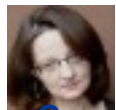


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The Top Five Most Promising Trends in Philanthropy



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1. Impact investing is seen as the most promising trend by most philanthropists, 52%, worldwide, according to the [BNP Paribas Individual Philanthropy Index 2015](#). While not strictly philanthropy, impact investing, which prioritizes social and environmental returns before financial returns, is exciting to many people who care about philanthropy and social change. It offers the potential of unleashing a huge base of capital to fund sustainable market solutions. By investing in companies that actively contribute to society, impact investing is contrasted with socially responsible investing, which aims to avoid certain companies, sectors or regions.

One of the most vocal evangelists of impact investing is Austrian-born U.S. technology entrepreneur, Charly Kleissner. He stresses that financial returns vary by mission: currently, for instance, it's more difficult to make money investing in projects promoting social justice than it is investing in ecological ventures. He also points out that impact investing is not an asset class but an approach that can be carried through many different classes, such as impact bonds.

Kleissner and his wife Lisa created the KL Felicitas Foundation, which blends grant making with impact investing. The Kleissners are also tirelessly traveling the world, rallying investors to impact investing. "We are not the only ones anymore, It's a global groundswell," says Kleissner. They now have some 50 asset owners committed to their 100% Impact Network, which demands that investors make a commitment to put 100% of the investable assets of one of their leading investment vehicles into impact investments. The total amount of money committed by the 100% Impact Network members is around \$4 billion. The Kleissners' goal for the next decade: to get from \$4 billion to \$400 billion.

2 & 3 Collaborative philanthropy (51%) and **Sharing of data, best practices, needs and skills** (51%) closely follow impact investing as promising trends. This is understandable considering the large number of organizations and the resulting fragmentation of the sector. Collaboration is one way to make it effective. “I don’t have a problem with the large number of organizations as long as they talk to each other,” says Gerry Salole, chief executive of the European Foundation Centre.

Although many philanthropists see this area as important, the ability to collaborate is an Achilles heel for many foundations, according to Salole. As autonomous and independent entities, they are not naturally designed to collaborate. Fortunately, many in the sector are beginning to see the light, as several consortia (e.g., On Disability, Historical Cities Alliance and the Accessible Cities Alliance) have begun to work together more regularly as part of the Network of European Foundations.

Many of the philanthropists Forbes Insights spoke with point to collaboration with governments as the ultimate scaling up of their activities. They are hoping to incubate innovative ideas and get state funding.

4. Addressing root causes of social problems rather than treating the symptoms of those problems, is the fourth most promising trend (48%). As an example, a philanthropist who is concerned about homelessness might provide direct services, such as contributing to shelters and food programs. In contrast, a systems change approach would look at what’s causing people to become homeless in the first place and how to impact social systems so that that does not happen.

Interestingly, the Middle East stands out by giving the highest ranking to philanthropy aimed at eliminating the root cause of a problem instead of alleviating symptoms. This may be due to the long-term and patient approach that Middle Easterners display toward philanthropy. The 2014 BNP Paribas Individual Philanthropy Index revealed that philanthropists from the Middle East are willing to wait the longest to see the results of their philanthropy.

Aaron Dorfman, executive director of the National Committee for Responsive Philanthropy, a Washington, D.C.-based research and advocacy organization, believes that many philanthropists underinvest in the highly leveraged strategies of advocacy, civic engagement and systems-change work. NCRP conducted a series of studies to help show the return on investment for funding of those strategies, and found a return of 115 to 1, which is far higher than for funding direct services.

While systems-change philanthropy is growing in popularity, Dorfman thinks that the sector is still underfunded, a state of affairs that he attributes to an inability to show direct impact. “Our research was designed to add clarity and counteract that fuzziness. But I think that still persists to some degree,” he says.

5. Venture philanthropy, the type of giving that melds philanthropy with a venture capital structure, is ranked as the fifth most promising trend worldwide (45%). It is ranked the highest in the United States (53%) where it comes in second. This type of philanthropy can be very effective in certain areas, such as highly capital intensive medical research. It is allowing Debra Miller, founder of CureDuchenne, to accelerate medical research and clinical trials, and to bring to market medication to cure a terminal illness that afflicts her son and 300,000 other boys worldwide.