

Groundwork for Growing Giving Parliamentary briefing from the Charities Aid Foundation (CAF)

- As economies develop, growing giving to good causes amongst emerging middle classes across the world could bolster sustainable domestic development which leaves no one behind.
- Investing in infrastructure needed to support philanthropy and a thriving civil society is a key means to realise this potential.
- We are calling on the Department for International Development (DFID) to invest in philanthropy and civil society infrastructure as part of their transition planning.



The potential of growing giving amongst the emerging middle classes

The world is experiencing huge economic transformation, as billions of people are expected to join the middle classes by 2030, and their spending power expected to almost double from \$34 trillion to \$64 trillion annually in that time.¹

Research by CAF has shown that, based on OECD projections, a potential \$350 billion a year could potentially be given to good causes by 2030 if these newly middle class people were to be encouraged to give the same proportion of their income to charitable causes as the average person in the UK does, 0.54%.²

This figure shows the huge potential for sustainable, long term development that growing a culture of giving globally poses. The sum that could be unlocked for good causes globally is more than double the record \$147 billion given in Overseas Development Aid by the 35 OECD countries and would fill the UN's 2017 shortfall 17 times over. It is also greater than the entire GDP of countries such as South Africa, Denmark and Singapore.

There are however a number of other barriers that stand in the way of achieving this potential. Our recent report identified a lack of funding for services that support donors and charities, low levels of trust in the charities, a lack of direct funding to local organisations by international donors and a lack of local giving to charities in emerging markets. For example, the landscape for CSOs in China is vastly changing, for the first time allowing public fundraising. However, the potential for tapping into this new source of generosity is hampered by a history of public distrust of CSOs, caused by public scandals and a lack of proper governance and transparency.³

Encouraging mass giving requires effective philanthropy and civil society infrastructure

A key means to overcome these barriers is by putting in place the infrastructure needed to empower people to use their resources to create change.

Civil society infrastructure encourages high standards through guidance and training, from financial service providers and donor portals which make giving easier, and from trusted sources of information and advice about charities which give donors confidence. We believe that funding this kind of infrastructure could represent excellent value for money in aid programmes, as it could provide the catalyst for a culture of giving which results in a sustainable source of funding for charities.

¹ Kharas, H. (2017) The unprecedented expansion of the global middle class: an update. Brookings Institute.

² Pickering, A (2017) Laying the Groundwork for Growing Giving, Charities Aid Foundation.

³ <https://futureworldgiving.org/2015/09/09/so-are-the-conditions-for-philanthropy-improving-in-china-or-not/>

Countries with established civil societies enjoy high rates of giving at all levels of society. Indeed, in most cases, the least wealthy give away the highest proportion of their disposable income. This drives an expectation that the wealthy ought to give back. However, too often, we try to impose a top down approach to emerging economies in which we see the very wealthy as the obvious starting place to resource civil society. Without a pervasive culture of giving, countries lack the necessary social contract to compel wealthy donors. The solution is to prioritise mass engagement through the funding of civil society infrastructure.

What can be done?

Sustainable development that promotes equality cannot be achieved without a strong, vibrant and locally supported civil society that can expose abuse, hold politicians to account, drive better policy and provide a pressure gauge for the constructive release of social dissent. With aid relationships changing in middle income countries and populist governments increasingly erecting barriers to foreign donors, it is vital that we act now to create an environment that encourages the growth of domestic funding.

A major challenge for the Department for International Development's transition programmes is to achieve the right balance between ending aid to countries which no longer fulfil the criteria for receiving aid, whilst recognising that many of these countries are still in need of further development if they are to reduce levels of poverty and fully harness their economic and social potential.

CAF believes that DFID transition planning should include a focus on working with recipient governments to develop a culture of giving that could continue to support work previously funded by aid long after it has ended. This would give these countries the opportunity to learn from the UK's unique experience in cultivating one of the world's oldest and most vibrant civil societies, and collaboration between the UK government and other governments would secure a lasting legacy for UK aid to these countries, as well as helping to strengthen our international ties and soft power. Using transitioning relationships to build civil society capacity would help to protect the UK's past aid investment, ensure value for money in investment, and help to achieve a number of the UK Government's aims of building a fairer and more secure world.

These transition relationships should focus on encouraging national governments to develop civil society infrastructure that allows people to give to civil society organisations (CSOs), including an enabling legal environment, fair and transparent regulation, and donor incentives that build donor trust and encourage generosity whilst protecting pluralism and civic rights.

What can you do to help?

- Write to the Minister Lords Bates calling for DFID to include investment in philanthropy and civil society infrastructure that promotes giving, raises standards, improves trust and makes giving easier as part of their transition planning and technical assistance programmes.
- Table Parliamentary Questions to the Secretary of State for International Development on her plans to include investment into philanthropy and civil society infrastructure into transition planning.
- Encourage Government to ensure that post aid relationships include technical assistance to ensure that the legal, regulatory and tax environment is conducive for the sustainable growth of philanthropy and civil society.

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