve the consistency and frequency of donations from smaller donors.

Charities already collect data on donors, but many of them could utilize this more efficiently. One example of a relatively simple practice is Macmillan, a cancer charity in the U.K. which hosts flagship coffee morning events. Acting on a thorough analysis of data collected on donors, including motivations to donate, the charity altered the wording of its advertisements from "send for your fundraising pack" to "order your free coffee morning kit." Their income increased from £15 million to £20 million following the change.¹³²

There are other opportunities for improved use of data in the philanthropic value chain. For example, if charities were to deploy internet-of-things (IOT) technology in their operations in the same way as corporate supply chains are widely expected to, it would be possible to track, for example, the location of the exact medical package that a donor had funded for a healthcare organization. This would bring the link between donation and impact into sharper focus, and sharing this data with donors might motivate further giving.

Using technology to improve transparency

Many charities across multiple sectors have an issue in common — the problem of trust. Multiple surveys report that up to 2020, public trust in charities had been declining. This declining trust results in many would-be donors staying away — either giving to other charities, giving directly to those in need, or not donating at all. Technology that highlights the impact of individual donations, as well as opening up charities' operations with greater transparency, can instill greater trust.

¹³¹ Cor Hoekstra, "Technology and the Democratization of Philanthropy," *Alliance Magazine*, July 5, 2021.

¹³² Becky Slack, "How Data Analysis Can Help Your Charity to Enhance Its Fundraising Results," *The Guardian*, March 4, 2014.

Digitizing in a Fair Way Is a Particular Concern for Charities

While charities stand to benefit enormously from the opportunities presented by the digital revolution, they also play an important role in steering the digital transition and ensuring its fairness. Elisabetta Osta noted in a recent article for Philanthropy Impact that “digital transformation needs to have a more strategic approach in philanthropy in order to reduce the digital divide and make technology, digital and data work for the vulnerable.”¹³³

There are many facets of the digital divide. Access to devices and data are the most obvious manifestation of this inequality. The pandemic, with the shift to online work and online learning, spotlighted the unequal distribution of digital devices within and between communities. Students were locked out of education by their lack of access to data and devices. Charities must ensure that service users are not locked out of their services by a similar lack of access.

Nonprofit organizations can also play their part in growing digital literacy

A second element of the digital divide comes in the skills gap around digital literacy: even where service users have access to devices, they may lack the skills required to make the most efficient use of those devices. Some charities are on the front line of providing these skills and up-skilling communities for the digital age.

Finally, there is a less obvious digital gap. The increasing role of technology in society stands to disproportionately impact already vulnerable communities. Charities play a key role in advocating for the needs of minority and vulnerable groups, whom they already represent. From privacy concerns to data-led stereotyping and fairness, charities often engage and can therefore best represent the needs of those who risk being overlooked as society digitizes. To do this, charities must have a seat at the table when it comes to making decisions about the role of technology in society.

¹³³ See Elisabetta Osta, “[Philanthropy and the Digital Divide](#),” Philanthropy Impact, accessed September 24, 2021.



Tyler Hall
Director of Communications
Give Directly

GiveDirectly was founded in 2009 by four Harvard & MIT economics students with two goals: give significant sums of money to the poorest households and rigorously study the results. The organization started just as mobile money, a technology allowing payments to be made over text message, was being adopted across sub-Saharan Africa. Rather than flying over a briefcase full of cash and distributing it with an entourage of bodyguards, nonprofits could now securely transfer funds directly to people in need. GiveDirectly and others were able to quickly scale direct cash programs.

GiveDirectly delivers about 90 cents of every dollar donated directly to people in poverty and has given more than \$400 million to over 1 million people across 10 countries.

What If We Gave People in Poverty Money?

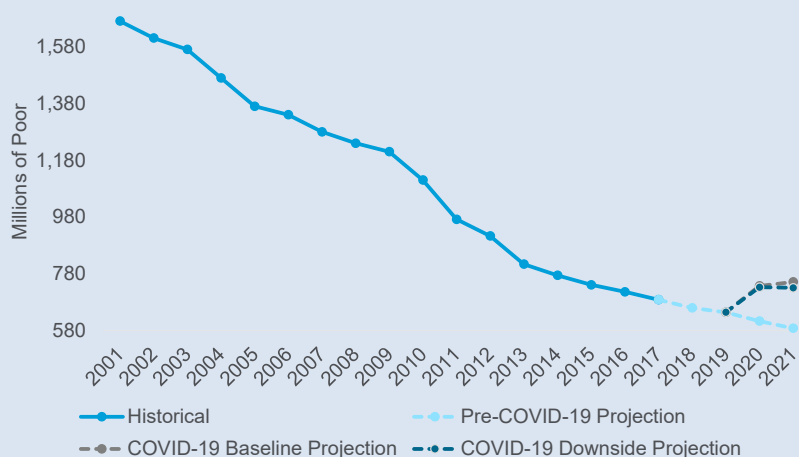
An Article from GiveDirectly

Simply giving people living in poverty money has been shown to more than double incomes; increase school enrollment and entrepreneurship; decrease skipped meals, illness, and depression; and cut domestic violence by one third. Yet cash programs make up just 20% of humanitarian aid worldwide. We may be able to do more with our money if we gave more of it directly to those in need.

Global Poverty Is on the Rise for the First Time in 20 Years

The pandemic pushed approximately 150 million new people into extreme poverty, the first rise in recent history (Figure 46). Extreme poverty means you live on less than \$1.90 a day and likely don't have the purchasing power to meet your most basic needs like food, shelter, healthcare, or schooling. You are regularly faced with impossible tradeoffs: buying enough to feed your family or your livestock, seeking medical care or paying school fees for your kids. Saving or investing in a business idea is typically out of the question when fulfilling these urgent needs uses most of your income and your bandwidth. This is the reality faced by 10% of the globe; yet a boost of just \$30 a month in income could significantly relieve these stressors.

Figure 46. Nowcast of the Global Poverty Rate at the \$1.90-a-Day Poverty Line, 2015-21

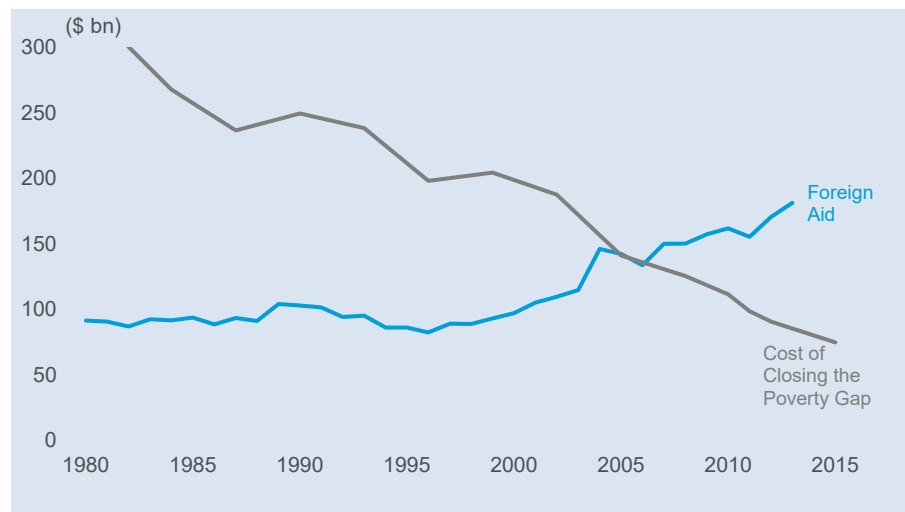


Source: World Bank Group (2020), *Poverty and Shared Prosperity*

The Simplest Way to Make Someone Less Poor Is to Give Them Money

While the scale of this problem is daunting, it is finite — about 730 million people. The fastest way to cross the poverty line is to have enough money to be lifted above it. The world already spends more each year on aid than the total of the poverty gap; if we could hand those budgets over to the people we're trying to help, they'd no longer be in extreme poverty (Figure 47). Historically, this idea has been rebuffed by an ill-informed attitude that people in poverty cannot be trusted with money. Prevailing paternalistic wisdom held that more developed countries can find just the right intervention, investment, or invention to alter the circumstances that create poverty for others. But last year, over one billion people received direct cash payment from government-run COVID-19 relief programs. This change of hearts and policy did not come overnight; it is the result of a decade of pilots and experiments that show cash transfers are more than simple — they're effective.

Figure 47. Official Foreign Aid Spending Now Exceeds the Cost of Closing the Poverty Gap



Source: Brookings Institution

Guessing at What People Need Can Lead to Waste

While non-monetary donations of goods represent a valuable contributor to global philanthropy, when we guess at what people need or, worse, tell them what they should need, aid can be wasted. A trip to the developing world will reveal a countryside littered with good intentions: food piles up and spoils; wells and latrines are abandoned; free clothes disrupt functioning local industry. There are also exorbitant costs to many of these efforts, for example the costs of shipping supplies across oceans. Often, these dollars could have been better spent in the hands of the people closest to the problem.

Figure 48. A New York Times Magazine Headline from 2013 Speaking to Earlier Paternalistic Skepticism About Cash Aid

The New York Times Magazine

Is It Nuts to Give to the Poor Without Strings Attached?

f s t v e 131



Illustration by Andrea Wan

Source: With permission from Andrea Wan

Figure 49. Mobile Money Allows GiveDirectly Recipients to Receive and Cash Out Transfers Using Their Phones



Source: GiveDirectly

Every Person Has Different Needs, Which Cash Empowers Them to Meet

Giving people money gives them the ability to choose for themselves how best to improve their lives. Cash in the right hands can do the work of a half dozen specialized nonprofits. Examples of six people who received cash transfers this year: Joseph bought a battery, inverter, and razor. Now he's the only barber in his town, which has no electricity. Rusi bought two rain barrels so she could stop using polluted water from a nearby river. Zeddy built a new house herself so she and her children wouldn't have to keep sleeping in the same structure as their livestock. Olive, a Congolese refugee, bought food, clothing for her children, and paid for a medical emergency. Sidi had to hire a taxi every other week to visit the doctor for her leg medication, until she bought a used motorbike. William bought a motorbike so he could get more supplies for his food stand. Now he's the first and only person selling fried chicken in his village.

Over 300 Studies Show Giving Cash Improved Earnings, Education, and Health

There have been over three hundred studies on direct cash giving, six times the next most researched intervention: deworming. These studies show unconditional cash transfers do not decrease hours worked or increase spending on temptation goods like tobacco and alcohol. In fact, they can more than double incomes, increase school enrollment and entrepreneurship, decrease skipped meals, illness, and depression, and cut domestic violence by one third. There's a multiplier effect in which every \$1 given generates \$2.60 in the local economy.

And even three years after the transfer, recipients are still earning more. There are other effective interventions to address poverty and deprivation; mosquito nets, deworming, and vaccinations have all been robustly studied. However, many other poverty programs are not based on extensive research; and when they're compared to a random control trial comparing them to cash, they often prove inferior. GiveDirectly has collaborated with USAID on first-of-their-kind benchmarking studies of non-cash interventions. Researchers compared the effectiveness of job training and child nutrition programs in Rwanda against simply giving away the cost of those programs as direct cash transfers. They found giving cash performed better on almost every important metric.

Governments Used Cash to Quickly and Accurately Provide COVID-19 Relief

In the past eighteen months, 186 governments created direct cash aid programs to offset income loss due to COVID-19 — a 250% jump from pre-pandemic rates. These programs reached 1.3 billion people, entrusting one-sixth of the world's population to choose for themselves how best to meet their needs. Early research on these programs are promising.

In a crisis, cash aid is easier to target and faster to deliver. In 2020, the Government of Togo in West Africa launched a remote targeting program to enroll and pay their poorest citizens. Citizens simply needed to dial *855 and submit their voter ID number. On the back-end they deployed predictive technology that verified the applicants' poverty levels and paid them if they qualified. Payments were instant, processed through mobile money. The government enrolled, verified, and paid the poorest 20% of Togo in less than a year. At its peak, over half a million were paid in a matter of days.

Conclusion

Despite unprecedented levels of cash aid, many developing countries could not scale up enough to reach everyone in need and many of those they could reach are left without relief as COVID-19 programs expire.

While around 730 million people still live below \$1.90 a day, three quarters of them are only \$1 a day or less away from crossing over that line.

Direct cash giving is not a silver bullet, but it has shown to be a cost-effective tool in the fight against poverty. Over the years, significant advancements have been made in targeting and delivering cash. Large scale, systemic interventions are also necessary to alleviating poverty, however direct cash giving has created a standard of comparison for other programs and has changed the way we think about giving cash to the poor.

Challenges for Philanthropy From the Digital Revolution

The challenges of a digital world

We have seen some of the many opportunities presented by technology for charities and the role that charities can play in the broader social evolution to a digital age. However, adapting will also pose challenges; evolving for the next generation will not be easy for charities, especially smaller charities.

Charities may not understand the opportunity of technology

The first problem to tackle is a lack of awareness among charities about what technology can do for them. Since they are often lacking in technical specialists, it can be difficult for charities to make sense of the opportunities available. Specialist consultancy firms are beginning to fill this gap by educating charities about the technology that may be available to them and helping them to plan and implement strategic change for a digital revolution. Data specialist nonprofits are also emerging. For example, DataKind brings together pro bono data scientists and charities striving for social change to produce analytics measuring impact and to implement new technologies.

Charities already report struggling to recruit suitably skilled staff and board members to implement technological change

One particular challenge involves attracting talent to the charity sector. This challenge is set against the backdrop of already fierce competition between for-profit companies. Charities already report struggling to recruit suitably skilled staff and board members to implement technical development. And they are generally behind the private sector in the adoption of technology. According to a 2018 study, 58% of charities in the U.K. had no digital strategy and 73% did not intend to provide digital training.¹³⁴ This will only worsen without action.

Part of this is a difficulty in funding: salaries remain lower in the charity sector as funders consider operating costs a burden or a reduction in the efficiency of their donations. One report has found that the nonprofit workforce earned up to 18% less than the counterparts in for-profit companies.¹³⁵

Corporates could play a major role in supporting the technology needs of nonprofit organizations

We see an opportunity for corporates to help fill this skills gap using in-kind donations of their employees' time and skills. The skills gap that charities face could be combatted with greater resource sharing between charities and the private sector or greater in-kind donation from corporations. This is sometimes described as the "funder-plus" model: corporations can share employee expertise or even board-level guidance to help charities develop, rather than relying on cash giving.

There are some examples of partnerships between the private sector and charities that are already delivering innovative solutions. The Lindbergh Foundation has partnered with Neurala to use machine learning on drone footage to draw conclusions about the behavior of poachers.¹³⁶ This allows them to design more targeted solutions and campaigns against poaching. This is the kind of work that charities will struggle to carry out alone, yet it shows the potential of technology if a more collaborative landscape can be built up between the private and charity sectors.

¹³⁴ Ioan Marc Jones, "The Future of Digital Transformation," Charity Digital, September 1, 2021.

¹³⁵ Caitlin Kearney, "The Price of Doing Good: Measuring the Nonprofit Pay Cut," Payscale, November 27, 2018.

¹³⁶ Rhodri Davies, "Where Are the Charities in the Great AI Debate?" World Economic Forum, April 26, 2018.

Improved impact measurements are needed that take account of the benefits of investing in technology

It is not only corporate giving that has an opportunity to help here. We noted above that many funders have a preference for programmatic funding — funders often prefer to give to the most immediately impactful, front-line work that a charity does. This can preclude funding projects for the technological development of charities.

Yet funding improved operations and digital development does not require abandoning impact measurements. Rather, it requires extending impact measurements beyond the usual time horizon — looking further into the future when technology will be required for charities to continue providing their services. It also requires taking risks with funding to allow charities to innovate around their use of technology.

To facilitate the inclusion of the charity sector in the technological revolution, funders must be open to taking risks with their funding and looking beyond their usual time horizon when examining the impact of their philanthropic dollars.

An Interview with Laura MacDonald: Part Two

Technology is reshaping many aspects of the world. What impact do you think technology could have on the philanthropic landscape?

Oh my, that's a big question!

The most obvious opportunities lie in making the gift transaction as frictionless as possible. However, some of those solutions — like text-to-give or “Dip Jars” — also thwart an organization's ability to connect directly with donors and make it nearly impossible to retain them.¹³⁷

Next, there are tools to help organizations better understand their donors and stakeholders. We're moving beyond simple wealth screening (which often had little predictive value for giving) into more powerful tools that help us see how stakeholders behave as consumers and donors, which messages capture their attention, and what factors influence their decisions about when and how much to give, and to automate the processes that will help organizations retain donors.

The outputs of these tools should still be carefully vetted — most rely on commercially available data, which is less than perfect.¹³⁸ And the sector's sophistication is still growing. But these tools, fully harnessed, could usher in a new era for nonprofits and donors alike. Imagine a donor who can log onto their giving dashboard — as easily as many can log into a healthcare portal — to gain a fuller picture of their giving. Imagine utilizing blockchain technology so donors and funders can track gifts from the time they're deposited until they're deployed.

Finally, there's the use of tech in furtherance of the mission. In Columbus, Ohio (U.S.), the foodbank has developed an app that allows the food-insecure to gain access to healthy foods nearby. With enough data, the app will begin to predict when and where hunger will occur, and how to intervene. This has the promise to do more than “feed the line” of hungry people; it could actually shorten — daresay end — the line of hunger in one community.

Some think that technology will boost charities' efficiency but when it comes to assessing charitable activities, efficiency is often code for having low overheads. Should more effort be made to encourage donors to support structural costs within nonprofit organizations so as to help these organization generate more operational leverage?

Yes, but we may be tilting at windmills if we expect to change the conversation. It is frustrating: many donors want low overhead, but then rail at the charity that falls victim to fraud because its finance office is understaffed.

MacKenzie Scott may have stimulated more discussion of “trust-based” philanthropy (i.e., unrestricted giving), but few of her Giving Pledge associates seem to have followed her example.

¹³⁷ DipJar [website](#).

¹³⁸ John Lucker, Susan K. Hogan, and Trevor Bischoff, “Predictably Inaccurate: The Prevalence and Perils of Bad Big Data,” *Deloitte Review*, July 2017.

Perhaps we need to be more imaginative in the way we describe and request unrestricted gifts. After all, many everyday donors don't grasp "unrestricted," nor does it connect emotionally. So, what might? Look at the cancer charity that declares "One Goal: End Cancer" and raises millions through anecdotes and personal connection. Or the children's service that includes "wherever the need is greatest" among the list of things givers can support. Similarly, let's explore new models of communicating overhead to donors — illustrating its role as mission critical, not mission diminishing.¹³⁹

This may also be an area where technology could help to assess impact and return on investment, so donors would have more useful metrics to gauge the effectiveness of their giving.

You have talked in your work about nonprofits as "perpetual start-ups." Please explain this concept as well as the positive and negative aspects of it. Should nonprofits try to operate more like for-profit businesses?

I developed this concept because I saw that many nonprofit leaders exhibited the traits of entrepreneurs but failed to earn the respect that is often heaped upon for-profit risk-takers. Instead of admiration, nonprofit leaders are admonished to "act more like a business" when that's exactly what they do; but their behavior is that of a scrappy startup, not a staid corporation.

Nonprofit organizations and startup enterprises share certain traits: the constant need for funding, impatient investors/donors, an inspiring vision, a strained workforce, and — often — an entrepreneurial leader.

There are differences, too. Nonprofits don't offer the hope of a big payday and they tackle big problems that may be nearly impossible to solve, yet they're not permitted to have deficit budgets while startups can be "pre-profitable" for years. Donors may not have a lot of tolerance for risk, and there's rarely an "exit strategy" like merger or acquisition.

There are many aspects of for-profit enterprises that could translate into a stronger social sector, such as greater adoption of technology, stronger managerial accountability, and better infrastructure. And, there are practices that the for-profit sector might adopt from nonprofits: transparency, focus on impact beyond the bottom line, and dynamic governance.

¹³⁹ Curtis Klotz, "A Graphic Re-visioning of Nonprofit Overhead," *Nonprofit Quarterly*, August 16, 2019.

Citi Global Perspectives & Solutions (Citi GPS) is designed to help our clients navigate the global economy's most demanding challenges, identify future themes and trends, and help our clients profit in a fast-changing and interconnected world. Citi GPS accesses the best elements of our global conversation and harvests the thought leadership of a wide range of senior professionals across the firm.



All Citi GPS reports are available on our website www.citi.com/citigps



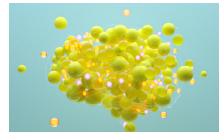
Education: Learning for Life
Why L&D is the Next Frontier in Global Education
November 2021



Home of the Future
Building for Net Zero
October 2021



Global Carbon Markets
Solving the Emissions Crisis Before Time Runs Out
October 2021



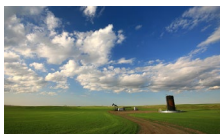
Disruptive Innovations VIII
Ten More Things to Stop and Think About
October 2021



Holistic Digital Policy
Nation States Must Lead in Building Equitable Human-Centric Digital Economies
October 2021



Biodiversity
The Ecosystem at the Heart of Business
July 2021



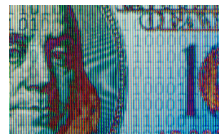
Natural Gas
Powering Up the Energy Transition
July 2021



Technology at Work v6.0
The Coming of the Post-Production Society
June 2021



Hard to Abate Sectors & Emissions
The Toughest Nuts to Crack
May 2021



Future of Money
Crypto, CBDCs and 21st Century Cash
April 2021



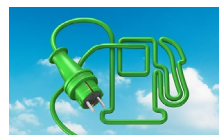
Systemic Risk
Systemic Solutions for an Interconnected World
April 2021



Bitcoin
At the Tipping Point
March 2021



Financing a Greener Planet
[Volume 1](#)
[Volume 2](#)
February 2021



Electric Vehicle Transition
February 2021



Investment Themes in 2021
January 2021



The Global Art Market and COVID-19
Innovating and Adapting
December 2020



Education: Fast Forward to the Future

October 2020



The Holistic Case for Investment in Girls

October 2020



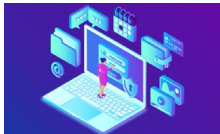
Closing the Racial Inequality Gaps

September 2020



Negative Interest Rates

Where Is the Real Limit to Cheap Money?
July 2020



ePrivacy & Data Protection

Data Privacy & its Influence on AI Ethics, Competition & Tech Evolution
July 2020



Technology at Work v5.0

The New Normal of Remote Work
June 2020



5G and Mobile Operators

Is Virtual Becoming Real?
April 2020



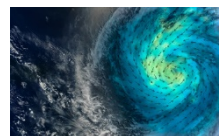
Closing the Loop on Global Recycling

Finding a Global Solution to the Patchwork of Recycling
February 2020



Disruptive Innovations VII

Ten More Things to Stop and Think About
February 2020



Building a TCFD With Teeth

What the Markets Need to Price Climate Risk
February 2020



Banking the Next Billion

Digital Financial Inclusion in Action
January 2020



Experiential Commerce

A Brave New World
January 2020



Investment Themes in 2020

January 2020



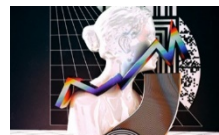
Corporate Finance Priorities 2020

January 2020



Car of the Future v4.0 – 2020 Update

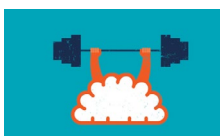
The Race for the Future of Networked Mobility
January 2020



The Global Art Market

Drivers of Evolution

December 2019



Education: Power to the People

Exploring Opportunities for Private Capital in Education
November 2019



Digitizing Governments

The Journey to Enacting a Digital Agenda
October 2019



Electric Aircraft

Flightpath of the Future of Air Travel
September 2019



Energy Darwinism III

The Electrifying Path to Net Zero Carbon
September 2019

If you are visually impaired and would like to speak to a Citi representative regarding the details of the graphics in this document, please call USA 1-888-800-5008 (TTY: 711), from outside the US +1-210-677-3788

IMPORTANT DISCLOSURES

This communication has been prepared by Citigroup Global Markets Inc. and is distributed by or through its locally authorised affiliates (collectively, the "Firm") [E6GYB6412478]. This communication is not intended to constitute "research" as that term is defined by applicable regulations. Unless otherwise indicated, any reference to a research report or research recommendation is not intended to represent the whole report and is not in itself considered a recommendation or research report. The views expressed by each author herein are his/ her personal views and do not necessarily reflect the views of his/ her employer or any affiliated entity or the other authors, may differ from the views of other personnel at such entities, and may change without notice.

You should assume the following: The Firm may be the issuer of, or may trade as principal in, the financial instruments referred to in this communication or other related financial instruments. The author of this communication may have discussed the information contained herein with others within the Firm and the author and such other Firm personnel may have already acted on the basis of this information (including by trading for the Firm's proprietary accounts or communicating the information contained herein to other customers of the Firm). The Firm performs or seeks to perform investment banking and other services for the issuer of any such financial instruments. The Firm, the Firm's personnel (including those with whom the author may have consulted in the preparation of this communication), and other customers of the Firm may be long or short the financial instruments referred to herein, may have acquired such positions at prices and market conditions that are no longer available, and may have interests different or adverse to your interests.

This communication is provided for information and discussion purposes only. It does not constitute an offer or solicitation to purchase or sell any financial instruments. The information contained in this communication is based on generally available information and, although obtained from sources believed by the Firm to be reliable, its accuracy and completeness is not guaranteed. Certain personnel or business areas of the Firm may have access to or have acquired material non-public information that may have an impact (positive or negative) on the information contained herein, but that is not available to or known by the author of this communication.

The Firm shall have no liability to the user or to third parties, for the quality, accuracy, timeliness, continued availability or completeness of the data nor for any special, direct, indirect, incidental or consequential loss or damage which may be sustained because of the use of the information in this communication or otherwise arising in connection with this communication, provided that this exclusion of liability shall not exclude or limit any liability under any law or regulation applicable to the Firm that may not be excluded or restricted.

The provision of information is not based on your individual circumstances and should not be relied upon as an assessment of suitability for you of a particular product or transaction. Even if we possess information as to your objectives in relation to any transaction, series of transactions or trading strategy, this will not be deemed sufficient for any assessment of suitability for you of any transaction, series of transactions or trading strategy.

The Firm is not acting as your advisor, fiduciary or agent and is not managing your account. The information herein does not constitute investment advice and the Firm makes no recommendation as to the suitability of any of the products or transactions mentioned. Any trading or investment decisions you take are in reliance on your own analysis and judgment and/or that of your advisors and not in reliance on us. Therefore, prior to entering into any transaction, you should determine, without reliance on the Firm, the economic risks or merits, as well as the legal, tax and accounting characteristics and consequences of the transaction and that you are able to assume these risks.

Financial instruments denominated in a foreign currency are subject to exchange rate fluctuations, which may have an adverse effect on the price or value of an investment in such products. Investments in financial instruments carry significant risk, including the possible loss of the principal amount invested. Investors should obtain advice from their own tax, financial, legal and other advisors, and only make investment decisions on the basis of the investor's own objectives, experience and resources.

This communication is not intended to forecast or predict future events. Past performance is not a guarantee or indication of future results. Any prices provided herein (other than those that are identified as being historical) are indicative only and do not represent firm quotes as to either price or size. You should contact your local representative directly if you are interested in buying or selling any financial instrument, or pursuing any trading strategy, mentioned herein. No liability is accepted by the Firm for any loss (whether direct, indirect or consequential) that may arise from any use of the information contained herein or derived herefrom.

Although the Firm is affiliated with Citibank, N.A. (together with its subsidiaries and branches worldwide, "Citibank"), you should be aware that none of the other financial instruments mentioned in this communication (unless expressly stated otherwise) are (i) insured by the Federal Deposit Insurance Corporation or any other governmental authority, or (ii) deposits or other obligations of, or guaranteed by, Citibank or any other insured depository institution. This communication contains data compilations, writings and information that are proprietary to the Firm and protected under copyright and other intellectual property laws, and may not be redistributed or otherwise transmitted by you to any other person for any purpose.

IRS Circular 230 Disclosure: Citi and its employees are not in the business of providing, and do not provide, tax or legal advice to any taxpayer outside of Citi. Any statements in this Communication to tax matters were not intended or written to be used, and cannot be used or relied upon, by any taxpayer for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

© 2021 Citigroup Global Markets Inc. Member SIPC. All rights reserved. Citi and Citi and Arc Design are trademarks and service marks of Citigroup Inc. or its affiliates and are used and registered throughout the world.

NOW / NEXT

Key Insights regarding the future of Philanthropy



SHIFTING WEALTH

Formally and informally, prominent women inheritors, wealth creators, and philanthropic experts are advocating for a more trust-based, collaborative approach to giving. / **By 2025, 60% of U.S. billionaires are forecast to be women; women already control \$11 trillion in assets; and women will inherit 70% of the intergenerational wealth transfer by 2035.**



SOCIAL CONSTRUCTS

The pandemic year of 2020 saw an uptick in charitable giving as crises tend to catalyze an increase in charitable or public-spirited behavior. / **The current increase in charitable giving could be longer lasting as the pandemic has very visibly highlighted gender inequalities, as well as inequalities in access to education, digital tools, and vaccines.**



TECHNOLOGY

In the near term, charities and many smaller foundations are generally well behind the corporate sector in utilizing technology to improve impact and scale. / **There are huge opportunities for charities in the digital future, including digitizing all aspects of the service user and volunteer experience, fundraising, as well as using data (within privacy rules) for impact measurements.**



