Towards a Digital Revolution in Philanthropy
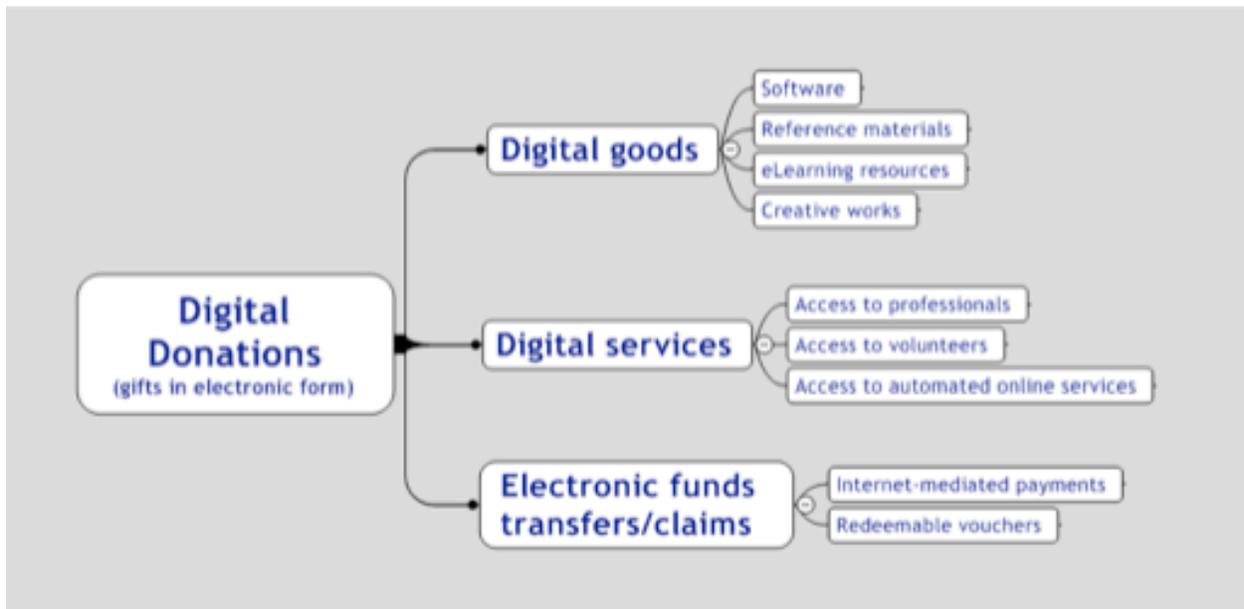
Digital Donations as Catalysts for the Sustainability
Of Nonprofit Organizations

ABSTRACT

This White Paper extends the "digital revolution" into philanthropy.

It introduces a comprehensive set of opportunities for local nonprofit organizations and their philanthropic supporters to use digital technologies in new ways that encourage self-sustaining activities. It reviews factors that have contributed to financial dependency among grant recipients and shows how challenge grants in electronic form – "Digital Donations" – can move recipients toward self-sufficiency, and even toward becoming donors themselves.

The paper suggests specific strategies for such donations to create oases of development in remote and unpromising environments.

By offering concentrated Digital Donations to communities in need, philanthropies can catalyze self-help action and leverage local commitments including sizable land asset endowments.

Given fiscal constraints and other limitations of bilateral and multilateral assistance, the paper seeks to tap a much larger pool of potential private resources for nonprofit self-reliance: trillions of dollars of 'dead capital'—collateral-worthy property that that can be mobilized with "eGovernment" and other digitally-assisted titling and institutional reforms; tens of billions of dollars in private remittances that can be leveraged for community-oriented initiatives in poor countries with overseas diasporas; and reserves of private philanthropy, which in the United States alone provide more than three times the foreign assistance spending of governmental foreign aid.

The paper proposes offers of "bundled" Digital Donations to reward communities for making land grants, regulatory reforms and other asset-generating initiatives that can sustain local nonprofits. The focus is on promoting people-to-people, grassroots community development initiatives that can move forward with or without the macro-approaches associated with governmental foreign aid programs.

The paper also sketches near-term techniques by which donors can use information and communication technologies to extend their global reach, and to make more sustainable their established scholarships, loans, vouchers, and educational and medical services.

It concludes with a set of appendices outlining practical suggestions for launching Digital Donations programs: a sample agenda for a consortium of private donors, scenarios for "early win" projects by educational and medical nonprofits, checklists for donors and donees on digital-readiness and program sustainability, and a survey of some of the innovative programs already in train that provide a foretaste of the digitally-oriented transformation of philanthropy that lies ahead.

The full paper is available on request. leif.smith@explorersfoundation.org