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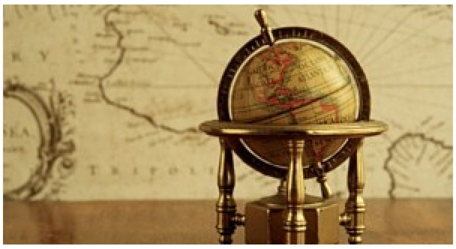
Philanthropy and international development: Lessons to learn?

by Christian Gergis | February 4, 2016

Christian Gergis from the Financial Services Council advocates for a more centralised, less piecemeal approach to giving that will benefit philanthropists, nonprofits, and the broader community.



The December 2015 release of the Australian Charities Report 2014 **highlighted the growing importance of the not for profit sector**, and provided valuable insights into how nonprofits are funded. With a combined annual income of $103 billion, and an employer of over 1 million people, the sector can rightfully be seen as a vital part of Australia's society and economy.

The Report identified that the top 1 per cent of charities reported a total of 57.9 per cent of the sector's income, with the largest 20 per cent together reporting 95.5 per cent of income. On average, donations and bequests account for around 25 per cent of charities' total income, however 35 per cent of all charities received no such funding.

Government grants remain the financial lifeblood for many. Around one in five charities receive more than half of their income from government, while around two in five large charities depend on government for more than half of their total income. Interestingly, almost 80 per cent of small charities receive no income from government grants.

So what can we take away from this? Although these are just a few of the Report's findings, it does illustrate that some charities, especially the largest, do better than others in both attracting government and philanthropic funding.

As we all know, there are many smaller organisations carrying out unheralded but socially vital work across Australia, but which perennially struggle to make ends meet. Valuable time and resources are spent in fundraising and marketing, in an effort to build the financial sustainability necessary for long term planning and impact.

So how do we bridge the gap between the "have" and "have not" charities?

Although there is no silver bullet, donors have an important part to play. While philanthropy is inherently voluntary, and a personal decision, it can have the greatest community impact if coordinated with others.

Greater coordination would ensure that giving is targeted to those charities and areas which are under-funded, and that less celebrated causes don't miss out on the donor dollar.

In a world driven by the 24 hour media cycle (both traditional and social), philanthropists must be careful to ensure that their giving is needs-focused rather than following the story of the day. What makes an attractive, "good news" story, might not, in fact, be the areas which sorely need support.

While bigger is not always better, improved collaboration amongst donors can facilitate consolidation of smaller similar charities, and encourage others to adapt their role and activities to maximise their social impact—for example: tackling a facet of a social problem which has been ignored because a holistic view has been absent.

Duplication of function can also deny charities scale, scatter funding, and leave donors confused regarding which organisations they should support. Collaboration must take place both between philanthropists and not-for-profits themselves.

My time as a diplomat overseas showed me however, that it is not naïve to think that people and organisations *can* work effectively towards common development goals – whether it be poverty alleviation, improving maternal health outcomes, or empowering people with disabilities.

GIFT TABLE

Recent donations, grants and corporate partnerships

Dick Smith Foods to Aussie Helpers	$1 million
Australian Cancer Research Foundation to University of Qld Thoracic Research Centre	$1 million
Australian Cancer Research Foundation to Centre for Cancer Biology	$2 million
Australian Cancer Research Foundation to John Curtin School of Medical Research, ANU	$2 million
Australian Cancer Research Foundation to Australian Synchrotron	$2 million

See all gifts

For decades, donor giving in country has been guided by international institutions such as the United Nations and the World Bank.

Working with a diverse array of funders, both from foreign government aid agencies (such as the Department of Foreign Affairs & Trade, formerly AusAID) and NGOs, international institutions are able to take a big picture view, and act as match-maker between those with the money, and those that most need it. This has been particularly effective in emergency situations, where the United Nations Office of the Coordinator of Humanitarian Affairs (OCHA) "coordinates effective and principled humanitarian action in partnership with national and international actors". Indeed, one of OCHA's slogans is "Coordination saves lives".

International coordination, though not always perfect, helps ensure that donors do not fund the same projects and that worthy causes are not overlooked – this often requires governments to put aside a narrow view of their national interest and focus on desired long term outcomes. A further driver has been greater scrutiny on aid expenditure, and public pressure to demonstrate that taxpayer dollars have yielded positive results.

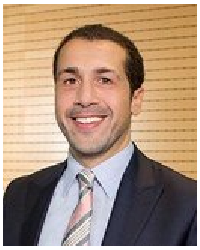
Coming back to Australia, some coordination does of course occur. However, as the recent AMP Foundation Social Ventures Australia report demonstrates, most philanthropic entities operate autonomously. Where collaboration does occur, this is typically part of ad hoc, sector-specific donor circles or where advisers identify opportunities amongst their clients.

A more centralised, less piecemeal approach would benefit philanthropists, NFPs, and the broader community.

One way this could occur would be if donors were to voluntarily report the breakdown of their giving to a body such as Philanthropy Australia. As its CEO, Sarah Davies, has commented, the sector suffers from a "real data deficit", and this data deficit hinders coordination and collaboration.

By doing so, the industry body would gain a better picture of the overall philanthropic landscape and could facilitate forums where the results could be discussed, and in some cases, funding re-allocated. Through such dialogue, opportunities for partnership and joint funding would also arise organically, and allow the philanthropic community to make decisions on a better informed, collective basis.

With governments across Australia facing budgetary pressures and calls to cut back expenditure, it is all the more urgent that philanthropists and NFPs embrace the opportunities offered by greater collaboration. The strength of our communities, and those most vulnerable within them, depends on it.



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