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# E-Philanthropy

Changing our way of giving

a briefing by  
**Greenstar Foundation**

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<http://www.greenstar.org/e-philanthropy/>

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The Web will cause philanthropy to undergo major changes, as with most fields. This means more than just improvements in speed and efficiency for public charities. There will be qualitative transformations in the way people give, how they interact and the purpose of their giving, and in the very definition of philanthropy itself. These changes will be driven by inherent capabilities of the Web that are not obvious at first glance.

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A free newsletter is available at <http://www.greenstar.org/email.htm>

## **“The Web changes everything.”**

paraphrased from Steve Jobs, Wired; February 1996

We’ve heard it repeatedly, in countless ways. Yes, the way people use the Web changes many things -- how we buy books and music, read news, invest our savings, the way we learn, shop for a home, a vacation, a mortgage or a gift, how we vote and exchange ideas.

In the process, the “bricks-and-mortar” people -- publishers, bankers, teachers, merchants, travel agents, politicians and salesmen -- are scrambling to protect their franchises. The nimble are trying to move into cyberspace themselves, to take advantage of the most significant transformation in human affairs since the invention of the printing press. No one wants to be caught second-guessing the new Gutenberg. But...

## **The Web Doesn’t Change Everything**

The Web doesn’t change basic human needs. It doesn’t change our need to be informed, to plan for the future, to own a home, to travel and explore, to express ourselves -- or to find a good deal.



And it doesn’t change our need to give to others, to share with the less fortunate, to reach out and leave something personal, of lasting value, behind.

The Web doesn’t change the fundamental need behind “philanthropy, n. [L. *philanthropia*, Gr. : cf. F. *philanthropie*.] love to mankind; benevolence toward the whole human family; universal goodwill; desire and readiness to do good to all men” (Webster’s Dictionary, 1913). But in using the Web, people will change who participates, how they give, what they give, to whom, when and for what purpose.

The Web creates E-philanthropy.

## The Technology of Giving

We're not talking about foundations using the Web to communicate with donors and collect funds more efficiently. We're not talking about using technology to deliver services, to better publicize global needs, or to fine-tune vertical marketing.

These things are important, as witnessed by [America Online's development of a new portal](#) with the goal of connecting individuals with charitable organizations



and helping nonprofits find resources on the Net. And by [Microsoft's sponsorship of the National Strategy for Nonprofit Technology](#), which recommends a portal specializing in technology resources for nonprofits.

The non-profit sector should benefit from the leverage that technology can bring to their work, in the same way that business and government have. One of the top benefits of improved productivity will be the ability to pass through a higher percentage of contributions to the people who need them. And the impact could be huge;

one in 10 workers in the United States is employed by a nonprofit organization or foundation. Collectively, the sector constitutes 8 percent of the gross domestic product in the United States, with assets totaling US\$1.3 trillion (for more, see National Strategy for Nonprofit Technology, <http://www.nsnt.org/nsnt.htm>).

But e-philanthropy is much more interesting than teaching foundations to use databases, design websites, and run email campaigns.

## What the Web Changes

Let's look at some of the less-obvious things that the Web makes possible for people, in ways that are relevant to e-philanthropy. We already know that the Web makes things move faster and cheaper. But there's more going on, behind the scenes:

### **1. Multilogue**

On the Web, you don't just listen...you don't just speak...you take part in a complex, interconnected conversation. Traditional media excel at monologues; normal face-to-face interaction excels at dialogues; the Web produces multilogues. I can easily express an idea or take an action that is seen and heard, simultaneously, by hundreds of people worldwide; they can each respond to me, and to each other; the conversation can be tracked over a period of months or years.

### **2. No Center**

The Web is like the weather: millions of interconnected local systems with no global center, ownership or control point. The Web cannot be managed. This is inherent in its design, and key to its success.

### **3. Low Friction**

When people use the Web knowledgeably and creatively, it can produce results greater than the sum of its parts. Industrial-age economics assumed that communications works like thermodynamics: the output is less than the sum of the inputs because, in physics some energy is always wasted; in communications, information is always incomplete. The Web works in a different, frictionless universe, that creates more information, more value, the more it is used. The Web is more like a garden than a clock mechanism.

### **4. Feedback**

The Web is the best feedback device currently in existence. It is quick to adapt, to respond to inefficiencies and route around them. It punishes the proprietary and rewards the open. Citizens of cyberspace quickly recognize competence and spurn ignorance.



### **5. New Currency**

Measures of value that rely on an artificial central monetary exchange -- the dollar, the euro, the yen -- will be supplemented and partly replaced by new forms of Web currency. On the Web, things are worth what people are willing to pay for them, in the type of currency they're willing to pay. Customers are not only right: they're the boss.

### **6. Smart Edges**

The technology action on the Web is at the smart edges -- our desktop computers,

notebooks, celphones, digital watches, smart cars and homes, and before long our refrigerators, eyeglasses, microwave ovens. Every object will be network-aware, capable of sensing, being sensed and exchanging data with every other object. The original centralized telecommunications networks are stupid; they only transmit raw bits, not the meaning and transactions at the smart edges. See [“Stupid Networks.”](#) David Isenberg, 1997.

## 7. Self-Organization

The Internet will enable the emergence of new forms of human association, crossing language, cultural, religious and class boundaries. [Stuart Kauffman](#) suggests:

“We all know of instances of spontaneous order in nature--an oil droplet in water forms a sphere, snowflakes have a six-fold symmetry. What we are only now discovering, Kauffman says, is that the range of spontaneous order is enormously greater than we had supposed. Indeed, self-organization is a great undiscovered principle of nature... Kauffman uses the analogy of a thousand buttons on a rug--join two buttons randomly with thread, then another two, and so on. At first, you have isolated pairs; later, small clusters; but suddenly at around the 500th repetition, a remarkable transformation occurs--much like the phase transition when water abruptly turns to ice--and the buttons link up in one giant network.”



[Oxford University Press review](#) of [“At Home in the Universe”](#).

This principle will express itself in unexpected ways, when it begins to affect people’s basic need to help and share with each other.

## Core E-Philanthropy Ideas

While government-sponsored centralized philanthropy -- otherwise known as foreign aid -- has declined 50% in the United States in the 90s, bottom-up philanthropy is increasing. According to the **AAFRC Trust for Philanthropy**, **charitable giving** totaled \$174.5 billion in 1998, an increase of 11% over 1997...and 77% was given by individual Americans. There was a potential for

another \$184 billion in 1998, without anyone having to raid their savings. Channeling this tidal force, and expressing it in terms other than mere money, is key to e-philanthropy.

Here's how e-philanthropy will be different from traditional charity:

	Traditional charity	E-Philanthropy
Who	the wealthy	everyone
What	donating money	investing their time, skills and money
How	through large, centralized organizations	directly with people who need assistance
Why	broad humanitarian goals	personalized projects, with direct feedback
Result	impersonal aid	highly-focused tools and resources
Benefits	people the donors never meet	people the donors communicate with regularly

Here are some concrete e-philanthropy actions, many of them already being implemented in various ways:

### **Participate**

Through the Web, everyone can participate in spreading the word. When something of value is produced by a project -- a story, a new idea, a personal achievement, a song, an image -- it can be shared for free by everyone who participated, with their family and friends, with a built-in link to attract further participation. This will dramatically reduce the cost of fund-raising and increase the amount of support that gets through to its intended destination, creating a "virtuous cycle" that will further broaden the base of participation and reduce the role of the middleman in conditioning the conversation.

### **Connect**

People can help others directly, over email, video links and conferencing systems, delivering something more valuable than money -- personal knowledge, caring, humor, culture, family and experience. Almost anyone has some skill which can benefit people, around the corner or across the globe, and that skill can be shared, to some degree, over the Web. The necessary monitoring and quality control is inexpensive to apply, because it's done over the network, by trained volunteers who choose this method of contributing. This "virtuous cycle" will increase interest by people in getting directly, personally involved -- obviously preferable to remote participation on the Web -- by taking a trip to a community they might never see, or a country they might never otherwise visit. It will be difficult to tell who benefits more -- those who "give" or those who "receive."

## **Customize**

The Web can be used to create a customized program for everyone who wants to give. For example, a foundation could display a pie chart on its website that shows how it currently distributes its resources: 10% to child health, 20% to education, 25% to job training, 15% to micro-loans for new businesses -- or where it distributes them: 15% to domestic community programs, 25% to Africa, 15% to the Middle East, 30% to Asia, etc. A donor could modify the pie charts, changing the proportions and introducing new ideas in order to target his contribution. The foundation communicates with that donor in the future based on his custom profile, and connects him with people that are benefiting directly from his choices.



The role of a foundation or charity is to build intelligent, real-time feedback between those who give and those who receive. Its role is to focus attention where it is needed through continuous, customized information, and to help its supporters to join directly in delivering its projects. The Web makes this kind of profile-managed multilogue easy to create, automatically.

## **Leverage**

There is a limit to what philanthropy alone can accomplish; even with all the “haves” contributing with highest efficiency to the “have-nots,” the task of bringing billions of people into prosperity in the 21st Century is a daunting one. Charity, in whatever form, can only act as a catalyst.

The real action will come in entrepreneurship: people creating their own jobs and new companies, products and services. People working in their own communities to create a secure home and future for their children and their families: harness that aspiration, and anything is possible.

The Web opens up a global market for anyone; its efficiency makes it possible for people who sew shirts in India, who grow coffee in Jamaica, who turn pots in Palestine, or who make music in Chicago, to present, market, ship and deliver their work -- often in digital form -- over the Web, cutting out layers of middlemen. This topic is explored further in Greenstar’s recent paper, [Digital Culture: a briefing on music and international ecommerce](#).

## Motivate

The Web allows anyone to mint their own virtual currency. Money is just one convenient way of exchanging value; people can use other electronic tokens, which have some advantages over money. For example, power utilities in California, Michigan, New York and elsewhere have begun issuing “green credits” to customers, based on the amount of power they use which comes from renewable sources. These credits can be used to “buy” other certified green products, in an account that is created, monitored and expended entirely online. Greenstar Foundation aims to hook its international environment-friendly products into this exchange, creating a global market for greenstuff. This will help international economic development, improve the environment, increase a sense of participation in something unique and valuable, build loyalty and future participation, in yet another “virtuous cycle” in which the whole is much greater than the sum of its parts.

Other examples of virtual currencies are frequent-flyer miles, and merchandise points accumulated on credit card purchases. These programs benefit everyone: the merchant with efficient marketing, the consumer with reduced prices, and the producer with increased sales. With proper business alliances between credit card companies, airlines and retailers, each organization in the non-profit sector can build a Web-based branded currency for its members.



## The Mandate for Universal Access

All the potentials described here are conditioned on one assumption: that everyone has access to the Web.

That is far from true at this writing. Even in the United States, where Web use is growing at 30% per year, major populations -- the very ones who must be wired in order for e-philanthropy to work -- are not connected.

“The ‘digital divide’ — the divide between those with access to new technologies and those without — is now one of America’s leading economic and civil rights issues. This report will help clarify which Americans are falling further behind, so that we can

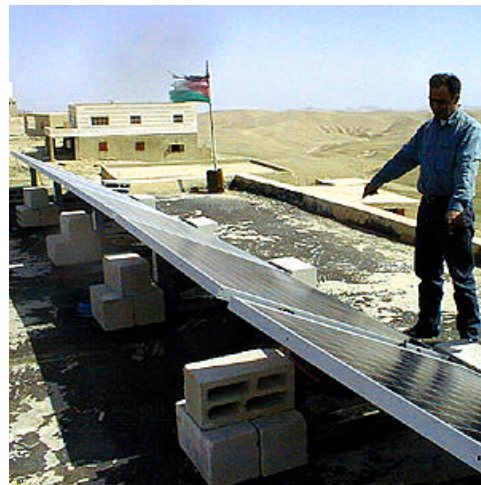


take concrete steps to redress this gap. Overall, we have found that the number of Americans connected to the nation's information infrastructure is soaring. Nevertheless, this year's report finds that a digital divide still exists, and, in many cases, is actually *widening* over time. Minorities, low-income persons, the less educated, and children of single-parent households, particularly when they reside in rural areas or central cities, are among the groups that lack access to information resources.

from "[Falling through the Net: Defining the Digital Divide](#)"  
US Department of Commerce, July 1999

In much of the rest of the world, the digital divide is even wider. It is vital that everyone gets wired; this does not mean that everyone must have their own computer and phone line. There are many public access vehicles -- telecenters, touchscreen kiosks, new-generation ATMs, for example -- that use one computer and one phone line to deliver Web access to many people in a community.

Greenstar is pioneering one such program, which starts way out at the margin, where people are not only un-wired; they are "off-the-grid" entirely. In Al-Kaabneh, a Palestinian village on the West Bank, there was no electricity, no phone, no computer, limited clean water and medical care, until Greenstar brought a large solar power system to the village in December, 1998. Now, Al-Kaabneh is poised to claim its citizenship on the Web, with a commercial website marketing real and digital products to a global



market...creating new jobs, new income and a fresh vision of the future, representing the foundation of a secure peace in this troubled region of the world. This is all based on electronic commerce on the Web, all drawing on the principles of e-philanthropy discussed here. More information is available at <http://www.greenstar.org/operating.htm> and <http://www.greenstar.org/pressroom/JPost.htm>.

According to the World Bank, there are over two billion people, living in 600,000 communities around the world, which have the same challenge -- and opportunity -- as Al-Kaabneh.

## Conclusion

The Web is not the answer to every question. Despite current enthusiasms, it doesn't change elementary human truths, nor does it abolish hunger, poverty, disease and injustice.

But it is a powerful tool. It can unleash great reserves of giving among those who are fortunate, and great potentials of initiative among those who are less fortunate. The Web is an opportunity to bring alive a global nervous system, exchanging sight, sound, ideas, caring and value among the entire human family.

The opportunity is there, for those with the vision to seize it.

**“Where your treasure is, there will your heart be also.”**

The New Testament

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An Adobe Acrobat (PDF) version of this paper  
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<http://www.greenstar.org/e-philanthropy/e-philanthropy.pdf>

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## Commentary

I find especially interesting the aspects of your briefing that deal with interpersonal contact with the recipients of philanthropy, particularly as such philanthropy would be in kind as opposed to cash.

Few of us can make large contributions of cash or even hardware of whatever variety. Not many people can devote their careers to philanthropy. And a relative few can even afford the "luxury" of volunteer work of any duration.

It takes little to dash off a few quick emails each week; yet these can go a very long way toward helping others relate more productively to the more developed world.

We are moving inexorably toward a more connected world -- rather, we are moving toward a fuller understanding of the eternal interconnectedness of our world. It therefore behooves all of us to understand who it is we are, will be and should be dealing with across the globe.

If that is in the form of marketing advice to an Kosovar honey exporter or just two teenagers commiserating by wire, the ease with which we can explore such communications is a precious gift...The root expansion of communications, from the mundane to the sublime, is an unabashed good we should all champion.

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