



PRIVATE PHILANTHROPIC ORGANIZATIONS IN INTERNATIONAL DEVELOPMENT COOPERATION: NEW OPPORTUNITIES AND SPECIFIC CHALLENGES

Special Policy Dialogue for the 2012 DCF, 27 February 2012

Organized by the United Nations Department of Economic and Social Affairs (UN DESA)

KEY MESSAGES AND RECOMMENDATIONS

The objectives of this special event were to discuss:

- comparative advantages and good practices of private philanthropic organizations;
- how to promote partnerships with other development actors to achieve better development results.

Private philanthropic organizations (PPOs) have evolved beyond charity and shifted their efforts to establish large-scale, often creative and even risky partnerships and projects, engage in communities, support advocacy and research, all inspired by the entrepreneurial spirit of the private sector. The number and variety of PPOs and PPO networks is proliferating, even though many do not position themselves visibly for other development cooperation actors. It is estimated that there exist more than 100,000 PPOs today.

Governments recognize the immense contribution of PPOs to development and encourage effective partnerships in line with national development strategies. There was wide agreement that private philanthropic flows are a vital source of financing for development that must be better understood and harnessed. With over US\$50 billion, philanthropic flows account for the equivalent of half of official development assistance (ODA). This positions them strategically in the evolving development landscape where aid is but one type of development finance. The comparative advantages of PPOs should be leveraged through new partnerships with other actors in the spirit of more effective use of all types of development finance.

It was agreed among participants and high level speakers from PPOs, government delegates and civil society organizations to launch a process of **regular dialogue to promote multi-stakeholder cooperation and promote linkages to other efforts to integrate private philanthropic organizations**, for example, in the context of post-Busan, post-Rio and the post-2015 development agenda. The 2012 Development Cooperation Forum (DCF) on 5-6 July will feature a session on harnessing private flows and it is planned to follow-up with a dialogue series or expert group meeting to promote knowledge sharing, peer exchange and progress in development effectiveness under the aegis of the DCF, possibly supplemented by a virtual dialogue platform for PPOs in collaboration with existing initiatives on areas of common interest to achieve the Millennium Development Goals (MDGs).

What role can the DCF play in promoting this?

The DCF can:

1. help to create a UN platform connecting PPOs to inspire greater collaboration on MDG achievement and strategizing on engagement in the evolving post-2015 UN development agenda, notably in specific areas of excellence, such as promoting technology transfer;
2. facilitate regular dialogue to promote information sharing between governments, PPOs and other development cooperation actors at local, national and regional levels;
3. act as repository of information on the successes and challenges of PPO-supported development cooperation.

KEY MESSAGES AND ACTION POINTS

EFFECTIVE DEVELOPMENT PARTNERSHIPS DEPEND ON TRUST, JOINT PLANNING AND ALIGNMENT.

- Project and programme implementation benefits most from creative engagement of all relevant actors in policy formulation, planning, implementation, and monitoring at an early stage. This helps to agree on outputs and division of labour. Historic and current examples (ranging from the Green Revolution to the Global Polio Eradication Initiative) show that unusual collaborations can have tremendous impact if orchestrated effectively. It is critical to ensure that such partnerships can rely on local leadership, resources and talents to be well grounded and combine local expertise with feasible innovations. Civil society organizations, local governments and other local leaders, including entrepreneurs should be better engaged. Best practices in health, agriculture and disease control have clearly indicated this.
- To build bridges between stakeholders, it is necessary to instil trust, primarily by listening carefully to the needs of local actors and beneficiaries and showing perseverance and determination in providing highest quality services. Better communication with government officials in order to share information and align with national development priorities by complementing existing efforts is necessary.
- The role and influence of governments must not be overlooked by PPOs; instead they should aim at leveraging on their skills and insights. This is a constant exercise. All actors should use country systems and deliver on targets set to assess provider performance.

WITH “SKIN IN THE GAME”, PPOs HAVE AN IMPORTANT ROLE AS RISK-TAKERS.

- According to PPO experience, partnerships are more effective if providers are themselves involved in the projects they are investing in and have a personal interest in the outcomes. Similar to the emphasis on return on investment in the private sector, PPOs stress results and outcome orientation in their interventions. This is in line with the renewed emphasis of development cooperation on effectiveness and impact.
- If relationships among all actors are strong and risk is perceived at a strategic long-term level and not with regard to project outputs, philanthropic risk capital can become real venture capital. Allowing efforts to fail is an important part of the culture of PPO-funded development cooperation. Usually budgets do not exceed one million dollars in the beginning, but PPOs invest with an eye for scalability, where such small initiatives can be tested and rapidly rolled out on a large scale.

LONG-TERM INVESTMENT IS CRITICAL TO SCALE UP.

- To be successful, projects and programmes have to be appropriately timed, taking into account the specific political situation, cultural differences in the perception of timelines and needs of local communities.

- Such long-term time frames are vital to allow ideas to mature. This is also important for counterbalancing reputational risks of PPOs. At the same time, a key comparative advantage is to provide much-needed quick fixes. These should be grounded in the vision for long-term development.
- Development partnerships with PPOs are often designed as short-term projects, following a “spray and pay” approach, or to test an innovative solution. The most inspiring examples take a gradual approach and build on initial successes step by step. In these cases, PPOs fully transferred responsibility to implementing partners.

PPOs PROVIDE MUCH NEEDED ENTRY POINTS TO PROMOTE MDG ACHIEVEMENT.

- Given their history, many PPOs have strong ties to research institutions and the private sector. They can play an important role in promoting technical skills and youth employment as one of the most critical challenges in development. Using information and communication technologies as an inevitable ingredient for effective development cooperation, especially in remote rural areas or urban zones, is a game changer, often effectively supported by PPOs.

PPOs CAN SHARE LESSONS ON DEVELOPING EXIT STRATEGIES.

- There should be as much dedication to developing a possible strategy for leaving a project as there is for setting it up. Both parts contain a large amount of responsibility and should be well thought through. Before pulling out of a project, actors should make sure that they have considered all aspects of the project.

MORE GLOBAL DIALOGUE IS NEEDED.

- It was agreed to launch a process of dialogue between PPOs, governments and other actors at global level to get a clearer sense of the landscape of actors, common agendas and appropriate division of labour to ensure all actors can function more effectively together. Some argued in favour of a global repository of lessons and information to make sure new initiatives can tap into a pool of experience and guidance. This is especially vital for smaller actors with limited resources, but can help all actors to identify possible partners. More focused global-level debate on the impact of PPOs work, transparency and alignment to national development strategies is also needed.