

‘Wicked problems’:

Philanthropy New Zealand Network Symposium, Auckland, 12 April 2018

Thought Leadership Forum:

Philanthropy Australia, Brisbane, 18 April 2018

Philanthropy – an ‘Unalloyed Good?’

One of the pleasures of the long-distance slog from the UK is the chance to catch up on reading. In my case, this time, I was able to dip in and out of a splendid anthology, *The Philanthropy Reader*, which has been drawn together with excellent commentaries by Beth Breeze, of the University of Kent in the UK, and Michael Moody of the Johnson Centre for Philanthropy in the USA.¹

I recommend the anthology to anyone wanting to get to grips with both the complexity and the opportunities of philanthropy (and to avoid some of the more disastrous, albeit well-meaning, philanthropic interventions).

It’s also a helpful reference for those wanting to understand more about why philanthropy – the ‘love of humanity’ or ‘voluntary action for the public good’ – an activity that can be so admirable and achieve such great things, can also generate so much criticism, scepticism and suspicion. Action that has been described, for example, as “the recognisable mark of a wicked man.” Or, when John D Rockefeller was trying to set up the Rockefeller Foundation, his plans were said in Congress to be “a menace to the future political and economic welfare of the nation.” Or even earlier, when George Washington asserted that “philanthropic enterprises could, over time, become potent engines, by which cunning, ambitious and unprincipled men will be able to subvert the Power of the People, and to usurp for themselves the reins of Government; destroying afterwards the very engines which have lifted them to unjust domination.”

The doubts are not just historical or restricted to the US. Concerns and ambivalence abound across the world about the dangers of undemocratic power exercised through philanthropy, legitimate concerns in many cases about philanthropic activity not being sufficiently exposed to accountability or transparency. These may be perceptions rather than the truth – but they are keenly felt.

The ambivalence was illustrated by one speaker at a Civicus International conference in Bogota on ‘Confronting Philanthropy’s Image Problem’² who declared: “Philanthropy means helping other people...Philanthropy also means corruption: the rich hiding their ill-gotten wealth in foundations and using them to exert political influence.”

¹ Breeze, Beth, and Moody, Michael, *The Philanthropy Reader* 2017 Routledge

² Hodgson, Jenny *Confronting Philanthropy’s Image Problem: does participatory giving offer a way forward?* Alliance October 2016

As Jenny Hodgson, Executive Director of the Global Fund for Community Foundations, reflected on this: “There you have it: philanthropy is a word that inspires deeply contradictory reactions and emotions. On the one hand, there is philanthropy as a positive force: private resources directed for public good, a voluntary expression of empathy and support for those less fortunate, a unique tool that can be applied in pursuit of social change.

“On the other, philanthropy is seen as part of the problem: the product of systemic failures of current political and economic structures, which have resulted in large concentrations of wealth in the hands of an elite and unaccountable minority.”

And as Julia Unwin, a former colleague of mine and formerly the CEO of the Joseph Rowntree Foundation, one of the best writers on philanthropy in the UK, in particular on what can be done about poverty, wrote:³

“Let’s acknowledge that philanthropy is not, ever, an unalloyed good.

“Philanthropy can represent what is best about us – quite literally the love of others, the use of time, talent and money to benefit others. It is the best possible example of inter-generational wealth transfer, making decisions in one generation to benefit and sustain future generations with no regard for return, popularity or gratitude.

“But it can also represent what is worst about us. Philanthropy can be a sort of detached benevolence, knowing best and using the power of money to drive change. It can be another manifestation of the privileged and closeted elites. Making decisions for others with too little thought of the consequences. Disconnected, illegitimate, out of touch.”

As these comments illustrate, Foundations and philanthropists are not operating in a completely rosy and uncritical environment. Participants need to be ready to respond to (but also to respect) these concerns as they may represent the views (often unvoiced) of the people and communities towards which, and in partnership with whom, philanthropic resources are directed.

‘New Philanthropy?’ – Learning from the Past

In recent decades, there’s been lots of debate, writing and fulminating about ‘new’ philanthropy, challenging what was seen as orthodox ‘stuck in the mud’ ‘old’ philanthropy. Again, the Philanthropy Reader anthology shows that debate is not restricted to the last couple of decades but has been a feature of the philanthropic world for centuries. It also shows that there are well established precedents in history for almost all the features of ‘new’ philanthropy – and there are useful lessons to be learnt from that history which are relevant to current times. For example, I reckon that one of the best case studies of

³ Unwin, Julia *What is the role of philanthropy in reducing poverty in the UK today?* Lecture to Association of Charitable Foundations, London, June 2016

strategic matched or leveraged giving can be found in a letter from Pliny the Younger written in 100BC!

Other examples abound. The emergence of philanthropically backed micro finance lending in Italy in the 10th Century; the use of 5% Philanthropy in the 1840's to finance the building in the UK of housing for 'the industrious poor' – philanthropic funding with a financial return; or the loan made to fund the land purchase and building of the UK's leading cancer hospital, the Royal Marsden – the loan coming from Angela Money-Coutts of the family that set up Coutts Bank – I always reckon that Money-Coutts is the best name ever for a banking family.

In the 20th Century, of course, philanthropic funds and effort were behind some of the most notable social justice campaigns (few of which were welcomed by the governments or establishments of the day): the Rosenwald Fund, for example (a 'spend out endowment, by the way), which funded more than 5,000 schools and teachers' homes for African-American children in the southern states of the US; the many foundations across the world that supported the Anti-Apartheid movement in South Africa; the initiation and continued support for hospice care worldwide; even the commissioning by the Carnegie Foundation of Sesame Street, the first TV show to achieve demonstrable gains in early-childhood learning. Transformational initiatives in every case funded by foundations.

So – philanthropy is timeless and, through the endeavours it supports, can have profound and lasting impact. It has also often involved the use of charitably given resources of time and money and organisation to challenge and to disrupt the powers that be, to create space for the voiceless to be heard and their stories told, to assemble data and knowledge to support campaigns and attempts to influence legislative, social or cultural change.

These are not new developments. We can all learn from what has been tried and done before, whether successful or not (though in the past as, perhaps today, philanthropists were readier to own and to celebrate successful outcomes to their generosity rather than to acknowledge failure when things did not work out as planned. It can often be hard to find examples of the latter – yet they can provide much useful learning).

Themes for this presentation

Timeless and timely – which brings me to the agenda I was asked to think about. Some 'big' current topics that have also been an important focus of debate within and about philanthropy for many decades – and rightly so:

- What can philanthropy contribute to solving intractable 'wicked' problems like poverty or climate change?
- Accountability – what are the responsibilities of private wealth as it seeks to resource public good?

- Advocacy – should philanthropy be bolder in expressing political points of view, helping preserve civic space, funding social movements?
- What more can philanthropy do to ensure the sustainable health of the Not-for-profit charitable sector?
- What is philanthropy doing well, and what do we need to do better?

Each of these questions would be the subject for a whole symposium. I have already touched a little on some of them and will now try and pull out some generic themes about philanthropy which may be relevant to discussion of any of them.

My themes include in particular:

- the place and legitimacy of the use of philanthropic resources
- the impact on contemporary philanthropy of the arrival on the scene of a host of newly wealthy people bringing with them a business and financial culture that is not necessarily a comfortable fit with the non-profit world

And:

- the relationship of philanthropists and foundations with the parts of society, the people and communities that are at the heart of where their philanthropy is directed – and of how to ensure that mutuality, respect and trust are central to those relationships
- the behaviour of philanthropists and foundations, the ways they work and organise themselves – how philanthropists and foundations can do so much to enhance the prospects for successful and sustainable outcomes from the work, the organisations and the people they support – how 2+2 in philanthropy can be made to add up to 5. But also how easy it is for thoughtlessness, impatience, lack of understanding and inappropriate processes to undermine the implementation of the mission their philanthropy is intended to make real, how 2+2 in philanthropy can all too easily add up only to 3 in effectiveness (and in satisfaction).

Importance of Context

Even if philanthropy at its core is a combination of simple and straightforward human behaviours, its potential, impact and legitimacy are profoundly shaped and influenced by the circumstances and context within which it is attempted and carried out – opportunities and obstacles vary from decade to decade, and from place to place. There is no philanthropic bubble that is neatly removed from the world outside.

Philanthropic resources are precious, scarce in the face of the huge challenges they often seek to address. There is, it seems to me, an obligation derived from the privileged position and unique role of philanthropy to use the resources entrusted to us as fully and effectively as possible. Surely, that must mean ensuring those resources are deployed in ways that, though ambitious and far-sighted, nonetheless take full account of contemporary circumstances and reality – the position and attitudes of government at all levels, the

‘space’ for philanthropic and social entrepreneurship to explore and develop new activities or to strengthen and to extend existing ones, the various competing, perhaps irreconcilable interests that embrace all the complex and ‘wicked’ social, cultural and environmental challenges each philanthropist and foundation wants to tackle?

I believe that imposes an obligation on leaders of foundations:

- to take time and effort to make well informed and targeted decisions and to develop processes and ways of working that are not only fit for purpose but are transparent and regularly open to review by those who they are intended to assist;
- to work alongside and to engage creatively as appropriate with the organisations and people we support;
- to ensure our need for reporting and accountability adds value not burden on those we fund; and that accountability is mutual, so that those we support can contribute to improving our ways of working without feeling fearful that their prospects of further support in the future might be threatened if they speak out;
- to learn from, share and apply the lessons of our own experience and of the organisations we support – in order not to repeat mistakes but also to ensure that every action we take is better and more productive than the previous one.

The UK Context

The current context in the UK is especially challenging for foundations and philanthropists. For many, the UK has become a bewildering place – and not just because of Brexit. We are in the midst of an era of chronic economic and political uncertainty, a souring of social discourse, exacerbated social divisions. We seem to be turning inwards and there is an accelerating hysteria about ‘the other’, people who think differently or who have escaped to the UK from war or famine or oppression – a narrowing of attitudes matched by a loss of public generosity and openness. For many, the country has become an unpleasant, even fearful place. As one bruised leader of a major charity commented: “Much of civil society is becoming ‘uncivil’.”

It is also a time when the real wages of much of the working population are no better, indeed lower, than they were a decade ago; the housing shortage is bad and getting worse; social and health care are buckling under the combined pressure of reduced or frozen funding and increasing need. For first time in my lifetime, the younger working generation is likely to be poorer than their parents at their age and, in some parts of the country, is likely to die younger than their parents.

The consequences and causes of many of these economic and social challenges have been the focus of much philanthropic effort in the past. It is not surprising that the recent turmoil has been a big jolt to many foundations – now having to reflect on their misreading of some of the communities with which they have worked, to rethink the philanthropic relationship

with the state, and to rewrite their script as some of their previous interventions have been found either to be fragile, ineffective or easily undermined and not sustainable.

Trust

Moreover, we are seeing in the UK an accelerating lack of trust in almost every type of institution or profession.

The charity sector has not escaped this destabilising fall in public trust. It is also been prone to shooting itself in the foot with crass and insensitive fund-raising methods and has provided plenty of governance messes for the media to pick at and to ridicule.

Even foundations and philanthropists are not immune to media and public mistrust – about where their money came from, the privileges linked to it and how they use it. Social media exposure can be relentless.

All involved in philanthropy, therefore, need to demonstrate its legitimacy in action – that means investing in top quality data and communications, reporting publicly on their work and finances, applying lessons learnt in practice transparently, providing opportunities for neglected or powerless communities and groups to tell their own story, using their experience and knowledge to challenge media or politically driven distortion.

New Philanthropists

Recent new entrants to the philanthropic sector, including some who have acquired huge wealth in recent decades, bring not only new wealth but new energy and ambition into philanthropy – this can be a breath of fresh air, disruptive perhaps, but it can also be inspirational in its ambition and determination – and in its achievements.

As Katherine Fulton (another philanthropy commentator I commend to you if not already on your reading lists) has cautioned: “those with the power to make philanthropic decisions are often those who have least direct knowledge about the problems and opportunities being addressed.”⁴ When such power is exercised, applicants for funds often have to bite their tongues in response to what they see as wrong but unquestionable assertions by funders; or feel they must twist their stories and reports to fit the funder’s version of how the world should look.

Many of the new philanthropists bring a mindset developed in their business or financial services careers which can reduce philanthropy to a set of transactions, usually linear and direct, coupled with assertions that the charity (and philanthropic) sectors need to be more ‘business like’ in their strategy, organisation and behaviour.

The reality of running mission driven organisations such as social enterprises and foundations is that successful actions tend to be relational rather than transactional; attribution and, therefore, actions, must be multi-faceted and blended.

⁴ Fulton, K *The predicament of strategic philanthropy* India Development Review 2018

Measurement

There is no single bottom line in philanthropy that can be relied on to provide a straightforward reference point to measure success. 'Measurement' is often at the heart of the 'new' philanthropy – but seems often to consist of measurement of simple quantitative outputs, not the exploration of the long-term outcomes of particular interventions. I despair, for example of funders (and charities) resorting to claims such as 'numbers of lives touched' to support assertions about their effectiveness.

Julia Unwin, who I quoted earlier, takes a firm line in her excellent pamphlet, *The Grant Making Tango*⁵ when she writes that there is a danger of funders' enthusiasm for impact measurement, becoming a "frequently absurd pseudo-science, a misguided attempt to quantify the abstract, an issue that has been over-intellectualised, made too complicated and been confused with notions of numerical measurement."

And Darren Walker, head of the Ford Foundation has gone further, asserting that: "Our sector's obsession with quantifiable impact, and frequently dogmatic adherence to discrete deliverables, undercuts the expansive purpose of civil society organisations, miniaturising them in their ambition. In other words, this system is rooted in transactional short termism – a tyranny of donors – that distorts and inhibits, rather than unleashes, the potential of civil society."⁶

Both are right in their criticisms of the behaviour and demands of some funders – but both would be worried if people thought they were arguing that good impact measurement is not an essential feature of good management practice.

Purposeful and inspirational management (and the effective use of resources) depends on such measurement being at the heart of any well-run organisation – especially so if it is trying to address a tough social challenge or assist an underserved community. The best way to resist some of the simplistic measurement demands of some of the 'new' philanthropists and corporate donors is, as here, for the Not-for-profit sector itself, with help from other philanthropy, to develop impact and outcome measurement resources which are accessible, appropriate and relevant to all charities and social enterprises. That way, the demands for measurement can be anticipated and met full-on and with confidence – and the performance of the charities and enterprises themselves will also benefit.

Self-imposed Excellence

One of the major leadership and governance challenges facing foundations is summed up by Tom Tierney in *'Give Smart'* when he asserts that the "natural state of philanthropy is one of underperformance. Excellence must be self-imposed in philanthropy. There are no built-in systemic forces to motivate continuous improvement. Self-imposed accountability is not a

⁵ Unwin, Julia *The Grant-Making Tango – Issues for Funders* 2004 The Baring Foundation and: <https://www.jrf.org.uk/report/grantmaking-tango-issues-funders>

⁶ Walker, Darren *How Can We Help You? The value of civil society* Civicus State of Civil Society Report 2015

natural act. It requires extraordinary determination and discipline to pursue outstanding results year after year when nothing in the surrounding environment requires you to do so.”⁷

A contributor to a recent survey by the Centre for Effective Philanthropy⁸ (another source, by the way, of consistently useful and reliable evidence about how to do ‘good’ philanthropy well) described the leadership of philanthropic organisations as being a ‘comfortable perch’ – on which it is easy to sit back and go on doing ‘good’ things as always before, but never really attempting to test possibilities for change, reluctant to take risks or to get into ‘uncomfortable’ positions.

Related research revealed a paradox at the heart of foundation philanthropy (at least in the US where the survey was carried out): 2/3 of foundation CEOs reckon it is possible for foundations to make a significant difference (which means 33% reckon of them can’t which seems fiercely depressing); but only 13% thought they were actually making a difference. How come this huge aspiration gap? (Fear of failure, risk averse Boards, lack of ambition, reluctance to collaborate?).

The same survey found that that 57% CEOs thought foundations needed to change ‘to a large extent’ to address society’s future needs (and 41% thought they had to change ‘to a moderate extent’ – that’s a combined total of 98% saying change must happen if foundations were to be relevant to today’s circumstances). But only 14% thought it was very likely that foundations would change – and 22% thought it was not likely.

I would be anxious that the results among CEOs of UK Foundations might not be a lot different. What would similar survey find here?

Top Quality Philanthropy

Given these concerns, and as I am on my soap box, what do I reckon are indications of excellence – how do the best in philanthropy behave – and what behaviour should NFPs, charities, potential applicants, be able to expect foundations?

Here’s my top ten list of top quality performance among foundations. That they will:

1. Have clarity of purpose that is coherently informed and shaped by values and evidence; that is actively shared, reviewed and refreshed internally; and that is communicated externally vividly and relevantly.
2. Go for double impact funding i.e. if they wish to provide funds to alleviate an immediate need or lack of opportunity, then go for it, but also take steps to support simultaneously the advocacy, campaigning or policy work which could ensure that need no longer exists or that opportunity becomes mainstream rather than exceptional.

⁷ Tierney, Thomas and Fleishman, Joel *Give Smart: Philanthropy that gets results* Public Affairs 2011

⁸ *The Future of Foundation Philanthropy: The CEO Perspective* The Centre for Effective Philanthropy 2016

3. Be prepared to take sides and put money into trying to secure elevated level change as well as into helping local, practical activity to take place; to support efforts to influence the behaviour of those in power who could make the changes that might improve the longer-term prospects of those their philanthropic funding is intended to assist. To enable 'truth to speak to power' is a legitimate use of charitable and philanthropic funds if it is neutral of party politics and draws on proper evidence and real voices.
4. Always look to help build and generate activity that can, if successful, be sustainable and have continuing and lasting impact – so that even if their first, perhaps tentative, explorations and partnerships are project focused, they move as quickly as possible to providing appropriate long term support for the organisations that can translate the foundation's hopes and aspirations into reality.
5. Build a reputation for listening – especially to the communities they wish to assist but also to those with relevant experience – Not-for-profits and other funders. There's no need slavishly to follow any of these but there is a need to understand and to explain the choices a foundation makes. Also, if someone else is already active and effective, be willing to get alongside them, to collaborate, to syndicate. There is no special virtue in each foundation acting individually to address the same cause or need as others – it's messy and can be excessively demanding for the organisations being supported; and the pooled money may achieve more than lots of separate bits of funding.
6. Invest in their own capacity, skills and governance to a similar standard to that which they expect (or indeed demand) of the organisations they fund – to apply to themselves the assessment criteria and due diligence that they apply to applicants and the organisations that they fund, to expose their own performance to measurement. (An aside: US research on the attention given by foundations to training and development of their own Board members and staff; to data collection and self-evaluation of performance; to user involvement, accountability and transparency; to all the sorts of requirements that are routinely made of applicants – found these things were seldom observed by many funders in their own practice or governance).
7. Use as many resources and assets as they can to deliver their mission – grant -making is likely to be at the heart of that, but there are other ways of financing organisational capacity or growth, through underwriting, loans and other forms of social investment; also philanthropic actions that don't involve financial transactions – convening, influencing, contributing the voice and stories of the people and communities they support to policy debate; and, if the foundation is endowed, looking for ways to better align investment strategy and action to philanthropic mission.
8. Stay alert to the impact of their own behaviour and processes – listen to feedback and adapt; retain flexibility as times, circumstances and needs change; be suspicious of any process or behaviour which can only be justified or explained by it meeting the foundation's own needs; spend at least as much time in meetings with the board sharing learning as they do making decisions about new funding.

9. Stay curious, talk a lot internally and externally about what is happening, where things are working and why, where they are not, and why; exploit the privileges of philanthropic independence to explore and go where others won't or can't as they may not have the capacity or resources or freedom to do so. Consider looking beyond NFPs or charities for the delivery of the work they want to support – it maybe that a partnership with a 'for profit' organisation with an explicit social purpose may, for some developments, be the best approach.
10. Celebrate what they do – and by their (your) enjoyment, encourage and inspire others to join in and participate. Share the passion that drives the philanthropy – it can be infectious.

David Carrington

April 2018

(As numbers 2 and 3 in the list above could be argued to be the same, I offered an additional indication of excellence in the discussion at both sessions: that foundations will recognise the imperative to improve the work of their own sector – and, therefore, invest in organisations like Philanthropy Australia/New Zealand which are trying to raise performance standards, to enrich personal and professional development, to enthuse new participants, and to represent civil society to government, the private sector and the wider public).