

Philanthropy and Global Health R&D

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Partnering for Global Health Forum

Washington, DC

June 27, 2011

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Please see important information at the end of this presentation

About The Philanthropy Centre at J.P. Morgan

Mission

- The Philanthropy Centre at J.P. Morgan enhances philanthropic impact globally by offering our clients and their families strategic and innovative advice, thought leadership and collaborative opportunities

Experience

- J.P. Morgan has more than 50 years assisting clients with philanthropic initiatives
- Each member of our dedicated team of senior advisors has 15 to 20 years of experience



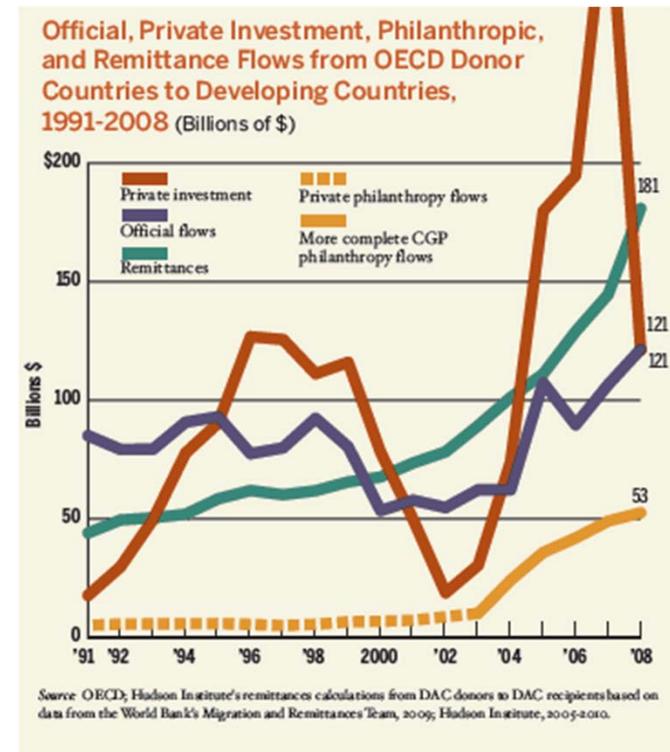
GLOBAL PHILANTHROPY OVERVIEW

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Global Philanthropy Today

- The practice of philanthropy is expanding globally, albeit unevenly
 - **1,210 billionaires** in the world worth \$4.5 trillion
 - Brazil, Russia, India and China home to 25% billionaires (up from 10% five years ago)
 - Cultural and regional differences
 - Much of philanthropy is *unaccounted* and perhaps *uncountable*
- Philanthropic flows from developed to developing world on the rise
 - 2008= **\$53 billion**
 - Small segment of overall philanthropic flows
- Global recession had a broad impact on philanthropy
 - 4% decline in international giving by US foundations
 - 45% corporations planned reduced giving
 - Remittances held steady



Sources: 2010 The Foundation Center –*International Grantmaking Update*; Hudson Institute for Global Prosperity – *The Index of Global Philanthropy and Remittances 2010*.

Global Philanthropy Post-Recession

- Growing awareness that philanthropy is significant player in international development*
 - 15% global ODA to developing countries
- Global leaders encouraging public-private partnerships to solve global problems
 - Philanthropy
 - Business
 - Civil society
- Expect field of philanthropy to become more strategic and innovative
 - Sustainability
 - Collaboration
 - Transparency

* Private philanthropy includes foundations, corporations, private and voluntary organizations, volunteerism, universities and religious organizations

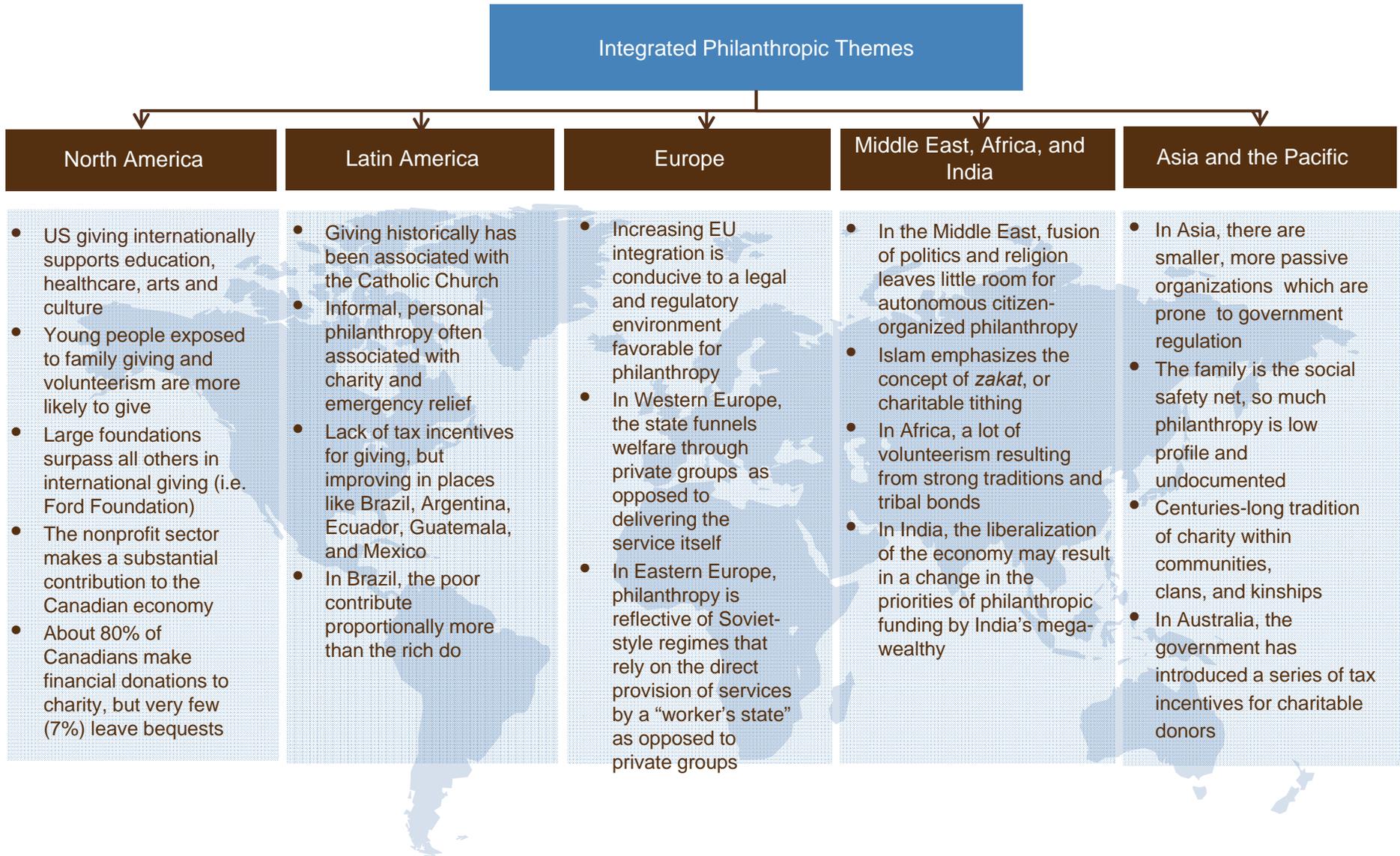
Sources: 2010 The Foundation Center –*International Grantmaking Update*; Hudson Institute for Global Prosperity – *The Index of Global Philanthropy and Remittances 2010*.

INTERNATIONAL THEMES

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International Themes in Philanthropy



US Giving

- US charitable giving in 2010: **\$290.89 billion**
 - Increase of 3.8% (2.1% adjusted for inflation)
 - First increase since 2007 (peaked at \$326.57 billion)
- Breakdown:
 - **Individuals: \$211.77 billion (73%)**
 - Bequests: \$22.83 billion (8%)
 - Foundations: \$41 billion (14%)
 - Corporations: \$15.29 billion (5%)
- Top issues:
 1. Religion: \$100 billion (35%)
 2. Education: \$41.67 billion (14%)
 3. Foundations: \$33 billion (11%)
 4. Human services: \$26.49 billion (9%)
 5. **Health: \$22.83 billion (8%)**
 6. **International affairs: \$15.77 billion (5%)**
- There are approximately **75,000 US foundations** worth **\$560BN**
- US foundation international giving = **\$6.7 billion**
- Large, institutional foundations predominate international giving (2/3^{rds})
 - Global health receives largest share, approximately **\$2.5 billion**

TABLE 1. Top 15 Foundations by International Giving, 2008

Foundation	Foundation Type ¹	Foundation State	Amount of Intl. Grants	No. of Intl. Grants
1. Bill & Melinda Gates Foundation	IN	WA	\$2,741,720,975	526
2. William and Flora Hewlett Foundation	IN	CA	622,874,631	246
3. Ford Foundation	IN	NY	282,366,082	1,233
4. Susan Thompson Buffett Foundation	IN	NE	186,991,109	60
5. David and Lucile Packard Foundation	IN	CA	122,831,562	254
6. Gordon and Betty Moore Foundation*	IN	CA	115,376,014	119
7. John D. and Catherine T. MacArthur Foundation	IN	IL	102,480,230	298
8. Rockefeller Foundation	IN	NY	78,012,342	181
9. Andrew W. Mellon Foundation	IN	NY	60,618,900	155
10. Carnegie Corporation of New York	IN	NY	58,329,716	132
11. Tumer Global Foundation	IN	GA	50,000,000	2
12. Lincy Foundation	IN	CA	49,858,168	22
13. Silicon Valley Community Foundation	CM	CA	45,702,876	414
14. Howard G. Buffett Foundation	IN	IL	38,288,239	40
15. Citi Foundation	CS	NY	37,971,000	483

SOURCE: The Foundation Center, *International Grantmaking Update*, 2010. Based on a sample of grants of \$10,000 or more from 1,490 larger foundations.

¹IN=Independent Foundation; CM=Community Foundation; CS=Corporate Foundation.

*2007 year authorized grants were used for the circa 2008 grants sample dataset for this foundation.

Sources: Giving USA 2011–The Annual Report on Philanthropy for the year 2010; 2010 The Foundation Center –*International Grantmaking Update*

Non-US Giving

- **Europe:**
 - 95,000 foundations, approximately €237 billion in assets
 - Majority focus on health and social services
 - Netherlands and Sweden greater focus on international development (45%) and science (48%)
- **Asia:**
 - 1,800 foundations have emerged in China, 1,000+ foundations in Hong Kong
 - China home to second largest number of billionaires
- **Latin America:**
 - Philanthropy channeled through business enterprises (e.g., 157% increase in corporate foundations in Brazil)
 - Growth in Argentina, Brazil, Ecuador, Guatemala, Jamaica, and Mexico
- **Middle East, Africa, and India:**
 - Cultural tradition fuses politics and religion, leaving little room for the existence of a truly autonomous sphere of organized citizen activity
 - High volunteerism, reflection of strong traditions and informal ties along tribal and village lines
 - 80,000+ charitable and/or grantmaking organizations in India
 - Growth in philanthropic funding and evolving priorities by India's new mega-wealthy individuals and corporations

Sources: Asia Pacific Philanthropy Consortium; Ambrose, Natalie. *Global Philanthropy*. Council on Foundations; European Foundation Center– Foundations in the European Union, May 2008; Hudson Institute for Global Prosperity – *The Index of Global Philanthropy and Remittances 2010*.

UNDERSTANDING TODAY'S PHILANTHROPIST

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Profile of Today's Leading Philanthropists

- Philanthropy today is being driven by those who have created their own wealth
- They take a business-like strategic approach to their philanthropy
 - market conscious
 - impact driven
 - knowledge based
 - high level of engagement
- Almost a quarter of high net worth individuals (HNWIs) globally say charity is a top spending priority
 - 44% of respondents more likely to make philanthropy a spending priority when they retire
 - 194% increase in the amount of time allocated to philanthropy
- New breed of global philanthropist emerging, but barriers still exist

ENGAGING PHILANTHROPY IN GLOBAL HEALTH R&D

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Feedback from J.P. Morgan Summit on Global Health

- Growing interest in global health among philanthropic clients
- J.P. Morgan host for two high-level global health summits
- More than 100 participants from 14 countries
- Collective giving capacity= **\$100 billion**
- Consensus questions regarding attitudes to global health philanthropy

KEY THEMES AND OPPORTUNITIES
FOR THE PHILANTHROPIST
FROM THE JOINT FORUM ON
GLOBAL HEALTH ISSUES

SEPTEMBER 2009

Summit on Global Health

2010 Key Themes from J.P. Morgan

Feedback from J.P. Morgan Summit on Global Health

We could achieve greater philanthropic results if we had more...



The private sector's most important role in global health is:

FILLING GAPS IN PUBLIC PROGRAMS

42%

ADVOCATING FOR STRONGER GLOBAL HEALTH PRIORITIES

22%

BUILDING PUBLIC AWARENESS OF NEEDS

17%

WORKING WITH GOVERNMENTS

13%

SUPPORTING SCIENTIFIC RESEARCH

6%

Feedback from J.P. Morgan Summit on Global Health

The obstacles I perceive when contributing to global health are:

THERE IS TOO MUCH CORRUPTION AND WASTE

54%

THE PROBLEMS ARE TOO COMPLICATED

23%

MY GIVING LEVEL IS TOO SMALL

22%

THE GATES FOUNDATION IS TAKING CARE OF IT

1%

R&D Philanthropy: Points to Consider

- What are you passionate about?
- How do you judge success?
- What kind of involvement do you want to have?

R&D Options for Philanthropists

Existing	Emerging
<ul style="list-style-type: none"> • Professors/Primary Investigators <ul style="list-style-type: none"> – Labs – Endowed chairs – Sustained funding 	<ul style="list-style-type: none"> • Impact Investing <ul style="list-style-type: none"> – Market opportunity – US Private Foundations-\$660 billion asset base
<ul style="list-style-type: none"> • Programs or centers <ul style="list-style-type: none"> – Disease-specific – Basic science – Buildings 	<ul style="list-style-type: none"> • Prize Philanthropy <ul style="list-style-type: none"> – Drugs, vaccines, diagnostics – Milestones vs. product – X-Prize for TB diagnostics
<ul style="list-style-type: none"> • Unrestricted grants 	<ul style="list-style-type: none"> • Private-Public Partnerships <ul style="list-style-type: none"> – Product-development partnerships
<p>Venture Philanthropy</p>	

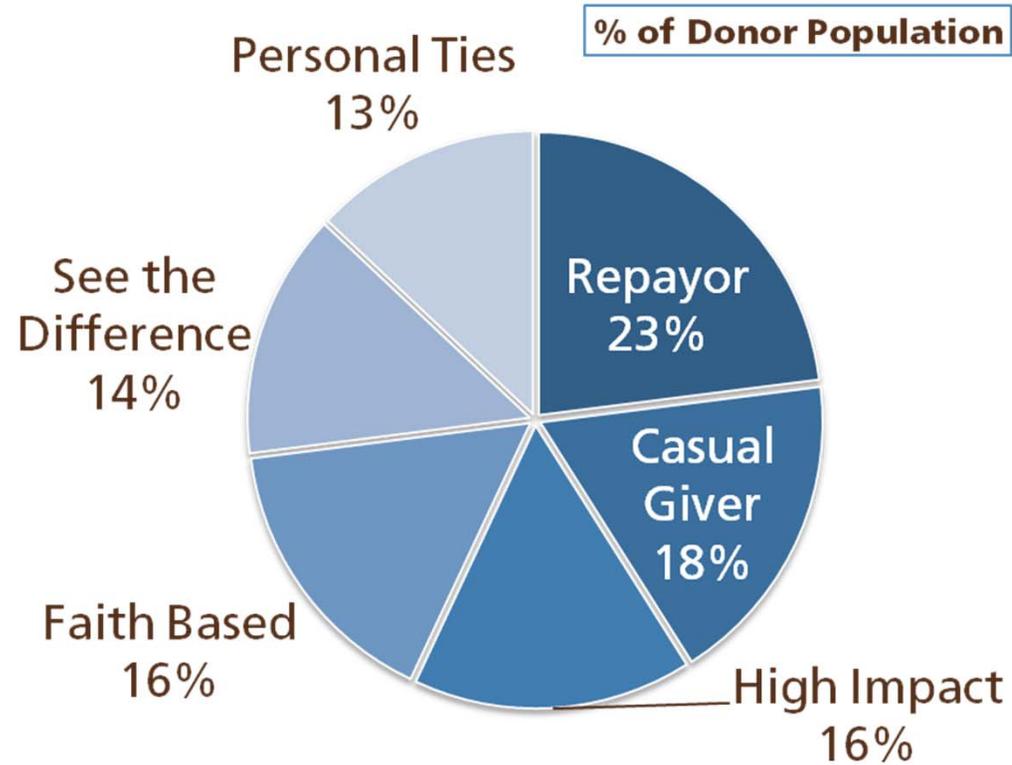
Donor Segments

Donors break out into six behavioral segments:

<p>Repayer —I give to my alma mater —I support organizations that have had an impact on me or a loved one</p>	<p>Casual Giver —I primarily give to well known nonprofits through a payroll deduction at work —I donated \$1,000 so I could host a table at the event</p>	<p>High Impact —I give to the nonprofits that I feel are generating the greatest social good —I support causes that seem overlooked by others</p>
<p>Faith Based —We give to our church —We only give to organizations that fit with our religious beliefs</p>	<p>See the Difference —I think it's important to support local charities —I only give to small organizations where I feel I can make a difference</p>	<p>Personal Ties —I only give when I am familiar with the people who run an organization —A lot of my giving is in response to friends who ask me to support their causes</p>

Source: Money for Good: Special Report on Donor and Investor Preferences for Supporting Organizations Working Outside the US, May 2010

Donor Segments



Source: Money for Good: Special Report on Donor and Investor Preferences for Supporting Organizations Working Outside the US, May 2010

Philanthropic resources

- Council on Foundations – <http://www.cof.org/>
- Foundation Center – <http://foundationcenter.org/>
- European Foundation Center– <http://www.efc.be/Pages/EfcWelcomePage.aspx>
- China Foundation Center– <http://en.foundationcenter.org.cn/index.html>
- Japan Foundation Center– <http://www.jfc.or.jp/eibun/>
- Global Impact Investing Network– <http://www.thegiin.org/cgi-bin/iowa/home/index.html>

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