

GETTING A GRIP ON TECHNOLOGY

New technologies will change the world – for better and worse – and will affect the future of trusts and foundations, their grantees, and the people and causes they support, possibly unrecognisably. It's time to get on board now, argues **Rhodri Davies**.

Technology is at the forefront of current political and cultural debate. It is difficult to go through a day without hearing about the impact of technology on our lives and society, whether for better or worse. Governments around the world are also starting to wake up to the challenges and opportunities presented by new technologies and to consider what this might mean in terms of changes to laws or regulation.

Yet many charities and foundations have so far failed to engage with the pace and scale of current technological developments. For many, 'technology' is still seen as synonymous with 'digital' or 'the internet', and there is little sense of the far more fundamental impact that disruptive technologies such as Artificial Intelligence (AI) or blockchain might have on their work, or on wider society.

Charities and funders need to get to grips with these issues, for a number of reasons. Firstly, so that they stand a chance of taking advantage of the opportunities new technologies afford – in new ways of addressing social and environmental problems, or in more efficient and effective ways of operating as organisations, for example.

Secondly, by engaging with these issues charities will be better placed to understand the risks that new technologies pose and to play a part in addressing them. These risks may come in the form of disruption to the operating models of charitable organisations, or in new challenges for the people and communities they serve. Either way, organisations will struggle to respond effectively if they haven't thought through the issues.

Lastly, it makes sense to engage, even if you think this is all nonsense. Informed scepticism is very different from wilful ignorance. It is often easy to

be sceptical about talk of technology – particularly when so much rhetoric is wildly overblown – but it is important to cut through the hyperbole and understand what is actually going on before simply writing it all off as irrelevant or burying our heads in the sand.

TRENDS AND THEIR IMPACT

Engagement need not mean appreciating the fine details of specific technologies. It is far more important to understand the bigger-picture trends these technologies epitomise – disintermediation (i.e. the remove of traditional middlemen and third-party authorities), radical transparency (i.e. making financial and other data fully visible to all – of which more in a moment), data-driven decision-making, or a shift away from ownership towards access. We then need to ask questions about what impact these trends might have on philanthropy and civil society.

In addition to the obvious one of whether particular technologies could create new ways for existing charities to solve social and environmental problems, which is at the heart of the 'tech for good' movement, there are other, wider questions that also need to be considered. These include:

Will there be entirely new problems that charities will have to address?

As well as the potential for disruptive technology to bring benefits for society and the environment, it could also create new challenges. For example:

- We are increasingly aware of the capacity of AI algorithms to entrench historical bias and thus disadvantage already-marginalised individuals and communities. For instance, research has shown that algorithms used to determine bail conditions in the US exhibit stark racial bias over time.

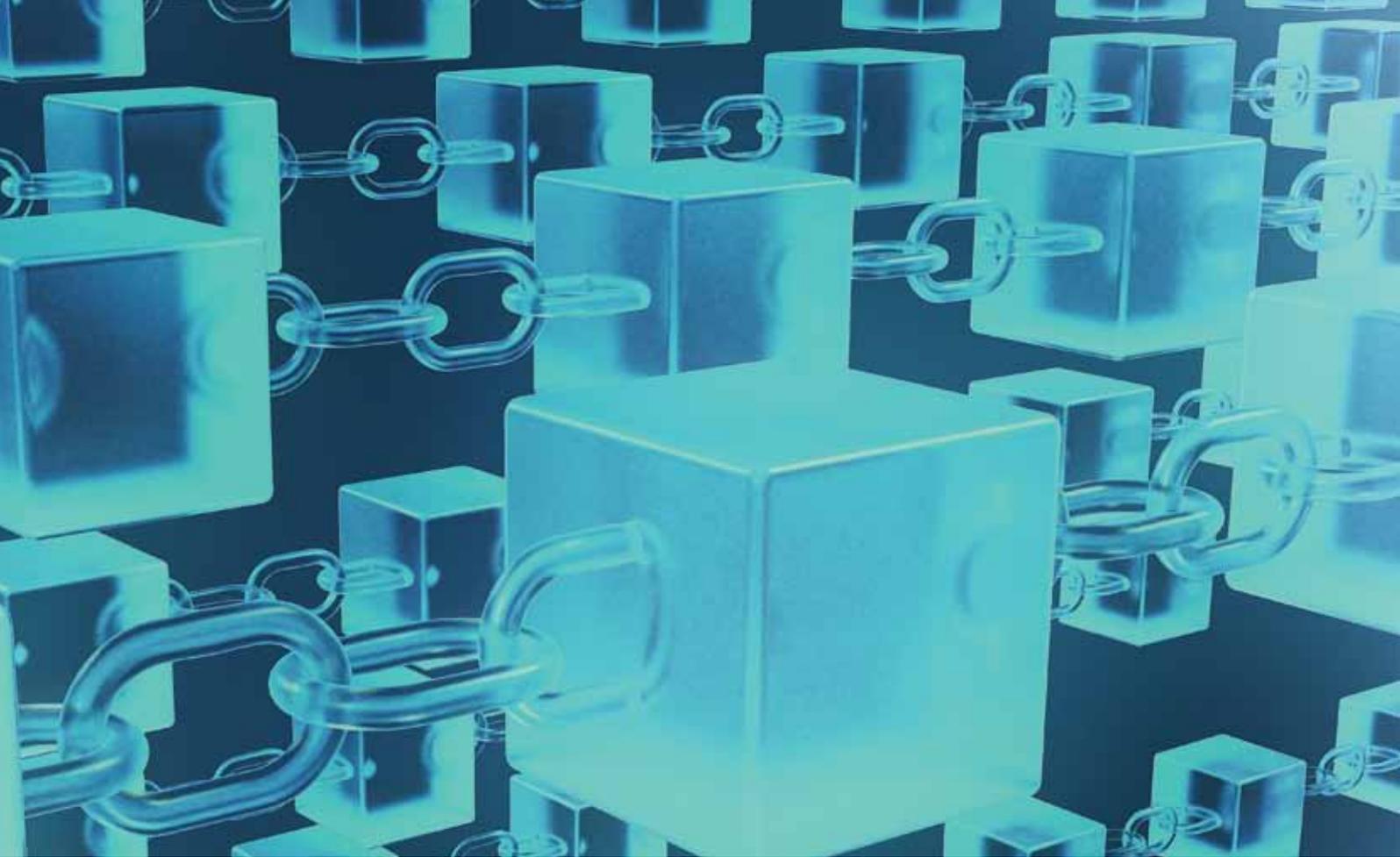


- Increased use of Virtual and Augmented Reality could have implications in terms of creating dissociation and weakening real-life social relationships.
- Existing social media technology is creating 'filter bubbles' that lead to greater division and to more extreme views becoming normalised.
- Automation could lead to increased inequality within society as many jobs are replaced, and those that own and control the technology gain even more power and wealth.

We should be careful not to retreat into dystopian scepticism. Equally, however, we should not be blithely utopian optimists. The reality is that new technologies are tools; and like any tools they can be used for good or ill. And even seemingly positive uses sometimes have unintended negative consequences. It is important that charities and funders understand these, as they will almost certainly have to play a role in addressing them.

Could there be ways for existing charities to run more efficiently or effectively?

As well as providing new ways of addressing their mission, disruptive technologies may also present opportunities for charitable organisations to run more effectively and efficiently. A lot has been said recently about the



impact of automation on the future of the workplace, and charities will be affected just like other organisations. Chatbots, for instance, could replace many human-delivered advice services. Likewise, AI could be applied to streamline data-heavy processes like considering grant applications. The introduction of blockchain-based infrastructure for financial transactions could also allow real-time financial reporting and remove the necessity for separate audit procedures.

Could existing governance structures be disrupted?

The use of blockchain to create Distributed Autonomous Organisations (DAOs) is already showing that it is possible to find ways of enabling groups of individuals to coordinate and act at scale without the need for centralisation. If this approach takes off when it comes to addressing social and environmental issues, it may mean that there is no longer a need for charitable organisations in their current form (something I have explored further at <http://30thingstothinkabout.org/blockchain>).

But even if things do not go to this extreme, the role of charities and the people who work in them is likely to change as a result of the trend towards decentralisation. If it is possible to do many of the things that charities currently do, but without centralised structures, what

remaining value is there in centralisation? The challenge for traditional organisations will be to demonstrate the value they add, rather than taking it as a given.

Will we see new kinds of donations?

The continuing – albeit volatile – rise of cryptocurrencies such as Bitcoin has demonstrated that there may be a market for entirely new forms of monetary assets. Likewise, blockchain technology may provide a means for recording and transacting using all kinds of digital and intangible assets in a way that has never proved possible before (e.g. intellectual property, social value etc). Will this open up opportunities for entirely new forms of philanthropic donation, and if so, how can traditional charitable organisations harness those?

Will there be new ways of engaging supporters?

Virtual and Augmented Reality can enable new forms of immersive storytelling that could create powerful emotional and empathetic bonds with potential supporters. A number of charities are already using these technologies for fundraising and awareness-raising. Blockchain technology, on the other hand, brings the promise of radical transparency when it comes to donations (as I have delved into in a whole range of papers and blog posts – see www.cafonline.org/about-us/publications/blockchain).

Donors in the future could be able to trace their gift all the way through a charity and out the other side – which could bring benefits in terms of strengthening trust, but might also raise new challenges in educating donors about the necessity of spending on core costs and other perceived ‘overheads’.

ROLE FOR FOUNDATIONS

This list of questions is far from exhaustive, but hopefully gives a sense of the issues that charities need to be thinking through. And foundations might be uniquely placed to play a role here. One of the favourite bits of received wisdom in the tech world, known as Amara’s Law, states that: “*We tend to overestimate the effect of a technology in the short run, but underestimate it in the long run.*” At the same time, we are often told that one of the strengths of philanthropy – particularly the endowed foundation model – is that it is able to take a long-term view of issues. Hence, foundations could perform a potentially invaluable role by cutting through some of the immediate noise around technology and taking the time to think through some of the longer-term implications and what we need to do now to start addressing them. ●

Rhodri Davies is Head of Policy at Charities Aid Foundation (CAF).