

What's Next
for Education
Philanthropy?
Understanding
and engaging with
philanthropic trends

HERIOT ROW
ADVISORS

+

IEFG International
Education
Fundors Group

About Heriot Row Advisors

Heriot Row Advisors is a consulting firm focused on how to leverage the power of networks, partnerships and collaborations to make a difference in creating social impact.

Authors



Caroline McLaughlin
Founder
Heriot Row Advisors



Denderah Rickmers
Consultant
Heriot Row Advisors



About IEFG

The International Education Funders Group (IEFG) is a member-inspired learning and collaborating network for foundations, donor-advised funds, and other private grantmakers.

Methodology

Both primary and secondary research methods were used. Primary data was informed by conversations with experts in the philanthropy field, the IEFG Secretariat and the IEFG Steering Committee as well as other stakeholders in the philanthropic ecosystem. Secondary research focused on extensive desktop research, which was verified through the conversations. Research insights were further informed through the attendance of industry events and conferences as well as adjacent research undertakings.

Report Audience & Purpose

This report is for IEFG members, funders working in education philanthropy as well as the broad range of stakeholders working within the education sector. In addressing the underlying question of what's next for education philanthropy, this report aims to support its readers to understand current trends in philanthropy and assess how these will impact their own work in order to improve education outcomes.

FOREWORD

As the Steering Committee of the International Education Funders Group (IEFG), we are delighted to present this report on Trends in Philanthropy: Reflections for Education Philanthropy. In today's rapidly evolving world, where the challenges and opportunities in education are constantly shifting, it is imperative for education philanthropy to stay attuned to the trends and debates shaping the wider philanthropy landscape. By doing so, we can glean valuable insights and leverage the collective wisdom of the philanthropic community to maximize our impact and drive positive change in education.

This report represents a significant milestone in our ongoing commitment to fostering collaboration and knowledge exchange within the education philanthropy space. It highlights key trends, innovative approaches, and emerging debates that are shaping the philanthropic sector as a whole. By understanding these broader trends, we can draw inspiration and insights to inform our strategies, strengthen our partnerships, and magnify our impact on education outcomes.

Education philanthropy is at an exciting inflection point, where the potential for collaboration and amplified impact through collective action has never been greater.

We recognize the power of working together and sharing our expertise to tackle the complex challenges facing education systems worldwide. The report underscores the importance of collective action, cross-sector partnerships, and collaborative initiatives that bridge the gaps between funders, practitioners, policymakers, and communities.

At the heart of our vision for education philanthropy lies the International Education Funders Group (IEFG), a vibrant network that facilitates connection, collaboration, and knowledge sharing among philanthropic organizations and individuals committed to advancing education outcomes globally. Through IEFG, we have a unique opportunity to forge new partnerships, exchange best practices, and learn from each other's experiences. It is within this dynamic network that the seeds of collaboration and innovation are sown, enabling us to achieve greater impact and drive transformative change in education.

We extend our gratitude to the authors, contributors, and the dedicated team behind this report for their invaluable insights and rigorous analysis. Their work has illuminated the path forward for education philanthropy, providing us with a compass to navigate the ever-changing landscape and realize our shared vision of inclusive, equitable, and quality education for all.

We invite education philanthropists, practitioners, and stakeholders to delve into the findings of this report, harness its knowledge, and join us in shaping the future of education philanthropy. Together, let us seize the opportunities that lie ahead, united in our commitment to drive innovation, foster collaboration, and amplify our impact on education outcomes.

Steering Committee
International Education Funders Group (IEFG)

“Education philanthropy is at an exciting inflection point, where the potential for collaboration and amplified impact through collective action has never been greater.”

CONTENTS

1

What Philanthropy Funds: Emerging funding areas and current debates

- 1 Funding Education Remains a Key Priority >
- 2 Managing the Complexity of Intersectionality >
- 3 Moving beyond Programmes to Collective Action >

2

How Philanthropy Funds: Approaches and funding structures

- 1 Debating Trust-Based Philanthropy >
- 2 Integrating Social Investment Approaches >
- 3 Delivering on Localisation and Decolonisation >

3

How Philanthropy Operates: From donor diversity to technology

- 1 Increasing Diversity of Donors >
- 2 Getting a Grip on Technology >
- 3 Aligning Government and Philanthropy >

Methodology >

Executive Summary >

Introduction >

Conclusion >

Key Resources >

EXECUTIVE SUMMARY

This is a report on philanthropic trends, with a note of caution: incorporating these trends into strategic action is a balancing act.

Social innovations that inform and shape equitable, sustainable development are driven by trends, such as expanding into social investment and new ways of engaging with grantees, like trust-based philanthropy. When working in ecosystems like philanthropy, embracing new forms of programme delivery or technological advancements can significantly improve effectiveness and impact of the work. There is an opportunity cost in failing to embrace trends and change in the right way. Yet, following trends can also distract organisations, leading to reactive strategy development and distorted decision making. Understanding how to observe, understand, and transfer trends to one's own work and organisation is both a skill and a necessity.

Diverse trends are shaping education philanthropy today, their relevance differs for specific stakeholder groups.

This report is designed to help education funders understand what is happening in the wider field of philanthropy and the evolving way it is thinking about scale and sustainability and ultimately systems transformation. It has also been designed for actors within the wider education sector to gain deeper insights into the future of education philanthropy and to spark ideas for collaboration. As we head towards 2030, achieving SDG4: Quality Education for All goal seems unattainable, intentionally and collectively building on trends can be one building block to tip the scales.

9 TRENDS IN PHILANTHROPY

1

What Philanthropy funds: Emerging funding areas and current debates

Trend 1 Funding Education Remains a Key Priority

Education continues to be a key area of philanthropic funding and remains well funded vis a vis other impact areas. While a lack of concrete data persists, there is a recognition that education philanthropy is proliferating and is increasingly diverse, both regionally and thematically.

Trend 2 Managing the Complexity of Intersectionality

Philanthropy is adjusting its ways of working to recognise the interconnectivity of impact areas, such as education alongside gender or climate. A challenge is to identify the key focus areas for intersectionality in portfolios and to develop internal expertise to manage multiple impact areas.

Trend 3 Moving beyond Programmes to Collective Action

Educational philanthropists are showing how to move beyond funding programmes by jointly addressing issue areas. Piloting different types of collaborative formats underpins many of these efforts, but successful collaboration remains a challenge.

2

How Philanthropy funds: Approaches and funding structures

Trend 1 Debating Trust-Based Philanthropy

Philanthropic power dynamics are shifting and trust-based philanthropy offers education funders a range of tools to choose from. Understanding its merits is just as important as acknowledging its challenges and criticism, to utilise it where truly useful and effective.

Trend 2 Integrating Social Investment Approaches

Approaches like Impact investing, blended finance and catalytic capital offer avenues for philanthropy to extend its work into social investment. The quantum of capital invested in these vehicles is exponentially increasing, however, results based financing models require expertise and carry high transaction costs.

Trend 3 Delivering on Localisation and Decolonisation

Philanthropy is becoming increasingly sensitive to the complexity of decolonising and localising grant making. Building on this awareness and translating it into effective solutions remains a challenge, compounded by a lack of data particularly in those geographies affected the most.

3

How Philanthropy Operates: From donor diversity to technology

Trend 1 Increasing Diversity of Donors

From individuals, to corporates to billionaire givers, there is now a proliferation of donors and how they can structure their giving. This can be seen specifically in the rise of Donor Advised Funds (DAF) and family offices, which offer avenues for strategic giving without the necessity to set up an institutional philanthropy structure, such as a foundation.

Trend 2 Getting a Grip on Technology

Technological advances are evolving faster than ever and new areas such as Artificial Intelligence (AI) and its applications, like ChatGPT, will have an impact on the philanthropic sector. However, these technologies are only as useful as the data they are built on and a persistent lack of reliable data in the philanthropic sector hinders their effective adaptation and usefulness.

Trend 3 Aligning Government and Philanthropy

Universally, philanthropy is undergoing increasing scrutiny from governments. Regulatory changes and tightening are especially challenging for the sector but also not inherently bad, for instance, the right structures can foster increased trust by civil society. Keeping abreast of local government priorities will be a prerequisite for effective philanthropy.

INTRODUCTION

2023 feels to many like yet another important inflection point of philanthropy.

The aftermath of the health and economic consequences of COVID-19, awareness of racial and equity injustices, growing political polarisation, crises such as Russia's war of aggression against Ukraine and the looming threat of climate change all mark a pivotal moment for society and philanthropy. As a result, the purpose, pace, power, and practices of philanthropy continue to evolve.

Philanthropy today operates in a very different setting from when many of its existing models, mechanisms, and methods were created.

While being charitable and doing good have been universal social mechanisms globally for centuries, the concept of philanthropy - in a sense of a formalised and strategic process of giving - was developed in the West.² To date, western donors outnumber those of other regions, but continents like Asia are catching up - and fast. And they are continuing to forge their own paths, often innovating without being bound by their legacy. Paired with an awareness that philanthropy cannot operate effectively while shielding itself from external stakeholders and developments, this leads to a proliferation of players and approaches in philanthropy today.

Trends are affecting the way (education) philanthropy is carried out.

Trends affect philanthropy just as much as any other sector, from what it funds, how it funds, to how it operates. Despite its institutionalised framework, philanthropy does change, innovate, and challenge itself, even though adjusting to trends is not always easy especially given the continued asymmetry of power, long-built relationships with communities, and the dependencies from long-standing partners. But if the purpose of philanthropy is to create positive, equitable and sustainable impact to catalyse system change, embracing this is a necessity in a world and socioeconomic environment that has never changed as quickly through history.

5 considerations when working with trends

1. Trends reflect opinions, choices, and socio-economic developments, they are a reflection of a society that is collectively and actively shaped on a daily basis, i.e. they happen because of us, not to us.
2. Trends are tools to support your innovation-oriented work, a simple methodological process is OUT: observe, understand, transfer.
3. Not every trend will always be relevant to every organisation, but it is important to consider them and to make conscious choices around how to shape or respond to them - or why not to.
4. While it can be useful to be responsive to trends, being guided by them can lead to opportunistic and externally-driven strategy development.
5. There are different levels of trends¹, those that develop into macro and mega trends will affect a pervasive and persistent shift and with that inadvertently have an affect on the entire sector.

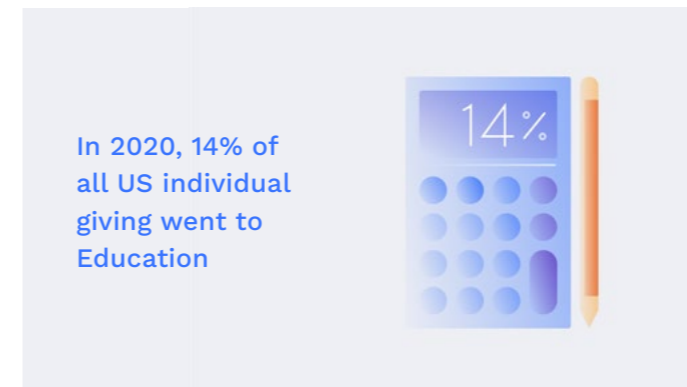
“The purpose, pace, power, and practices of philanthropy continue to evolve.”

¹ Usually a distinction is made between micro, macro, and mega trends ² Pragmatic Philanthropy - Asian Charity Explained, 2018, Ruth A. Shapiro ³ Global Philanthropy Report: Perspectives on the Global Foundation Sector, 2018, Harvard Kennedy School of Government

What Philanthropy Funds: Emerging funding areas and current debates

1

FUNDING EDUCATION REMAINS A KEY PRIORITY



Education remains a key area of philanthropic funding.

Globally, education continues to be one of the top impact areas that is supported by philanthropic donors and SDG 4 ranks among the top SDGs by quantum of funding and investment.⁴ On one end of the donor spectrum, globally, billionaires feel their key responsibility is to tackle systemic challenges, and the complex challenge of education system change has become a key funding area.⁵ On the other end of the spectrum, USD 471 billion in individual charitable giving by Americans in 2020 went to education charities, an increase of 6.2% to USD 58.9 billion, representing 14% of donations overall.⁶



Despite the noise around other impact areas, education philanthropy remains comparatively well funded.

One of the most high profile examples is climate change mitigation. While philanthropic foundation funding for climate change mitigation has more than tripled between 2015 and 2021, growing from USD 900 million to USD 3 billion, it still accounts for less than 2% of global giving, which stood at USD 810 billion in 2021.⁷ Particularly in regions like Africa and Asia, funders and communities appreciate that education is the key to improved livelihoods and a pathway to reduce income inequality.

⁴ [Global Trends and Strategic Time Horizons in Philanthropy 2022, Rockefeller Philanthropy Advisors](#) ⁵ [Billionaire Ambitions Report 2022, UBS](#) ⁶ [Charitable Giving Statistics 2022, Nonprofits Source](#) ⁷ [Climate philanthropy: Small gains, big hopes, but reality still bleak, 2022, Devex](#)

Education philanthropy is particularly crucial in lower and lower-middle income countries.

The importance of education philanthropy is amplified by the COVID pandemic. Domestic education budgets in many countries are under massive pressure because of compounded issues, from increased public debt to exacerbated pressures on healthcare systems, and increased socioeconomic needs. In 2020 around 40% of low- and lower-middle income countries reduced their spending on education, compared to an average decline in real spending of 13.5%. In contrast, in higher-income countries, education as a share of total government budgets remained stable in 2019-2021. Indicating future trajectories, education spending was actually higher in 2022 in higher-income countries than in 2019, whilst in lower income countries, it remains below 2019 levels.⁸ As a consequence, the estimated cost of global learning losses from COVID-19 keep rising, from USD 10 trillion immediately after the pandemic in 2020, to USD 17 trillion in 2021, to USD 21 trillion in 2022.⁹ Interestingly, the same World Bank-UNESCO report, does not make mention of the quantum of funding or the potential of philanthropy and giving, outside of listing bilateral donors and aid budgets.

While there is a lack of data, there is a recognition that education philanthropy is growing increasingly diverse, driven by regional and thematic giving.

Long predating the pandemic, reliable, comparable and publicly available information on philanthropic funding, priorities and behaviours is scarce.¹⁰ This holds true for education philanthropy and what research *is* available tends to focus on specific geographies or actors and often is neither longitudinal nor quantitative in nature. Sub-Saharan Africa and Asia & Pacific are focus regions for a large share of philanthropic funders and yet this dearth of information is especially true in those geographies.¹¹ While information is often anecdotal, there are verifiable tendencies in those regions: **i)** philanthropy in Asia is growing at a rapid pace and education is a key funding area, particularly in countries like Singapore and China¹², **ii)** 44% of donors identified education as their top cause in cross-border Asian philanthropy¹³, **iii)** key characteristics of Chinese educational philanthropy is their connectivity to government goals, support for higher education and the propensity to fund in one's own town¹⁴ and **iv)** the number of gifts by African Philanthropists in 2020 (all funding, including education) was 7x higher than the annual average in the last 10 years¹⁵ and **v)** education is a key priority for domestic philanthropy.

In Practice

How networks can support their members to track and understand trends.

At IIEFG, the interactive Member Dashboard is one key resource to better track, understand and respond to education philanthropy trends. For example, it shows that more than 50% of IIEFG members fund primary education, which contrasts with the OECD finding that a majority of education philanthropists fund technical and higher education.¹⁷ 30% of IIEFG members report that they fund in Latin America & the Caribbean, 22% in the MENA region, 70% in Sub-Saharan Africa and 46% in Asia.

This dashboard, launched in February 2022, shows:

- Who are the funders in education
- Which subsectors and thematic issues they fund
- Who receives funding from them
- Which regions are impacted by their funding
- How other IIEFG members collaborate

The dashboard also hosts a growing directory of grantees as well as a deep-dive analysis of gender funding that was added in 2023 to raise collective voice and action among the 39% of the IIEFG membership who focus on girls' education/gender education. IIEFG sees the dashboard as an opportunity to improve data integrity in the sector to produce analyses of giving trends over time.

Key Findings

Education remains a key priority and funding focus across a wide spectrum of donors.

While still increasing overall, giving to education is growing at a comparatively slower pace to other impact areas.¹⁶

Finding ways to compile accurate data on philanthropic giving to education causes will help articulate the importance of philanthropy across the education ecosystem.

⁸ Financing for Education Stagnant or Declining Despite Chronic Learning Needs Post-COVID-19, 2022, The World Bank ⁹ Education Finance Watch, 2022, The World Bank-UNESCO ¹⁰ Education Giving in the Midst of COVID-19, 2020, OECD ¹¹ The State of Global Giving by U.S. Foundations: 2022 Edition, Council of Foundations ¹² How are Chinese philanthropists contributing to education?, 2022, Devex ¹³ New Report: Cross-Border Philanthropy in Asia, 2022, Give2Asia ¹⁴ How are Chinese Philanthropists Contributing to Education, Alliance ¹⁵ The Landscape of Large-Scale Giving by African Philanthropists in 2020, 2021 Bridgespan ¹⁶ Charitable Giving Statistics 2022, Nonprofits Source ¹⁷ Private Philanthropy for Development, OECD

2

MANAGING THE COMPLEXITY OF INTERSECTIONALITY

Philanthropy is adjusting its ways of working to the interconnectivity of impact areas.

Through considering the intersectionality of their work, often also referred to as “adding a lens”, philanthropists increasingly add an additional layer to their giving without losing the focus for the issue they care about most. While aid donors and governments have long had to engage with complex and interconnected issues, philanthropists increasingly choose to view their giving strategies in more nuanced ways to reflect the multi-dimensional issues impacting their grantees. Key reasons for this shift include an awareness that global development issues correlate to philanthropic concerns, that addressing systemic challenges requires complex interventions and that in regions like Africa and Asia the philanthropic ecosystem and its players are now maturing to a level where they can engage in collaboration and take on more complex interventions. Boundaries will continue to exist, from expertise to budgets, but these are different to siloed ways of working.

A key challenge is to identify which intersectional challenges to focus on.

Especially as there are persistent data gaps across thematic funding areas and geographic regions which could help to inform funding decisions, even in proven high impact areas such as education and gender equality.¹⁸ However, data does show that limited educational opportunities for girls and barriers to completing 12 years of education cost countries between \$15 trillion and \$30 trillion dollars in lost lifetime productivity and earnings, so not only is there a dire need, but also additive economic opportunity.¹⁹ The [Educate Girls Network](#) is a strong example of a clear correlation between network education and gender outcomes.

To some, education is an end, to others, a means; both stakeholder groups can align.

There is an important difference between those who see and fund the education outcomes they want to change, and others who see education as a means to a host of other outcomes that cut across different sectors. Identifying this joint nexus can support philanthropic funders to utilise their resources in addition to funding education outcomes.

In Practice

If real progress is to be made towards Education for All, funders across impact areas need to unite.

In many parts of the globe, sending a 10-year-old girl to school requires resolving the first 6 Sustainable Development Goals all at the same time:

- 1 **No Poverty**: having the money to pay for school fees, books and supplies;
- 2 **Zero Hunger**: food to alleviate hunger so she can concentrate;
- 3 **Good Health and Well-Being**: being well enough to attend school;
- 4 **Quality Education**: a school for her to attend and accessible to where she is living;
- 5 **Gender Equality**: a system which allows girls to be educated; and
- 6 **Clean Water and Sanitation**: clean water and working toilets to provide the environment where the child remains healthy.

IEFG fosters cross-sector conversations and ways of working and supports funders through exchanging learnings and knowledge at the nexus of education and philanthropy where these funders work across a range of issues, such as climate, nutrition or gender. IEFG main-tains strategic relationships with twenty six other philanthropic networks, covering different issues and different geographies, in order to stay up to date with current trends, debates and issues and join cross-sectoral conversations on the potential of philanthropy to turbo-charge progress towards the SDGs. In 2023, IEFG opened up their annual convening to ten other sector-focused networks for a full day of cross-sector discussion on system change, recognising that no education problem can be solved by education responses alone.

Key Findings

Funders should consider the multiple impact areas that their programmes and interventions address.

Reflect this polycrisis approach by setting up key performance indicators to measure programmes on both education and the interconnected issues.

Broadening funding to address additional issues will also involve building in-house expertise, finding new partners to support cross-sector learning and sharing expertise in forums that sit outside of the traditional education sector.

¹⁸ [Missing Education Data: Gender, Data and Measurement, NORRAG, 2021](#) ¹⁹ [Missed Opportunities: The high cost of not Educating Girls, World Bank Group, 2018](#)

3

MOVING BEYOND PROGRAMMES TO COLLECTIVE ACTION

Philanthropy is moving beyond funding programmes.

Prefacing this trend, already in 2014 the OECD wrote that funding for education-adjacent cause areas such as youth empowerment, was diversifying from programme funding to include, advocacy, partner broking, skills training, and support of social enterprises that offer solutions to some of the problems faced by youth.²⁰ While this holds true for some funders, it is not true for all. Programmatic work is a cornerstone for many foundations which operate in lower and lower-middle income countries where institutional and structural voids prevail. Expanding their work beyond programmatic funding means different things for funders and the reality for many is that both their financial and non-financial resources are too stretched to accommodate work beyond core programme support. And yet: already in 2018, 40% of US foundation CEOs said they intended to increase their emphasis on advocacy²¹; in Asia, philanthropy aligns their strategic focus areas with government initiatives to increase their impact²²; in Africa, international and local philanthropic funders expand their funding approaches to work with other stakeholders to provide much needed social enterprise investments and platforms.²³

Education is a key funding area to address systemic issues, but successful collaboration to achieve collective action remains a challenge.

Whether it aims to share knowledge or to pool financial capital at scale, collaboration requires able and motivated partners, resource commitment, continued coordination, and open and transparent communication. This is no small feat, especially for philanthropists who are just getting started or who operate in developing philanthropic ecosystems. However, formalised collaborative structures are increasingly being explored by stakeholders across different regions. In Asia, markets like India, Singapore, Japan or South Korea are prime ecosystems where philanthropic and cross-sector collaboration is being explored.²⁴ The key differentiator for successful initiatives at scale can be to focus on building up the skills to collaborate internally first, before focusing on specific initiatives to collaborate around.

Increasingly, education funders partake in many types of collaborative formats and ecosystem building organisations to achieve joint impact.

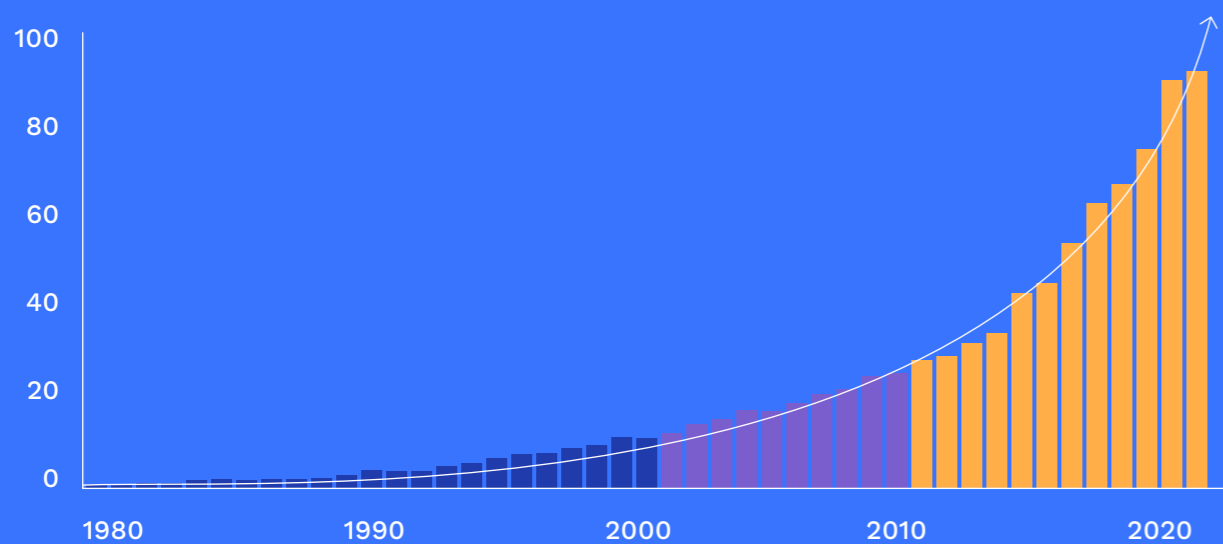
The philanthropic ecosystem includes philanthropists, intermediaries, impact organisations, service providers, policy makers, and many other relevant actors. Across these stakeholders, each delivers towards their particular mandates and aims. There is a joint recognition that independent and neutral platforms, capable backbone organisations, and coordinating bodies are needed to streamline efforts. These take many forms, from associations, cooperatives, or societies, to more structured networks and platforms. Schools2030 is one example of collaboration where funders have joined together to support a new, co-created venture which brings together a range of voices, from teachers to policymakers to funders, to build a movement with a geographic focus on ten countries. While there are large-scale individual initiatives like Co-Impact, the potential for joint collaborative funding is still largely untapped.²⁵

“There is a joint recognition that independent and neutral platforms, capable backbone organisations, and coordinating bodies are needed to streamline efforts.”



Philanthropic collaborations surge over the past decade

Cumulative number of funds among the 97 survey respondents, by year formed.*



* Releasing the Potential of Philanthropic Collaborations: The power of making collaborative giving platforms a part of every donor's portfolio, The Bridgespan Group, 2021

In Practice

How Collective Action Happens in Practice

In November 2022, IIEG and OECD worked with 59 education funders who joined together and signed the Supporting Education Statement to underscore their commitment to support the Transformation of Education systems. IIEG is working as the focal point for private foundation constituencies to allow philanthropy to have a seat at the table in negotiations with the Global Partnership for Education and UNESCO. The Early Childhood Funders Collaborative hosts a pooled funding initiative, the Raising Child Care Fund, spearheaded in 2018 by five ECFC member foundations and now has 13 funders including both national and geographically-focused organisations. To further their reach, the Fund also leverages investments from close to 20 state and local funders that already invest in their grantees.

Key Findings

Expanding beyond programmatic funding can be challenging for funders.

Finding common voice and purpose amongst diverse stakeholders is challenging but necessary for successful collaboration.

Opportunities for collective impact are proliferating but remain underutilised.

²⁰ Philanthropy and Youth Empowerment, 2014, OECD

²¹ When Philanthropy Meets Advocacy, 2018, SSIR

²² Pragmatic Philanthropy Asian Charity Explained, 2018, Ruth A. Shapiro ²³ Shifting Power to African Organizations,

2023, SSIR ²⁴ Collaborative Philanthropy in Asia, 2020, AVPN

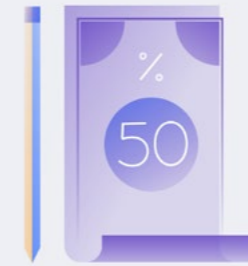
²⁵ Releasing the Potential of Philanthropic Collaborations, 2021, The Bridgespan Group

How Philanthropy Funds: Approaches & funding structures

1

DEBATING TRUST-BASED PHILANTHROPY

Over 50% of Mackenzie Scott's grants have gone to education-related causes



A key challenge for many philanthropists is striking a balance between unrestricted funding and good governance practice



Philanthropic power dynamics are shifting.

From around 2000 onwards, anti-racism movements and related causes, a shift to the right in countries such as Poland, Hungary and the United States, Brexit, and a long-standing call for place based philanthropy and supporting community ownership in programming are just some of the forces that have shaped this trend. The pandemic propelled it. An inability to travel paired with the need for fast and flexible decision making by organisations on the ground necessitated a shift in power dynamics in 2020 and 2021 in particular. There has been active support across a range of stakeholders to ensure these shifts become a permanent feature in funding decisions through trust-based relationships, rooted in an alignment of values and mutual accountability. This has been seen as a key opportunity to drive a philanthropic ecosystem that is yet more inclusive, diverse, ground-up driven, and centred around the communities it seeks to uplift.

There is a range of tools to draw from in implementing trust-based approaches in education philanthropy.

Depending on their own capabilities and their partners' needs, education funders can offer multi-year and unrestricted funding, simplify & streamline paperwork for applications and reporting, transparency and responsive initiatives, soliciting & acting on feedback, and offering support beyond the check.²⁶ A key question can be when are funders ready to trial this? The dilemma is that without trust it is difficult to establish these measures, but trust can only grow if these and other approaches are implemented. This is a decision that all stakeholders should partake in, being fully open about both their motivations and their methods.

Well known donors are providing unrestricted funding for education grantees.

Some high-impact donors, such as MacKenzie Scott to name a notable figure, have deliberately created a framework for unrestricted donations with minimal or no reporting requirements. Since 2019, when she pledged to donate the majority of her wealth, Scott has given more than USD 14 billion in unrestricted funds to 1,600 nonprofit organisations through her organisation Yield Giving. IIEFG members Firelight Foundation, The Luminos Fund, Lemann Foundation, Malala Fund, Global Fund for Children, and Co-Impact being among the recipients.²⁷ Notably, of the 1604 grants made at the time of writing this report, 844 were made at least in part to education-related causes, focusing on i) early learning, ii) elementary, secondary education, iii) postsecondary, tertiary education, iv) vocational education, and v) youth development.²⁸ Unrestricted funding is not only provided to impact organisations directly, but also to education philanthropy intermediaries and funds such as the Global Partnership for Education (GPE), who in turn direct it towards their pooled fund in support of its operational model in partner countries.²⁹

Despite its merits, trust-based philanthropy also has its challenges and criticism.

Operationally, a key challenge for many philanthropists is striking a balance between unrestricted funding and good governance practice. Delivering a more hands off approach to philanthropy requires mutual support mechanisms and robust M&E Frameworks that can be adapted to a new way of funding. There is also a question around whether philanthropy truly uses trust-based philanthropy as a mechanism to shift power to implementing organisations and provide equity to local communities or whether it is leaning on this and similar concepts to mitigate the effects of not fully understanding complex local dynamics. IIEFG Steering Committee chair, Simon Sommers, discussed some of the challenges in a recent article in [Alliance Magazine](#).

In Practice

A myriad of philanthropic trends and movements have emerged over the last decade.

There are a number of ways in which philanthropists can align with new ways of giving. Alongside trust-based philanthropy, there are movements such as Effective Altruism, that advocates using evidence and reason to do the most good, has a growing community of adherents, but has recently come under the limelight thanks to controversial supporters like Elon Musk and FTX founder and alleged fraudster after FTX Founder, Sam Bankman-Fried. Exponent Philanthropy focuses on building a community for lean funders with few or no staff to help them learn and inspire others to make exponential impact. PEAK (Principles, Equity, Advocacy, Knowledge) is a community of grant professionals leading the way in advancing equitable, effective grantmaking practices. The Participatory Grantmaking Community is a global collective dedicated to sharing knowledge and best practices and shifting power within philanthropy. In the UAE, the Sheikh Saud bin Saqr Al Qasimi Foundation for Policy Research launched SLOW Philanthropy, a movement for sustainable, local, open and welcoming philanthropy.

Keeping abreast of thought leadership in philanthropy is good practice for grant-makers and the Council of Foundations has a [list of networks](#).

Key Findings

Funders should consider the multiple impact areas that their programmes and interventions address.

Reflect this polycrisis approach by setting up key performance indicators to measure programmes on both education and the interconnected issues.

Broadening funding to address additional issues will also involve building in-house expertise, finding new partners to support cross-sector learning and sharing expertise in forums that sit outside of the traditional education sector.

²⁶ [The 6 Grantmaking Practices of Trust-Based Philanthropy, Trust-based Philanthropy Project](#) ²⁷ [Billionaire philanthropist MacKenzie Scott wants to give away \\$250 million to smaller nonprofits and she's asking them to get in touch, 2023, Fortune](#) ²⁸ [Gifts Made, 2023, Yield Giving](#) ²⁹ [Private Foundations, 2023, GPE](#)

2

INTEGRATING SOCIAL INVESTMENT APPROACHES

The spectrum of social investment approaches is growing and the quantum of capital is increasing.

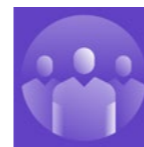
Across the spectrum of funding and social investment, from philanthropic grants on the one end to ESG negative-screening on the other, there is a proliferation of approaches, actors, and institutions that partake in the social investment market. In 2022, the US-based Global Impact Investing Network (GIIN) estimated the size of the worldwide impact investing market to be USD 1.164 trillion, marking the first time that the organisation's estimate has exceeded the USD 1 trillion mark.³⁰ While there is continued debate about the actual size of the social investment market, particularly in comparison to philanthropic capital, figures like these do indicate that a comparison is starting to make sense. Of course this quantum is still a fraction of private sector and aid budgets. However, governments like the United Kingdom's are now differentiating and appreciating both philanthropic and social investment capital in their capacity to work alongside public funding, resulting in initiatives such as matching funds with a capacity building element that focus on higher education.³¹

Here are some of the key terms and approaches in social investment and how they relate to education philanthropy today:



CATALYTIC CAPITAL: An avenue for philanthropy to extend its work into social investment (i.e. funding to social causes with expectation of financial return).

Catalytic capital is investment capital, but it is also similar to philanthropic funding as it is characterised as patient, risk-tolerant, concessionary, and flexible capital.³² Foundations and other philanthropic funders are building capacity in expanding from grants to social investment by supporting catalytic capital vehicles. From a demand side, it also broadens the base of potential beneficiaries from non-profit organisations to include for-profit, impact-driven enterprises and organisations that lack access to capital on suitable terms through the conventional marketplace. Acumen translated this idea into a USD 5 million equity investment to Acumen Latin America Early Growth Fund LP, a PE impact fund focusing on agribusiness, education/access to formal jobs, and renewable energy.³³



BLENDED FINANCE: Philanthropy can drive multi-stakeholder funding.

Blended finance is a structuring approach that enables private and public or philanthropic capital to invest alongside each other.³⁴ This capital acts as a catalyst to attract and enable private sector investment by accepting a disproportionate level of the risk or concessionary returns. Some common structures may involve public or philanthropic investors providing funds or guarantees at below-market rates to provide a layer of protection for private investors. Compared to governments that are accountable to their tax paying citizens and private sector organisations that are accountable to their shareholders, philanthropic funders have a higher risk-taking ability. This makes them more apt for flexible financing. Paired with their long-term visions and impact aims, it uniquely positions them to drive blended finance moving forward.

“Across the spectrum of funding and social investment, from philanthropic grants on the one end to ESG negative-screening on the other, there is a proliferation of approaches, actors, and institutions that partake in the social investment market.”



DEVELOPMENT IMPACT BONDS (DIBS) AND SOCIAL IMPACT BONDS (SIBS): Pay for success and outcomes based financing models.

At an IIEG event in 2014, UBS Optimus Foundation and Children's Investment Fund Foundation (CIFF), met and agreed on the World's first Development Impact Bond (DIB) in education which they then launched together with Educate Girls. They launched the bond in 2015 to much fanfare and its success is frequently referenced in articles touting the success of instruments in advancing social outcomes. These structures are complicated and lengthy to negotiate as the lead partner needs to bring together a number of different stakeholders, such as government agencies, outcome payers and impact consultants. This is the key reason that it is still not widely applied in education despite the proven success of the Educate Girls Bond in improving education outcomes. There is now a clear focus on climate change as a key impact area to align private and public sector interest and two-thirds of blended finance commitments over the past three years and 33% of Official Development Assistance (ODA) support in 2020 targeted climate-related investments.³⁵ Irrespective of the impact area, pay for success models as an asset class struggle to reach scalability.³⁶

Challenges to align education philanthropy and social investment include talent attraction and integrating developing markets.

Positioning education outcomes in a way that attracts social investors, whether it be impact bonds or catalytic capital funding is a difficult task. Finding talent that sits on the nexus of the philanthropy and investment sectors who are able to structure and manage these novel investment vehicles is another key challenge. To compound this difficulty, when operating in low and lower-middle income countries, there are fewer social impact investors, in large part due to the need for their own capacity building in the sector.


In Practice

How can I learn more about Blended Finance and Impact Investing?

The following networks and organisations are excellent repositories of knowledge, courses and case studies for those interested in learning more about social investment:

 **Convergence** A Global Network for Blended Finance generating data, intelligence and deal flow to increase private sector investment in developing countries. [Visit >](#)

 **GIIN** The Global Impact Investing Network (GIIN) is the global champion of impact investing, dedicated to increasing its scale and effectiveness around the world. [Visit >](#)

 **TONIC** A Global Community of asset owners seeking deeper positive net impact across the spectrum of capital. [Visit >](#)

 **Impact Frontiers** A peer learning and market building collaboration with an open-source online curriculum for impact management concepts, tools and practices. [Visit >](#)

 **Catalytic Capital Consortium** An investment, learning and market development initiative from the MacArthur Foundation, to encourage greater impact and the use of catalytic capital. [Visit >](#)

Key Findings

Finding talent that sits on the nexus of the social and investment sectors is a challenge.

Low levels of participation from funders and social investors domiciled in developing markets, in part due to low levels of investment education and expertise.

Partaking in innovative social investment vehicles that leverage philanthropic capital, requires growing internal organisational skills.

³⁰ GIINsight: Sizing the Impact Investing Market 2022, 2022, GIIN ³¹ Unleashing the Potential of Philanthropy and Social Investment, 2022, APPG ³² Catalytic Capital Consortium, 2023, MacArthur Foundation ³³ Case Study: Acumen Latin America Impact Ventures, Catalytic Capital Consortium (3C) ³⁴ "Blended finance", 2021, Convergence ³⁵ State of Blended Finance 2022, Convergence ³⁶ Social impact bonds satisfy philanthropists' aims, 2022, Financial Times

3

DELIVERING ON LOCALISATION AND DECOLONISATION

These are issues that have been debated in the aid community for decades and are being seen in current philanthropic trends.

Philanthropic actors are grappling with the challenges around grant-making whilst being aware of issues such as decolonisation, the need for localisation, empowering communities and voices from the Global South. And while the development agenda and the SDGs are one of many avenues that foster collaboration and partnerships towards a joint aim, bi- and multilaterals continue to actively shape the discourse, as proven yet anew by the recent debate around the localisation of the USAID budget.³⁷ On paper, some research suggests that philanthropy is doing better in these areas than other aid and development sector funders, yet between 2016-2019, U.S.-based foundations still directed only approximately 13% of their global grant dollars to local organisations in the countries where they had headquarters.³⁸

These issues mean many things to different stakeholders.

As with all debates, the question of how to localise and decolonise grant-making has a range of approaches. For some funders, it means building and supporting a non-state actor world, or funding the same cadre of larger NGOs with

no thought to the local ecosystem behind them. Changing the status quo can be challenging due to many reasons, from existing funding structures and partnerships, to regulatory red tape and a lack of knowledge of and trust between potential partners. How philanthropic organisations align to support the localization agenda, will be an operational challenge but also an opportunity for impact at scale moving forward.

The challenge to respond with solutions to these debates is compounded by a lack of data for the supply side, particularly in those geographies affected the most.

This holds true not only for the demand side where there are literally hundreds of thousands of potential grantees from across the globe within any given sector but also for the supply side. There are more than ten times as many books on American philanthropy as on Asian philanthropy.³⁹ A 2021 Bridgespan report into African Philanthropic Giving was able to identify a total of 45 gifts over USD 1 million in 2020, and 64 total large gifts from 2010 to 2019. Presumably this is a fraction of what was given, but there is no data to bear out additional analysis. In addition, despite the increase of gifts in 2020, less than 10% went to local African NGOs.⁴⁰

In Practice

How can networks support ensuring all voices are heard?

IEFG has been generously supported in recent years to maintain a strong cross-network focus on amplifying voices from the Global South. In 2022, IEFG launched the Global South Forum, an informal drop-in forum for an hour every other month to discuss practical questions of power, localisation and decolonisation. 8-10 IEFG members regularly meet, and have discussed issues ranging from the inclusivity of IEFG's membership criteria through to how members can encourage or enable peer review of grant applications by local actors, to what due diligence is done on funders by fundees, to whether IEFG should establish a 'Challenge Board' of grant-recipient actors to provide different perspective on what a private funder network could achieve.

Key Findings

Philanthropy is becoming increasingly sensitive to the challenges of decolonising and localising grant making.

Different approaches to mitigating these issues can also have unintended consequences for the ecosystem.

The lack of quality data in the philanthropic sector compounds the challenges in addressing this debate.

³⁷ USAID overestimating localization spending, transparency group claims, 2023, Devex ³⁸ The State of Global Giving by U.S. Foundations: 2022 Edition, Council of Foundation ³⁹ Pragmatic Philanthropy Asian Charity Explained, 2018, Ruth A. Shapiro ⁴⁰ The Landscape of Large-Scale Giving by African Philanthropists in 2020, 2021 Bridgespan

How Philanthropy Operates: From donor diversity to data

1

INCREASING DIVERSITY OF DONORS

There is a proliferation of types of strategic donors and funders.

With an increase in wealth globally, the evolution of local philanthropic characteristics and practices in different regions, and the advancement of novel social investment approaches, the face of philanthropy is changing.

Here are some of the key donor stakeholder groups:



INDIVIDUAL DONORS: Cumulatively, individual donors give significantly more each year than the entirety of institutionalised philanthropic organisations together globally.

And this trend does not seem to be shifting anytime soon. Despite a global pandemic and the socio-economic catastrophes faced by many communities worldwide, more people than ever donated in 2021, with the rate of individual donations in high-income economies increasing by as much as 10%.⁴¹



PRIVATE AND FAMILY FOUNDATIONS: Growing in numbers yet no longer operating with the paradigm of perpetuity.

The world has never seen as many foundations as it has today, growing at incredible rates in

regions like Asia.⁴² There are a wide range of private foundation structures, including corporate, independent, and operating foundations, although family foundations continue to make up a majority share across most regions. These vary considerably in endowment sizes, from a few hundred thousand dollars to billions, and continue to operate at different levels, from community-focused to cross-border or global. Regardless of their relative size and scale, somewhat paradoxically given the origins of many of their endowments, family philanthropy today is more aware than ever that it has a key role to play in combating a widening wealth gap, especially with an imminent, unprecedented wealth transfer across generations.⁴³ While the number of foundations increases, time-limited models of philanthropy are becoming increasingly popular.⁴⁴ When aiming to address the 1.5 degree target, it makes sense to allocate resources - all resources - today, rather than 20 years from now and these types of decisions can inform the lifespan of a philanthropic organisation. One of the most prolific examples is The Atlantic Philanthropies, founded by Chuck Feeney in 1982 and spent down its USD 8 billion endowment by 2020.⁴⁵



DONOR ADVISED FUNDS (DAFS): A giving vehicle on the rise.

Individuals and families who do not feel that they have the financial muscle, time or motivation to set up a foundation operating structure, but have substantial amounts of capital that they want to donate strategically and with a tax-optimisation lens, are increasingly setting up

and contributing to donor advised funds (DAFs). According to the National Philanthropic Trust 2021 DAF report, the number of donor-advised funds grew from 290,111 in 2016 to over a million in 2020 in the United States alone.⁴⁶ Oftentimes DAF platforms are offered and operated by financial institutions and wealth management firms, closely linking a families philanthropic activity to its overall wealth management, for example in Asia, Credit Suisse's SymAsia Foundation.⁴⁷ Organisations like [Myriad](#), an alliance between King Baudouin Foundation and Give2Asia, offer the opportunity to set up DAFs for donors across the globe. This structure holds particular interest to those families and foundations who want to do good, but are at the beginning of their philanthropic journey.



FAMILY OFFICES: A new avenue for family giving, especially for next gen wealth holders.

These often function as quasi-family foundations, either adjacent to family or corporate foundations or as a sole management vehicle. One study indicates that of family offices globally, more than 60% perform their philanthropy related tasks in house. And while no figures are available to reveal the quantum of this funding, especially vis-a-vis other philanthropic work undertaken by the same families, it still points to activity and especially inhouse skill and capacity to do so.⁴⁸ Family offices are also a vehicle to attract the next generation to engage with philanthropic decision-making. In 2019, 24% of family offices surveyed for a global study indicated that they currently work with the next generation on philanthropic matters.⁴⁹

In geographic pockets for family offices, such as Singapore in Asia, regulation might not yet be as conducive to the philanthropic ecosystem as to the investment environment, further making family offices an attractive alternative, especially for social investment activities.



PRIVATE SECTOR CAPITAL: Moving to the "how".

There is general consensus in the philanthropic community for the need to mobilise private sector capital, from financial to intellectual. The gap between official development flows, including philanthropic commitments, and the funding necessary to achieve the SDGs was at USD 2.5 trillion and is now at USD 3.5 trillion thereafter.⁵⁰ Yet, the development finance system only mobilises around USD 40 billion in private capital annually, a mere 1% of the total investment needed.⁵¹ The question then becomes, how can education philanthropists attract much needed private sector capital? Three core areas include, **i)** subscribing to global agendas - despite the lack of funding, the SDGs have a huge traction in the private sector, **ii)** partaking in financial vehicles that account for the constraints of capital markets and principles such as e.g. shareholder value maximisation, through blended finance and other approaches, and **iii)** linking education to impact areas that already have a huge traction in the private sector, for instance, through their ESG strategies and Net Zero ambitions, climate finance is a core priority for private investors.⁵²

In Practice

Potential implications for education philanthropy with the rapid rise in the number of individual HNW and DAFs

1. As more countries move into the middle income tier, will the rise in philanthropic giving follow historical trends that show individuals are far more likely to be committed to local ecosystems? This trend could lead to less commitment by individuals to work with state education systems and more focus on non-state actors, like private schools.
2. What issues could arise as UHNWs focus on education philanthropy? This was being discussed as early as 2012 in this article by [Professor Kevin Kumashiro](#), questioning the impact if "individuals with neither scholarly nor practical expertise in education are in a position to exert significant influence over educational policy for communities and children other than their own."
3. With the rise of DAFs and Family Offices, both in the number being created and significant assets held through these instruments, what are the implications for grantees? Executive Directors and fundraisers for these organisations have always stressed the importance of building relationships with their donors, but the anonymity of DAFs and the gatekeepers at Family Offices will impact their ability to get in front of the individual grantors.

Key Findings

Philanthropy today is no longer synonymous to family foundations.

Donor advised funds and giving through family offices offers avenues for strategic family giving without the necessity to understand the technicalities of institutional philanthropy.

There are avenues for education philanthropists to attract private sector capital.

⁴¹ [World Giving Index 2022, Charities Aid Foundation](#)

⁴² [Global Philanthropy Report, 2018, Harvard Kennedy School of Government](#) ⁴³ [The Future of Family Philanthropy, 2022, SSIR](#) ⁴⁴ [Global Trends and Strategic Time Horizons in Philanthropy 2022, Rockefeller Philanthropy Advisors](#) ⁴⁵ [Our Story, 2023, The Atlantic Philanthropies](#) ⁴⁶ [2021 Donor-Advised Fund Report, National Philanthropic Trust](#) ⁴⁷ [Home, 2023, SymAsia](#) ⁴⁸ [Global Family Office Report 2022, 2022, UBS](#) ⁴⁹ [Global Family Office Report, 2019, UBS](#) ⁵⁰ [Achieving the UN Agenda 2030, 2023, European Union](#) ⁵¹ [State of Blended Finance 2022, Convergence](#) ⁵² [State of Blended Finance 2022, Convergence](#)

2

GETTING A GRIP ON TECHNOLOGY

There is a lack of data available on the philanthropy sector worldwide.

Throughout this report, there are numerous references to the challenges of decision making using unreliable, inconsistent and sparse data. As a funder, it creates a number of challenges, as it is difficult to know which regions and issues are underfunded so as to allocate resources effectively; it can undermine collaboration opportunities as it is difficult to identify potential partners and it can be hard to implement localisation strategies without a map of stakeholders in the area. The challenge is exacerbated when comparing availability of data in certain regions, for example the US to the Middle East. Many foundations undertake mapping exercises and sharing research can be invaluable in supporting foundations with this information. In addition, to overcome this challenge, the sector is starting to look at ways in which accessible data can be used to support decision making. In April 2023, Alliance Magazine Systems discussed the eight pathways for data-driven innovations in philanthropy.⁵³ These included system mapping, non-traditional data analysis, simulation and rapid experimentation.

In assessing impact, the production and dissemination of high quality education statistics is essential for effective planning.

This is also true for monitoring progress towards national and global education targets. For SDG 4,

it is necessary to rely on a combination of data from administrative records, household surveys and learning assessments. Yet for many of the 43 indicators under SDG 4, data is currently incomplete, which makes monitoring difficult or can result in poorly designed policies, and compounds the challenge for education philanthropy to understand where to allocate their resources for impact. Activities aimed at addressing these challenges can be organised under three broad areas that address both the demand and the supply sides of national education information systems: the enabling environment, data production, and data dissemination and use.⁵⁴ Creating transparent ways to share this data with all stakeholders can improve the effectiveness of philanthropic funding initiatives.

Whether we like it or not, the world is evolving fast and technologies like Artificial Intelligence (AI) and its applications, like ChatGPT, will have an impact on the philanthropic sector.

Offering solutions from providing support for grant application writing, to helping leverage the massive proliferation of data for more effective programmes and grant making. But it will also bring challenges, like answering ethical and regulatory questions or addressing concerns on cyber security. A recent study showed that AI can enable the accomplishment of 134 targets across all the SDGs, but at the same time it may

also inhibit 59 other targets.⁵⁵ It is important that the non-profit sector gets a grip on this growing field, takes a seat at the table, and explores how technology could enhance its impact. With the new generation of tech entrepreneurs and companies getting engaged in philanthropy, we can expect an acceleration of the developments in this space.

Collectively, the philanthropic ecosystem is learning how to use information and address information and data gaps and how to articulate and solve its infrastructure needs by better integrating technology.

A historic lack of understanding of qualitative information as powerful data points and a lack of expertise in data management has hindered the use of its potential as an enabler for change. This started to change in the context of impact assessment frameworks and processes, proactive use of data to inform the [re-]design and delivery of interventions at an organisational or collaborative level is still lacking. Moving from reactive to proactive processes will be key for foundations.

“Whether we like it or not, the world is evolving fast and technologies like Artificial Intelligence (AI) and its applications, like ChatGPT, will have an impact on the philanthropic sector.”

In Practice

We asked ChatGPT to tell us “5 Ways Philanthropic Foundations can use ChatGPT”⁵⁶

The AI software responded with the following:

“As an AI language model, ChatGPT can be useful for philanthropic foundations in various ways. Here are five possible ways:”

1. Knowledge management: ChatGPT can assist philanthropic foundations with knowledge management by analyzing large volumes of data, such as academic literature, reports, and other relevant documents, and identifying insights and trends. ChatGPT can also help create a searchable database of knowledge, making it easier for foundation staff to access and use relevant information.

2. Proposal review: ChatGPT can help philanthropic foundations with proposal review by analyzing grant proposals and identifying key elements, such as the proposed budget, project timeline, and impact measurement. This can help streamline the review process and ensure proposals are reviewed consistently.”

3. Capacity building: ChatGPT can help philanthropic foundations with capacity building by offering online training and support to grantee organizations. For example, ChatGPT can provide training on fundraising, program evaluation, or other relevant topics, and offer support to grantees through a chatbot service.

4. Impact evaluation: ChatGPT can assist philanthropic foundations with impact evaluation by analyzing data related to the outcomes of their grants and programs. For example, ChatGPT can help identify key metrics to measure impact, analyze survey data, and provide insights on best practices for evaluation.

5. Stakeholder engagement: ChatGPT can help philanthropic foundations with stakeholder engagement by providing a chatbot service that can answer common queries from grantees, donors, and other stakeholders. ChatGPT can also provide personalised messaging and help with donor engagement, such as sending thank-you messages and providing regular updates on the foundation’s work.

Key Findings

Funders face challenges with the lack of quality data as well as the huge variance in the embeddedness and sophistication of data and technology across different geographies.

Allocating resources and assessing impact can be problematic when there is a lack of data on the sector.

AI and ChatGPT will impact the philanthropic sector and it will be important to have the capacity to manage this impact and form a position on it.

⁵³ [Modernising Philanthropy for the 21st Century, 2023, Alliance Magazine](#) ⁵⁴ [The Data Revolution in Education, UNESCO Institute for Statistics, 2017](#) ⁵⁵ [The role of artificial intelligence in achieving the Sustainable Development Goals, 2020, Nature Communications](#) ⁵⁶ The request was made to ChatGPT on Thursday, 4 May 2023 using their open source software.

3

ALIGNING GOVERNMENT AND PHILANTHROPY

Across the world, philanthropy is undergoing increasing scrutiny from governments.

The Civic Space Initiative finds that of the 260 legal measures affecting civil society across 91 countries since 2016, 72% have been restrictive. This trend spans all regions of the world and has been exacerbated during the COVID pandemic.⁵⁷ Keeping abreast of these measures is vital for funders as they can impact a foundation's strategy. In India, the Foreign Contribution Revenue Act (FCRA) was first introduced in 1976 but restrictions imposed in 2010 and 2020 severely limit the ability of international funders to support the local NGO sector. Foundations that were supporting grantees in the education sector in India have had to change their regional strategies to adapt to these new regulations. Regulatory changes can also impact grantees who receive support from international funders. These organisations can suddenly find themselves under increased scrutiny from government officials, have more onerous reporting requirements placed on them or unable to work at all.

In many countries, Local Education Groups are an established mechanism for coordination and alignment across the education sector. Increasingly, private foundations are engaged in or leading these forums for strategic discussion about sector priorities, such as LGTVP in Liberia, Big Win Philanthropy in Ghana, Jacobs Foundation in Cote d'Ivoire.

Regulatory changes are not necessarily bad.

Increased regulation can lead to increased transparency which in turn can build trust between different civil society stakeholders, as well as public confidence in the sector. In the Philippines, in the absence of regulatory frameworks and, in consequence, a lack of trust in the philanthropic ecosystem by civil society and individual donors in particular, funders themselves pushed for industry standards for philanthropists and philanthropic organisations as well as nongovernmental organisations (NGOs), leading to the foundation of the Philippine Council for NGO Certification.⁵⁸

Understanding national government priorities is a prerequisite for effective philanthropy.

Even if a funders strategy is not aligned to government priorities, it is important to be aware of the political and regulatory environment. In education philanthropy, this will mean being abreast of government planning for education spending, approaches to local and foreign foundation support to civil society, and attitudes to both through social and mainstream media. Changes in legislation could impact long-term strategy in a region, or in a thematic area or it could affect your grantees.

In Practice

Education funders face common challenges to navigate restrictions and support grantees effectively

As a recent example, and in response to an observed global trend towards political closure, in February 2023 the IEFG hosted a member-only virtual session to discuss some of the challenges and nuances of funding in countries that have restricted the ability of foreign funders to operate.

Three members presented on their experience operating in contexts where foreign funders face considerable restrictions. These include nationally implemented legislation, a hostile environment for foreign funders and their partners and internationally imposed restrictions (e.g. sanctions). Members spoke to their experiences in contexts as diverse as Central America, Russia, India, Afghanistan and Syria. The discussion highlighted some of the common challenges facing education philanthropy and the commitment of funders to navigate some of these barriers to ensure that the most marginalised children in the hardest to reach countries still have access to quality education opportunities. It also underscored the ways in which philanthropy engages beyond financing with national and local government as well as civil society actors to seed and support education transformations.

The session was well received and emphasised the value of the network in brokering difficult and often unspoken challenges facing funders in different contexts.

Key Findings

Funders need to be aware of which government bodies are responsible for regulations that impact their programmes.

Regulatory changes are not inherently bad and can increase trust in the institutions and attitudes towards philanthropy.

Keeping abreast of government priorities will impact how effective foundations can be in a region.

⁵⁷ The Future of Asian Philanthropy, 2023, Asia Philanthropy Circle ⁵⁸ PCNC, 2023

CONCLUSION

What's next for education funders and the IEFG Community?

Although philanthropy is dwarfed by national government, aid and multilateral budgets in education spending, it is an important player in the overall ecosystem.

Whether funders are supporting government priorities in local contexts, piloting innovation or thinking about how to build scale and sustainability in their programs, education philanthropy is a vibrant and active player across the sector.

Urgent action is a buzzword - but it is also desperately needed.

Despite the significant investments that governments and multilaterals have put into providing education for all, the path to SDG 4 and Quality Education is unattainable by 2030. As stakeholders reflect on the challenges ahead, some players are asking "what will it take?" and questioning if the sector needs disruption to facilitate change. Is philanthropy able to bring this, in a constructive, coherent way?

Let's use this report to start a conversation

In response to the trends that were discussed as part of this report, the IEFG Secretariat and Steering Committee are looking to explore some of the following questions with individual funders and the IEFG community:

Questions to individual funders

1. What value do you see for your work that would come from a deeper understanding of the dynamics of education philanthropy in lower and lower-middle income regions?
2. Should education be seen or positioned as an intersectional effort?
3. Do you notice a trend within your own organisation towards advocacy, in line with the wider trend in philanthropy?
4. Have you changed your approach to grantmaking and working with grantees since the pandemic?
5. Are you looking to incorporate social social investment practices in your own work?
6. How are you connecting to grantees and responding to broader topics such as localisation and community-led interventions?
7. What types of funders are you engaging with as part of your partnerships and collaborative practices?
8. What data gaps do you find to be particularly challenging?
9. How do you work with governments to improve trust in these relationships?

Questions to the IEFG community

1. In what different ways can IEFG engage with local foundations and partners in these markets?
2. How can networks like IEFG help you to see your contribution as part of a wider, collaborative effort?
3. What can IEFG do to help you achieve your advocacy goals, particularly through collective voice?
4. How can IEFG help with understanding more about the best practices in grantmaking?
5. Do you think that the IEFG community should include (some) social investment practices and players in its community and learning and collaboration opportunities?
6. In what ways can IEFG support its members with how they connect and respond to broader topics such as localisation and community-led interventions?
7. In the long term, do you think the IEFG community could broaden its membership to types of donors other than private, philanthropic organisations, either in full or e.g. by introducing different member categories?
8. How can IEFG, as a community of members, improve the quality and use of quantitative data that is available on education philanthropy?
9. How can IEFG members share knowledge on government priorities and regulatory changes that will help others in their work in these regions?

KEY RESOURCES

Beyond the resources that were used throughout this report, some key knowledge repositories, reference libraries, and sources to stay abreast of trends in philanthropy and education philanthropy include:

General philanthropy publications, including trend-related coverage:

- 1 [Stanford Social Innovation Review](#)
- 2 [Devex](#)
- 3 [Alliance Magazine](#)
- 4 [Philanthropy.com](#)
- 5 [OECD Centre on Philanthropy](#)

Current publications on philanthropic trends:

- 1 [11 Trends in Philanthropy for 2022](#)
- 2 [System Change in Philanthropy for Development: A Research Framework for Global Growth Markets](#)
- 3 [What's Next for Philanthropy in the 2020s: Seeing Philanthropy in a New Light](#)
- 4 [The Future of Family Philanthropy](#)
- 5 [Global Trends and Strategic Time Horizons in Philanthropy 2022](#)

Education specific repositories & resources:

- 1 [The IEFG: Role of a Philanthropic Affinity Network within Global Education in Philanthropy in Education](#)
 - 2 [NORRAG](#)
 - 3 [UNESCO Global Education Monitoring Report](#)
 - 4 [OECD Education Resources](#)
 - 5 [The World Bank Education Statistics](#)
-

Visit: www.heriotrowadvisors.com
www.iefg.org

Contact: info@iefg.org
caroline@heriotrowadvisors.com