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Bringing Global Philanthropy Closer to Home

by Susan McPherson | 11:00 AM May 7, 2013

Speaking at the recent Global Philanthropy Forum (<http://philanthropyforum.org/>), Toyin Saraki — founder and president of the WellBeing Foundation Africa (<http://www.wbfafrica.org/index.php>) — articulated her evolving approach to giving. Whereas her Nigerian parents tended to give indiscriminately to poor people, with religion as the driving motivator, Saraki has embraced a more structured, purpose-driven approach to giving. "I didn't take it up from the point of giving money," Saraki explained. "I took it up from data. Facts."

Saraki's approach is emblematic of a growing trend of impact-focused investors that are emerging from developing countries, where economic growth is on the rise. Between 2002-2013, emerging market and developing economies averaged a 6.5% growth in GDP (<http://www.gfmag.com/component/content/article/119-economic-data/12376-economic-dataworlds-gdp-growth-by-regionhtml.html#axzz2S3GXBlqt>). This economic growth has not only led to the development of a burgeoning middle-class in these markets, it has fueled an increase in the number of citizens actively engaging in philanthropy.

But the growth — while rapid — has not been broad-based. Emerging philanthropists in developing countries are eager to address the unmet needs in their own regions and then have the benefits shared more broadly. They are not afraid to speak out either and many have taken on an advocacy approach.

In a recent interview Jane Wales, president and CEO of the Global Philanthropy Forum, argued that **emerging philanthropists are acting more like investors** than traditional philanthropists. As a younger, more tech-savvy group that is closely connected to their communities' problems, emerging philanthropists are making smart, data-driven investments in both nonprofits and socially-driven SMEs. In some ways, they resemble Silicon Valley venture capitalists. New philanthropists are using their capital in very specific ways to implement their plans; in a similar way they did in the world of technology or business. Wales continued, "As wealth is created and capacity is built, indigenous philanthropists are emerging, dedicated to promoting inclusive development in their countries and on their continents. The digital and social revolution allows them, and us, to target philanthropic interventions with greater precision."

For example, Vox Capital (<http://www.voxcapital.com.br/english/>) — founded in Brazil in 2008 by three young social entrepreneurs — invests in innovative, high-potential businesses that serve low-income populations and contribute to the reduction of poverty. In a recent interview, co-founder Daniel Izzo spoke about the growing interest in impact investing in Brazil: "People are getting ever more frustrated with the current state of affairs and with the traditional answers to trying to solve poverty." Vox uses IRIS (Impact Reporting and Investment Standards) and GIIRS (Global Impact Investment Rating System) to measure the impact of its portfolio companies, signaling the organization's focus on data and metrics.

The philanthropic investment is one that has a deeply personal return for this new generation of donors, which leads to more effective outcomes. Tsitsi Masiyiwa of Zimbabwe, Executive Chairperson of the Higher Life Foundation (<http://www.projecthigherlife.com/new/>), spoke about her philanthropic approach during the Global Philanthropy Forum, emphasizing the importance of focusing on returns. But in the case of her foundation, "The return is not financial — it's the positive social change."

Many of these emerging philanthropists emphasize **the value of sharing the benefits of economic growth more widely**. James Mwangi, CEO and managing director of the Equity Bank and chairman of the Equity Group Foundation, is focused on driving African development and creating opportunities for prosperity. For example, the

Foundation's financial literacy program, known as FiKA (<http://equitygroupfoundation.com/index.php/our-pillars/financial-literacy-access>) (Financial Knowledge for Africa), equips women and youth with financial management skills and knowledge — tools that ultimately transform their lives. So far, over 240,000 trainees have graduated the FiKA program. At the Global Philanthropy Forum, Mwangi emphasized the importance of a thriving middle class: "By unlocking the value of the majority market, we are making it good for everybody, including ourselves."

Izzo spoke similarly about the economic climate in Brazil: "If the economic growth does not include developing business solutions to the whole population, there will not be long term economic growth." CDI Lan (<http://cdilan.com.br>), one of the organizations in Vox's portfolio, runs a network of internet cafes in Brazilian low income communities that offer solutions focused on financial services and e-learning.

With more and more philanthropists emerging from developing countries, there is an **increased focus on promoting collaboration**. In Latin America, the abc* Foundation (<http://www.abcfound.org/>) formed in 2008 to strengthen the culture of philanthropic engagement in the region. abc* arranges events for leaders, businesspeople, and the impact community to brainstorm about the region's pressing challenges and share best practices. This November, abc*'s signature Continuity Forum will focus on the future of social and economic innovation, the environment, entrepreneurship, politics and education.

Similarly, the just-announced African Philanthropy Forum (<http://philanthropyforum.org/articles/african-philanthropy-forum-launched-to-promote-inclusive-development-on-the-continent/>) will serve to provide a space for the nascent community of philanthropists to exchange ideas, models, and best practices. Tony O. Elumelu, CON, a leading African entrepreneur (http://blogs.hbr.org/cs/2011/07/what_tomorrows_leaders_are_learning_in_africa_right_now.html) and founder of the Tony Elumelu Foundation, explained the impetus thusly: "Africans are now setting their own development agenda, and the vision behind the African Philanthropy Forum is to create a platform that aligns our collective efforts to transform the continent from within.

Emerging philanthropists in the developing world are embracing effective, impact-driven strategies to help their communities address social problems and grow the middle class. The budding philanthropic communities in Africa and Latin America are growing in strength and influence — and they are poised to develop further in coming years.