Imagining the Future of Philanthropy: Looking Back from 2025

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Imagining the Future of Philanthropy: Looking Back from 2025

The combination of the new ecology and the responses to it suggests that philanthropy has entered a fascinating and perplexing moment of transition. The old norms and practices don't feel completely successful, but no new, shared set of models, approaches, or ideas has yet settled into place. Many go about business as usual, doing what they have always done in traditional ways, while some motivated people try new things as part of a larger, uncoordinated quest for a better fit. Put all the trends and themes together, though, and what emerges are more options and opportunities, more creative experiments, and the potential for real gains.

So why does a general mood of discouragement reign in many corners of philanthropy? Because the very forces that have created new resources and possibilities also create new gaps and demands, but not in equal measure. Many in the field feel overwhelmed by the growing needs, choices, and pressures in this environment, leading to frustration and confusion. Doing good—making better choices that make a greater difference—can seem more difficult than ever.

Yet you and many others are already making the choices that will define philanthropy's evolution over the next generation. Individual by individual, and institution by institution, you are deciding whether philanthropy's prevailing culture, expectations, and norms will eventually shift, creating a new "normal" that is the sum of many parallel improvements and experiments. And you are determining whether the multiplying experiments will add up to something better than we live with today.

How philanthropy's story plays out will, in turn, either constrain or improve the types of choices individuals can make, since anyone practicing philanthropy is operating in a system with complex interdependencies. So if you want to make a difference in curing a disease, or reforming public schools, or feeding the hungry,

“*The dominant intellectual strategy that people bring to the future is denial.*”

- Peter Schwartz
or addressing whatever issue you care most about, it’s worth considering how your decisions could ultimately influence and be influenced by the evolution of philanthropy as a whole.

Let’s pretend for a moment that a generation has passed, and we are looking back at what has happened. How could the themes we’ve been discussing add up and surprise us?

**A Hopeful Story.** Looking back from 2025, it’s not hard to see how new leaders working with new tools—an emerging infrastructure of connection—learned and acted more quickly, responding with urgency, boldness, and imagination to social, health, educational, and environmental challenges. A growing performance culture renewed trust in the nonprofit sector as a whole, drawing in not only more resources of money and talent, but also more resources targeted at the areas of greatest need. In short, philanthropy became both more diverse and more coordinated, working in flexible coalitions, constantly learning and iterating, and demonstrating greater capacity for sustained collective attention to the most pressing public issues. More philanthropists understood how their actions were connected with others’ in a dynamic interplay with changing external events. By 2025, plenty of people still practice philanthropy in traditional ways. But a new culture of feedback, learning, and leadership has been created that in turn has accelerated progress and helped reduce inequities.

**A Depressing Possibility.** Looking back from 2025, it’s not hard to see how conditions in U.S society—from a never-ending fear of terrorism to an increasingly obvious divide between the rich and the rest—combined with new regulations and relentless scrutiny to spread fear and defensiveness throughout the social sector. Unfortunately, the growing commitment to accountability and effectiveness collided with the overwhelming choices and growing complexity of issues and organizations. As a result, more and more donors pressed for control and clarity as a response to uncertainty. Isolated, incremental efforts multiplied, and philanthropy was increasingly marked by fragmentation and short-term thinking. Much wealth—and talent—stayed on the sidelines. New leadership (in terms of generation, gender, and ethnicity) did good work, but was constrained by the overall mood, caution, and trends in philanthropy. Inequities and suffering increased, investments in the common good declined, and the anxiety and pessimism that fed these responses was fed, in turn, by these results.
What will tip the future one way or the other? No one thing, of course. But emerging from the many factors are, we believe, three key storylines worth understanding and attempting to influence: the Pressure for Accountability, the Demand for Effectiveness, and the Need for Infrastructure. The nine scenario sketches that follow are grouped within these three storylines.

Scenarios are compelling stories that help us imagine different, yet plausible, futures. They challenge us to test our assumptions about what might happen and why, and our strategies for adapting to change. The sketches that appear here all follow the pattern of the macro overviews offered above: they look back from the year 2025 at how one of the themes we've been discussing might unfold in some aspect of philanthropy. Each cluster of three scenarios begins with a short introduction, and each scenario is followed by some questions for reflection.

In our view, the sketches we offer here are plausible accounts of how pieces of philanthropy's future might unfold. Many of them are positive and hopeful. Some tilt toward a darker view of the possibilities. Still others are mixed—or simply depend on your point of view. As a set, these scenarios are not mutually exclusive; indeed, multiple scenarios are developed precisely to explore how forces might combine and recombine in ways that might surprise us.

After sharing these scenarios, we conclude with another kind of look at the future by asking, What will philanthropy be called upon to do in the next generation? Philanthropy addresses many enduring areas of human challenge and aspiration: health, education, culture, poverty, religion, and so much more. Most of the issues in the years ahead will be familiar ones, although there are a few truly new and urgent challenges. But those challenges, like philanthropy itself, will be addressed in a new ecology that will cause many old problems to take new shapes. We hear about the challenges daily in the news, and bookshelves are filled with deeper analyses and interpretations. Within the constraints of this guide, we offer you something different: insights and hints about what to watch for and tips about where to go if you are motivated to explore the future of your area of interest in depth.

By engaging your imagination in all these ways, we hope to highlight some of the opportunities and dangers ahead. This is not a comprehensive picture, by any means. Rather, it is an attempt to take some of today's main storylines and ask how the coming years could be quite different from the present. This section, then, raises a number of questions about the future that we hope you can use to make better choices today.
The Uncertainties That Will Shape the Future

Nothing is given about how the changes we’ve been describing will turn out. Indeed, the new ecology for philanthropy will depend on many critical uncertainties, including:

- Will the growing pressure to demonstrate accountability and effectiveness lead to improved giving and a healthier nonprofit sector, or might it make things worse by encouraging “teaching to the test” and avoidance of complex, hard-to-measure issues?
- Will growth and diversification lead to more fragmentation of effort or new ways of coordinating in a networked age?
- Will the emerging infrastructure of philanthropy—the rapidly growing networks that facilitate learning and action, and the new technology that makes it easier to aggregate small gifts—change the patterns of giving or reinforce existing ones?
- As the largest foundations get larger—and as more big foundations are formed—will they continue to practice philanthropy along traditional models, or will they use their resources of money, time, and expertise in new ways?
- Will the new community infrastructure now in place all over the U.S.—a group of about 650 community foundations—craft new ways to lead and create social capital in the midst of shifting government priorities?
- In an age of growing concentration of wealth, will the richest Americans become more generous? And if they do, will their decisions alter the funding priorities and patterns that now dominate?
- How will givers and nonprofit leaders respond to government funding cuts at all levels? Will services simply be reduced and the number of nonprofits shrink? Will giving and volunteerism go up over time? Will advocacy increase in an attempt to restore or raise government support of nonprofits and the services they provide?

As these and many other uncertainties are resolved over the coming years, patterns will emerge. The big question is whether these changes will add up to successful adaptation—creating better results, more progress, and more hope—or whether they will fail to deliver cumulative improvements, leaving instead a legacy of lost opportunity.
Some things are inevitable and therefore predictable. Some people, for example, will behave unethically. So it stands to reason that when there are far more people engaged in philanthropy, the number of abuses of public trust will grow. And these abuses will attract far more media and public attention than the corresponding good accomplished by the vast majority of those in the field.

And there is nothing surprising about the growing focus on accountability among nonprofits, including foundations. This is creating new codes of ethics, new standards for basic compliance, new governance recommendations, and renewed interest by the IRS and Congress. The last time such a wave of activity occurred in the late 1960s and early 1970s, many structural changes were put in place that professionalized the field.

What will happen this time, in this new ecology? Here are three provocative possibilities, written from the perspective of 2025.

The Donor in the Driver’s Seat

As its focus, D6 chose to scale up early efforts to create a home-interest mortgage-deduction program for the purpose of discouraging suburban sprawl, a growing political issue both locally and nationally. Cherry-picking staff from existing nonprofits, D6 built a new policy analysis unit, a field campaign staff, and a media shop. Working under the rubric of the Smart Growth Housing Initiative (SGHI), these three organizations spent several years generating reports, mobilizing community activists, and framing messages linking the environmental, economic, and social benefits of in-fill and transit-oriented development (particularly needed in their own hometown of Austin). This message also resonated strongly in lower-income urban communities as it created new incentives for home ownership. D6 exploited growing concerns about the loss of critical agricultural and wild lands to sprawl, and used its considerable political savvy to make this a broad social justice issue. As a result, the mortgage program was passed by a veto-proof majority in both the U.S. House and Senate in 2018.

Within a few years, D6 found itself described as “the Rockefeller Foundation of the early twenty-first cen-
A decade after becoming the first community foundation in a predominantly white area to adopt the Mexican *mutualista* (mutual aid) model, the Greater Cedar Rapids Community Foundation (GCRCF) announced in 2024 that it had more than doubled its endowment, and that its education and neighborhood safety programs had helped lower high-school dropout rates and decrease juvenile crime by more than 50 percent.

The GCRCF conversion in 2014 followed on the success of the *mutualista* model of community philanthropy pioneered by the El Paso Community Foundation. El Paso had emerged as a leader among a new generation of advocates who argued passionately that accountability in philanthropy must go way beyond avoiding unethical behavior. Rather, El Paso’s leaders believed that accountability really meant being responsive to all of the community’s stakeholders, not just serving as a conduit for donations from the ultra-wealthy. Renaming itself the El Paso Mutual Aid Society in the early 2000s, it joined with others across the U.S. in experimenting with endowed community hubs that solicit money from residents of all income levels and play an active broker role for their constituencies. El Paso began using its assets to operate credit services, to provide sickness and death benefits, to represent and advocate for local residents, to coordinate remittance giving back to home communities in Mexico, and to offer social and educational programs to community members.
With the success of the mutualista in Cedar Rapids, many industry observers began to recognize the El Paso model as the new complement to earlier United Way and community foundation approaches. “Some people didn’t think that a model that emerged in Latino communities would translate so well to a predominantly white area like Cedar Rapids, but there is no denying the results,” said John Morgan, a philanthropy scholar at the University of Indiana. “Mutualistas are simply more fluid and dynamic than previous models for community philanthropy, and they are much more connected to all parts of the community.” The El Paso mutualista itself was adapted from earlier Mexican traditions of sociedades mutualistas and the mutual aid societies that helped Mexican-American immigrants adjust to the U.S. in the late nineteenth century. The twenty-first century version of the El Paso Mutual Aid Society started when the community foundation tried to accommodate many local residents who wanted to send remittances to Mexico. It gradually evolved to use workplace and community fundraising campaigns, partnerships with local businesses, traditional philanthropic and legacy giving, and collaborative funding with local private foundations to provide responsive, community-guided programming for its constituencies.

According to GCRCF executive director Simone Johnson, “In Texas, contributions from everyone, even very poor residents, helped create new bonds and an unbelievable spirit of fraternity in the community. But it isn’t just Latinos that want stronger connections between donors and the recipients of their giving. It took us awhile to work through the growing pains, but just like in El Paso and Corpus Christi, folks here in Cedar Rapids didn’t want some cold institution that just collected money from rich people and gave it at a distance to poor ones. They wanted a place that would bring people together to share and help each other—to build a real community that looks out for its own.”

- How community-driven should community foundations be?
- What’s keeping this model from taking off today?
- Have you seen other models for delivering resources to the people who need them that could be adapted to your philanthropy?

The Decline of the Foundation

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Foundations were the main actors of U.S. organized philanthropy for so long—and their growth in the late 1990s was so startling—that their shift in role and steady decline in importance were among the big surprises of the early twenty-first century. In retrospect, however, what happened was the inevitable consequence of several converging forces—and the way the leaders in the field responded to them.
The ongoing government budget shortfalls caused by the war on terrorism put growing pressure on private giving to meet immediate needs; doing so didn’t require sophisticated philanthropy, just old-fashioned charity of the kind long-advocated by churches. This shift was accelerated by changes in government policy: increased IRS oversight, new and stringent Congressional regulations, and the relentless focus on standards driven by the philanthropic associations.

Most foundations reacted by simply funneling more administrative costs into addressing questions of accountability, defined as compliance with new rules and standards. Although some leaders on the margins argued for a more proactive response, few followed their lead in experimenting with grantee-community relationships. This combination of growing need and growing oversight had an unintended consequence: foundation philanthropy just wasn’t as fun and fulfilling for creative staff people and new donors alike. More and more of the wealthy said, “Thanks, but no thanks,” when their financial advisers encouraged them to consider a foundation, choosing instead the numerous commercial services offering support for large donor-advised funds or just doing their giving privately. (Besides, the abolition of inheritance taxes put less pressure on donors to give anyway.)

At the same time, more existing foundations run by their founders decided to spend down, rather than deal with the new hassles. And many big, older foundations, set up to operate in perpetuity, controlled their administrative costs by virtually eliminating anything but large grants to established organizations.

Ironically, the resulting depprofessionalization of philanthropy intensified the winner-take-all situation already prevalent in the nonprofit world. Big, professionally run nonprofits such as universities, museums, hospitals, and human service agencies reaped dual windfalls from donors that wanted to make a few large gifts rather than set up a foundation, and from foundations that chose to focus on a few relationships, rather than many. Innovative, startup nonprofits—the ones that are often closest to the ground serving communities and most in need of social “risk capital”—suffered the most.

• What would be lost if foundations were no longer the primary vehicles for organized giving?
• If foundations decline in relative importance, what, if anything, might take their place as a flexible form to practice strategic philanthropy?
• What signs would you look for that this scenario was starting to unfold? Is there any way you could influence it, if you chose to do so?
• What, if any, aspects of this scenario are positive, from your point of view?
Nearly every professional in the nonprofit sector has felt increasing pressure in the last decade to be more “effective.” This is driven by a number of irreversible forces in the field:

- The growth of the sector, which has led to more visibility, more competition among nonprofits to stand out to funders, more competition among funders to identify places to really “make a difference,” and more outside interest in the money and work of philanthropy
- The growing professionalization of the sector as people move into leadership positions with management experience and MBAs or advanced degrees in nonprofit leadership
- The increased availability of information on the Internet about nonprofit charities and foundations, including their spending and activities
- The evolving relationship between government and the nonprofit sector, which has intensified the scrutiny of nonprofit activities

The combination of these forces means that the demand to demonstrate effectiveness—from insiders on boards to outsiders in watchdog groups and the press—is now a regular feature of nonprofit life, and is likely to shape many of the actions of nonprofits and funders for the next generation.

The desire to show that a donor’s gift or a nonprofit’s work is effective is vital to pushing the sector and everyone in it toward better performance and accountability. But despite the best intentions, the pressure for effectiveness could go in many different directions, some better than others. How could the choices each of us makes—to be effective and to demonstrate it—add up to a better future for creating social benefit or, conversely, a future no one ever intended?

Among the many answers to these questions, here are three stories that hint at the broad range of possibilities in the coming decades.

**Funding to the Test**

**SCENARIO**

The people amassing new fortunes on Wall Street and in Silicon Valley around the turn of the century certainly knew the value of setting goals and meeting them. Their training, whether in business or in computer engineering, drove home the values of specificity, measurability, and results. That was how they made their money, and that was how they intended to give it away as philanthropists, too. Many liked to tell the story of Lew Coleman, then the head of the giant Gordon and Betty Moore Foundation, who recounted in May 2004 how the foundation designed its signature biodiversity program. “We sat down with a bunch of biologists and environmentalists and said, ‘What can you count?’ The result? We’re doing salmon because you can count the little buggers twice in their lifetime,” Coleman explained.

The growing number of metrics-minded donors embraced the clear accountability this approach implied. Some actually thrived on it, fueling the competition reported in newspapers about who was betting on what, who was winning, and who was wasting money. Their competitive instincts were sharpened
Nearly 100 years after helping to establish the private foundation in 1915 alongside the Rockefeller Foundation and the Carnegie Corporation, the New York-based John T. Milton Foundation became a pioneer once again. Feeling increasing pressure to demonstrate its effectiveness, the foundation borrowed a page from individual investors and began to apply socially responsible investing practices to manage its endowment. “We were using 5 percent of our assets to make grants to address key issues like affordable healthcare, after-school programs for pre-teen, and land conservation. Funding for harder-to-measure categories, like the arts, public policy work, or human rights, and areas that do not show yearly gains, like poverty reduction, began to dry up, at least among the larger individual donors. Clearly donors had learned to “fund to the test.”

• This scenario was written in a pointed way to stress the unintended consequences of a current trend. What positive effects could accompany the negative ones outlined here?

• How can you take on problems where progress is difficult to measure yet still demonstrate your effectiveness?

• If this scenario came to pass, what could you do to break out of the pressure to “fund to the test”?

Shaking Your Assets

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Nearly 100 years after helping to establish the private foundation in 1915 alongside the Rockefeller Foundation and the Carnegie Corporation, the New York-based John T. Milton Foundation became a pioneer once again. Feeling increasing pressure to demonstrate its effectiveness, the foundation borrowed a page from individual investors and began to apply socially responsible investing practices to manage its endowment. “We were using 5 percent of our assets to make grants to address key issues like affordable healthcare, while the other 95 percent of our assets were supporting companies that in some cases contributed to the very problems that our grants were trying to remedy,” explained Susan Underhill, Milton’s chief financial officer.

Underhill initially spent two years benchmarking the Milton portfolio against indices developed by Innovest, a leading socially responsible financial advisory firm. And she began to study the way public pension funds wielded their influence, looking for opportunities where Milton might be able to vote its shares to influence companies’ behaviors related to healthcare issues. In 2009, Underhill convinced her CEO and board to ensure that all of the resources at the foundation’s disposal were aligned to support its mission.

After three consecutive years of market-beating asset growth, Underhill landed on the front page of The Wall Street Journal when she presented the Milton
experience to fellow CFOs at a national meeting of foundation financial officers. As Underhill recollected, "Lots of foundations felt their investments should simply produce the greatest returns possible for future grantmaking, and worried that socially responsible practices might decrease returns and increase risk. Some were even afraid that we might bring regulators to our doorstep for exercising our rights as shareholders. But others saw that it made sense to use all of our assets in achieving our social goals." Over the next five years, the success of the Milton experience and its high visibility in the New York financial community helped catalyze a similar commitment in 30 large foundations, including five of the largest in the U.S.

At the same time, Milton was moving aggressively to the next stage of using its endowment assets more productively. The foundation spearheaded the creation of the NewHealth investment company to support the development of promising low-cost healthcare and drug treatments. More than a dozen foundations joined the effort.

“Our board is thrilled, both by the early returns and by the recognition that we’re using our assets more wisely,” explained Underhill. “Looking back, it’s amazing to me that it took us more than 100 years to figure this out.”

• What’s keeping foundations from doing this now? Are there downsides to this approach?
• Do you have other assets that you could think about using differently than you do now?
• If foundation boards felt that their portfolio value was lagging as a result of this approach, what might convince them to stick with it?
• If the center of gravity in foundations moved from the grantmaking side to the investment side (in line with which side controlled the major efforts to promote social benefit), what new challenges or problems might emerge for those making grants to nonprofits?

Joint Venture Philanthropy

SCENARIO

"Growing up in San Jose back in the 1990s, I saw people sleeping on the streets all the time," remembers Cornel Reese, the president of the South Bay Regional Assembly. “Now, it’s nothing like it used to be, at least not in San Jose.” Reese gives much of the credit to the Silicon Valley foundations and nonprofits that focused on the issue as a group, spurring state and local government investment and policy changes.

These foundations and nonprofits were galvanized into joint action by the state budget troubles that cut deeply into urban social services in the ’00s.
What had begun as informal connections developed through Silicon Valley’s Foundation Incubator soon became the basis for a more formal commitment to understand this local problem better. The organizations shared the best analyses and evaluations of past programs and generated maps of local resource flows from government, business, and philanthropy aimed at fighting homelessness. The program officers and nonprofit executive directors then held weekly meetings to review findings and develop joint strategies to test.

With homelessness mounting, they concluded that new ways of judging progress and performance were essential. That’s where the commitment to “Keep It R.E.A.L.” came in—the plan for Rapid Evaluation and Learning that allowed them to act together, learn together, and reach consensus on changes based on shared information. It soon became clear that they didn’t need to develop a new program or approach because they all agreed that “supportive housing”—linking housing with other support services designed to help people systemically—was successful elsewhere and could work in San Jose.

Impressed with what the joint strategy group had accomplished in just three years, eight of the local foundations agreed to establish a more formal consortium, a kind of joint venture to address homelessness in a sustained way. Realizing that any solution needed support from a wider range of interests than just the foundations, they created a governance structure that included people from the local business community, government, nonprofits, and each of the foundations. The foundations pledged 25 percent of their giving through the consortium, while decisions about strategies and grants were decided by the consortium’s board.

Homelessness didn’t disappear overnight, but the group of funders, nonprofits, businesses, and local governments working together did deliver steady gains. Now, in 2025, with the homelessness crisis long past, the South Bay/Silicon Valley consortium is a model of joint venture philanthropy in two new areas: public health and early childhood education. And Cornel Reese of the Regional Assembly has high hopes for that, too. “If those folks can make the same kind of gains with education and health that they did when they got together around homelessness, then I tell you, I’m going to give them regional development and transportation and go home early.”

- What prevents foundations from developing strategies in concert with nonprofits more often?
- What would have to be true for foundation leaders to pledge giving through a consortium? Would there need to be changes in regulations, perceptions, or expectations?
- If donor independence declines and grantee involvement in funding decisions increases, what would keep that balance in check to make sure that great new ideas from outside the consortium get support?
- In this scenario, the funders and nonprofits agreed that they didn’t need a new strategy because they found one that already was generating good results. What keeps funders focused on novelty instead of supporting approaches that have proven to be effective?
SCENARIOS: The Need for Infrastructure

As philanthropy’s ranks continue to swell with many more—and different kinds of—actors, the need for bridges to connect people and ideas, to create knowledge, and to facilitate action will grow along with it. People will need to identify and connect with others around mutual interests, and to find information and the results of previous experiences to accelerate their own learning. They will need settings in which they can learn together, act together, and solve problems together. And in a sector where everything is essentially voluntary, people will need reliable short-cuts to make connecting, learning, and acting easier.

The infrastructure that meets these needs can include the organizations that connect people and help them learn and the programs and information sources that donors rely on for knowledge and referrals. The infrastructure for philanthropy has already grown significantly in the last generation and will continue to do so as the field expands further.

But what form it will take is much harder to predict. As philanthropy multiplies and diversifies, so could its infrastructure. Yet it seems equally plausible that changes in communications technology will lead to new kinds of infrastructure that could shift the flow of information, resources, and eventually, power in ways quite different from current patterns. What might happen to the infrastructure in the next generation? Here are three possibilities that haven’t attracted much attention amid the growth of mainstream membership associations.

Googling Giving

SCENARIO

Spurred by public hearings on accountability in the wake of the mid-’00s philanthropy scandals, it was inevitable that the IRS would not only audit more foundations but would also institute much stricter reporting requirements for foundations and non-profits. Under the new regulations, every nonprofit in the U.S. was required to post online the conditions and objectives of each grant it gave or received, along with an annual progress report documenting program outcomes. Initially seen as a windfall for centralized online information sources like GuideStar and the Foundation Center, the volume of information from the nation’s 1.1 million nonprofits rapidly overwhelmed their technological infrastructures.

As online intermediaries unsuccessfully begged national foundations to subsidize their data-entry costs on an ongoing basis, Google cofounders Larry Page and Sergey Brin, still riding high three years after their 2004 IPO, responded to the charitable information overload. They established the Google Operating Foundation to assist nonprofits with the digitization of their information and to develop and maintain Givingoogle, a philanthropic search engine. The new tool, leveraging the core competencies of its parent, allowed online users to search the overwhelming amount of data available on foundations and nonprofit activity and easily connect with the information they needed.

Givingoogle worked closely at first with infrastructure organizations like regional associations of grantmakers, research centers, and issue-based philanthropic affinity groups that saw the new search engine as an
effective way to attract and connect donors to their interests. The fledgling initiative also began to link to topical briefing papers, research, evaluations, and other background information about important societal issues. The new search engine allowed funders, donors, and members of the public to connect directly to information about topics and organizations of interest, and to clearly see who was doing what in response to public problems, without going through intermediaries or funder networks.

As a result, the massive information generated by nonprofits and foundations is easily accessible and widely used by donors. That, in turn, has had a surprising effect: once people can scan the environment easily and build on what others have learned, donors of every size are attracted to solutions that work, not just organizations they know. Big and small donors now come together because they have the same information and find themselves drawing similar conclusions about where to focus their giving. That creates a powerful positive feedback loop: more money flows toward the most successful efforts, which allows them to grow and build greater capacity, which in turn improves their performance. Well-heeled donors who had tended to give only to their alma mater or a major medical center found themselves increasingly impressed by how the nonprofit sector was finally getting organized around results. The caution that had tied them to the tried-and-true—fueled by the sense that it was too hard to know what worked, or too hard to track results, or that the whole field seemed just too opaque—gave way to a new willingness to give more, encouraged by a growing confidence they were making good choices and using their money well.

Supported by the $4 billion Google endowment and supplemented by a fractional, tax-exempt surcharge on Google advertisers, Givingoogle rapidly became the standard source for obtaining and sharing social-sector information, effectively leapfrogging earlier efforts to share knowledge. After just five years of successful operation, Givingoogle was integrated into the larger Google search engine, much like image and shopping searches, to reach and encourage a wider base of potential donors and to improve public access to charitable resources.

There has, however, been an unintended consequence of Google’s success. The infrastructure organizations that at first benefited from Givingoogle have begun to feel the pressure created by this efficient tool for connecting data and donors. For the first time in a generation, the rapid growth of infrastructure organizations has not only slowed, but reversed, and mergers are accelerating. Nonprofit infrastructure groups now face a higher bar to prove their necessity.

- If this scenario came to pass, would it create winner-take-all effects among nonprofits and hurt smaller, newer, more local efforts?
- Is your giving likely to be truly “data driven” and so deeply affected by “Givingoogle,” or are there other motivators that matter more to you as a donor?
• If infrastructure organizations start to decline because of the success of a better technology infrastructure, what else might be lost?
• What are the enduring realities in the nonprofit world that could prevent this scenario from coming to pass?

Will You Be My Fundster?

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When Gabriella Rodriguez, head of the Effective Giving Network, looks back now on the studies done in the early ’00s that documented the growing number of donor networks and affinity groups, she says, “No one knew it then, but that was the birth of a trend that has redefined organized philanthropy.”

The accelerating growth of networks or organizations that donors could join to find like-minded colleagues was already a trend that no one could ignore. This exploded as improved network mapping technologies and public data about nonprofits and donors allowed people to find both general matches (Who else is interested in film and electronic media?) and matches for ever finer niches (focusing in media, for instance, on form, format, length, or topic).

As the number of active donors soared along with the diversity of their interests, the new technologies of connection and collaborative filtering seemed like a godsend, cutting through all the complexity to link small groups of funders who shared the same beliefs and aspirations. Modeled on a once-popular social networking phenomenon called Friendster that connected people to one another through interlinked networks of acquaintances, these “Fundster” networks were used by foundation program officers to focus their giving, knowing, too, that each of them faced growing media scrutiny to demonstrate that their giving was not duplicative or wasteful.

That also meant that grantmakers in search of new niches began to encourage the development of new programs at existing nonprofits that they could support with their Fundster network. With a growing number of donors entering the field each year, the number of new donor groups looking to do good kept multiplying. No one could deny that many donors felt satisfied with their own giving—donors could get exactly what they wanted and connect easily with other givers—but there was also a sense that what was good for givers wasn’t quite adding up to progress on the ground.

Rodriguez now speaks for a growing number of people who have been studying trends in philanthropy when she notes, “Right now it looks like there are
thousands of little victories in how Americans are dealing with the causes they care about. But I can’t help but wonder, where are the big victories? Is what’s good for each of us working out to be so good for all of us?”

- Is there a way for donors and nonprofits to do work aligned with their competencies and interests without fragmenting effort and reducing impact? How can givers’ desires for focus or a special niche be balanced with the recognition that complex problems need coordinated responses?
- What would happen if this scenario took place in a world with the “Givingoogle” tool described in the previous scenario? Would the ability to survey lots of information and incorporate other learning change the dynamics of this scenario, or would donors still be likely to fragment?
- Is it inevitable that givers will drive this kind of “market segmentation” as a result of the expanding choices available to them? Or might some other dynamic supersede the demand for choice?

Jim Thompson seemed surprised by the question. “Do I get paid a lot for just doing charity? I don’t know,” he told the reporter while collecting his thoughts. “I’m managing a portfolio that channels more money in international aid than many governments do. The fact that it’s a philanthropic portfolio doesn’t mean I have less responsibility than my colleagues running mutual funds, but more,” he emphasized. “The investors in this portfolio have asked me to oversee how their money is used. They review my performance annually and I know and they know that I can be replaced if they’re not happy. But right now they seem very happy with the performance we are generating through our investments in environmental sustainability, public health, and economic development efforts that are cost-effective overseas in ways they simply cannot be in the United States.”

Thompson didn’t get many questions like this from reporters anymore, and he bristled at the idea that managing investors’ philanthropic money didn’t require at least as much skill and deserve similar compensation to managing their money-making ventures. Apparently, the reporter from Bangalore Today’s New York City bureau was new to the topic of philanthropic mutual funds (PMFs), which had exploded in size and number after the 2009 changes in U.S. tax law all but ended incentives for starting new foundations. The success that the pioneers of pooled giving, like Acumen, New Profit, the Global Fund for Women, and Global Greengrants had already achieved set the stage for a movement led by innovative donors eager to join forces and work together.

Bangalore Today’s interest in the story wasn’t at all unusual, of course, since so many PMF investors were
Indian millionaires whose technology smarts and international interests helped define the field. The rising number of people with money from many countries and traditions fueled online “giving markets” where people could find others with similar interests and pool their resources. The combination of savvy picks, effective marketing, a global social networking infrastructure, and heightened transparency for donors allowed PMFs to expand like crazy, aggregating even small donors and small foundations into large giving pools. As they grew bigger and more visible, even more players wanted to join in and this scale made them powerful quite quickly.

That size and reach, in turn, elevated the visibility of people like Jim Thompson. *Bangalore Today* found him after the BBC World Service profiled Thompson in its “One Hundred Years of the BBC” series on profound changes in the past century. The documentary described the PMFs’ extraordinary influence on making the world a better place for the billions still living in poverty. It also noted that in the past 15 years, Thompson (together with hundreds of his colleagues) had essentially transformed global philanthropy. Individual donors could see where their money was going and feel far more confident that their small donations were magnified by being in the portfolio. As the idea spread, donors had more choices and real flexibility about how to achieve their goals. The combination of fast global giving and being part of a global network while maintaining what donors still felt was a high degree of personalization proved to be a winning formula.

Was Thompson paid a lot of money to do charity? Maybe if philanthropy was still unchanged from a generation ago. Instead it had become an even more complex job that required financial and diplomatic skills and finely honed political instincts. Moreover, one’s performance was visible every day. The mere satisfaction derived from making a difference wasn’t enough to attract that kind of talent; the pay had to be competitive with the most attractive professional jobs on the planet.

- What kinds of charitable or philanthropic efforts would be most likely or best served by the philanthropic mutual funds described in this scenario? Would some kinds of socially beneficial work be more or less likely to thrive in a world dominated by this form of giving?
- In this scenario, who would be funding local, domestic priorities, and how?
- Could Thompson’s visibility and regular performance reviews create a preference for simple, easily understandable responses and short-term gains?
What Will Philanthropy Be Called Upon to Do?

No one can predict the future, and no one knows that better than those of us who help organizations prepare themselves for it. At Global Business Network, we work with organizations around the world, looking for the long-term implications of current trends in business, of course, but also in the natural environment, in demographics, in technological change, and in political currents, among other themes. Based on that work, we can see a number of new external challenges that could emerge in the coming decades that will test philanthropists’ best strategies or create new needs for donors to address.

The forces in the world around philanthropy are changing the world of philanthropy itself. But those forces, and more, will also call on philanthropy in new ways too, because they will generate new challenges and opportunities that will require philanthropic responses. For example:

- Baby boomers are just now entering the years when they will begin to retire in large numbers. As they age, they will transform many things, from the demands on social-service and healthcare organizations to the pool of volunteers for nonprofit work.
- The rate of AIDS infection in the U.S. is rising most quickly among low-income African-Americans and Latinos, which will reshape domestic efforts to address healthcare among the poor, affect community economic development, and complicate efforts to address homelessness a decade from now.
- Media and communications technologies are creating whole new ways to organize and inform people at almost any scale. The number of channels of information will keep growing, the likelihood of highly tailored, narrowly defined niche services will increase, and consolidation will probably continue. This will change philanthropic work in every area where people have messages they want to spread, audiences they want to reach, or constituencies they want to mobilize—which is to say, everything.
- Starting around 2010, a growing number of the 6.5 million prisoners jailed in the U.S. since the 1980s and serving prison terms of 25 years or longer will begin to be released back into the general population as middle-aged people with limited opportunities. Many of them are poorly educated, and most are ineligible for Social Security benefits.
- Overseas, AIDS in Africa is killing millions of adults and creating a very large group of orphans (over 14 million and growing) in some of the world’s poorest nations. AIDS is also spreading in Russia, India, and China—large populations that have barely begun to respond to the threat it represents.
- The gap between rich and poor continues to grow globally, and international economic development efforts will take place in the face of this growing gap. As Harvard’s Juan Enriquez has pointed out, the growth of an economy based on knowledge intensifies the enduring problem. In the early twenty-first century, someone working in the world’s wealthiest nation is about 390 times wealthier than someone working in the poorest. In 1750, the ratio was 5 to 1.
These long-term trends will affect philanthropy and its role in countless unpredictable ways. Depending on your interests as a giver, they could affect the issues you care about, the organizations you support, and the strategies you employ.

There are also real possibilities that lie just over the horizon. They are not certainties like demographic changes already underway, but prospects that knowledgeable observers suggest could come about in the next generation. How would your strategy or giving change if, for example:

<table>
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<tr>
<th>Possibility</th>
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<tr>
<td>• People begin to routinely live to 100? Current breakthroughs in medical</td>
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<td>science, genomics, and biotechnology suggest that the extraordinary gains</td>
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<tr>
<td>made in life expectancy in the last 50 years could accelerate in the next</td>
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<tr>
<td>generation, creating a unprecedented phenomenon: people routinely living</td>
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<tr>
<td>healthy, productive lives through their nineties or beyond. If so, it would</td>
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<tr>
<td>affect social-service programs, education, job training, healthcare, and more.</td>
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<tr>
<td>• A deadly new pandemic emerges? What if a disease, one new to science,</td>
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<td>that took advantage of the many ways we are globally connected, and was</td>
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<tr>
<td>harder to decode than SARS, appeared, even as global health systems are</td>
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<tr>
<td>swamped by AIDS?</td>
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<tr>
<td>• The rapidly shifting racial and ethnic makeup of the United States changes</td>
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<tr>
<td>domestic politics much more quickly than predicted?</td>
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<tr>
<td>• Global warming tips into sudden and dramatic climate change? The geologic-</td>
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<tr>
<td>al record provides strong evidence that in the past, significant climate</td>
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<tr>
<td>change can occur within the space of 10 years if conditions are right.</td>
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<tr>
<td>• Surprising new patterns of global human migration emerge? Educated</td>
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<tr>
<td>Chinese could begin to return to China, for example.</td>
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<tr>
<td>• Terrorist attacks increase in frequency in the U.S. and other Western</td>
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<td>nations?</td>
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<td>• Pollution-free energy sources are developed and introduced into</td>
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<td>widespread use?</td>
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None of these possibilities is so implausible as to be unimaginable or not worth considering. While not every one of them affects how philanthropists would meet the challenges they would like to address, each of them offers an example of how outside events, far beyond your control, can change the conditions for your philanthropy.

While no one can tell you what will happen, you can develop your ability to foresee what might happen, especially if your philanthropy is focused on long-term issues and you want to make a lasting impact. Many business organizations do this on a regular basis as part of their strategic planning.

A good place to start is to read more—and to consult different sources for helping you understand both the forces shaping the future and the tools available to help you prepare for it.


**Future Survey**, edited by Michael Marien. An invaluable newsletter published by the World Future Society, summarizing scores of books, reports, and articles designed to help readers identify important trends that could shape the future in substantial ways. To order, call (301) 656-8274, or go to www.wfs.org/fsurv.htm.

**High Noon: 20 Global Problems, 20 Years to Solve Them**, by J.F. Rischard, Basic Books, 2002. An overview of what Rischard argues are 20 of the world’s most pressing global problems and proposals for new approaches to address them. If you want to address the most urgent planetary issues in your lifetime, this is a great resource to stretch your thinking.

**Inevitable Surprises: Thinking Ahead in a Time of Turbulence**, by Peter Schwartz, Gotham Books, 2003. A fast-paced overview of current trends and future possibilities that Schwartz argues will generate “inevitable surprises”—major discontinuities that will feel like a surprise to those who experience them, but that are embedded in trends visible today.

**Post-Capitalist Society**, by Peter Drucker, Harper Business, 1993. Still the essential overview of the transition to a knowledge society that is transforming every corner of our lives. Drucker explores the implications for citizenship, organizations, governments, schools, and the social sector.


**What’s Next: Exploring the New Terrain for Business**, by Eamonn Kelly, et al., Perseus Publishing, 2002. Excerpts from 50 interviews by Global Business Network on a range of important topics—such as geopolitics and governance, cultures and society, science and technology, and environment and sustainability—that will shape the next decade. The implications of the ideas are relevant to organizations across all sectors that want to anticipate rather than merely react.