

EXECUTIVE SUMMARY

Americans, through private donations and public resources, lend their support to the promotion of human and social welfare on a large scale. In 2006, combined public-private philanthropic donations and spending reached \$1 trillion.¹ *Giving USA* (2007) estimates that private charitable giving in the U.S. totaled nearly \$300 billion in 2006—roughly \$1,000 for every American. The private sector philanthropic activities supported by these donations sometimes dovetail with US government programs and initiatives. Other times, however, public and private funds are devoted to similar tasks with little or no coordination between them.

In an environment of increasingly urgent domestic and international challenges and finite public and private resources, there is a compelling policy interest in better understanding the interactions between the two sectors' efforts and learning how to promote more effective collaborations. To improve their knowledge of the intersection between private philanthropic efforts addressing health and social services and similar public initiatives funded by the federal government across the country and around the world, the Assistant Secretary for Planning and Evaluation (ASPE) at the U.S. Department of Health and Human Services (DHHS) contracted with Mathematica Policy Research, Inc. (MPR) to study public and private philanthropic activity. The exploratory study was designed to examine whether and how public and private philanthropic efforts can complement each other to improve effectiveness of services and programs.

Unlike the donations of individuals, households, and businesses, foundations and U.S. government (USG) agencies expend their philanthropic dollars through large, carefully planned and budgeted grant or assistance programs. Because of this similarity in the scope of their efforts and approach, and the multiple opportunities for interactions between the two sectors, the study focused on foundation and government spending, approaches, and interactions. First, MPR analyzed public-use and secondary data on federal government and foundation spending on health and human services initiatives in the U.S. and the developing world to understand the scope, distribution, and overlaps of spending. Second, we reviewed the literature on USG and foundation philanthropic approaches to understand the processes by which the two sectors develop, implement, and sustain their domestic and international health and social services initiatives and to identify different models of USG-private sector interaction in philanthropic efforts. Third, we conducted case studies focusing on contextual factors that might influence the feasibility and success of partnerships to empirically examine the development and implementation of these different models.

¹ For purposes of this report, we use the term “philanthropy” to refer both to foundation and US government spending on comparable health and social service programs. Where specific government figures are cited, these exclude large health and social service entitlement programs such as Medicare, Medicaid, and Social Security. For an expanded discussion of what is treated as philanthropy, see Appendix C.

FINDINGS

The study found that many foundation and USG priorities overlap, interactions between the two sectors are common, and partnerships between them can be fruitful. The study also showed that partnerships involve costs as well as benefits, so they may not be appropriate in all cases and they should be considered and developed with care. USG-foundation interactions vary, and similarities and differences between the sectors affect whether and how partnerships operate. By thinking more purposefully about partnerships and other less intensively collaborative interactions with foundations, policymakers can take better advantage of the relative strengths of each sector. Through such purposeful interactions, public and private sector organizations can also benefit from innovations in philanthropic tools and approaches that are emerging from both foundation and U.S. government practices.

Shared Philanthropic Priorities

Americans dedicate vast funding to charitable causes. Foundations spent roughly \$28 billion in 2006 on programs in health, education, development, the environment, human services, and relief. An estimated 75 percent was spending on domestic projects, with the greatest concentration in health and education. The federal government's philanthropy totaled \$720 billion in these same six sectors. This federal spending was heavily weighted toward domestic needs, with 97 percent spent in the U.S., and focused heavily on development (government and civil society, and social, physical, and economic infrastructure) and human services. Public and private priorities overlapped in international philanthropy, with both foundations and the federal government directing the bulk of their efforts to health and development, particularly in Sub-Saharan Africa.

Five Types of Interaction, But No Best Model for Partnering

Since they share many priorities, it is no surprise that foundations and the federal government often work in the same program areas and interact or collaborate in various ways. The study identified five main types of USG-foundation interaction. Each is marked by different degrees of alignment among goals, strategies, resources, and implementation:

- **Incidental overlap:** government and foundation goals overlap and they work on the same problem or target population, but their activities are not otherwise aligned
- **Supplementary action:** one donor seeks to “fill a gap” in other donors’ activities
- **Communication:** donors share goals and communicate about their strategies, resources, and implementation without necessarily formally aligning them
- **Coordination:** goals, strategies, and resources are formally aligned to some degree, but implementation is not shared

- Collaboration: full and formal partnership, in which different donors' goals, strategies, resources, and implementation are aligned.

Only the latter three types of interactions represent true partnerships, and each comes with its own opportunities and challenges. In particular, there is a tradeoff between stronger partnerships and higher transaction costs. Hence, there is no “best” partnership model for all situations—and in some program areas or initiatives, partnerships may not be appropriate or possible.

Factors Supporting Partnerships

Narrowly Defined Problems. Donors' understanding of the “problem” at hand informs and delimits possible strategies for addressing it. Case studies suggest that the more intensely collaborative USG-foundation interactions probably are more likely to occur and be readily supported when problems can be narrowly defined and interventions are clear in scope (for example, malaria). Problems broader in scope with less clearly defined remedies (for example, poverty) may present more challenges to partnership and, as such, a less intense donor collaboration may be more feasible.

Value Added. Even for narrowly defined problems, it is important that any collaborative effort add value over and above what donors might achieve separately. Assessing value added can be difficult, however, so it may help if organizations take a systematic approach to making such assessments. Formal cost-benefit analysis may not always be feasible for organizations considering partnership, but more qualitative assessments of the feasibility of partnering can be built into decision-making processes. One foundation included in the cases studied pursues such partnerships as an explicit program strategy, and takes such an approach to examining their feasibility.

Participation by Decision Makers. Finally, the success of any interactive effort requires the participation of those with authority to make decisions and direct resources. Identifying aid priorities and committing resources can be complicated. Foundations' independence may make this an easier process in the private sector than it is for government agencies. Within the federal government, initiatives with centralized authority—such as the AIDS and malaria initiatives described in this report—may be better able to support collaborative efforts, as there is greater clarity about where and how decisions are made.

Key Considerations for the Feasibility of Partnerships

Stakeholders may engage in interactions or partnerships with different organizations at different points in the lifecycle of an initiative—from planning and implementation to evaluation and promoting sustainability. Each stage presents opportunities and challenges for partnerships of various types, and case studies highlighted a host of issues for stakeholders to consider in their efforts to maximize their philanthropic efforts.

- **Planning.** In the planning phase, it is important for stakeholders to consider the opportunities for various types of interaction and weigh these against the costs of partnering, although costs may be difficult to identify and measure.
- **Implementation.** Once a problem has been identified and a strategy to address it has been developed, implementing the strategy through some type of partnership requires attention to concrete issues such as resources and administration, but also to less tangible matters, in particular, the culture and constraints of the various stakeholder organizations.
- **Evaluation.** In evaluating more collaborative efforts, it helps for partners to reach a shared understanding of what constitutes evidence and how best to obtain it.
- **Sustainability.** There appear to be two general approaches to sustainability: through mechanisms built into the initiative and through external mechanisms. These are by no means mutually exclusive and, in the best case scenario, both are probably desirable. Still, the USG and foundation sectors may make different contributions to sustainability, and practitioners will benefit from considering the comparative advantages of different donors in shaping their respective roles as an initiative plays out.

Innovations in Philanthropy

To optimize resource use, it is important for both government and foundations to use the tools that best support effectiveness. A potentially important benefit of interactions and partnerships between the federal government and foundations is the opportunity they create for sharing emerging innovations that may strengthen philanthropic efforts. Through case studies, we identified three main areas of innovation in philanthropy: metrics and measurement; funding mechanisms; and administration and governance.

- **Metrics and measurement.** All funders must decide which problems to address, how to allocate resources, and whether to modify, continue, or wind up specific programs. Innovative, systematic approaches and analytic tools for making such decisions emerged from the case studies. They included strategic planning processes, quantitative metrics combining information on expected benefits and potential risk to compare alternative program investments, and objective indicators to assess readiness and eligibility for assistance. In addition, both USG and foundations have established organizations dedicated to improving measurement and program evaluation.
- **Funding mechanisms.** Delivering adequate funding to efforts most meriting resources is a critical aspect of philanthropy. Innovative funding mechanisms examined in the study include one adapted from the private sector for determining who receives funding, and a leveraging mechanism used to create a substantial and stable flow of funding for immunization programs.

- **Administration and Governance.** Complex health or human services initiatives, especially on a global scale, require substantial communication, coordination, and/or collaboration among multiple entities. Establishment of a single, centralized coordinator with decentralized implementation has strengthened two USG initiatives addressing HIV/AIDS and malaria. A central secretariat located and staffed separately from donor organizations provides a unique governance structure for a multilateral vaccination program.

EXPANDING THE POTENTIAL BENEFIT OF PARTNERSHIPS

Partnerships between federal and foundation stakeholders potentially benefit both sectors. For instance, communication could facilitate situations in which foundations support explorations of high-risk or experimental program approaches and, if they prove feasible, USG then supports scaling them up by providing additional resources or infrastructure to expand into new locations or populations served, or to sustain provider funding. Study findings such as these suggest there may be value from pursuing additional efforts to understand and promote purposeful U.S. government-foundation interactions. Potentially fruitful avenues to maximize the value of philanthropic efforts could include: (1) stimulating awareness of USG-foundation interactions by sharing the information from this report and other sources with key policymakers, planners, and administrators within the federal government, and potentially in the foundation sector; (2) supporting dialogue about interactions and potential partnership opportunities with foundations through a variety of forums; and (3) conducting further research to understand better the approaches that might leverage foundation and other philanthropic resources more effectively, and the effectiveness of partnerships.