

# Trends for philanthropy in 2023.

Five trends to help you maximize your impact journey, this year and beyond.



Philanthropy continues to evolve to take a leading role in helping to solve the biggest issues of our time. Opportunities abound for increasingly generous and purpose-driven philanthropists who want to make an impact. The trends we identified for 2022 continue, but are evolving. After speaking with 100 philanthropy experts, we see five prominent trends for 2023.

#### **Getting bigger and wider**

New technologies will help democratize philanthropy so everyone can give strategically – and more of the wealthiest private donors will write big tickets and commit the majority of their wealth to change.

#### **Focus on outcomes**

Trust-based philanthropy will continue to give more freedom to implementing partners to really focus on their impact goals allowing more space to get creative and effective.

#### **Creating solutions together**

Philanthropists are getting increasingly critical about how philanthropy was and is practiced, wanting to be more inclusive and address power and diversity imbalances by co-creating solutions with professionals from affected communities and the communities themselves.

#### **Pushing the climate lens**

Spurred on by volatile global energy costs and supply shortages, philanthropists will increasingly step up by further embedding climate into and across their impact portfolios.

#### **Going beyond giving**

People will get more creative about how to have an impact – not by just donating, but putting their values, investments and businesses to work in a wide range of impactful tools – including blended finance models.



# Want to know more?

Let's get into some of the details of the top trends that we think should be at front of mind for every philanthropist in 2023.

## Getting bigger and wider

There is an urgency to find solutions to the biggest problems of our times. Is it entirely up to the wealthy to solve these problems? Not at all. We see an increase in digital giving platforms (accelerated by the pandemic) that are allowing people across the wealth spectrum the opportunity to contribute.

The expansion of big-ticket philanthropy continues, with billionaires pledging to give away wealth within their lifetimes through campaigns like The Giving Pledge. Wealthy individuals want to leave a legacy. But they want that legacy to be more about problems solved in their lifetimes (rather than giving without end).

Growth in giving is not confined to the

wealthy. People who wouldn't call themselves philanthropists are looking for ways to give. Can-do attitudes among younger generations are helping to increase the interest in having a positive impact on the world.

Technology is allowing people of all means to easily chip in. Digital campaigns across social media and online donation platforms allow for the democratization of philanthropy through inclusive decision making and real-time participation. Tracking data allows for donors to be matched well with giving opportunities. Plus, virtual networks allow people to be informed of philanthropic opportunities near and far, big and small.

With this diversity in involvement, we can expect to see more radical and well-resourced philanthropy in the coming years. Communities worldwide will benefit as people across the wealth spectrum are empowered to contribute to solving the problems of our times.

## Focus on **outcomes**

Philanthropy continues to shift the focus to outcomes rather than activities. Project-related grants focus on specific initiatives. But this doesn't necessarily lead to the best use of resources toward the goal of having the most impact.

Trust-based philanthropy helps build mutually accountable relationships to drive outcomes. Donors don't always have all the knowledge necessary to direct initiatives. Expert implementing partners on the ground are the ones with the insight into the local context and knowledge of how best to use resources.

As part of trust-based philanthropy, we are seeing more funders move toward multi-year unrestricted funding, so that organizations can focus on outcomes. Funders are taking responsibility for conducting due diligence to find implementing partners they trust, freeing up these partners from excessive applications and ongoing paperwork.

Implementing partners then have the flexibility to pursue impactful interventions, pivoting as needed in response to evidence of outcomes. They can also invest in salaries and organizational capacity to retain the best people and create long-lasting impact. Unrestricted funding – especially when multi-year and sizeable – can prompt greater innovation and creativity as organizations and their leaders get the financial security they need to thrive.

The pandemic has accelerated the move to trust-based funding. But it appears much of this is now here to stay as philanthropists see that this kind of relationship fosters greater impact.

## Creating solutions **together**

Different groups of stakeholders are coming together to build strategic partnerships, address issues jointly or pool their resources – in recognition that the global problems we face are too big and complex to solve alone. We expect to continue to see growth in collective giving circles, which allow like-minded individuals to pool their time, resources and knowledge to focus on a topic of joint interest.

The trend toward collective and collaborative philanthropy isn't limited to donors. We continue to see acceleration toward more diversity, equity and inclusion among professionals in the philanthropic sector, with women and members of minority groups becoming better represented. Foundations and implementing partners will also continue to reflect on how they do their work, where and with whom.

Where we see the greatest movement within this trend toward collaboration is its expansion to ensure affected communities are part of the solution – also a key component of trust-based philanthropy. There's growing debate about how to "decolonize" philanthropy by making sure affected communities are involved in the creation of solutions. Funders, implementing partners and communities are working together to shift the mindset from a "colonial" approach – that decides

from the outside what ought to be done – to an approach that involves affected communities from brainstorming to implementation to exit.

As affected communities are increasingly viewed as partners rather than beneficiaries, they can join the collection of stakeholders driving solutions – solutions that are much more likely to succeed.



## Pushing the **climate lens**

Spurred on by high energy costs and extreme weather events in recent years, philanthropists are directing more resources to climate. According to ClimateWorks Foundation, the 25 percent increase in philanthropic giving to climate change mitigation outpaced overall philanthropic giving growth of 8 percent in 2021. But total giving to climate change mitigation from individuals and foundations still represents less than 2 percent of global philanthropic giving.

Beyond direct giving toward climate, we are seeing a trend among philanthropists of adding a climate lens to all giving, without losing the focus on their main issue – like education, health or protection. Philanthropists are appreciating the interconnectivity between these issues. A more holistic view of the pressing issues of our time sees the connections between climate change and other social outcomes. By moving away from a silo mentality, philanthropists can include a climate lens across their impact portfolios.

What does this mean? Philanthropists are asking themselves how climate might impact their education, health or protection objectives. And they're also asking how their interventions impact climate. Adding a climate lens means not only tailoring a particular intervention, but also setting up key performance indicators to measure how impactful programs are on the central focus issue as well as on climate.

Of particular growing interest for philanthropists is making sure that affected communities are not left behind or disenfranchised. Vulnerable communities should be empowered, not unduly burdened, by climate interventions and solutions.





## Going **beyond giving**

People are getting more creative about how they can have impact. It's crucial to attract more capital to address the pressing social and environmental issues of our time. We're seeing philanthropists put their values, investments and businesses to work for impact, pursuing opportunities to make their giving go further.

Traditional investors are increasingly interested in investing in commercially viable social enterprises. But there is a recognition that more support is needed to help emerging social enterprises become investable. Philanthropists are jumping in to fill this gap by using their philanthropic giving to de-risk financing and catalyze other forms of private investment capital. Financial tools like impact loans, outcomes contracts (or impact bonds) and blended finance are blurring the borders between investment and philanthropy. We will continue to see an expansion of this openness to a broader spectrum of capital and wider range of financial tools that can be used for different contexts and problems.

Even with traditional grants, there is a trend toward more involvement on the part of philanthropists. Beyond grant money, people are offering their expertise, connections and advocacy. This pursuit of impact across the spectrum – from philanthropy to blended finance, from investments to one's very own business – means that achieving positive social and environmental impact is becoming about far more than just giving money.

Taking a holistic approach toward creating positive impact across one's entire giving and investing portfolio is a welcome trend that can accelerate the achievement of the UN sustainable development goals (SDGs) for a better future for all.


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