



PRIVATE PHILANTHROPY FOR SUSTAINABLE DEVELOPMENT, 2018-20

Data and analysis

July 2023

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Abstract

This paper takes stock of the contributions of private philanthropic foundations to sustainable development in developing countries since 2010, as tracked in OECD statistics on development finance. It examines their activities against other major international development finance flows, including official development assistance (ODA) and Total Official Support for Sustainable Development (TOSSD). It presents key trends including geographical breakdowns, income group allocations, sectoral distributions, chosen channels of delivery, etc. It also examines the response of philanthropic organisations to international challenges such as COVID-19, and their support to the countries most in need. Finally, it paints a fresh picture of their support to individual sustainable development goals (SDGs), based on international statistics.

Foreword

The OECD has been working with the philanthropic community to better measure and understand private foundations' giving for development, increase transparency on their cross-border contribution, and facilitate an informed policy dialogue. With the Bill and Melinda Gates Foundation reporting since 2010, OECD statistics on development finance include detailed information on grant making and programme-related investments (PRIs) by 45 of the largest and most influential foundations known to work on issues related to sustainable development (OECD, 2022^[1]). As a unique source of evidence on foundations' contributions to the SDGs, the OECD statistics provide data that are comparable with, and complementary to official development assistance (ODA) as well as Total Official Support for Sustainable Development (TOSSD). Since 2022, OECD data on private philanthropy have been used for measuring progress towards SDG target 17.3, following the approval of a new version of the SDG indicator 17.3.1 by the United Nations Statistical Commission (UNSC) (UN, 2022^[2]).

This paper takes stock of these OECD data collection efforts over the past decade. Section 1 looks into the origin, geographic and sectoral distributions of philanthropic giving, as well as their preferred channels of delivery and co-operation modalities. Section 2 focuses on the allocation of foundations' giving per SDG, and on their support to the most vulnerable groups of recipient countries and territories. It also analyses the responses of private philanthropic organisations to COVID-19 up to 2021.

By informing development practitioners on the specific role of grant-making private foundations in advancing the SDGs, this paper aims to open the door to new partnerships and joint efforts across the international development community.

Acknowledgements

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Abbreviations and acronyms

AAAA	Addis Ababa Action Agenda
AFD	French Development Agency (or Agence française de développement)
BMGF	Bill and Melinda Gates Foundation
CEO	Chief executive officer
CHAI	Clinton Health Access Initiative
CIV	Collective investment vehicle
CSO	Civil society organisation
CTA	COVID-19 Therapeutics Accelerator
DAC	Development Assistance Committee
FAO	Food and Agriculture Organisation
DFC	Development Finance Corporation
GAVI	Global Alliance for Vaccines and Immunization (or Gavi, the Vaccine Alliance)
GIZ	German Agency for International Cooperation (or Deutsche Gesellschaft für Internationale Zusammenarbeit)
GNI	Gross national income
IADB	Inter-American Development Bank
IFC	International Finance Corporation
IMF	International Monetary Fund
IRS	Internal Revenue Service
IT	Information technology
IVI	International Vaccine Institute
JICA	Japan International Cooperation Agency
LAC	Latin America and the Caribbean
LDC	Least developed country
LIC	Low-income country
LLDC	Landlocked developing country
LMIC	Lower-middle income country
MDB	Multilateral development bank

MIC	Middle-income country
MSI	Marie Stopes International
MSME	Micro, small and medium-sized enterprises
NCD	Non-communicable disease
NGO	Non-governmental organisation
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
PAHO	Pan American Health Organization
PRI	Programme-related investment
PSI	Population Services International
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable development goal
Sida	Swedish International Development Cooperation Agency
SIDS	Small island developing states
TOSSD	Total Official Support for Sustainable Development
UHC	Universal health coverage
UMIC	Upper-middle income country
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNPF	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations International Children's Emergency Fund
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
US	United States
USAID	United States Agency for International Development
USD	United States dollar
VU	Free University in Amsterdam (or Vrije Universiteit in Amsterdam)
WBG	World Bank Group
WFP	World Food Programme
WHO	World Health Organization
WWF	World Wide Fund for Nature

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Executive summary

Financing from private philanthropic foundations in support of the sustainable development agenda has been growing over time, complementing official development finance in many areas.

- Private philanthropy for development has been rising since 2010, **reaching USD 9.6 billion in grants in 2020**. Preliminary figures for 2021 suggest a continued growth, despite the COVID-19 pandemic. In 2020, these private flows represented the equivalent of 6% of official development assistance (ODA, the measure of donor effort) and up to 3% of Total Official Support for Sustainable Development (TOSSD, measured on flow basis).
- **The Bill and Melinda Gates Foundation (BMGF) provided around half of the philanthropy total**. Although its support to development has been steadily growing, its share has been decreasing in recent years, mainly due to significant increases in grant making by the Mastercard Foundation and other private providers.
- In terms of contributions to the Sustainable Development Goals (SDGs), foundations' support mainly focused on **good health and well-being**. Their support to health and population represents the equivalent of around 11% of TOSSD in 2020. Total philanthropic giving in this area was comparable to that of some of the largest official providers, ranking second after the United States. For health and population, the BMGF alone was the second-largest bilateral provider in 2018-20 and the Wellcome Trust was the seventh.

Countries in Eastern and Western Africa and in South Asia received the largest volumes of philanthropic finance. In 2018-20, private foundations allocated USD 2.9 billion per year on average to countries south of the Sahara (and those in Eastern and Western Africa in particular), followed by South Asia (USD 0.9 billion). India was the top recipient of philanthropic finance overall. Nigeria, Kenya, Ethiopia and Rwanda were the largest beneficiaries in Africa.

Nearly one-half of philanthropic support to development related to multi-regional or geographically unspecified activities. Foundations' giving that was not allocated to individual countries nor regions (46% of the three-year total) mostly consisted of multi-regional projects, upstream programmatic support and core support to international organisations, as well as funding to address development-related global challenges, such as infectious disease control.

Most private grant making targeted vulnerable geographies. Although three-quarters (74%) of country-allocable private philanthropy was allocated to middle-income countries (MICs) in 2018-20, more than half (55%) went to fragile contexts, 40% to least developed countries (LDCs) and 25% to landlocked developing countries (LLDCs), noting that these country groupings are not mutually exclusive.

In terms of sectoral distribution, foundations mainly supported health and population, agriculture, government and civil society and education. Priorities included infectious disease control, reproductive health and family planning, public sector reform and civil society development, agricultural development, as well as secondary and higher education. Whereas each foundation has its specific focus areas, health and population was the most funded sector by philanthropic foundations overall (with or without BMGF).

Support to education grew particularly fast over 2018-20, mainly due to increased grant making of the Mastercard Foundation.

In terms of modalities, most private philanthropies prefer earmarked funding to civil society organisations (CSOs) or academic institutions located in provider countries. CSOs and networks channelled almost half of all foundations' giving for sustainable development in 2018-20, followed by universities, research institutes and think tanks (26%), as well as multilateral organisations (16%). Concerning CSOs and networks, international and provider-country based NGOs channelled the largest sums of foundations' giving (71%). More than two-thirds of foundations' finance was earmarked to specific projects, programmes and other activities, with core support accounting for 15%. Programme-related investments remained a minority instrument in the context of private philanthropy for development.

Access to health, building partnerships and promoting equal opportunities are at the heart of foundations' contribution to the SDGs. The UN goals on good health and well-being (SDG 3), partnerships for the goals (SDG 17), no poverty (SDG 1), reduced inequalities (SDG 10) and gender equality (SDG 5) were among the most targeted SDGs by private providers. Although to a lesser extent, foundations also sought to advance the goals on zero hunger (SDG 2), peace, security and strong institutions (SDG 16), quality education (SDG 4), decent work and economic growth (SDG 8) and climate action (SDG 13).

In 2020, foundations spent 11% of their total giving (USD 1 billion) in response to the COVID-19 pandemic. Over half of it was dedicated to controlling COVID-19 in developing countries, through both prevention and treatment. The largest amounts were provided by the BMGF, Mastercard Foundation, Wellcome Trust and Rockefeller Foundation. Preliminary data for 2021 indicate that these contributions are likely to have grown by more than half, mostly driven by increased spending by the Mastercard Foundation.

1 Key trends and breakdowns

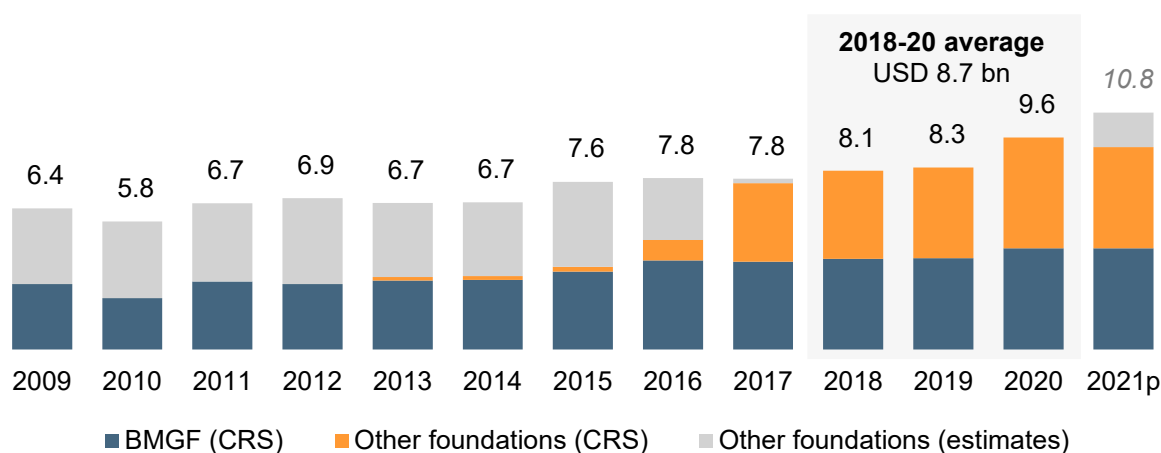
Private philanthropy for sustainable development is rising

Private philanthropy is a marginal, yet growing source of financing for sustainable development.

In 2018-20, the private philanthropic foundations included in this sample distributed USD 8.7 billion for development per year on average in grants and PRIs. The BMGF provided half (49%) of this financing.¹ In perspective, ODA from DAC and other countries amounted to USD 167.8 billion per year on average over the same period and TOSSD reached USD 355.4 billion in 2020 (TOSSD, 2022^[3]).

Historically, in 2020 prices, private philanthropy for development has been growing steadily over the past decade from approximately USD 5.8 billion in 2010 to USD 9.6 billion in 2020 (+65%). During 2015-20, foundations' giving was increasing by 5% per year on average and most significantly in 2020, when it rose by USD 1.4 billion (+16%) to an all-time high at USD 9.6 billion. This considerable increase was mainly thanks to expanded donations by some of the largest private providers, notably the Mastercard Foundation (+USD 573 million), BMGF (+USD 452 million) and Wellcome Trust (+USD 184 million). Some of these increases also related to the foundations' responses to COVID-19 (see Foundations provided a strong response to COVID-19). Moreover, preliminary insights from the ongoing data collection suggest a similar trend in 2021, with foundations giving around USD 11.1 billion, an equivalent of USD 10.8 billion in 2020 prices (Figure 1.1).

Figure 1.1. Private philanthropic flows for development, 2009-21, USD billion, 2020 prices



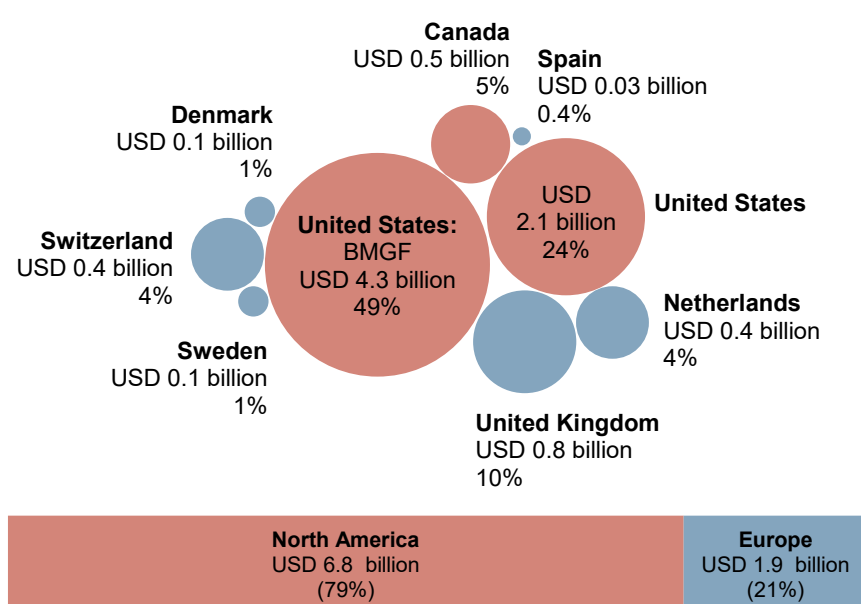
Note: Estimates of development finance by "other foundations" in 2009-16 correspond to 90% of international giving by US-based foundations other than the BMGF (excluding flows to Israel, Canada and Europe), plus USD 0.5 billion per year from other foundations, such as those based in Europe. Annual totals are adjusted using DAC deflators. 2021 figures are preliminary (p). This figure only includes financing provided by grant-making private philanthropic foundations.

Source: (OECD, 2022^[4]), (Foundation Center, 2003^[5]), (Foundation Center and the Council on Foundations, 2018^[6]).

Private philanthropy for sustainable development originates from a limited number of countries

Twenty-two grant-making foundations from North America provided the bulk (79%) of total private philanthropy for sustainable development in 2018-20, whereas the remaining 21% originated from 21 grant-making foundations in Europe (see Figure 1.2). With USD 4.3 billion originating from the BMGF only, almost three-quarters (73%) came from private foundations in the United States, followed by the United Kingdom (10%), Canada (5%), the Netherlands (4%), Switzerland (4%, see Box 1.1), the Nordic countries (notably Sweden, Denmark and Norway – 2% combined) and Spain (0.4%).

Figure 1.2. Countries of residence of private philanthropic foundations, 2018-20 average, 2020 prices

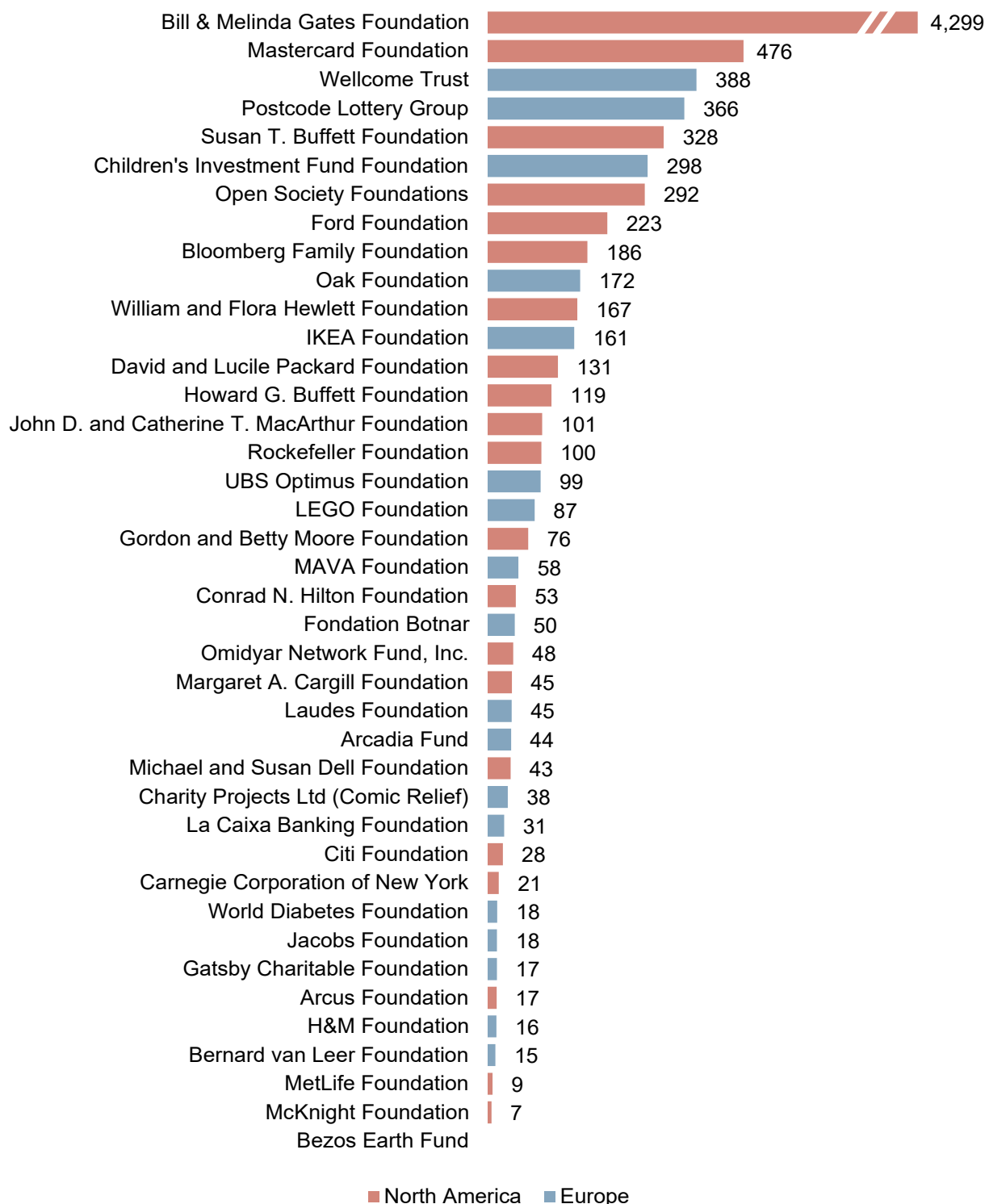


Note: Country residence is based on the geographic location of the headquarters or main office of individual private philanthropic foundations. This figure only includes financing provided by grant-making private philanthropic foundations.

Source: (OECD, 2022^[4]).

Six of the top ten grant-making philanthropic providers were based in the United States or Canada, namely the BMGF, Mastercard Foundation, Susan T. Buffett Foundation, Open Society Foundations, Ford Foundation and Bloomberg Family Foundation. The other four have their main office in European countries, notably the Wellcome Trust (United Kingdom), the Postcode Lottery Group (Netherlands, Sweden, United Kingdom and Norway), Children's Investment Fund Foundation (United Kingdom) and Oak Foundation (Switzerland). Each of these philanthropies provided more than USD 170 million per year on average in 2018-20 (see Figure 1.3). Moreover, the Bezos Earth Fund's first funding commitments made in late 2020 suggest this provider will belong to the most significant private funders for sustainable development in the years to come.

Figure 1.3. Private philanthropic providers, 2018-20 average, USD million, 2020 prices



Note: The Bezos Earth Fund committed USD 376.7 million for sustainable development in 2020. First disbursements are expected in 2021 and are therefore not represented in this chart. This figure only lists grant-making private philanthropic foundations. Data for the Susan T. Buffett Foundation and Howard G. Buffett Foundation are estimated based on IRS 990-PF filings.

Source: (OECD, 2022^[4]).

Box 1.1. Swiss private philanthropy and public international co-operation: Partnering for sustainable development and common data

Daniela Lussmann Pooda, Switzerland's Federal Department of Foreign Affairs

Switzerland has over 13,000 charitable foundations. This corresponds to 15.6 foundations per 10,000 inhabitants, showing the importance of philanthropy in Switzerland (SwissFoundations, 2021^[7]). According to their stated goals, around 5% of these foundations are active in the field of international co-operation (NPOdataLab, 2022^[8]). In addition, there are around 1 000 Swiss NGOs active in development co-operation whose activities are supported by donations from private individuals.

The six Swiss grant-making foundations included in the OECD data sample are strategically oriented towards the 2030 Agenda similarly to the Swiss public international co-operation. With the achievement of SDG 1 (end poverty) being the overarching principle and in line with its strategic orientation, Swiss public international co-operation is increasingly relying on the innovative strengths and expertise of the private sector and foundations. While responsibility, equal opportunities, openness to the world and humanitarian tradition stand at the forefront of Swiss public and private international co-operation, foundations maintain values specific to their founders. Strategically, they are all broadly competitive: “high-impact, innovative programmes” (UBS Optimus Foundation), “sustainable projects and pioneering research” (Fondation Botnar), “evidence-based ideas” (Jacobs Foundation), “we support brave action” (Laudes Foundation). Moreover, partnering appears to be a key value of all foundations.

While Swiss public international co-operation is mainly active in LDCs and LMICs, the geographic focus of the Swiss foundations is broader, with a strong focus on UMICs too. In terms of sectoral focus, the Swiss foundations together seem to cover the same main thematic areas as Swiss public international co-operation, although approaches and orientations may be different. MAVA and Laudes Foundations focus on the economy (sustainable and inclusive economy), the environment (ecosystem conservation) and their interrelations (climate-positive economy). The activities of three other foundations (Botnar, Jacobs and UBS Optimus Foundations) focus on development (education, health) of children and young people, while the Oak Foundation addresses a much broader range of issues (human and women's rights, health, environment, etc.). Swiss public international co-operation is also active in the area of peace and governance.

The Swiss Agency for Development and Cooperation (SDC) currently works with five of the six foundations sharing data with the OECD. Overall, around 50 Swiss and international grant-making foundations are involved in partnerships with the SDC, many of which entail typical multi-stakeholder partnerships, while with others, the SDC promotes innovative approaches, whether in terms of content, institution (social enterprises) or financial instruments (blended finance, impact investing). In particular, SDC benefits from the innovation and expertise of foundations; for example, in the handling of impact bonds, impact investments or the development of creative approaches. The reasons for and types of co-operation are manifold, and the potential for mutual learning is for both sides equally large.

However, in order to optimise co-operation between the foundations and Swiss public sector in the future, there is a need for continued dialogue. To support the mobilisation of external capital for development, the aim should be to develop a strategy towards a “catalytic effect”. On the side of foundations, the doors appear to be open: “Partnering is vital for effective philanthropy. Philanthropists need to pool resources towards a common goal, and we need to bring the best of the private and public sector together” (UBS Optimus Foundation). Collaboration between Swiss public international co-operation and private foundations has also taken place on another level, which is illustrated by the fact that some foundations have already participated in OECD statistics on development finance, thereby helping to build a bridge to greater transparency and common standards.

Africa received the bulk of private philanthropy flows

Two-thirds of private philanthropy for sustainable development in 2018-20 targeted African countries. Private philanthropy allocated to this region amounted to USD 2.9 billion per year on average during the three-year period, representing almost two-thirds (61%) of region-allocable² finance, followed by developing countries in Asia (USD 1.4 billion; 29%), and Latin America and the Caribbean (LAC; USD 0.4 billion; 9%). Developing countries in Europe and Oceania combined were allocated less than 1% of foundations' financing in 2018-20 (see Figure 1.4). Financing from the BMGF was mainly allocated to developing countries in Africa and Asia where it represented over half of the regional totals. In contrast, around 90% of financing for developing countries in LAC region and Europe came from other foundations.

Africa

In Africa, the top beneficiary region, private philanthropy mainly targeted countries in Eastern and Western Africa, focusing on health and population, agriculture and education.

- Out of USD 2.9 billion allocated to Africa per year on average in 2018-20, around two-thirds targeted developing countries in Eastern (40%) and Western (22%) Africa. Accordingly, Nigeria, Kenya, Ethiopia and Rwanda were the main recipients of foundations' giving for Africa, together accounting for a quarter of the Africa total. These four countries also belonged to the top five recipients of private philanthropy overall (see Figure 1.5).
- In terms of sectoral distribution, over half (52%) of philanthropic finance for Africa supported health and population, with a strong focus on infectious diseases and reproductive health, followed by agriculture, forestry and fishing (17%) and education (14%). While most private finance for health and population supported Eastern, Western and Middle Africa, foundations' support to the agriculture, forestry, fishing and education was concentrated on Eastern and Western Africa only. Moreover, the largest share of financing for North Africa aimed at improving government and civil society. Moreover, one-fifth of private philanthropy for Africa was in support of gender equality and women's empowerment, whereas support for climate action accounted for 5% of the regional total.
- Although almost all grant-making foundations that report data to the OECD were active in Africa, three-quarters of private philanthropy for this region originated from four foundations only, notably the BMGF (53%), Mastercard Foundation (16%), Wellcome Trust and Children's Investment Fund Foundation (3% each).

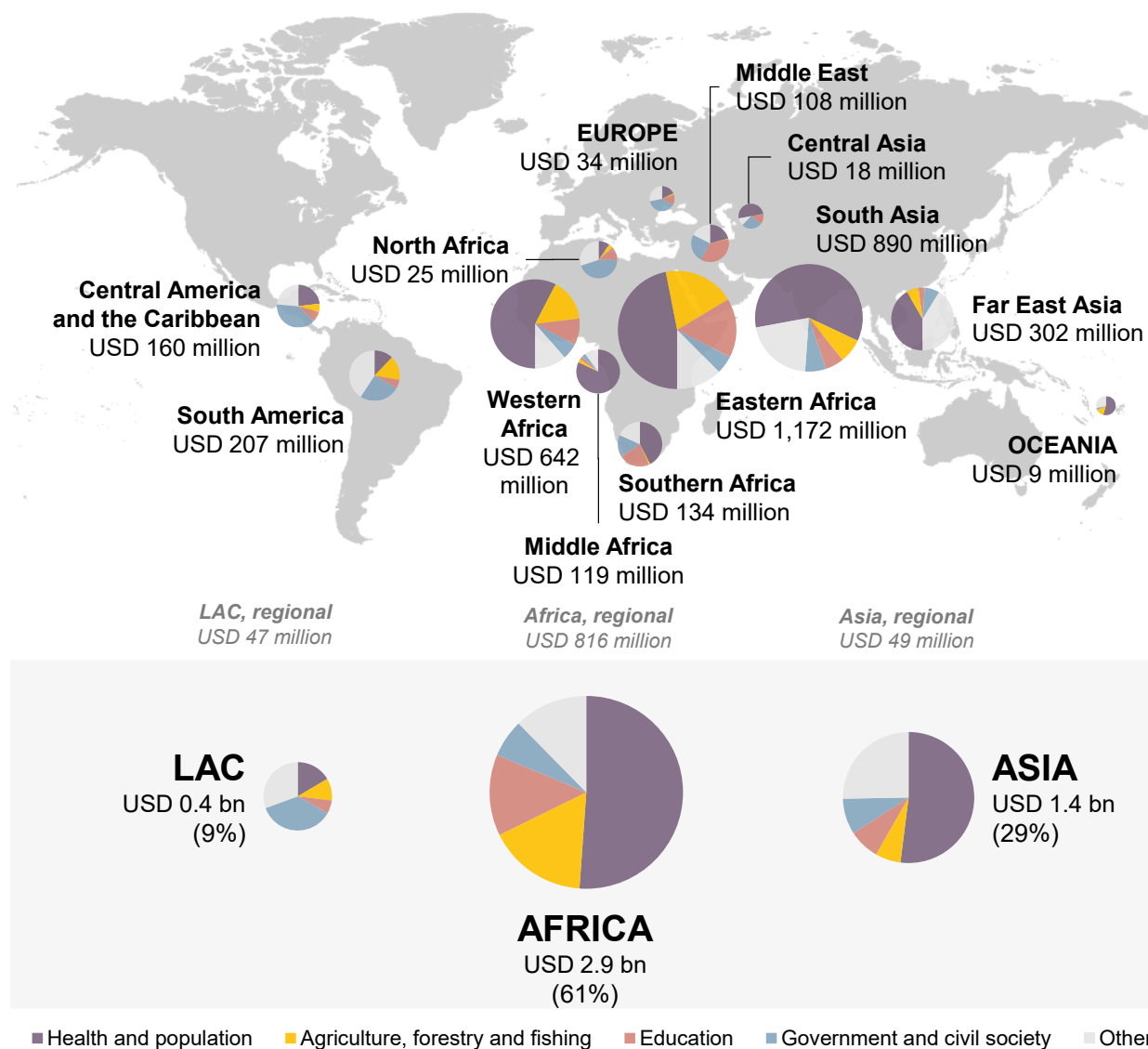
Asia

In 2018-20, the bulk of foundations' giving for developing countries in Asia served South and Far East Asia, focusing on health and population, government and civil society and transport and energy.

- Out of USD 1.4 billion allocated to developing countries in Asia, with South Asia receiving USD 0.9 billion of private giving per year (65% of the Asia total) and Far East Asia USD 0.3 billion (22%). India, Pakistan and the People's Republic of China were the main Asian recipients, together accounting for more than half the Asia total, noting that India was also the first recipient overall (see Figure 1.5).
- Over half (53%) of philanthropic contributions was allocated to the health and population services, 9% to government and civil society sector, 8% to transport and energy, and 7% to education. While health and population represented the largest share of foundations' giving to South Asia, the transport and energy sectors were the most significant in Far East Asia. Further, the share of finance to the government and civil society was the largest in the Middle East and Central Asia.

- The BMGF provided 53% of foundations' support to Asia, followed by the Children's Investment Fund Foundation (5%), IKEA Foundation, Wellcome Trust and Open Society Foundations (4% each).

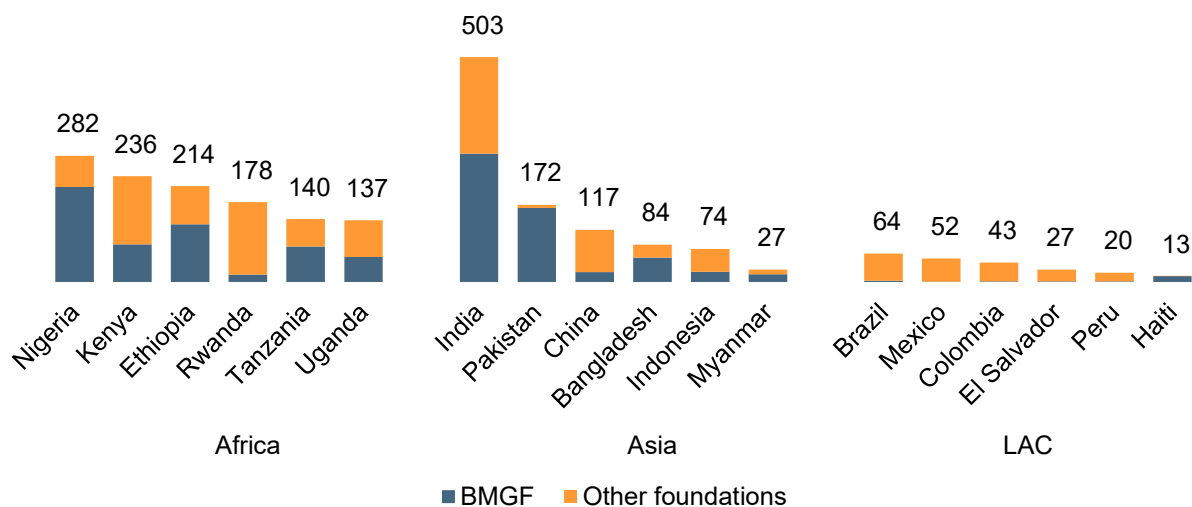
Figure 1.4. Regional allocation of private philanthropic flows, 2018-20 average, 2020 prices



Note: In 2018-20, an additional USD 4 billion per year was unallocated by region, primarily for multi-regional activities, research projects and core support to international organisations. Core contributions by the BMGF to Gavi, the Vaccine Alliance and the Global Fund to Fight AIDS, Tuberculosis and Malaria are allocated to individual recipients based on the institutions' outflows (and are not included in the USD 4 billion sum unallocated by region). The darker shade of grey on the map shows countries and territories on the DAC List of ODA Recipients for 2020 flows. Source: (OECD, 2022^[4]).

- At a country level, while philanthropic finance for India was relatively diversified in terms of private providers and sectoral distribution, support to Pakistan primarily consisted of the global polio eradication campaign by the BMGF. Similarly, private grants allocated to China mainly backed its transition to low-carbon economy. Moreover, concerning cross-cutting objectives, support to gender equality and women's empowerment represented 15% and climate action 13% of foundations' giving to Asia.

Figure 1.5. Top recipients of private philanthropy, 2018-20 average, USD million, 2020 prices



Note: "LAC" stands for Latin America and the Caribbean. Core contributions by the BMGF to Gavi, the Vaccine Alliance and the Global Fund to Fight AIDS, Tuberculosis and Malaria are allocated to individual recipients based on the institutions' outflows.

Source: (OECD, 2022^[4]).

Latin America and the Caribbean (LAC)

Private philanthropy for the LAC region in 2018-20 mainly targeted government and civil society, health and population and environmental protection.

- Private foundations provided USD 0.4 billion for developing countries in the LAC region per year, mostly for South America (50%) and Central America (29%). Brazil, Mexico and Colombia were the main recipients of foundations' support in this region (see Figure 1.5).
- Most of this giving was extended in support of government and civil society (35%), health and population (16%), environmental protection (15%) and agriculture, forestry and fishing (10%). Moreover, 15% of private philanthropy for the LAC region aimed at gender equality and women's equality and 14% at climate action.
- Around half of philanthropic giving for the LAC region was provided by a handful of foundations, namely the Howard G. Buffett Foundation (17%), Open Society Foundations (13%), Ford Foundation (12%) and Gordon and Betty Moore Foundation (10%).

Europe

As marginal recipients, private philanthropy for developing countries in Europe focused on strengthening government and civil society. In 2018-20, foundations provided USD 34 million per year for developing countries in Europe,³ with Ukraine, Moldova and Türkiye being the main recipients. With the majority of finance extended by the Open Society Foundations, Oak Foundation and MAVA Foundation, government and civil society (38%), health and population, education (14% each) and environmental protection (13%) were the main sectors fostered by private philanthropy in this region.

Oceania

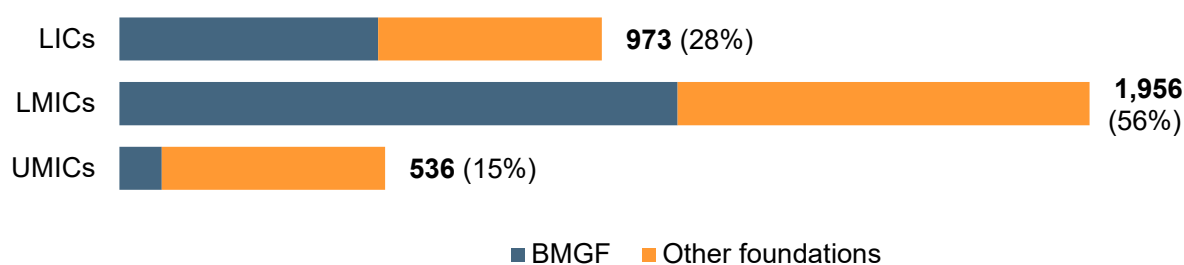
Private philanthropy for Oceania was modest, mostly supporting health and environmental objectives. Of USD 9 million allocated to Oceania, the bulk was provided to health and population

(55%), followed by environmental protection (22%) and fishing (13%). Almost all of these contributions came from the BMGF, Margaret A. Cargill Foundation, John D. and Catherine T. Foundation, and David and Lucile Packard Foundation.

Lower-middle income countries received more than half of private philanthropy

Lower middle-income countries (LMICs) were allocated the largest volumes of philanthropic finance in 2018-20. Over the three-year period, middle-income countries (MICs) received USD 2.5 billion from private foundations, with LMICs accounting for 56% of the country-allocable total and upper-middle income countries (UMICs) 15%. Low-income countries (LICs) benefitted from the remaining 28% of philanthropic finance allocated to individual countries. While the BMGF primarily focused on LMICs and LICs, other foundations distributed their finance more evenly across all three income groups. Although LMICs received the largest volumes of private financing in absolute terms from these foundations, their financing in UMICs was the most significant in relative terms, accounting for 84% of the UMIC total (see Figure 1.6).

Figure 1.6. Breakdown of private philanthropy by income group, 2018-20 average, USD million, 2020 prices



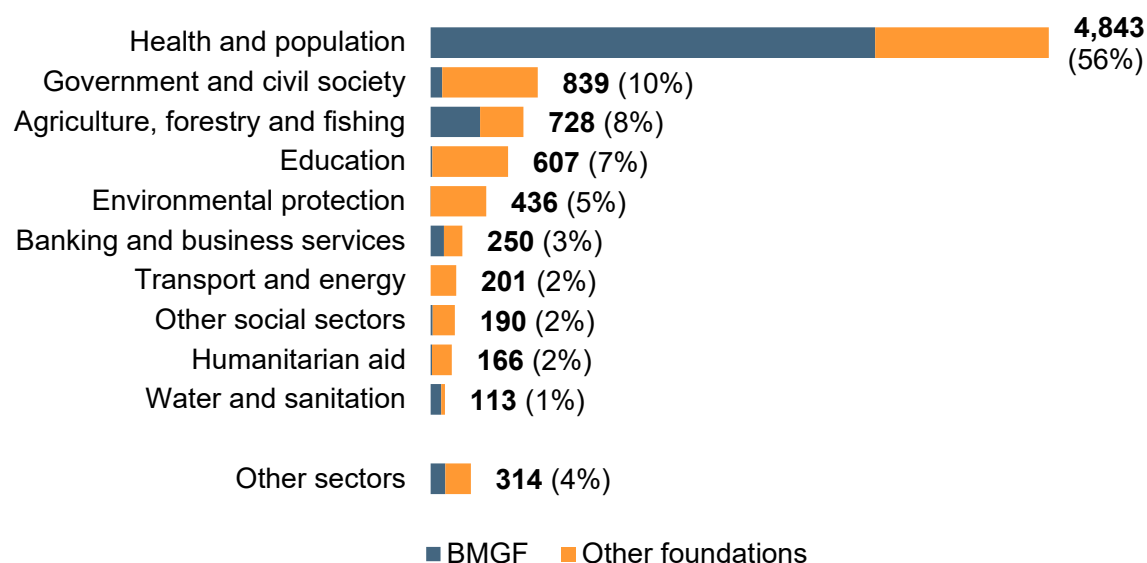
Note: This analysis uses the World Bank Country and Lending Groups for 2020 flows (WB, 2022^[9]). Core contributions by the BMGF to Gavi, the Vaccine Alliance and the Global Fund to Fight AIDS, Tuberculosis and Malaria are allocated to individual recipients based on the institutions' outflows. Further, USD 1.8 million was allocated to Venezuela, which was not assessed on GNI per capita in 2020. In addition, a sum of USD 5.2 billion was not allocated by country and is therefore not considered in this chart.

Source: (OECD, 2022^[4]).

Health and population are the main priority for private philanthropic foundations

Private foundations are key financiers in the health and population sector, representing 56% of total private philanthropy for sustainable development. Other sectors with significant support from the philanthropies include government and civil society (10%), agriculture, forestry and fishing (8%) and education (7%).

Figure 1.7. Sectoral distribution of private philanthropy, 2018-20 average, USD million, 2020 prices



Note: Other social sectors include mainly social protection, employment creation, housing. Other sectors mainly include communications, industry, tourism, trade multisector, development awareness raising in provider countries and activities with unspecified sectoral distribution. Core contributions to Gavi, the Vaccine Alliance and the Global Fund to Fight AIDS, Tuberculosis and Malaria by the BMGF are included under the health and population sector.

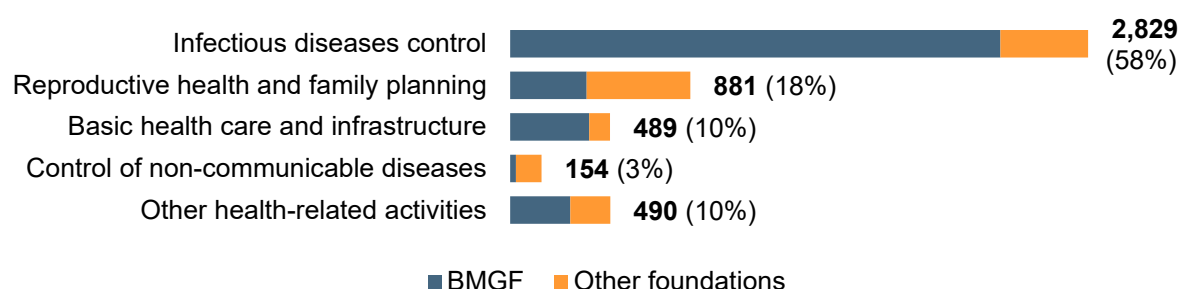
Source: (OECD, 2022^[4]).

Health and population

In 2018-20, private philanthropic foundations provided USD 4.8 billion for health and population (see Figure 1.7).

- While half of this finance related to multi-regional or other activities that cannot be allocated to individual countries or regions (e.g. medical research and core support to international organisations), one-third of private philanthropy for health and population was allocated to Africa with the remainder mostly to Asia. In the LICs and LMICs, health and population accounted for more than half of the country group totals.
- Infectious diseases control, reproductive health and family planning, as well as basic health care and infrastructure were among the most funded causes. Support to controlling non-communicable diseases amounted to USD 154 million per year (see also Figure 1.8).
- Although almost three-quarters (72%) of financing in this area came from the BMGF, health and population was also the most financed sector by other foundations, most notably the Wellcome Trust (8%), Susan Thompson Buffett Foundation (7%), Bloomberg Family Foundation and the Children's Investment Fund Foundation (3% each).
- While foundations' support to health and population was stable in 2018-19, it rose by USD 0.9 billion in 2020 (+20%), mainly due to the increase of grant making from the BMGF and Wellcome Trust (see Figure 1.11).
- In addition, private foundations have proven to be key players in the context of international development finance for health and population. Grants extended by private foundations in this area compared to 11% of TOSSD in 2020. The BMGF was the second-largest bilateral financier of the health agenda, just after the United States and followed by the United Kingdom, Germany and Japan. The Wellcome Trust was the seventh most significant bilateral provider of financing for health and population.

Figure 1.8. Foundations' giving to health and population by funding area, 2018-20 average, USD million, 2020 prices

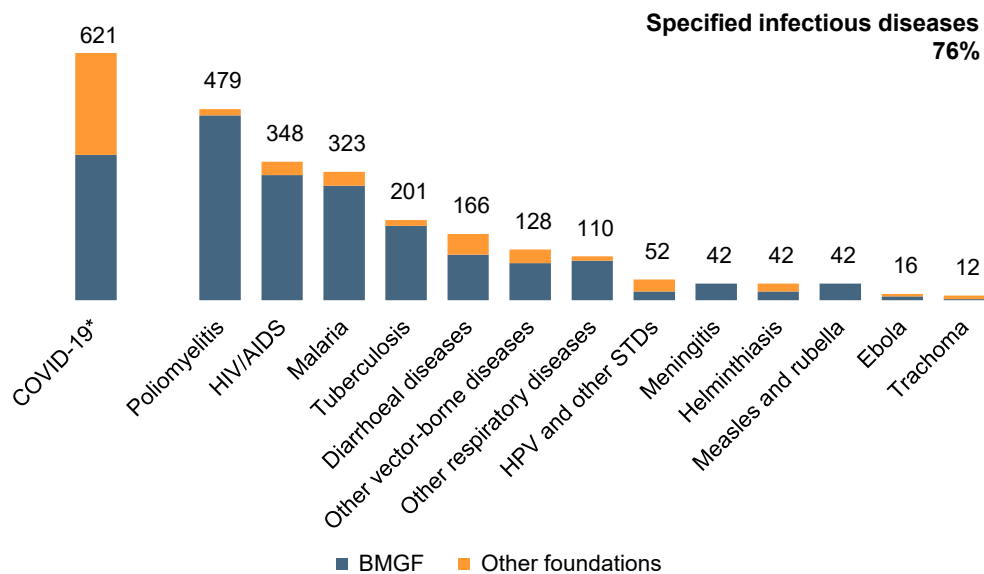


Source: (OECD, 2022^[4]).

Focus on infectious diseases control

- During the three-year period, infectious diseases control was the foremost funding priority in the context of their contributions to health and population, amounting to USD 2.8 billion per year on average (see Figure 1.8). Although the BMGF was by far the main philanthropic financier in this area, infectious diseases control was the second most funded health cause by other foundations too, with the highest contributions from the Wellcome Trust, Children's Investment Fund Foundation, Mastercard Foundation and Bloomberg Family Foundation.
- The largest sums provided for infectious diseases control aimed at poliomyelitis eradication, HIV/AIDS prevention and treatment, and malaria and tuberculosis control, with the BMGF providing the bulk of support for all of these causes (see Figure 1.9). In 2020, however, COVID-19 was the most funded communicable disease with contributions received from a much wider range of foundations (see Foundations provided a strong response to COVID-19). Beyond the BMGF and Wellcome Trust, control of vector-borne diseases⁴ was supported to the greatest extent by the Children's Investment Fund Foundation and Comic Relief, while control of sexually transmitted diseases (including HIV/AIDS) and tuberculosis received relatively large sums of finance from the Children's Investment Fund Foundation and the Postcode Lottery Group.
- Over one-third of foundations' contribution to infectious diseases control went through the multilateral system, most notably through Gavi, the Vaccine Alliance, Global Fund, WHO and UNICEF. Additionally, one-quarter of private grants were channelled through research institutions, and 12% through international NGOs. In contrast, only 1% was channelled through NGOs in developing countries. Moreover, 11% of foundations' grant-making in this area went to the private sector, mostly pharmaceutical companies, for vaccine development, production and distribution.

Figure 1.9. Foundations' giving for infectious disease control, 2018-20 average, USD million, 2020 prices



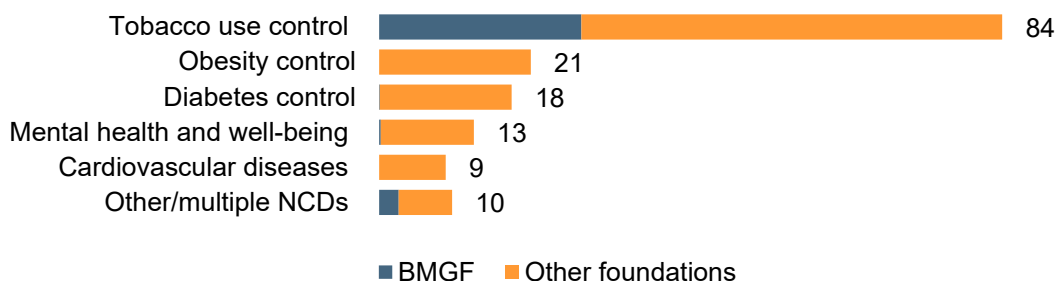
Note: Core contributions by the BMGF to Gavi, the Vaccine Alliance and the Global Fund to Fight AIDS, Tuberculosis and Malaria are allocated to individual diseases and funding causes based on the institutions' outflows, presented here under the BMGF label. The figure for COVID-19 only refers to giving in 2020. The main "other vector-borne diseases" supported by private foundations include yellow fever, dengue, West Nile fever, leishmaniasis, lymphatic filariasis, helminthiasis, Zika and other mosquito-borne diseases, African trypanosomiasis, chikungunya and other. "Diarrhoeal diseases" represented in this chart mainly include cholera, typhoid, shigellosis, rotavirus infections. "Other respiratory diseases" here mainly refer to pneumonia, influenza, pertussis and respiratory syncytial virus infections.

Source: (OECD, 2022^[4]), (WHO, 2022^[10]).

Focus on reproductive health and family planning

Reproductive health and family planning was the second funding priority overall and main funding priority for foundations other than the BMGF, most notably the Susan T. Buffett Foundation, David and Lucile Packard Foundation, and William and Flora Hewlett Foundation. Still, the BMGF provided the largest contribution to reproductive health and family planning in 2018-20.

Figure 1.10. Foundations' giving for non-communicable diseases control, 2018-20 average, USD million, 2020 prices



Source: (OECD, 2022^[4]).

Non-communicable diseases

Control of non-communicable diseases was a relatively marginal funding area, receiving 3% of the health total (see Figure 1.8Figure). Over half of this financing targeted tobacco-use control (the BMGF and Bloomberg Family Foundation), 14% obesity treatment and prevention (mainly the Wellcome Trust and Bloomberg Family Foundation) and 12% diabetes control (mostly the World Diabetes Foundation; see Figure 1.10).

Box 1.2. Philanthropy as a catalyst – advancing the global response to non-communicable diseases during pandemics

Bent Beltrup-Nielsen, Head of Global Development and Advocacy, and Rodrigo Scotini, Advisor, of the World Diabetes Foundation

Non-communicable diseases (NCDs) – including diabetes, cardiovascular disease, cancer and chronic lung disease – as a category is today the world’s largest disease burden and has become a barrier to public health progress and economic development especially across low- and middle-income countries. In fact, the majority of NCDs and derived premature mortality can be found in these countries and, given their chronic nature and continuous health-care requirements, NCDs constitute a growing and unsustainable cost for households and governments.

Firmly rooted in the SDG agenda (target 3.4), NCDs have gradually become institutionalised in the health and development discourse, anchored in WHO’s normative work and UN-level political declarations. Consensus established over the past decade outlines the comprehensive and integrated health system reform with focus on primary health care and early diagnosis and prevention of NCDs as imperative to any meaningful aspiration of reaching universal health coverage (UHC) by 2030.

However, domestic resource mobilisation and national health budgetary allocations as well as the international health and development funding mechanisms are lagging behind if the SDGs and UHC in particular are to be achieved by 2030. A more integrated approach must be the way forward. HIV/AIDS, tuberculosis or maternal care programmes should integrate with NCD concerns, and the subjacent finance should be aligned and gradually converge under proper national health authority and governance. The COVID-19 pandemic has further demonstrated how severely an infectious disease can affect people living with NCDs. Therefore, understanding of ‘infectious diseases versus NCDs’ should be abandoned, as it is being articulated through UHC and the ‘health for all’ ideal in the SDGs.

Philanthropies can and should be at the forefront of this change towards more converged approaches. Private foundations are a diverse group of actors but often possess the capacity to move relatively quickly and bring others on board through real examples and evidence gathered over time. The World Diabetes Foundation has been working persistently to build partnerships with health authorities and civil society in many low- and middle-income countries worldwide, seeking to support the advancement of national NCD responses as part of a wider health system reform. The WDF co-organised the first ever global dialogue meeting on the financing of NCD responses (2018, Copenhagen, co-hosted by the WHO and Government of Denmark) and has since then engaged further in high-level advocacy to strengthen the agenda on integrated and innovative financing modalities towards NCD responses.

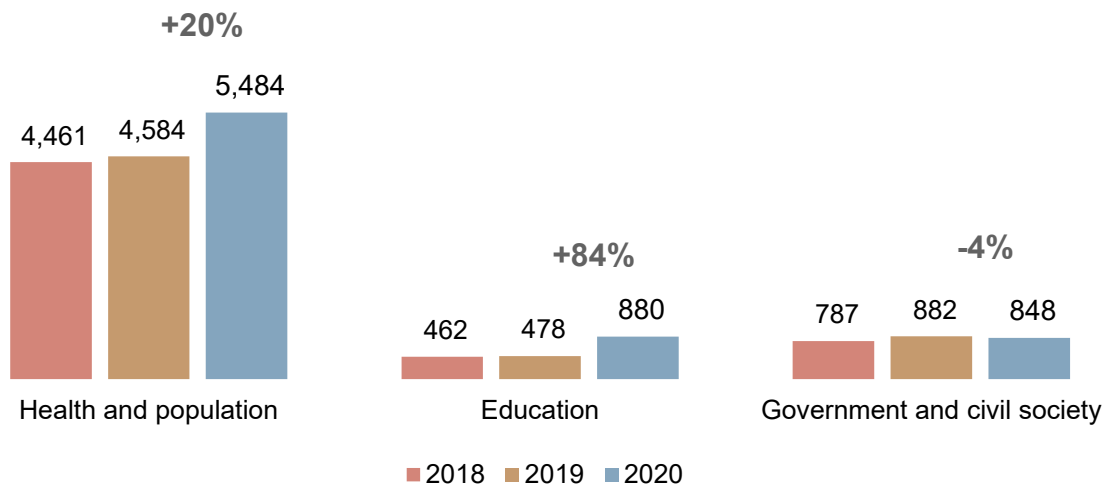
Notably, the WHO has listed a second global dialogue on financing in its 2023 calendar of NCD-related events. This represents a high time for philanthropies – as part of the worldwide development finance community – to leverage their experience and further catalyse co-ordinated investment towards NCD prevention and control.

Government and civil society

In 2018-20, private foundations allocated USD 839 million per year to strengthening government and civil society in developing countries, representing 10% of the three-year total (see Figure).

- Although almost half of financing for government and civil society was unallocated by region, over one-third targeted Africa (22%) and the LAC region (18%). In relative terms, giving for activities in this sector was the most significant in the LAC countries, North Africa, Europe, Middle East and Central Asia. Typically, financing for this sector mainly targeted the MICs (16% of the UMICs total, as opposed to 3% of the LICs total).
- Grant making in this area mainly sought to support women's equality organisations and ending gender-based violence, followed by human rights, civil society development, legal and judicial development, and media and free flow of information.⁵
- The Open Society Foundations were the most significant financier in this area, followed by the Ford Foundation (18%), BMGF (11%), Oak Foundation (9%) and the Postcode Lottery Group (8%). In addition, foundations' support to government and civil society was stable in 2018-20 (see Figure 1.11).

Figure 1.11. Year-on-year evolution of private philanthropy for selected sectors in 2018-20, USD million, 2020 prices



Source: (OECD, 2022^[4]).

Agriculture, forestry and fishing

Private philanthropic foundations provided USD 728 million per year on average in 2018-20 for activities in agriculture, forestry and fishing, accounting for 8% of the private philanthropy (see Figure 1.7).

- Financing in agriculture, forestry and fishing sectors was mainly driven by the BMGF (53%), although other foundations played an important role too, including the Mastercard Foundation (12%), Howard G. Buffett Foundation (7%), IKEA Foundation (4%), David and Lucile Packard Foundation and Rockefeller Foundation (3% each).
- Most of this financing aimed at agriculture development, research (e.g. increased crop yield and resilience), agriculture services (including financial and other services, training and extension). Fishing accounted for 8% of the sector total, mainly promoting sustainable fishing practices.

- Two-thirds of foundations' support in this area was allocated to developing countries in Africa (mostly Eastern and Western Africa), 12% of those in Asia and 6% in the LAC region, with 16% unallocated by region. Foundations' support in these sectors mainly targeted LICs and LMICs.

Education

In 2018-20 period, foundations gave USD 607 million per year on average to activities in the education sector, representing 7% of the total (see Figure 1.7).

- Foundations' support to this sector was the most dynamic during the three years. In 2020, philanthropic giving to education showed a year-on-year increase of 84% (USD 0.4 billion; see Figure 1.11), primarily due to increased financing by the Mastercard Foundation and LEGO Foundation. These two private providers extended over half of total finance for this sector (44% and 9%, respectively) during the three years, with the remainder given away by 27 other philanthropies, most notably the Open Society Foundations (5%), Michael and Susan Dell Foundation and John D. and Catherine T. Foundation (4% each).
- The main causes targeted in this context included higher education, vocational training and secondary education. Africa was the main recipient region (65%, mostly Eastern and Western Africa), followed by Asia (17%). In addition, around 13% was unallocated by region, mostly in support of international education programmes (e.g. scholarships for students from developing countries), core support to international organisations and education research.

Environmental protection

In 2018-20, private philanthropies' giving to environmental protection amounted to USD 436 million per year (see Figure 1.7), accounting for 5% of total private philanthropy for development during the period.

- Almost 60% of the philanthropic finance supported environmental protection in developing countries with no geographic specification (mostly relating to multi-regional projects, upstream programmatic or core support to international organisations). The remainder mainly targeted America and Caribbean (14%) and Asia (13%), with Brazil, China and Indonesia as the main country recipients (5%, 4% and 3%, respectively).
- Over half (51%) of this financing went to biodiversity conservation, with most of the remaining part extended for other activities in the environmental protection sector, including policy-level engagement, planning and research.
- The most significant philanthropic providers in this sector included the Gordon and Betty Moore Foundation (13%), David and Lucile Packard Foundation (11%) and MAVA Foundation (10%). In relative terms, the Arcadia Fund (92%), MAVA Foundation (76%), Gordon and Betty Moore Foundation (74%) and Arcus Foundation (63%) all distributed more than half of their giving for sustainable development in 2018-20 to the environmental protection sector.

Banking and business services

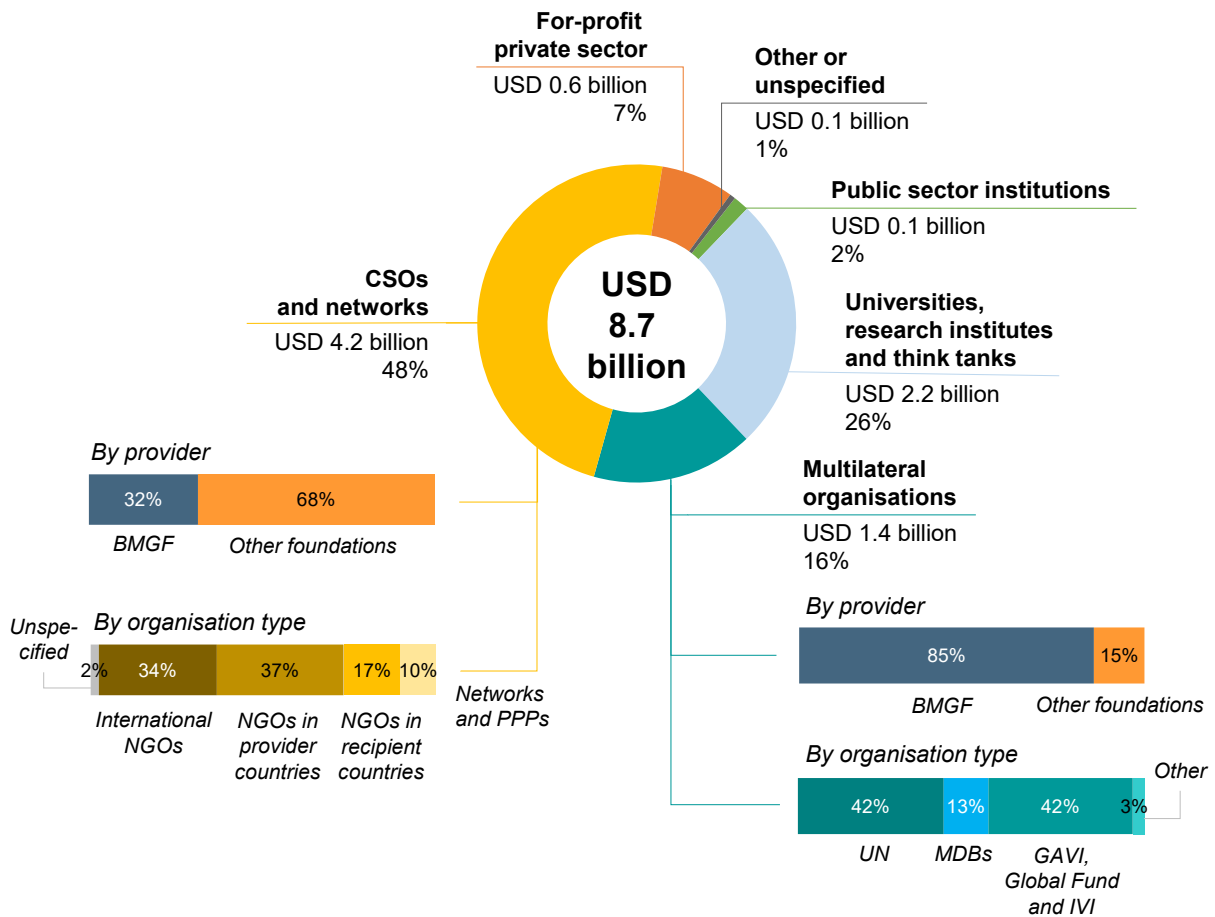
During the three-year period, foundations provided USD 250 million per year for the development of banking and business services in developing countries (see Figure 1.7), representing 3% of total giving by private foundations in 2018-20.

- With over one-quarter (28%) not allocated to individual regions, most contributions in this sector targeted developing countries in Africa (46%) and Asia (20%), most notably Kenya, India, Uganda, Tanzania and Ethiopia.
- While almost half (42%) of these resources supported intermediaries such as local finance institutions, microcredit co-operatives and SME investment funds, around one-quarter (27%)

fostered financial inclusion at policy level and 8% through financial education. Moreover, almost one-quarter (24%) of foundations' support to banking and financial services aimed at gender equality and women's empowerment.

- The BMGF provided the largest portion of financing in this area (41%), followed by the Mastercard Foundation (24%), Postcode Lottery Group (6%) and MetLife Foundation (4%).

Figure 1.12. Channels of delivery of foundations' giving, 2018-20 average, 2020 prices



Note: GAVI stands for Gavi, the Vaccine Alliance, Global Fund for the Global Fund to Fight AIDS, Tuberculosis and Malaria and IVI for International Vaccine Institute.

Source: (OECD, 2022^[4]).

Civil society organisations and research institutes channelled most of foundations' contributions

In 2018-20, almost half (48%) of private philanthropic foundations' giving was extended to or through civil society organisations (CSOs) and networks, with universities, research institutes and think tanks accounting for 26%. Multilateral organisations channelled 16% of private grants and for-profit private sector 7% (see Figure 1.12).

CSOs and networks

CSOs and networks were the foremost group of channels used by foundations to deliver their development finance. In 2018-20, USD 4.2 billion was channelled by private foundations to or through CSOs and networks, 37% of which were NGOs based in provider countries, 34% international NGOs and 17% NGOs in recipient countries (see Figure 1.12). While private philanthropy through provider- and recipient-based NGOs was rather diversified in terms of sectoral distribution, the majority (60%) of finance channelled to or through international NGOs targeted health and population. Moreover, half of financing through such international channels concentrated on 11 organisations only, the largest of which included PATH International, Rotary International, Clinton Health Access, Initiative (CHAI), Population Services International (PSI), World Wide Fund for Nature, ClimateWorks Foundation and Marie Stopes International (MSI). One-third of private giving channelled to or through CSOs came from the BMGF, followed by the Postcode Lottery Group (8%), Susan T. Buffett Foundation (6%), Open Society Foundation and Children’s Investment Fund Foundation (5% each).

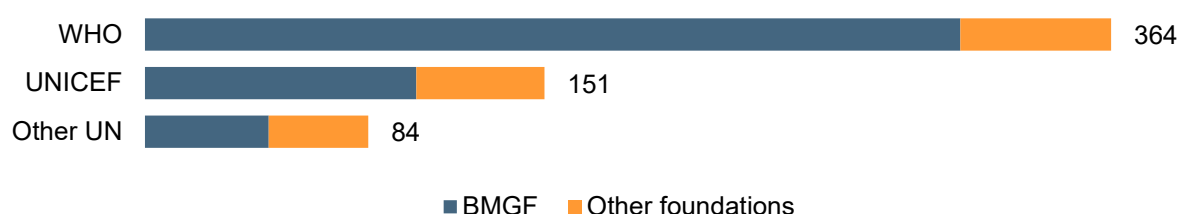
Universities, research institutes and think tanks

Academic and research institutions channelled the second-largest sum of foundations’ finance for sustainable development in 2018-20 (USD 2.2 billion). Activities implemented by these institutions mainly supported research activities and projects in the health and population sector (62%). Approximately 12% concerned scholarships and other education projects (12%). Over half of philanthropic contributions channelled through this channel group came from the BMGF, followed by the Wellcome Trust (14%) and Mastercard Foundation (10%).

Multilateral organisations

Furthermore, philanthropic giving channelled through multilateral organisations mostly targeted activities in the health and population sector, largely driven by the BMGF. Out of USD 1.4 billion channelled to or through the multilateral system in 2018-20 per year, grant making by the BMGF accounted for 85%, with other contributions mostly from the Susan T. Buffett Foundation, the Postcode Lottery Group, Bloomberg Family Foundation and Children’s Investment Fund Foundation. United Nations channelled 42% of private foundations’ multilateral contributions, Gavi, the Vaccine Alliance, Global Fund to Fight AIDS combined 40%, with 13% channelled through the World Bank Group (WBG) and other multilateral development banks (MDBs). Focusing on the United Nations, most finance was extended through the World Health Organisation (WHO) and UNICEF (see Figure 1.12 and Figure 1.13).

Figure 1.13. Main UN channels of delivery, 2018-20 average, USD million, 2020 prices



Note: Main “other” UN recipients presented in this chart include FAO, UNHCR, UNDP, WFP, UNPF, UNWOMEN and UNCDF. A full list of UN entities can be found at (UN, 2022^[11]).

Source: (OECD, 2022^[4]).

For-profit private sector

In addition, 7% of private philanthropy for sustainable development was channelled through private sector institutions (USD 642 million). This financing mainly went to developing vaccines, drugs and medical tools (62%), primarily extended by the BMGF and, to a lesser extent, also financial inclusion and business development (22%), mostly relating to grants from the Mastercard Foundation. Some foundations also used private enterprises for various advisory services, organisational development services and evaluations (see Figure 1.12).

Public sector institutions

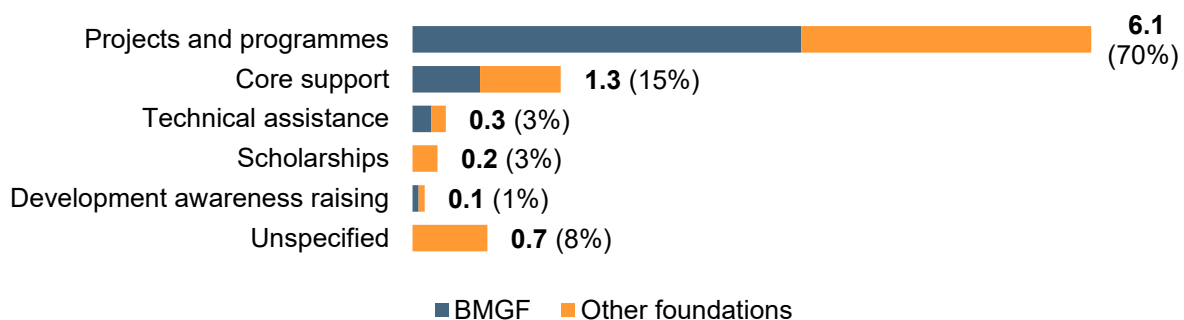
A total of USD 140 million per year on average was provided directly to governments of recipient (70%) and provider (30%) countries (see Figure 1.12).

- Finance channelled through recipient countries' governments was mainly extended by the BMGF (64%), Susan T. Buffett Foundation (11%), Open Society Foundations (7%) and World Diabetes Foundation (6%) for policies and projects in the domain of health and population, government and civil society, agriculture and water and sanitation. Although these activities benefitted 50 countries overall, almost half concerned only four countries, namely Pakistan, Ethiopia, Nigeria and India.
- Funds channelled through provider countries' governments mostly came from the BMGF (80%), Mastercard Foundation (7%) and Laudes Foundation (6%), targeting development agencies (e.g. AFD, GIZ, JICA, USAID) and other specialised government agencies.

Foundations mostly earmark their funding to specific projects and programmes

Private foundations mostly earmarked their financing to specific projects or programmes with core support representing 15% of the three-year total (see Figure 1.14). In 2018-20, over two-thirds (70%) of private philanthropy was earmarked for specific projects or programmes, 3% for technical assistance, 3% scholarships and 1% for raising development awareness in provider countries. Core support extended by private foundations amounted to USD 1.3 billion per year on average (15%).

Figure 1.14. Philanthropy's funding modalities, 2018-20 average, USD billion, 2020 prices



Note: Development awareness-raising includes activities aimed at advocating development issues that target governments and the general public of provider countries.

Source: (OECD, 2022^[4]).

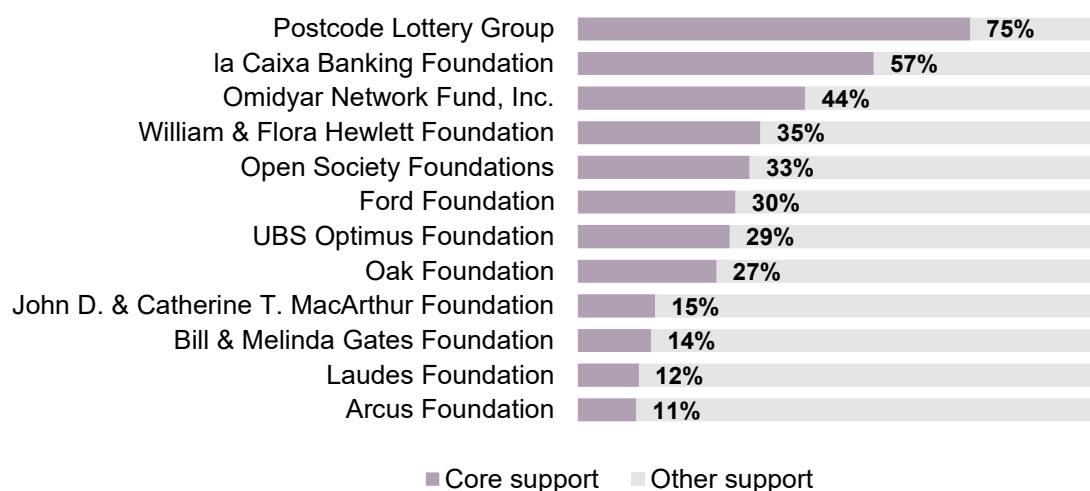
Core support

Five foundations provided more than one-third of their giving as core support in 2018-20. In contrast to earmarked funding, core support was extended by a smaller group of private providers, primarily to CSOs and networks and, in the case of the BMGF, multilateral organisations. In this context,

- Core support accounted for 17% of total private philanthropy channelled through CSOs and networks. The share was 23% in the case of provider-country based NGOs, primarily relating to grants extended by the Postcode Lottery Group (see Box 1.3) and endowment donations to the ClimateWorks Foundation.⁶ In contrast, core support represented only 14% for recipient-country based NGOs and 13% for international NGOs, respectively.
- Core contributions to the multilateral system only concerned the BMGF's support to the Global Fund to Fight AIDS, Tuberculosis and Malaria and Gavi, the Vaccine Alliance, amounting to USD 577 million per year on average.
- Only 3% of financing to universities, research institutes and think tanks was extended as core support.

The largest amounts of unearmarked financing were provided by the BMGF (46% the core support total), the Postcode Lottery Group (21%), Open Society Foundations (7%) and Ford Foundation (5%). Moreover, philanthropies with the highest share of core support in their total giving for sustainable development included the Postcode Lottery Group (75%), followed by la Caixa Banking Foundation (57%), Omidyar Network Fund, Inc. (44%), William and Flora Hewlett Foundation (35%), Open Society Foundations (33%), Ford Foundation (30%), UBS Optimus Foundation (29%), Oak Foundation (27%), John D. & Catherine T. MacArthur Foundation (15%), Bill & Melinda Gates Foundation (14%), Laudes Foundation (12%) and Arcus Foundation (11%).

Figure 1.15. Private foundations with the highest share of core funding, 2018-20



Source: (OECD, 2022_[4]).

Box 1.3. Funding philosophy behind core support

Felicia Hudig, Coordinator of Allocations at the Charities Department of the Dutch Postcode Lottery

In 1989, the Dutch Postcode Lottery was founded: a lottery based on postcodes with a subscription-based model that guarantees sustainable fundraising for good causes. Postcode lotteries have now also been set up in Sweden, Great Britain, Germany and Norway. Over the past 32 years, the Postcode Lottery Group has been supporting hundreds of charities and thousands of social initiatives each year, mostly with unrestricted and multiyear funding. Thanks to millions of players, all the supported civil society organisations together received a total of EUR 800 million in 2020, a sum of EUR 2.2 million per day. The Postcode Lottery Group fund civil society organisations that work either within the country of the lottery or internationally, for people or planet.

Supported by 13 million monthly players, the Postcode Lottery Group believes it is necessary to actively look for innovative and daring ways to solve global and local challenges – this is how the Postcode Lottery Group defines courage and why it is one of the core values of the organisation. The Postcode Lottery Group trusts that civil society organisations are the actors of change to solve these challenges; they are the experts. For the Postcode Lottery Group, courageous funding means:

- Entering long-term partnerships with beneficiaries that meet the criteria (Dutch Postcode Lottery, 2022^[12]) and trusting them to spend the funds where they are most needed, effective and impactful. Long-term funding based on trust and without restrictions means keeping in close contact with charities throughout the year, but avoiding unnecessary bureaucracy.
- Daring to enable organisations to start something that would otherwise never get off the ground, or even before the problem and all possible solutions are exhaustively mapped out, to have as little (financial) risk as possible. There's often no time for that.
- Supporting organisations and themes that sometimes trigger resistance, are politically sensitive or generate debate in society (or certain sections of society) because vested interests often need to make way when it comes to change in society.

Sigrid van Aken, CEO of the Postcode Lottery Group explains: “We fund with a firm dose of courage, because risks are part and parcel of serious ambitions. This means that we are open to plans that have not yet proven themselves or been fully worked out and that making mistakes is allowed. Sometimes things just don't go as planned.”

Recently, Professor Pamala Wiepking started researching the importance of long-term and unrestricted funding for CSOs at the Center for Philanthropic Studies at the Vrije Universiteit in Amsterdam, the Netherlands (VU, 2022^[13]). The first results show that unrestricted funding:

- Increases independence for grantees, which can be of great significance for being a counterforce in society. It can also have a flywheel effect, attracting other donors to ignite change when there are already funds available.
- Allows organisations to address the needs they feel are most relevant and urgent.
- Allows organisations to shift priorities flexibly when circumstances change, which is the case with crises like COVID-19 or national disasters.
- Stimulates innovation, from development to implementation.

With the support of this research, the Postcode Lottery Group hopes to inspire other funders with this funding philosophy.

Technical assistance

Project-type technical assistance amounted to approximately USD 296 million (3%) per year, mostly aiming at improved organisational effectiveness and capacity building, programme transitions, evaluations, conference support and travel grants and, in the context of 2020, also organisational emergency support during the COVID-19 pandemic. Almost all foundations extended such contributions in 2018-20.

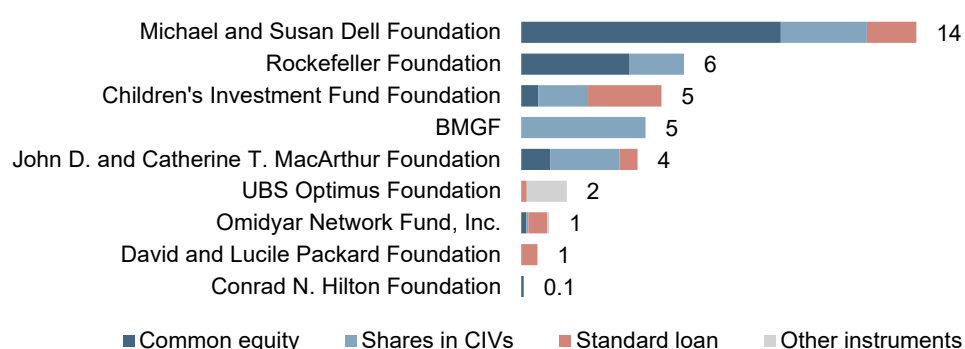
Scholarships

Last but not least, an additional USD 223 million (3%) was provided in support of local and international scholarships for students from developing countries. The Mastercard Foundation provided the bulk of such financing (90%), followed by the Carnegie Corporation of New York, Jacobs Foundation, and Michael and Susan Dell Foundation.

Programme-related investments continue to support foundations' grant-making objectives

Programme-related investments (PRIs)⁷ were mainly extended by US-based foundations through equity investments. In 2018-20, nine private philanthropic foundations invested USD 37.5 million per year on average.⁸ Driven by the Michael and Susan Dell Foundation (see Box 1.4) and Rockefeller Foundation, common equity was the main non-grant instrument, accounting for 41% of total PRIs extended during the three years. Shares in collective investment vehicles (CIVs; 37%) were mostly deployed by the BMGF, Michael and Susan Dell Foundation and John D. & Catherine T. MacArthur Foundation, whereas standard loans (18%) mainly came from the Children's Investment Fund Foundation and Michael and Susan Dell Foundation (see Figure 1.16). Although almost two-thirds of foundations' PRIs targeted social infrastructure and services, the bulk of which was for health and population (26%), education (22%) and employment creation (9%), the remaining portion was aimed at building capacities in banking and financial services, renewable energy and agriculture development.

Figure 1.16. Programme-related investments, 2018-20 average, 2020 prices, USD million



Note: CIVs stand for collective investment vehicles, such as private equity investment funds. Source: (OECD, 2022^[4]).

Box 1.4. Programme-related investments in the COVID era

Rahil Rangwala, Director of the India Programme of the Michael and Susan Dell Foundation

What are programme-related instruments (PRIs)? And why PRIs?

Traditional philanthropic foundations have partnered with the government and civil society primarily through grant-funding tools to achieve impact. Given the scale of the problem, there is now a growing recognition that the market can also be a powerful partner for sustainable long-term change and programme-related instruments (PRIs) are a key tool to engage with the market. Three of the simplest forms of PRIs are loans, equity investments and guarantees.

A market-based approach fundamentally looks at the end user as a customer with a stake in their own future. The nature of the market forces a feedback loop where the customer demands real practical solutions to bring about change. PRI interventions are inherently sustainable and give a philanthropic institution the ability to bring about long-term sustainable change.

PRIs during COVID

When a black swan event such as a global pandemic hits, it exponentially increases risk perception in the market. This makes equity and debt capital scarce as investors flee to safety. Our role as philanthropic investors is to take more risk and catalyse opportunities for the larger market. The Michael and Susan Dell Foundation had three broad approaches:

1. Support our existing portfolio companies that needed capital to stay the course through this market downturn (e.g. equity investment support to Kinara Capital, LabourNet).
2. Debt capital markets froze and this impacted India's micro and nano entrepreneurs hardest. We provided guarantees to large banks (Kotak Bank) and other commercial investors to restart lending to this "risky" segment. Our goal was to get liquidity into the system and to get money into the hands of nano entrepreneurs. We made available USD 28.5 million in funds (mix of equity, grants and debt) to fund more than 120 000 MSMEs across India.
3. Lastly, the pandemic also created a few opportunities that came with changing customer behaviour with adoption of digital tools. We saw large-scale adoption of education and job technology solutions. To support customers during this time, we doubled down on EnGuru (an English-learning app providing live classes online) and WorkEx's blue-/grey-collar job marketplace. During one of India's worst employment crises, the platform placed approximately 450 000 youths in jobs.

PRIs and equity investments in particular are long-term bets. The global pandemic reminded us how important it is to stay the course when we are trying to address large, complex social problems. It also taught us how important it is to stay nimble and be prepared to adapt quickly to changing customer demands. While a lot has changed, the one thing that has not is that we will continue putting the community and customer first to achieve large-scale sustainable change. PRIs are an important tool to help us make this change.

Moreover, some philanthropic organisations choose to use principally non-grants to support the achievement of the SDGs, such as the Grameen Crédit Agricole Foundation and BBVA Microfinance Foundation. On a gross disbursement basis, the Grameen Crédit Agricole Foundation extended USD 33.1 million per year in 2018-20 for financial inclusion in Africa, Asia and Eastern Europe, and the BBVA Microfinance Foundation, operating through its local financial intermediaries in Colombia, Dominican Republic, Panama and Peru, provided USD 1.2 billion per year during the three-year period.

Guided by their pro-development strategies, these institutions have been benefitting from different types of market-based solutions or support from official development actors to strengthen their lending capacities. For instance, certain parts of the loan portfolio of the Grameen Crédit Agricole Foundation have benefitted from guarantees by Sweden's Sida or France's AFD (Crédit Agricole, 2019^[14]), (Crédit Agricole, 2020^[15]). In the case of the BBVA Microfinance Foundation, international development finance institutions, such as the International Finance Corporation (IFC), Inter-American Development Bank (IADB) Group and United States' Development Finance Corporation (DFC), have been working with the foundation's local finance intermediaries through credit and risk-sharing products to enhance their portfolios targeting vulnerable population groups (DFC, 2022^[16]), (IDB Invest, 2019^[17]).

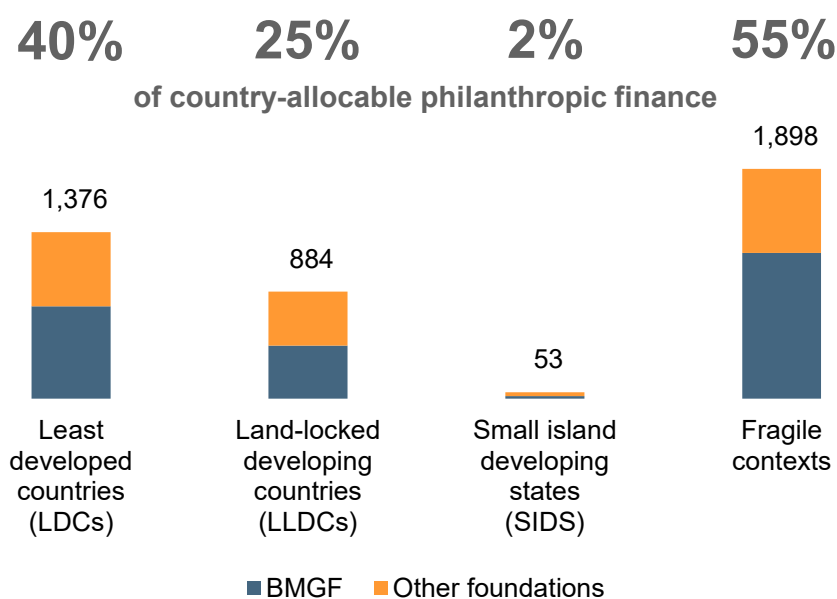
2 Response to key international challenges

Significant portions of foundations' giving go to countries most in need

Although only over one-quarter (28%) of private philanthropy was allocated to LICs, significant portions were provided in support of development in fragile contexts, least developed countries (LDCs) and landlocked developing countries (LLDCs).

- In 2018-20, almost USD 1.4 billion of foundations' giving was allocated to the LDCs (see Figure 2.1). Strongly focused on Africa, only 14% of private philanthropy for this recipient group concerns LDCs in Asia (most notably Bangladesh, Myanmar and Afghanistan) and Haiti. The majority was extended by the BMGF (55%) and Mastercard Foundation (16%) with seven other foundations providing more than USD 20 million per year on average for the LDCs (Susan T. Buffett Foundation, Howard G. Buffett Foundation, IKEA Foundation, Children's Investment Fund Foundation, LEGO Foundation, Conrad N. Hilton Foundation and Comic Relief). The last two also allocated the highest share of their grant-making portfolio in 2018-20 to the LDCs (73% and 68%, respectively). In addition, almost all philanthropic resources to the LDCs supported health and population (56%), agriculture, forestry and fishing (17%), education (13%), and banking and business services (4%).

Figure 2.1. Private philanthropy for the Least developed countries, Land-locked developing countries, Small island developing states and fragile contexts, USD million



Note: Core contributions by the BMGF to Gavi, the Vaccine Alliance and the Global Fund to Fight AIDS, Tuberculosis and Malaria are allocated to individual recipients based on the institutions' outflows.

Source: (OECD, 2022^[4]).

- Furthermore, the LLDCs received close to USD 0.9 billion per year in 2018-20 (see Figure 2.1). Similarly to the LDCs, most of this financing targeted African recipients, with Ethiopia, Rwanda, Uganda and Burkina Faso representing two-thirds of private philanthropy for the LLDCs. Asian LLDCs received 8% of this grouping total, with Central Asian LLDCs receiving USD 17 million per year. Most of this financing was provided by the BMGF (50%), Mastercard Foundation (20%), Howard G. Buffett Foundation, Susan T. Buffett Foundation, IKEA Foundation and the Children's Investment Fund Foundation (3% each) for activities in the health and population (51%), agriculture, forestry and fishing, and education (17% each) sectors.

On the other hand, **private philanthropy to small island developing states (SIDS) was modest, with only USD 53 million allocated to these recipients during the three-year period**, mostly in the LAC region (51%), Africa (28%) and Oceania (17%). Two-thirds of this financing was extended by the BMGF, Mastercard Foundation and MAVA Foundation. Health and population, education and environmental protection were the foremost sectors of foundations' activities in the SIDS.

Over half of private philanthropy targeted fragile contexts.⁹ In 2018-20, private foundations provided USD 1.9 billion per year, representing 55% of country-allocable private philanthropy over this period (see Figure 2.1). Most foundations' support to fragile contexts concerned African countries, such as Nigeria, Kenya and Ethiopia. However, 19% was also allocated to fragile contexts in Asia, most notably Pakistan and Bangladesh. The BMGF was the main foundation active in fragile contexts (63% of total philanthropy to these recipients), followed by Mastercard Foundation (9%), the Children's Investment Fund Foundation, John D. and Catherine T. MacArthur Foundation, IKEA Foundation and Wellcome Trust (2% each). Health and population were the main sectors targeted in these geographies, accounting for almost two-thirds of the total (62%) with agriculture, forestry and fishing, education and government and civil society representing most of the remaining third. USD 204 million were allocated to extremely fragile contexts, most notably Democratic Republic of the Congo and Afghanistan.

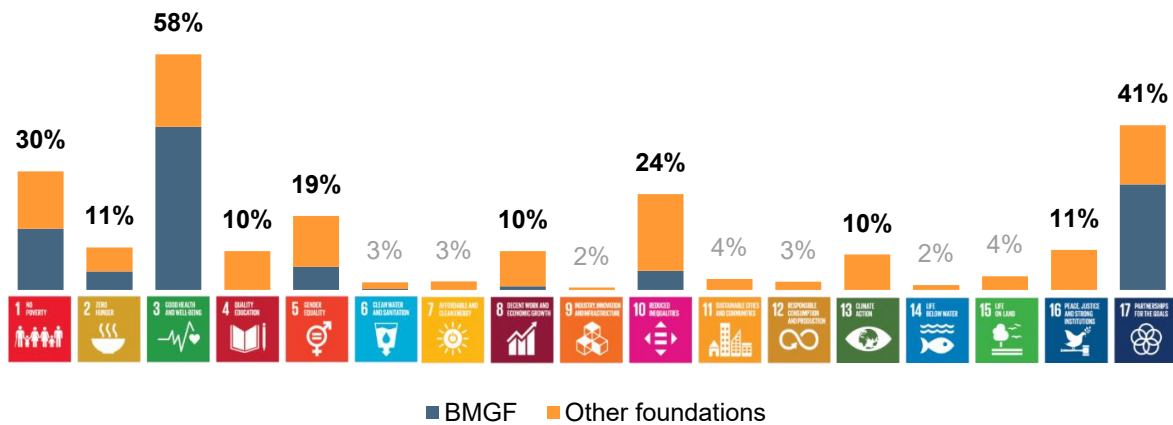
Health, partnerships and equalities are at the heart of foundations' contributions to the Sustainable Development Goals

Good health and well-being, partnership for the goals, no poverty and reduced inequalities stand in the forefront of foundations' giving for development. Since 2015, international development has been guided by the UN Sustainable Development Goals (SDGs) as a global framework of common objectives in the context of sustainable development. To inform providers' allocation decisions and track progress in financing individual SDGs, OECD statistics on development finance and TOSSD¹⁰ seek detailed data on the SDG alignment and focus of individual activities aimed at sustainable development. Since 2017, such information has also been collected from private philanthropic foundations, using the same set of standards and methodologies as those put forward by statistics on official development finance.

The data collected so far indicate that private philanthropic foundations, in general, seek alignment of their financing decisions with the SDG framework (see Figure 2.2). In particular, over half (58%) of private philanthropy in 2018-20 contributed to good health and well-being (SDG 3), a quarter (24%) to reducing inequalities (SDG 10) and 19% to gender equality (SDG 5). Other SDG targeted by foundations include: zero hunger (SDG 2, 11%), quality education (SDG 4, 10%), decent work and economic growth (SDG 8, 10%), climate action (SDG 13, 10%), and peace, justice and strong institutions (SDG 16; 11%).

While the BMGF sought to contribute mostly to the UN goals on good health and well-being (SDG 3), partnerships for the goals (SDG 17) and no poverty (SDG 1), support by other foundations was spread more evenly over the 17 goals.

Figure 2.2. SDG focus of private philanthropy, 2018-20, 2020 prices



Note: Activities reported without SDGs focus data were assigned relevant targets and goals by the authors of this report, using other data points in foundations' data submissions (project titles and descriptions, channels of delivery, targeted geographies and similar).
Source: (OECD, 2022^[4]) and authors' analysis.

Foundations' support for gender equality (SDG 5)

Gender equality and women's empowerment (SDG 5) is among the foundations' most financed priorities. (Figure 2.2). In 2018-20, private philanthropic foundations gave away USD 1.7 billion for SDG 5 per year, corresponding to 19% of total private philanthropy. Around 60% of this financing was allocated to health and population, mostly in support of improved access to reproductive health and family planning. Further, 18% sought to empower women's participation in the government and civil society sectors, with the remainder of 22% mainly fostering gender equality in the sectors of agriculture, forestry and fishing (6%), education (5%) and banking and business services (4%). A total of USD 226 million per year explicitly targeted women's rights organisations and ending gender-based violence. Most financing for gender equality came from the BMGF (34%) and Susan T. Buffett Foundation (20%), followed by the Postcode Lottery Group (9%), Mastercard Foundation and Children's Investment Fund Foundation (both 6%). Developing countries in Africa and Asia received the highest shares of private philanthropy for gender equality (36% and 12%, respectively).

Foundations' support for decent work and economic growth (SDG 8)

Around 10% of foundations' giving for sustainable development contributed to decent work and economic growth (SDG 8). In 2018-20, private foundations extended USD 0.8 billion per year in this area. With youth employment and financial inclusion as an overarching objective (see Box 2.1), foundations contributed to the SDG 8 through building capacities in the education (53%), banking and financial services (38%) and agriculture (9%) sectors. Most region-allocable finance targeted Africa (81%), half of which was for East African countries alone, with Asia receiving 15% of these contributions. Over half of foundations' support in this area came from the Mastercard Foundation (55%) and BMGF (17%) followed by the Postcode Lottery Group, Citi Foundation, IKEA Foundation, and Michael and Susan Dell Foundation (3% each).

Box 2.1. Doubling down on education to transform Africa: Youth employment – Africa’s greatest challenge and opportunity

Peter Materu, Chief Program Officer of the Mastercard Foundation

Africa is the youngest and fastest-growing continent in the world. Today, it boasts a population of roughly 1.2 billion people – 60% of whom are under the age of 25. By 2050, it is expected that one in every four people in the world will be in Africa (Pison, 2017^[18]). Young Africans represent the workforce of the future. Not just for Africa, but for the world. Governments across the African continent have recognised the tremendous opportunity within this gift of demography – but it will not automatically translate into an economic dividend. Demography is not destiny. Channelling the dynamism and energy of Africa’s young people into economic growth requires that young people have access to work opportunities.

The Mastercard Foundation has taken up this focus through its new strategy, launched in 2018, called Young Africa Works, which has set a target of enabling 30 million young people to access dignified and fulfilling work by 2030. Young women make up 70% of this target. Advancing education – ensuring young people have the knowledge and skills required to carry out and create work – is central to its achievement. One of its most notable initiatives, the Mastercard Foundation Scholars Program, aims to develop Africa’s next generation of leaders by enabling young people from economically disadvantaged communities to pursue and complete their secondary and tertiary education. To date, the Scholars Program has committed over 40,000 scholarships, more than 70% of which for young women. The program intentionally focuses on marginalised groups, such as people with disabilities and refugees.

In the wake of COVID-19, a focus on inclusion is more important than ever. Prior to the pandemic, Sub-Saharan Africa had the highest rates of education exclusion globally. According to the World Bank, only 51 million, out of a possible 141 million, young people were enrolled in secondary school. Just 8% of eligible young people were enrolled in tertiary education. (Lowe, 2019^[19]) The pandemic has only exacerbated these disparities, making it harder for vulnerable youth to access pathways to economic opportunity. 77% of African universities closed in response to the pandemic versus approximately 55% in Europe, Asia and the Americas (Koninckx, Fatondji and Burgos, 2021^[20]). Only 29% were able to move to online learning.

Disparities in learning grow up to become disparities in earning and opportunity. Moving forward, it is imperative to ensure that all young people can access learning opportunities that promote their economic prospects. To achieve these goals, it is worth focusing on three areas:

1. **Reimagining secondary school education as a platform to prepare young people for the world of work.** Given that most young people move from some level of secondary school into the workforce, it is critical that their time in that phase of schooling equips them with the technical and transferable skills and knowledge they need to succeed.
2. **Leveraging the power of technology to deepen access to learning.** The Mastercard Foundation’s Centre for Innovative Teaching and Learning supports education technology companies that are making core or supplemental learning resources available to all.
3. **Strengthening the capacity of African higher education institutions to deliver relevant and inclusive learning.** The Mastercard Foundation’s e-learning initiative, building the capacity of African universities to deliver online learning, is one example of this.

Ultimately, bold action is required to bridge widening gaps in access to education and to secure the economic future of the continent. Now is the time for philanthropy to scale up, not scale back, investments in education.

Foundations' support for climate action (SDG 13)

Around 10% (USD 0.8 billion per year) of private philanthropy in 2018-20 was aimed at climate action (see Figure 2.2). Three-quarters of such contributions went towards climate change mitigation and/or adaptation in the general environmental protection sector (26%), transport and energy (24%) and agriculture, forestry and fishing (24%). More than half of foundations' support was not allocated to regions, mainly including core support to large international NGOs (e.g. ClimateWorks Foundation) and multi-regional projects and programmes on climate. Developing countries in Asia received 21% of climate-related private philanthropy in 2018-20, followed by Africa (18%) and the LAC region (7%). While nearly two-thirds of financing for Asia supported climate action in the transport and energy sector, most of climate-related private philanthropy for Africa supported projects in the agriculture, forestry and fishing sector. Moreover, two-thirds (65%) of country-allocable, climate-related private giving was extended for activities in India, China, Rwanda, Colombia and Brazil. As a result, the share of finance for the SDG13 in the UMICs total was 19% as opposed to 6% in the case of the LICs. Further, a share of 62% came from six foundations, namely the Children's Investment Fund Foundation, the Postcode Lottery Group, IKEA Foundation (see Box 2.2Box), BMGF, William and Flora Hewlett Foundation and Oak Foundation.

Moreover, the role of private philanthropy in financing for climate action is expected to grow in the future. For example, the first financial commitments of the Bezos Earth Fund in late 2020 suggest additional hundreds of millions in private grants for climate action in developing countries will be made available in coming years.

Box 2.2. Sustainable development and climate action

Truus Huisman, Chief Communications Officer of the IKEA Foundation

Scientists are clear. We need to accelerate initiatives to reduce GHG emissions and do so at scale. But society has relayed a strong message back: transition needs to happen in a just way. Interventions must be fair and equitable to ensure livelihoods for workers in both economically prosperous countries and those whose population largely lives in poverty. Co-ordination across all providers and other stakeholders is critical for advancing the SDGs and the climate agenda in particular. In this context, new opportunities emerge in the context of the global recovery from the COVID-19 pandemic.

Nimble and flexible, philanthropy can strike the necessary balance to advance all these initiatives and aspirations. Specifically, our role is to show how the 2030 Agenda and the Climate Action Agenda can and must converge. The IKEA Foundation is working exactly on this. Our grant-making budget of EUR 200 million per year and EUR 1 billion over the next five years is used to fund projects that help reduce GHG emissions quickly, while at the same time improving job prospects and income for as many people as possible. This dual ambition is crystallised in our recently announced initiative with the Rockefeller Foundation to launch a renewable energy platform. Our goals are to reduce one billion tons of GHG emissions by 2030 and to improve the livelihoods of one billion people.

Progress on the climate action agenda has stagnated in part because of the complex, multi-directional priorities we must hold at once. Science's objective urgency seems to run, if not in the opposite direction, then at least at a different psychological pace to our social and economic needs. Moreover, climate change threatens to undo much of the progress already achieved in fighting poverty. The World Bank estimated that climate change will push between 68 million and 132 million people into poverty by 2030.

But philanthropy can help the world out of this cycle in concrete ways. Organisations such as the IKEA Foundation are well positioned to give a live demo of how a transition can be led in an inclusive and effective manner. From there, we can extrapolate learnings for scalable, replicable models. Our gathered evidence of what works and what does not can inform and help feed the development and humanitarian communities. Philanthropic organisations can facilitate investment from the financial and business sectors by accepting the first loss risk.

And there is much philanthropy can do by way of amplification. The IKEA Foundation aims to encourage other philanthropic organisations through its impact. In concrete terms, we urge:

1. **Allocation of more resources.** A recent study showed that only 4% of global foundations' grant-making is put towards fighting climate change, the biggest existential threat to humanity.
2. **Collaboration.** Philanthropy can serve as a broker and facilitator of unusual or unprecedented radical collaboration across foundations, civil society as well as the public and private sectors.
3. **Risk-taking.** By their nature, philanthropic organisations can take risks, but to progress, we must take bold steps forward and be ready to sometimes fail and always learn from failures.
4. **Platform provision.** Providing a space for the unheard is essential to build trust with the many people who feel or will feel the impacts of climate change.

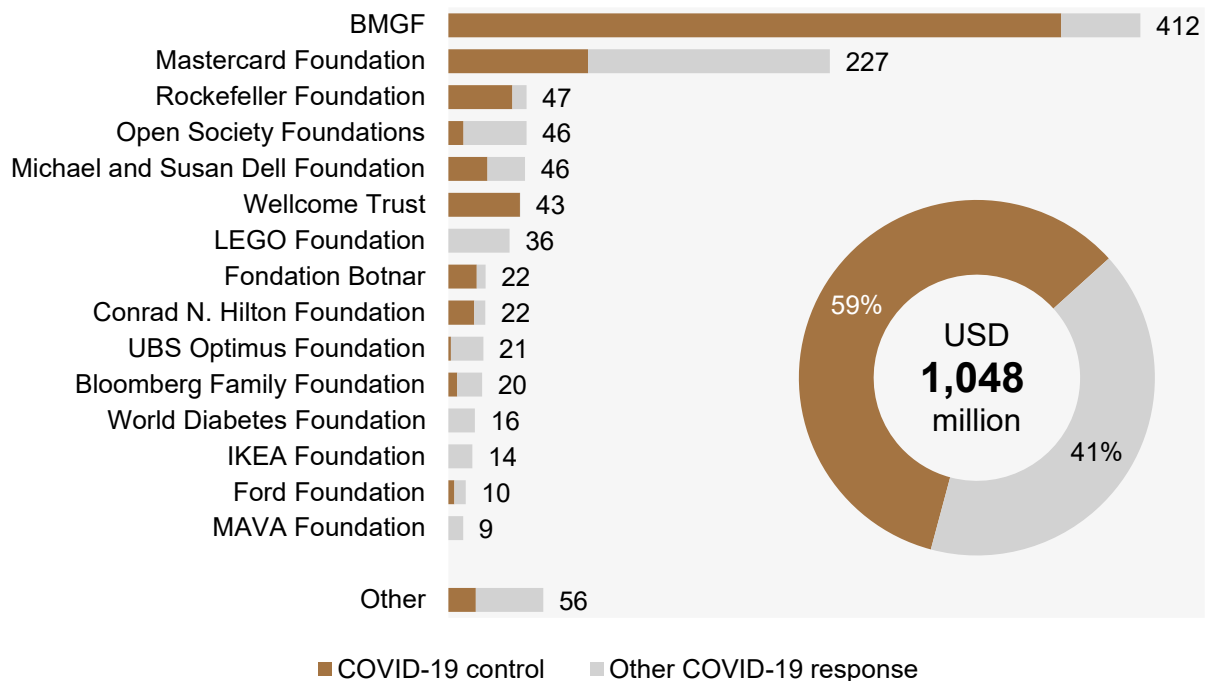
The IPCC report confirmed that this decade is pivotal for humanity's existence. The climate crisis has forced us to see the possibility of a different future, a future in which people and the planet thrive together. The tightrope act between fulfilling the 2030 and the Climate Agendas is challenging and sometimes frighteningly breath-taking, but philanthropy can safely lead the world to the other side.

Foundations provided a strong response to COVID-19

The COVID-19 pandemic and its aftermath have tested private foundations' reactivity to unattended global challenges of an unprecedented scale. Health threats, lockdown policies, associated economic uncertainties as well as the urgency of a global action affected grant-making strategies of most foundations. To better understand and track providers' COVID-19 responses, the OECD carried out a dedicated survey in 2020 (OECD, 2020^[21]) with detailed project-level statistics gathered in subsequent data collection cycles. This section summarises the main findings from both the survey and regular data collections.

In 2020, foundations provided over USD 1 billion to developing countries as part of their COVID-19 responses, representing 11% of their total funding for development. Eleven foundations provided more than USD 20 million (see Figure 2.3), spearheaded by the BMGF and Mastercard Foundation, which together extended almost two-thirds of all COVID-19 financial responses (39% and 22%, respectively).

Figure 2.3. Top providers in terms of COVID-19 response in 2020, USD million



Source: (OECD, 2022^[4]).

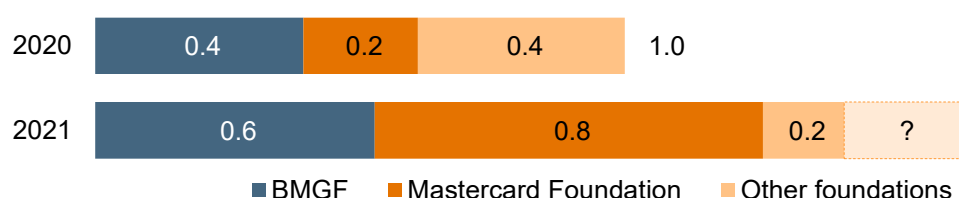
In relative terms, philanthropic foundations with the highest share of COVID-19 response in their financing for development in 2020 included the Michael and Susan Dell Foundation (76%), World Diabetes Foundation (62%), Rockefeller Foundation (59%), LEGO Foundation (37%), Fondation Botnar (36%) and Conrad N. Hilton Foundation (33%). With some exceptions, foundations' COVID-19 responses were mostly drawn from their general endowment or ordinary income (OECD, 2020^[22]).

Mostly aiming at curbing the pandemic, foundations' COVID-19 responses largely benefitted African countries and the LDCs in particular. Over half (59%) was extended to control the spread of COVID-19, including through strengthening capacities of vaccine manufacturers (earmarked to developing countries) and testing infrastructure, distributing protective materials and raising awareness

on COVID-19 in developing countries. An additional 9% was provided to deal with the consequences of the pandemic in the health and population sector (beyond COVID-19 control), 9% in education, and 6% in banking and business services. While 38% of foundations' COVID-19 response concerned activities befitting multiple regions, almost half (45%) was allocated to Africa and 13% to Asia. In this context, over half (55%) of country-allocable COVID-19 response targeted LMICs and 28% LICs, with 41% representing the LDCs. CSOs and networks channelled nearly half (47%) of these resources, followed by universities, research institutes and think-tanks (24%) and the for-profit private sector (22%). Almost all of foundations' COVID-19 response through the multilateral system (5%) involved the UN system (chiefly the WHO, UNICEF, UNDP and PAHO).

In 2021, foundations' COVID-19 responses are likely to have grown significantly. Looking ahead, using preliminary CRS data, the response to COVID-19 by private foundations is likely to have risen significantly in 2021. First insights suggest that it could have reached around USD 1.7 billion in 2021, displaying an increase of around 70% from 2020. This considerable growth largely relates to the efforts by the Mastercard Foundations and the BMGF in the area of COVID-19 control (see Figure).

Figure 2.4. Preliminary insights on foundations' COVID-19 responses in 2021, USD billion, current prices



Note: The 2021 estimate is based on reported data by 17 private foundations. COVID-19 response by foundations whose data submission was still pending at the time of writing this report are assumed to convey the same volumes as in 2020. Final figures may differ from these estimates. Source: (OECD, 2022^[4]).

Non-financial contributions were also a key aspect of foundations' COVID-19 responses. According to the OECD survey, most private foundations supported their partners through increased flexibility, lifted administrative obligations, repurposing of active grants and tailored technical assistance; for example, in the form of IT literacy training. Several foundations also carried out large-scale fundraising campaigns and showed leadership in co-ordinating the international COVID-19 response from a multitude of development stakeholders across the whole spectrum of development finance ecosystem (OECD, 2020^[22]). To give one example, the BMGF, Mastercard Impact Fund and Wellcome Trust founded and supported the COVID-19 Therapeutics Accelerator (CTA), with additional contributions from the Michael and Susan Dell Foundation and other private and official donors. Working in close collaboration with Gavi, the Vaccine Alliance, WHO and other stakeholders, the CTA seeks to advance effective treatment solutions against COVID-19, primarily in developing countries (CTA, 2022^[23]), (WHO, 2022^[24]).

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Notes

¹ Given the significant share of the BMGF in the sample, financing by this provider is visually distinguished in most graphic presentations of this publication.

² Region allocable finance includes all activities which were allocated to individual countries, territories or regions. It excludes activities with a multi-regional scope or those which cannot be allocated, such as core support to international NGOs.

³ According to the DAC List of ODA Recipients for 2020 flows, developing countries in Europe include Albania, Belarus, Bosnia and Herzegovina, Kosovo, Moldova, Montenegro, North Macedonia, Serbia, Türkiye and Ukraine.

⁴ Vector-borne diseases included for example malaria, yellow fever, dengue, West Nile fever, leishmaniosis, lymphatic filariasis, helminthiasis, Zika, African trypanosomiasis, chikungunya, and worm infestation.

⁵ Many of these funding areas cannot be seen independently of each other as they aim overall at public administration reform, strengthening transparency and accountability of the public sector, addressing corruption and similar causes.

⁶ ClimateWorks Foundation is a US-based NGO working on climate change mitigation and adaptation issues both domestically and internationally (mostly in developing countries), funded by a group of private providers, such as the David and Lucile Packard Foundation, Oak Foundation, William and Flora Hewlett Foundation and others.

⁷ PRIs mainly refer to the use of standard loans, common equity, shares in collective investment vehicles and other non-grant instruments. Contrary to for-profit investments to administer foundations' endowment, PRIs are primarily deployed to advance charitable activities in areas where non-grants can prove more effective than grants. In many cases, PRIs imply below-market terms, softer conditions and modest returns (IRS, 2022^[25]), (Candid, 2022^[26]).

⁸ Grant support to vehicles extending non-grant instruments was not included here.

⁹ Fragility is a multidimensional framework characterised as the combination of exposure to risk and insufficient coping capacities of the state, system and/or communities to manage, absorb or mitigate those risks across the economic, environmental, political, security and societal dimensions. With reference to the 2020 report on States of Fragility, 57 ODA recipients are considered fragile, 13 of which extremely fragile (OECD, 2020^[28]), (OECD, 2022^[27]).

¹⁰ See tossd.org.