

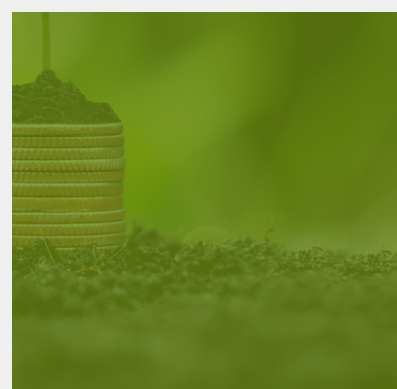
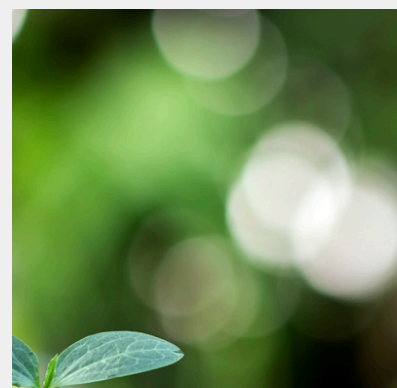
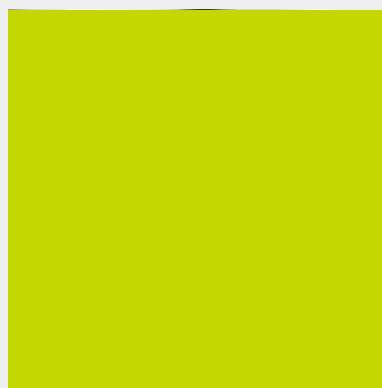


Governance in Philanthropy

The Ease and Challenges of Next-Generation Philanthropy

BY NOOR ZUBERI

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Introduction

Philanthropy over the years has played a quiet but powerful role in tackling some of society's most pressing issues. The abolishment of slavery, the right for women to vote and the eradication of smallpox were supported by philanthropists in the background, who believed their contributions could lead to the betterment of society. A report by Citi Bank (2021) values global philanthropy (i.e., donated time and money) at approximately \$2.3 trillion per year underscoring the role and relevance of philanthropy in society today. Amongst these philanthropic contributions from the GCC alone amounts to approximately \$210 billion per year (Cambridge Judge Business School, 2022).

Traditionally philanthropy in the region has been quiet and more often reactive rather than pre-emptive, addressing challenges after they arrive rather than preventing them. This approach is beginning to shift, driven by a rising demand for innovation within the sector. With an estimated \$30 trillion in global intergenerational wealth expected to be transferred over the next two decades, there is an expectation that there will be a rise in private wealth and as a result, philanthropic giving.

As the next generation of leaders emerge, they face unique challenges that were not encountered by their predecessors. To meet these changes effectively, the next generation of philanthropists need to approach solutions from a fresh perspective and embrace new approaches, to tackle unprecedented challenges at both the local and global scales.

As a result of this need for new approaches, there is a strong demand for a technological shift in the philanthropic sector to accommodate evolving giving practices. This article will address challenges faced by next-gen philanthropists specifically in the technological landscape, the use of social media, and compassion fatigue faced by philanthropists and the importance of the Pearl Initiatives work and networks such as Circle to provide a safe space for philanthropists.



The Intersection of Technology and Philanthropy

The convergence of philanthropy and technology presents significant opportunities to enhance social impact, empower communities, and address urgent global issues. By utilising innovative tools such as digital fundraising platforms, crowdsourcing efforts, data analytics, artificial intelligence, and blockchain technology, philanthropic organisations can greatly improve their effectiveness, efficiency, transparency, and systemic impact. As of April 2024, 67.1% of the global population are internet users, with 62.6% (5.07 billion people) using social media (Statista, 2024). The expansion of internet access and social media to remote areas has enabled more people and organisations to advocate for their beliefs and highlight their struggles and injustices. Millennials and Gen Zs who are already at the forefront of philanthropy are using available resources to approach philanthropy in ways that are more sustainable and long-term with access to technology and data, the landscape for next generation philanthropy is rapidly evolving (Forbes, 2021). According to a survey by Fidelity (2021) 40% of Millennials were prompted to donate after discovering a cause or organisation via social media, and around 60% of millennials contributed to individuals through online platforms like GoFundMe. In 2021 Saudi Arabia launched their own crowd funding platform National Platform for Charitable Work (Ehsan) to support the non-profit sector, by April 2022 the platform had raised approximately \$450 million (Arab News, 2022). Apps such as Careem, Talabat, BenefitPay and Give in the GCC are also promoting giving through the use of technology.

In 2020, over 90 countries and territories participated in the World Wide Fund for Nature's Earth Hour campaign generating over 4.7 billion global social media impressions (Forbes, 2024).



This connectivity and accessibility facilitates the discovery and support of people, causes, and businesses in need. Digital storytelling is growing in the Middle East as a form of advocacy. A study by the Cambridge Judge Business School and LGT Private Banking – Philanthropy Advisory (2022) highlights the role of social media driving giving in the region. Interviewees expressed their appreciation of NGOs such as Al Nahda, which connect donors with the communities they support by sharing real-life stories through social media. Consequently, there is greater empathy, a deeper understanding of cultural diversity, and stronger and more focused impact-oriented philanthropy. However, this heightened awareness has also led to a rise in compassion fatigue amongst users.

Compassion Fatigue, Donor Fatigue and How to Deal with It

Compassion fatigue occurs when individuals become desensitised to problems, hardships, and struggles due to their sheer volume. Donors may feel overwhelmed by the numerous appeals for support without seeing tangible progress. This desensitisation can lead to a feeling of futility when faced with persistent tragedies. When the focus is solely on heartbreaking stories without corresponding solutions or progress, over time this phenomenon can get overwhelming for donors and eventually discourage giving because there seems to be no impact to one's giving. The need for transparency is key to alleviating compassion fatigue, and this is why nonprofits must demonstrate impact, offer messages of hope, outline solutions, and share success stories.

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The Pearl Initiative through its programmatic activities works to address these gaps in transparency and accountability in the region. The Governance in Philanthropy programme provides its network with engagement opportunities to connect, learn, and grow. Donors in the region have expressed the importance of a community that is beneficial to strengthening the impact and effectiveness of philanthropy in the Arab region and to manage donor fatigue.

Ultimately, disregarding urgent issues is not a viable option. Next-gen philanthropists will have to manage donor fatigue while maintaining engagement and driving meaningful change.

Solutions to challenges in Next-Gen Philanthropy

The Pearl Initiative's Governance in Philanthropy Programme and the Circle Network counter these challenges faced by next-gen philanthropists by providing donors in the region resources to address the following:

1. Understand that true systemic change is a long-term process.
2. Avoid isolation in philanthropy: Connect with peers.
3. Develop a foundation of trust with beneficiaries – Trust-Based Philanthropy.
4. Rely on credible and solution-oriented sources.
5. Finding a balance between emotional and rational giving.



1. Understand that true systemic change is a long-term process.

Next-gen philanthropists not only have the responsibility to address today's issues but also to tackle the unresolved problems of the past and the emerging challenges of the future. Despite significant progress, the need for sustainable, systematic change remains evident. Modern philanthropists are increasingly focusing on sustainable giving and impact investments. A survey by the Pearl Initiative and Zovighian Partnership (2024) revealed 45 per cent of respondents were embracing non-traditional philanthropic models like impact investing, micro lending, and donor-advised funds. It is crucial to recognize that each cause presents unique challenges and may require multiple, diverse approaches to achieve systemic change.

An example of an initiative leading to systematic change is the Hikmat Road Safety (HRS) initiative, launched in 2008 by philanthropist Maher Kaddoura, after the tragic loss of his son in a hit-and-run accident in Jordan. At that time, poor road conditions and dangerous driving behaviours resulted in nearly 1,000 fatalities and almost 18,000 injuries annually. Maher established HRS to address these critical issues by raising awareness and advocating for national reforms, engaging the government, automobile clubs, private sector actors, and other stakeholders. Through these collaborations, HRS has driven significant improvements in road safety, achieving a 50% reduction in Jordan's traffic fatality rate in less than a decade.

2. Avoid isolation in philanthropy: Connect with peers.

Historically, philanthropy in the Arab Region operated quietly and discreetly. However, with the increased use of technology and social media, today's causes require vocal advocates, which can lead to increased transparency and accountability. This is why networks like Circle are essential as they provide a dedicated platform for philanthropists to discuss their ideas, strategies, perspectives, and challenges in their philanthropic journeys.



Through a combination of resources including research, case studies, expert led convenings, and networking opportunities this network supports to enhance their philanthropic journey.

In this collaborative environment, open discussions foster collaboration amongst like-minded peers, leading to impactful initiatives and avoiding duplication of efforts. This collaboration extends beyond institutional or corporate donors to include individual donors as well.

For example, the Shefa Fund, a pooled fund focused on improving the health of vulnerable children and families in the Middle East and Africa, was established with the visionary leadership of Olfat and Khalid Juffali. They recognized the overwhelming challenges of addressing a wide range of health needs in the region, such as polio, human African trypanosomiasis ("sleeping sickness"), meningitis A, and neglected tropical diseases (NTDs) like cutaneous leishmaniasis. These and other diseases afflict millions of vulnerable people, especially children. By discussing potential solutions within their network of philanthropists, the Shefa Fund exemplifies the benefits of pooling resources to tackle significant challenges more effectively. The Shefa Fund has since become a donor-advised fund at NPT Transatlantic.

3. Develop a foundation of trust with beneficiaries – Trust-Based Philanthropy.

To ensure giving is effective, it is crucial to trust beneficiaries and connect directly with them. This ensures that the solutions presented are viable, applicable, and sustainable in the long run. Trust-based philanthropy enables donors to change the power dynamics and break any barriers. Engaging with beneficiaries provides donors with a clear understanding of the issues at hand and the short-term and long-term needs of the community.

The Hashoo Foundation is a non-profit organisation that serves the underprivileged through humanitarian and capacity-building approaches across Pakistan. Early on, the foundation recognized the need for systematic change to have an impact on the community. In 2007, the Hashoo Foundation set out to tackle low education rates in Gilgit-Baltistan, Pakistan.



The sustainable, long-term solution to this issue was through the economic empowerment of mothers in the region. This was achieved through training and capacity-building initiatives.

One of their programs involves providing training, starter kits, and more than 6,500 hives to 1,300 beekeepers across Gilgit-Baltistan and the nearby town of Chitral. This initiative has produced 45,000 kilograms of honey, generating over 44.2 million PKR (approximately USD 231,252) in income, consequently, women in the region are financially independent and literacy rates have risen. Today, the foundation has over 1.3 million beneficiaries across Pakistan, with a significant focus on women and youth.

4. Rely on credible and solution-oriented sources.

While social media is a powerful tool for raising awareness and inspiring action, it's crucial to support the investment—both time and money—with thorough research and data to verify the benefits and effectiveness of the proposed solutions. By consulting with peers, identifying donors who have previously invested in the cause or foundation, and connecting with beneficiaries who have directly benefited can ensure sources are active in the community, solution-driven, and free from bias.

For example, The Zovighian Partnership (ZP) is a Beirut-based data-driven social investment platform dedicated to research and data-led planning and policy development. ZP also has a Public Office, which amplifies the voices of crisis-affected communities in international diplomacy and tribunals. By using scientific and quasi-scientific research, ZP guides strategic interventions and data-led advocacy in the face of crisis. This ensures their efforts are both effective and impactful.

5. Finding a balance between emotional and rational giving.

While the dream is of a future where everyone is fed, healthy, and free, it is essential for philanthropists to consciously understand their passions and direct their efforts accordingly. Their impact can be focused on one cause or spread across many, and they can invest either as individual donors or institutional supporters.



Philanthropists may choose to support social enterprises, better education, improved healthcare, or political reforms. Understanding one's limitations and allocating resources effectively is crucial.

In the face of economic crises, multiple wars, climate change, human rights violations, poverty, and hunger, it is challenging for next-gen philanthropists to choose the right path of impact.

Here are some strategies to consider:

a. Through Social Entrepreneurship: There is a rise in next-gen leaders starting entrepreneurial journeys with impact as a primary goal. This rise in social enterprises is supported by organisations such as Alfano Venture Philanthropy which is the Arab region's first venture philanthropy organisation working towards strengthening social enterprises that generate financial and social returns while transforming lives in the region's poorest communities by offering tailored financing, management support and real-time monitoring & evaluation to social enterprises working to improve the quality of environment, children's education and financial security for women, youth and refugees across the Arab region. Social enterprises supported by Alfano such as Sitti Soap, Banlastic Egypt & NaTakallam.

b. Through Identifying Causes in Line with Personal Values and Beliefs: Philanthropists often build their portfolios based on what drives them towards giving. Family values, religious guidelines, injustices in the world, the right to basic education, healthcare, the rights of orphans, war crimes, and climate change can all be motivations for giving. Once a philanthropist identifies these drivers, they can start giving based on their personal values.

c. Through Identifying Strategic Areas of Impact: Giving can also be driven by strategic benefits. For instance, someone in the fashion industry might focus on building ethical supply chains or investing in sustainable fabrics to reduce the environmental impact of fashion.



The motivations behind a philanthropist's giving require repeated reflection. These drivers may change based on personal or professional life stages and environmental or political factors. Regardless of the motivation, it is essential to conduct thorough due diligence. Ensure a variety of narratives from mainstream and social media are considered, and always check the credibility of your sources.

Philanthropy today demands agility, innovation, and a willingness to disrupt the status quo to achieve impactful results. Next-gen philanthropists must adapt to these demands, continually evolving in their approach to addressing pressing global issues. Through the Pearl Initiatives Governance in Philanthropy programme and networks like Circle philanthropists can stay informed about emerging trends as these initiatives provide a platform for meaningful collaboration. By connecting with like-minded individuals and organizations, philanthropists can amplify their impact, share best practices, and avoid duplication of efforts. Embracing these principles will ensure that philanthropic efforts remain effective and responsive in an ever-changing world.

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