



TSIC Marketplace Memo

Five Trends for Philanthropy in 2012

The wobbling world economy, increased price volatility in the developing world and general political instability will all shape the way private donors pursue philanthropy in 2012. Here TSIC highlights five key trends that both funders and grant recipients should take note of.

1. Sustainability Rather Than Scale

The buzz around ‘income generation’ and using ‘for-profit business models’ will continue to dominate funders’ agendas. Back in 2009, [TSIC published a report](#)¹ that demonstrated 44% of high-net-worth individuals are more willing to fund a charity’s sustainability activities rather than its direct programme costs. This idea has now progressed from discussion to implementation. Funders are looking to support organisations that have a plan to become self-reliant rather than those with bold growth ambitions that are dependent upon funders writing larger and larger cheques each year.

2. Greater Innovation from Charities and Social Enterprises

The number of professionals entering the third-sector from commercial backgrounds has resulted in a wave of new approaches to tackle old problems. Examples such as [ColaLife](#)² have captivated the attention of funders who are searching for innovators looking to disrupt traditional models and work via unlikely alliances. Funders are becoming more receptive to creative, even wacky approaches to tackling social issues, and in 2012 more schemes will become available for seeding new ideas in the third sector.

3. Beyond Cash Donations

Corporate funders, eager to demonstrate their relevance to society at large (the so called ‘99 percent’) but squeezed by an uncertain economic climate, will look for new ways to contribute towards social issues beyond cheque-writing. More than ever, corporations are mobilising their business networks, specialist knowledge, operational infrastructure and public profiles to tackle burning problems faced by the community. In addition, the growing pool of socially responsible and impact investors will also help channel more attention and funding into development projects, complementing the role of philanthropic donations and commercial sector expertise.



4. Policy Influence

No matter how generous private donors are, they cannot match the depth of funding that government offers. Facing a drastic decline in public sector funding which [experts estimate will total £2.6 billion over the next five years](#)³, charities and community organisations will need to increase their ability to demonstrate their impact using standardised metrics, and engage with policy makers to prevent cuts to the most effective and critical social programmes. Grantmakers and industry think-tanks may also need to play a major role in coordinating and amplifying the voices of community organisations to make sure a clear, coherent message is being communicated to policy makers.

5. Crowd-sourcing

The prevalence of technology will continue to drive a major shift towards democratising philanthropy. Smaller charities will benefit from a growing list of online platforms and tools to help them profile their work and fundraise from the masses. Correspondingly, funders are also becoming more technology savvy, using online platforms to field ideas and seek opinion from the public on where their donations should go – as [US Billionaire William Conway has recently done](#)⁴. Quantity does not equate to quality, and inevitably some of the suggestions will be weird, wacky or off the wall – but often it's the crazy ideas that change the world.

Referenced resources:

1. *The Social Investment Consultancy* report 'Financing Revenue Generation in the Third Sector'. Available at: <http://www.tsiconsultancy.com/reports/financing-revenue-generation/>
2. *ColaLife*, a charity working to bring drink bottlers and other businesses together to open up Coca-Cola's distribution channels in Africa to carry 'social products' such as oral rehydration salts and zinc supplements to save children's lives. Their website can be access via <http://www.colalife.org/>
3. *National Council for Voluntary Organisations* report 'Count the Cuts'. Available at <http://www.ncvo-vol.org.uk/cuts-report>
4. *The Washington Post* article 'How would you use \$1 billion to create jobs for the poor?' published on 24 September 2011. Available at: http://www.washingtonpost.com/local/where-to-donate-1-billion-local-philanthropist-seeks-ideas/2011/09/23/gIQAXvJXtK_story.html