



Omidyar Network

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Introduction

A billionaire before the age of 40, the French-born founder of eBay Pierre Omidyar epitomizes well the new venture philanthropists' mindset breaking new grounds through the development of a "hybrid philanthropy."

Brief History

Omidyar Network is a philanthropic investment firm established by Pierre Omidyar, the founder of eBay, and his wife Pam. Omidyar Network supports nonprofit and for-profit efforts that enable people around the world to improve their lives and advance their communities. Since its creation in 2004, Omidyar Network has funded more than 50 firms in areas such as micro-finance, social media, and government transparency. Micro-finance is central to the Omidyar's Network philosophy of philanthropy. The Omidyar Network makes loans as small as \$40 to entrepreneurs in developing countries.

Inspired by the social impact of eBay, the Omidyar Network considers that business can generate remarkable opportunity and value, and that market-based approaches can breed substantial social returns. Omidyar's greatest accomplishment behind his democratic vision was giving rise to a level playing field by linking people with people, rather than establishing a brick-and-mortar retail giant with thousands of customers. As a social entrepreneur, Pierre Omidyar applies business approaches to solving social problems.

Mission/Objectives/Focus Areas

The Omidyar Network focuses on two major objectives. First, it aims at fostering access to capital (to fund online activities) through support of micro-finance, small-to-medium enterprises, emerging market ventures (investing in start-ups that offer low-priced products and services to underserved populations) and property rights. Second, it wishes to advance transparency in the markets and media

(through online programs). The Network focuses on social media (encouraging people to express themselves, share their common interests, and act upon what is important to them), marketplaces, government transparency and trust, reputation and identity.

Activities

The Omidyar Network funds several organizations within the micro-finance domain such as Ashoka (which provides social entrepreneurs with funding and a global network of relationships, knowledge, and resources), the Grameen Foundation (whose 2006 Nobel Peace Prize holder Muhammad Yunus sits on the Board of Directors), the Unitus Equity Fund (which is the largest global micro-finance equity fund financed solely with private capital), Mix Market or Micro-finance Information Exchange (which is a nonprofit web-based platform that collects financial reporting and provides benchmarks) and Kiva (which is a micro-lending web site which connects US micro-finance funders with social entrepreneurs in developing countries).

The Network also supports several Internet start-ups such as Digg.com (a social news aggregation platform), Linden Lab (the creator of Second Life), Wikia, Inc. (a web site, launched by Jimmy Wales, founder of Wikipedia, which enables groups to share information, news, stories, media and opinions), and Seismic.com (an online video conversation platform).

Last but not least, the Omidyar Network provides funds to Guidestar, one of the largest information sources on U.S. nonprofit organizations and private foundations.

Structure and Governance

The current staff is 30 people and the plan is to double the organization's employees. Omidyar Network is structured to work across the social, business, and government sectors, operating both a 501(c)(3) and a Limited Liability Company (LLC). Like a traditional foundation, grants are made through a 501(c)(3) entity. The investments in for-profit entities are carried out through a LLC. As result, the semantic has changed. Active philanthropists such as Pierre Omidyar refer to donors as investors, and they talk of social return, performance metrics and scalability.



Funding

The Omidyar Network derives its funding from the founder of eBay, Pierre Omidyar and his wife Pam. In 2007, the network has committed \$52 million of a \$200 million pool for profit-making investments and has \$284 million available to make grants to non profits.

Major Accomplishments/Contributions

The Omidyar Network has redefined the lines between for-profit and nonprofit more than most grantmakers. Omidyar's task is to help people "make life better for themselves" and in that spirit, it has invested in companies such as Linden Lab (creator of Second Life) and Meetup.com, while also making grants to the Grameen Foundation.

Like Serge Brin or Larry Page (Google), Pierre Omidyar is considered a "philanthropreneur" as a person who believes in active philanthropy as opposed to check book philanthropy. They expect accrued transparency and accountability, ask to be involved in the spending of their donations, and demand measurable results.

These venture philanthropists prefer to give away money earlier as opposed to a foundation custom to give through bequests. The number of foundations set

up by the living has risen dramatically. New philanthropists have adopted "the sooner the better" approach to their giving since they believe it enables them to actively shape a personal legacy during their existence and see the added-value of their contributions.

Cross-References

- ▶ Ashoka
- ▶ Dotcauses
- ▶ Grameen Bank
- ▶ Guidestar
- ▶ Micro-finance
- ▶ Social Entrepreneurs
- ▶ Social Entrepreneurship
- ▶ Social Investment
- ▶ Venture Philanthropy
- ▶ Yunus, Muhammad

Further Readings

- Cohen, A. (2002). *The perfect store: Inside Ebay*. London: Little, Brown & Company.
- Lewis, E. (2008). *The Ebay phenomenon: How one brand taught millions of strangers to trust one another*. London: Marshall Cavendish.