

Expanding the role of philanthropy in Financing for Development

Side Event of the
Third International Conference on Financing for Development, Addis Ababa

Monday, 13 July 2015, 6.15 pm – 7.45 pm
Hilton Hotel, Ballroom I

Version 17 June

Objectives

This event will describe and further catalyse opportunities for the philanthropic sector in financing the Post-2015 Agenda and Sustainable Development Goals. This event follows on from the the Second Committee side event organised in November 2014 on social finance, and the ECOSOC side event organised in April 2015 on philanthropy and social investment, as a further step in expanding the role of foundations and the social investment community in providing and unlocking funding and other support for development. This side event will emphasize common ground between different sectors, and highlight policy choices by government that can accelerate philanthropy's engagement in the Post-2015 Agenda, including specific examples of government action which enables and accelerates implementation toward shared goals, and examples of collaborative governance mechanisms where philanthropy's voices are included. Through brief inputs from a diverse set of speakers, the event will outline how to integrate this major pool of capital, intellectual capacity and experience into the development agenda for Member States, the UN, and the donor community.

Speakers include representatives of:

European Foundation Centre
Government of Colombia
Government of Kenya
Mary Robinson Foundation – Climate Justice
PFI – Philanthropy Association of Indonesia
Rockefeller Philanthropy Advisors
San Patrignano Foundation
Southern Africa Trust
The B Team
The MasterCard Foundation
UNDP
WINGS (Worldwide Initiatives for Grantmaker Support)

Additional side event partners include:

Foundation Center
Conrad N. Hilton Foundation
Ford Foundation
United Nations Foundation

There are an estimated 90,000+ foundations in the US, and 110,000 in Europe. The largest 1,000 philanthropic foundations alone represent around \$25 billion annually in grant financing, largely targeting the same fields as the UN summits: poverty eradication, health, education, environment, and peace and security, among others. Foundations are moreover rapidly growing in number and wealth in developing countries, where more than 1,000 philanthropic entities already provide millions through grants and operational programs. The organizers of this event include institutions who have worked for the last two years to harness such support in service of the Post-2015 Agenda – and hosting an event at Addis signals that the philanthropy sector is a welcome stakeholder in the process, particularly as the implementation phase gets underway.

This side session will include a focus on concrete initiatives in four cross-cutting investment areas prioritized by the FFD process: social protection and essential social services; rural development and agriculture; sustainable and resilient infrastructure, industrialization and innovation; and SME financing. The event will also emphasize related opportunities around impact investing, and how philanthropy and social investors can combine a return on investment with environmental, social, and governance impacts, as well as the emerging mechanisms and platforms by which foundations blend their investments and efforts with those of governments and intergovernmental bodies.

In sum, it will provide a mechanism for Member States and the UN to sustain high level engagement with the philanthropic sector, and illuminate specific approaches and deliverables and creative platforms to engage philanthropy more broadly going forward as an outcome of the text related to philanthropy in the Addis Ababa Third International Conference on Financing for Development Outcome Document.

Background

Achieving the SDGs will require far greater resources than those directly available to government and intergovernmental organisations as well as those provided directly outside budget support mechanisms to selected projects on the ground. An important component of financing will be contributions from organised philanthropic institutions, which are increasing in size and number and span the range of themes represented not only by the Millennium Development Goals (MDGs), but also across the SDGs. Philanthropic flows are also increasingly internationally, moving across borders and originating and growing in markets such as those of the BRICS and the Gulf region.

Notably, sustainable development focuses are becoming more pronounced, particularly through the dual trends of multi-stakeholder coalitions and impact investment.

In recent years, foundations have started to coalesce diverse groups around particular issues and platforms, including governments, the UN System, and broader civil society and business, where progress on tackling today's challenges was rapid. Examples include the Better than Cash Alliance, the Global Fund to Fight AIDS, Tuberculosis and Malaria, the GAVI Alliance, and the Global Alliance for Improved Nutrition as well as the Alliance for a Green revolution in Africa (AGRA) and the 100 resilience cities initiative. These powerful alliances bring the strengths, talents and resources of each sector.

Foundations are also increasingly trying the 'seed capital' model, in which their initial grants prove a concept and thereby motivate other actors with lower-risk appetites to become involved in financing. In both cases, the larger resources of governments and the private sector are complemented by the distinctive approaches of philanthropy— not least patient capital to finance long-term progress, and the ability to work nimbly and take risks with philanthropy's own brand of "venture capital for development".

Impact investment is similarly emerging as a driver for foundations' expansion into sustainable development. Grant money is now being allocated to support social-purpose companies, which independently earn a portion of their revenue, and investment funds with strict criteria for social and environmental impacts. These allow investors to generate simultaneous financial and social and/or environmental returns, and their popularity sees annual uptake in deployment into sectors such as sustainable agriculture, universal education, affordable housing, affordable and accessible healthcare, clean technology, and inclusive financial services. Many of these investments have been facilitated or instigated by the philanthropic sector, with government and public policy needing to play an enabling role and provide a supportive ecosystem especially in the initial phases after which substantive scale-ups can be funded by Public budget support and Public-Private Partnership mechanisms under new legislative frameworks that are rapidly gaining in popularity especially in Africa.

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