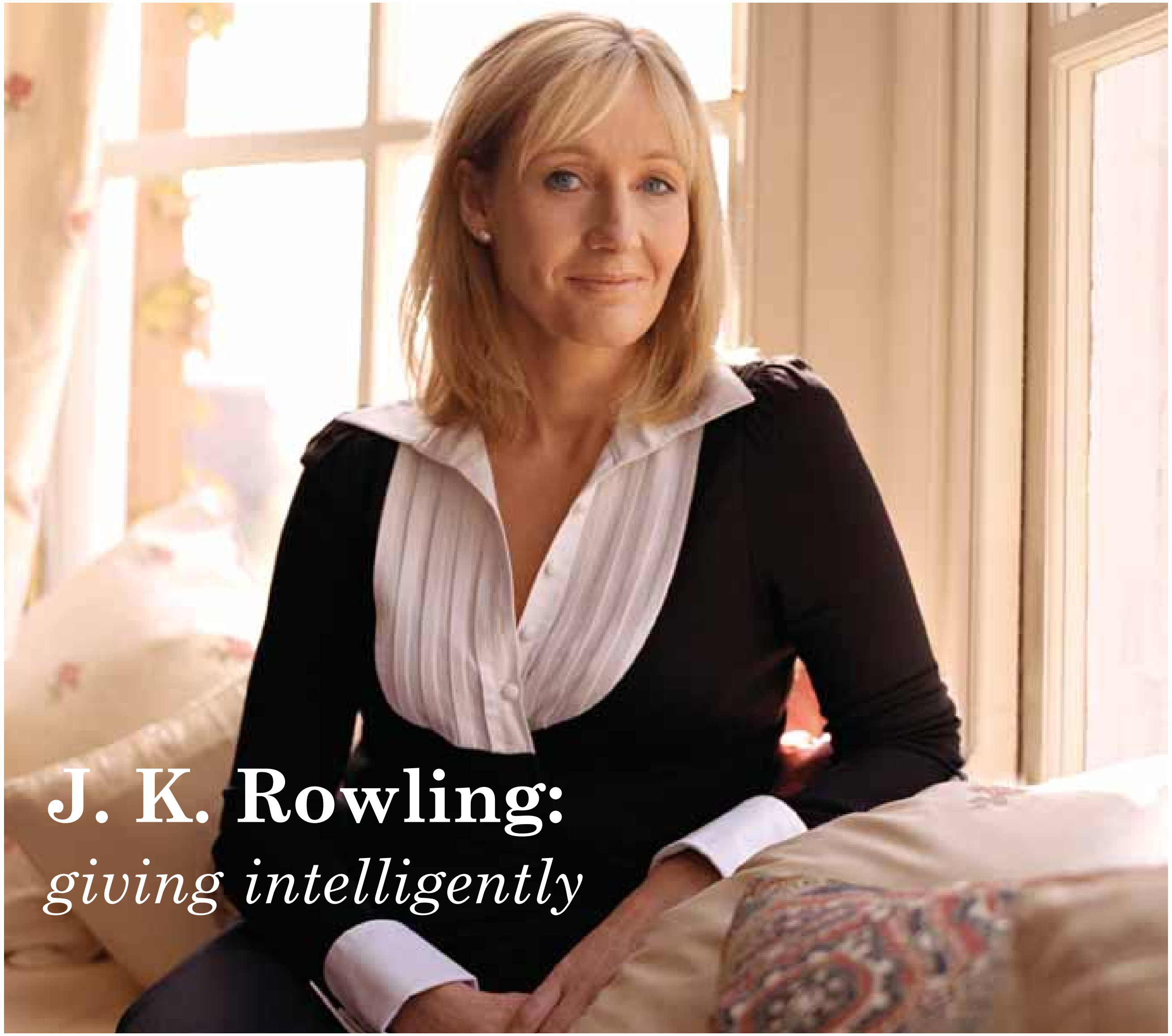
Issue 32 : March 2008

philanthropy uk : newsletter *inspiring giving*



J. K. Rowling:
giving intelligently

A quarterly e-letter for all those interested in the development of philanthropy

Also in this issue:

Women & Philanthropy
inspiring women, inspired giving
published as a special report

Dame Stephanie Shirley
shares her top tips for giving

What the super-rich want
Melissa Berman reviews the latest research

plus the latest philanthropy news and publications

welcome

Welcome to the latest issue of the *Philanthropy UK Newsletter*. Our first issue in 2008 highlights an important trend in charitable giving – the growing involvement and influence of women in major philanthropy.

Also, for the first time, we welcome a **guest editor**. We are very grateful to Maggie Baxter, who has been instrumental in pulling together our special report on women and philanthropy, published alongside this issue of the Newsletter. We have benefited from Maggie's vast experience in the voluntary sector – including as a grant-maker at City Parochial Foundation and Comic Relief, and further charity experience as Executive Director of Womankind Worldwide. Her next venture is the establishment of the new UK Women's Fund, reported herein. We wish her every success.

Our special feature this issue is the **first major contemporary report into women and philanthropy** in the UK. Because of its size and significance, we have published this as a *companion resource to this issue*. Both the Newsletter and special report are available as free downloadable PDFs from our website.

Leading off the report, a Philanthropy UK **survey of advisors** to high-net-worth individuals revealed that, amongst other findings, women, like many male philanthropists, take a strategic approach to their philanthropy, and that they often seek a deeper level of engagement and connections with the causes they support. We hope that the findings of our short survey encourage research into this important area.

The report also features **profiles of prominent female philanthropists**, including Sigrid Rausing, J.K. Rowling and Darcey Bussell. We also look at the history of women's philanthropy in the UK, and offer a global perspective, with high-level overviews of women and philanthropy in seven countries.

We are also delighted to welcome Dame Stephanie Shirley, who pens this issue's **Top Five Tips** column.

As always, we are especially grateful to all our guest contributors (a record 26 this issue!), whose efforts continue to enrich these pages. We thank our readers for your support, and urge you to engage further with us. If you would like to comment on this issue, or to contribute an original article, please contact me at editor@philanthropyuk.org.

Susan

Susan Mackenzie: *editor*

in this issue

Front cover image

"You have a moral responsibility when you've been given far more than you need, to do wise things with it and give intelligently" says J.K. Rowling, who is featured alongside other prominent female philanthropists in our special report, **Women & Philanthropy**, published as a companion resource to this issue.

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The purpose of the Newsletter is to disseminate information about new developments in philanthropy. To submit an article for consideration, please contact the Editor at editor@philanthropyuk.org.

The secretariat for the Newsletter is being provided by ACF. To subscribe free of charge, please complete the subscription form on our website.

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Philanthropy UK aims to inspire new giving by providing free and impartial advice to aspiring philanthropists who want to give effectively. An initiative of the Association of Charitable Foundations, we also publish *A Guide to Giving*, the essential handbook for philanthropists. www.philanthropyuk.org

How women are changing the face of British philanthropy

by Susan Mackenzie

As Britain's 'new philanthropists' are changing the giving landscape in the UK, there has been another important trend that has gone largely unrecognised: the growing involvement and influence of women in major philanthropy.

Image*: The Sigrid Rausing Trust funds The Campaign for Female Education (CAMFED), which is dedicated to fighting poverty and AIDS in rural communities in Africa by educating girls. Riziki, an entrepreneur from Kibaha in Tanzania, used a grant from CAMFED to expand her small business, which she uses to support her family and pay for a higher education course.*

Like many male philanthropists, women take a strategic and engaged approach to their philanthropy. But, compared to men, they often seek a deeper level of engagement and connections with the causes they support, according to a Philanthropy UK panel of advisors to high-net-worth individuals.

In this way, women donors typify a key characteristic of the 'new philanthropist': that is, they want to do more than 'write a cheque'; they also want to offer their time and expertise.

Yet female philanthropists lack both the profile and recognition achieved by many male donors. Women's philanthropy is not comprehensively reported in the press, and there still is little research on gender differences in philanthropy. Further, women are under-represented in giving statistics, such as the *Sunday Times Giving Index* (see sidebar on next page), which reflect how wealth is attributed, and so generally do not capture the influence, in major philanthropy, of women in decision-making by couples and families.

Philanthropy UK believes that such simple statistics belie the true impact that women are having on major philanthropy in the UK – and ultimately on charities and their beneficiaries.

To explore further women's role in major philanthropy, we sought the insights of a range of professional advisors serving a breadth of male and female clients. The seven advisors we consulted represented a mix of wealth management, legal, family office and specialist philanthropy advisory organisations.

We hope that these findings stimulate further dialogue about women and philanthropy, and encourage research into this important area.

"Women are often the decision-makers; they are the ones who make things happen"

Renu Mehta visits a water project funded by Fortune Forum in Gonde Ethiopia that provides clean water for the local community. Photo courtesy of Fortune Forum

Giving Index misses out on women

The business entrepreneurs and City professionals who dominate the *Sunday Times Giving Index* (which ranks the top 30 philanthropists by their giving as a percentage of their wealth) are predominately male. Out of the 67 different people who have appeared in the Giving Index over the last four years, only 7, or about 10%, were women. In 2006, not one of the 30 *Giving Index* members was female.

"This is largely because the Giving Index is derived from the Sunday Times Rich List," explains Alastair McCall, Editor of the Giving Index. *"There is a significant gender imbalance in the Rich List, with 1,028 men making the List in 2007, compared with only 92 women. There are wider sociological issues at play: women are under-represented in the board room and at chief executive level, for instance."*

And, because both the *Rich List* and *Giving Index* are based on the individuals from whom the wealth is derived, it is often men who are recognised as the givers. For example, David and Heather Stevens – who donated half their stake in Admiral Insurance to endow a new charitable foundation – topped the 2007 Giving Index; but in second place is hedge fund manager Christopher Hohn – yet it is his wife Jamie Cooper-Hohn who runs the family's foundation, the Children's Investment Fund Foundation. Similarly, the wealth of the Rausing family is attributed to Hans Rausing, and so his daughters, Sigrid and Lisbet, both prominent philanthropists, do not appear.

McCall comments, *"Of course, giving is often done as a partnership, and women play a critical role in major philanthropy."*

The 2008 Sunday Times Rich List and Giving Index will be published in the spring.

Influence

A growing number of women are becoming more engaged and influential in their family's philanthropy. And, one solicitor reported that more female clients are setting up their own foundations, and also that more are playing an increasingly influential role in their family's philanthropy.

"Women are often the decision-makers; they are the ones who make things happen", remarked Harry Charlton, Head of Client Development at New Philanthropy Capital (NPC). Other philanthropy advisors we spoke to agreed. Said Heather Maizels, Barclays Wealth Director and Head of Philanthropy: *"The women seem to be the chief influencers on where the money eventually goes."*

Theresa Lloyd, philanthropy consultant and Founder Director of Philanthropy UK, adds: *"My research for* Why Rich People Give *showed that for couples major philanthropy was usually a joint decision. Even if one person appeared to lead on a relationship with the beneficiary, both partners had to feel involved for a commitment to a significant gift."*

Indeed, family giving is becoming more inclusive. As Tanja Jegger, Head of Philanthropy at the wealth manager Stonehage, explained, *"In a family foundation setting, women can and often do play a leading role in deciding on themes and specific projects."* Maizels elaborated, *"Women seem to be more interested in family philanthropy, seeing it as a way to bind siblings together, involve less affluent cousins and be a way of ensuring that the family have a continuing way of sharing their lives."*

Women's growing influence in decision-making is good news for charities, as women tend to be more generous than men with their gifts, as highlighted in recent research from the US (see *'Among singles, women are more generous, US research shows'* in Latest News on Philanthropy UK's website). Philanthropist Sigrid Rausing observes: *"The main gender difference is that men have access to considerably more capital than do women overall; but also, I believe, that women (like the poor) are rather more generous with what they have."*

"In addition to taking a strategic approach, women also seek a deeper involvement and connection with the issues"

Engagement

As women are becoming more influential in giving decisions, they also are becoming more engaged in the giving process. One advisor to a family office noted that the younger generation of women in the family are more active than their forebears in their philanthropy: *"They are very connected, strategic and involved."*

Yet the experience of the advisors we spoke to suggests that women's engagement differs in a fundamental respect: in addition to taking a strategic approach, women also seek a *"deeper involvement and connection"* with the issues. Jegger commented, *"Women are typically quite emotionally attached to the causes they engage in, with time and expertise being just as important as financial support."*

One family office advisor has noted a similar pattern in clients: *"Women are more closely involved with their grantees than are the men in the same generation; they feel more comfortable with an emotional response. They also seem to be more motivated, believing that 'some things are just wrong'."*

And a solicitor observed of his clients, *"Women generally seek emotional engagement with grant recipients, whereas men typically do not want to deal at an emotional level with beneficiaries."*

The Children's Investment Fund Foundation (CIFF) is providing £3 million funding to Protecting Families Against AIDS (PREFA), an indigenous Ugandan organization. The program pilots an innovative, but proven strategy combining prevention of mother-to-child transmission services with universal home to home HIV counselling and testing and nutrition/food security. © CIFF

Impact

Women are more likely to fund *"harder causes"* and individuals *"on the margins of society"*, according to our panel of advisors. This may be, perhaps, because of a deeper emotional engagement with beneficiaries; although we simply don't know, as there is little research to draw on. Vivienne Hayes, Director of the Women's Resource Centre, a charity which supports women's organisations to be more effective and sustainable, wonders, *"It could be that the struggles for recognition and equal rights that women have faced in their own careers and families fuel their engagement with causes and communities on the margins."*

For example, the top three causes targeted by NPC's female clients are refugees, mental health and domestic violence (see graph on next page). In contrast, the most popular causes amongst NPC's male clients include cancer, and truancy and exclusion; areas where outcomes are more easily measurable and quantifiable. Women also seem to want to be involved locally, solving problems and building infrastructure closer to home, according to some advisors.

Several advisors suggested that women may be more comfortable than men with intangible results. Having an impact is just as important to women, but they monitor results partly through their personal engagement with the charity. Rausing commented on the importance of appropriate outcomes measurement: *"Measuring outcome has a cost, and needs to be thought about – too much, and you get jargon and glossy reports. Too little, and organisations can lose their way."*

Jegger explained, *"While men may often be more structured and results-oriented, women can be more* *process-oriented, often selecting smaller projects, where they feel they can make more impact."*

Men also are more likely to seek to *"make their mark"* on something, such as having their name on a building, while women seem less concerned with recognition; and one advisor noted that, once a gift is made, men generally view it as still their own money, whereas women tend to view it as the charity's money. Philanthropist Dame Stephanie Shirley, writing in this issue of the Newsletter, remarks, *"Givers, speaking especially for women, care about the issues and are 'care-ful' about them. A man typically might ask 'what does society expect a man in my position to do?' and 'what recognition will I get out of it?' Women seem less interested in these fripperies and perhaps focus more on 'how can I make the most difference?'"*

Advice

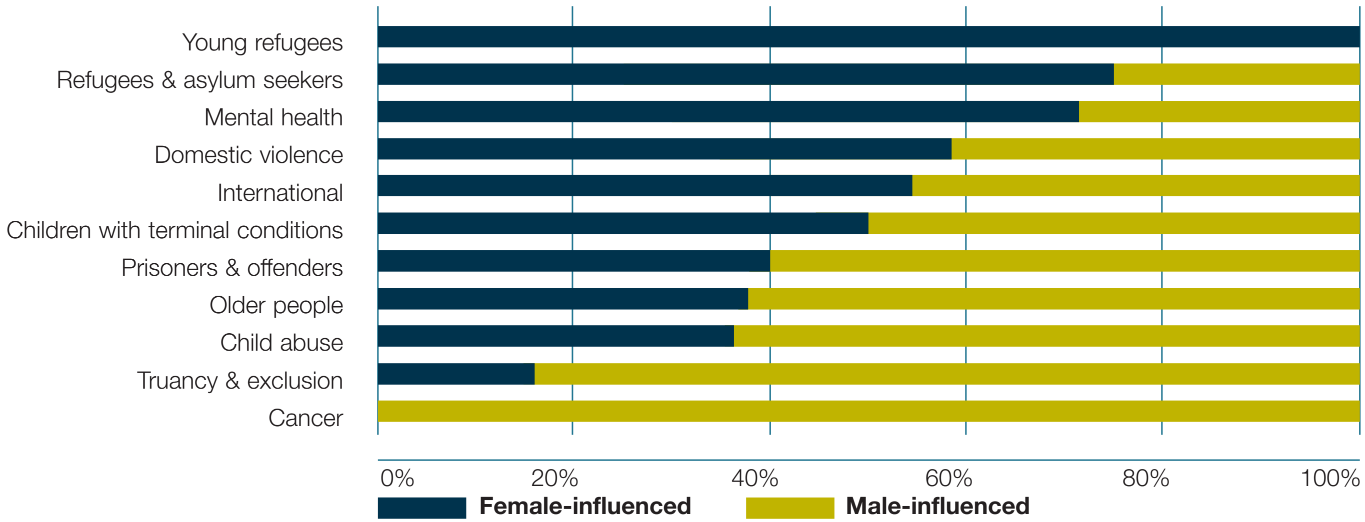
Women also can be more thoughtful and consultative in their giving, and more willing to seek advice. For instance, Maizels notes that *"Women generally tend to seek advice more than men on investment matters, and we have noticed that this trend also applies to philanthropy."*

Several advisors reported that their male clients tended to be more directive with their giving. They want the problem solved, but are more likely to use an intermediary to achieve their objectives. In contrast, women are more *"consultative and involving"*. Charlton explains, *"Women want to engage with the problem and understand the issues; they seek a deeper level of engagement with the beneficiaries."* Lloyd agrees: *"Women are more active managers; they are more hands-on. They often 'start small' and learn. They do not want to reinvent the wheel."*

There are, of course, notable exceptions to these trends. Though in general, women are becoming more involved – and more influential – in giving decisions, and they are becoming increasingly engaged with beneficiaries. Renu Mehta, philanthropist and founder of the Fortune Forum, observes, *"Traditionally, women are more triggered by emotion, and men are more analytical. But the line is blurring, especially with the emergence of the philanthropy 'power couple' – such as Bill and Melinda Gates, Brad Pitt and Angelina Jolie, and Chris and Jamie Cooper-Hohn – where we are seeing a cross-fertilization of perspectives."*

"In major philanthropy," an advisor concludes, *"as a couple, men and women are a great balancing act."*

Charitable causes supported by gender. New Philanthropy Capital clients



Source: New Philanthropy Capital. Based on 165 grants. "Female influenced" indicates either women donors as individuals or couples where the woman has had a significant influence.

Giving News

"When you see the difference that actually quite small amounts of money can make, in well run and well led projects, then you do feel optimistic about how funds like this can change lives."

UK Women's Fund to launch

by Natasha Walter

***"If people join us now, they will be in at the beginning of something potentially revolutionary,"* says Maggie Baxter, talking about the upcoming launch of the new UK Women's Fund.**

Maggie Baxter is one of those rare people who combine inspiration with pragmatism; she has spent more than 30 years in the voluntary sector, from grants director of Comic Relief to director of Womankind Worldwide; yet she has never lost the idealism that has driven her from the start of her career. *"When you see the difference that actually quite small amounts of money can make, in well run and well led projects, then you do feel optimistic about how funds like this can change lives."*

There are more than 200 women's funds in the world, stretching from the Ukraine to Ghana, from India to the USA, where there are dozens – while we are still waiting for a national women's fund in the UK. Elsewhere, these funds – which include well known organisations such as the Global Fund for Women and MamaCash, through to community funds such as the Women's Fund of Greater Milwaukee – are successful in channelling money towards women's organisations.

In doing so they fill a real need, because grant-making is often blind to the fundamental inequalities between men and women, which means that women's organisations lose out. *"I was first really aware of this when I went to Africa for Comic Relief in the 1990s,"* says Baxter, *"I saw how women do all the work and yet are so unrecognised. In a less obvious way, the same is still true of the UK – the work that the women's sector does, whether it's in protecting women from violence or campaigning for political equality – still tends to get sidelined, which means that women's organisations remain horribly underfunded, despite superficial equality elsewhere in society."*

Alice Hooper at the branding agency Rainey Kelly, who has been working on the launch of the new UK Women's Fund, was struck by the response of the women in the focus groups they talked to: *"At first women said that they didn't see the point of a special women's fund, but when we presented them with the real needs on the grounds for many women, particularly around sexual violence – how rape crisis lines are being cut, how women who flee trafficking can't find support – we saw a change in the room. Women began to join up the dots. They saw the connections between these issues and issues such as a lack of political representation."*

The fund will aim to draw in new money from people who may not have been attracted to philanthropy in the past,

Maggie Baxter and Ann-Sophie Morrissette of the UK Women's Fund
© Philanthropy UK/Lisa Barnard

as well as influence existing funders to invest in women. In other countries where women's funds have taken off, Baxter has noted that they foster a spirit of sisterhood and solidarity, which she is keen to see take off in the UK too. *"There is a strong sense of self-interest in our society at the moment, a sense that 'if I'm all right I can ignore those who aren't'. But I think when you encourage people to realise that they can be part of a movement to grow a better society, they are drawn to that."*

Hooper agrees: *"There is the potential for a huge leap here. Just recently it wasn't at all cool to be green, and that has turned around. I think the same could happen with women's issues – that it could become cool for women to get involved in empowering other women."*

The UK Women's Fund will launch in spring 2008. It will invest in women creating change in the areas of safety, economic justice, voice, health & well being. To find out more or to get involved, please contact Ann-Sophie Morrissette at annsophie@wrc.org.uk.

"The work that the women's sector does, whether it's in protecting women from violence or campaigning for political equality, still tends to get sidelined, which means that women's organisations remain horribly underfunded, despite superficial equality elsewhere in society"

Natasha Walter is a journalist and broadcaster, the author of The New Feminism and the founder of Women for Refugee Women.

Natasha Walter

"The best venture philanthropy is ambitious, pushes boundaries, and takes risks"

New venture philanthropy fund for Scotland

by Susan Mackenzie

As venture philanthropy continues to gain traction across Europe, a new initiative in Scotland is arguably the biggest and boldest yet. With an ambition to effect *"landscape change"*, the scheme, aptly named Inspiring Scotland, will distribute between £70m and £100m over the next decade to Scottish charities.

"Our aim is to marry 'traditional' philanthropy with venture philanthropy to more effectively tackle the serious issues facing Scotland," said Andrew Muirhead, chief executive of Lloyds TSB Foundation for Scotland.

Launched in January by Lloyds TSB Foundation for Scotland, Inspiring Scotland's first fund will target 14-19 year olds who are struggling to make the transition from school to the next stage of their lives. There are approximately 32,000 young people in Scotland who are not in education, employment or training (NEET), and they *"represent a huge loss of potential for the country and their local communities"*, according to the fund. Inspiring Scotland plans to start subsequent funds to target other areas of need.

Inspiring Scotland will bring together money invested by philanthropists, grant-making trusts and foundations, business investors and government funds. The Scottish Government is investing more than £9m over the next three years, while local government is also actively supporting the initiative. *"We have a rounded relationship with all our funders"*, commented Muirhead. *"They are involved at every stage of the model, whether it is governance of Inspiring Scotland or of individual charities we support."* Inspiring Scotland will be managed by the Lloyds TSB Foundation for Scotland but plans to become a separate legal entity with a governance structure representing all the investor groups.

The scheme will offer long-term funding as well as capacity building support. A long-term challenge requires a long-term investment, Muirhead explained: *"Charities need time to prove themselves and to flourish. A venture philanthropy approach will give new ideas space to breathe, and allow existing models room to grow. There needs to be longevity for significant impact."* The fund will also help charities become *"investment ready"*, through a separate stage in the proposal process.

An important element of the model is its exit strategy. Planning for exit begins during the proposal development stage, and a condition of the partnership is for charities to partly match Inspiring Scotland's support with other funding. The aim is to improve the charity's sustainability, by strengthening the fundraising proposition, building new income streams or, where appropriate, helping to make the model applicable for government.

To ensure sustainability and a successful exit, Inspiring Scotland also offers capacity building support, and will facilitate cross-sector collaboration, from back-office to front-end delivery. It also has a network of management consultants who can provide ad hoc strategic support, as well as a dedicated team of performance advisors. Muirhead remarked, *"There is an incredible bureaucracy of evaluation, and we hope to create some space for more*

Andrew Muirhead

standardised performance measurement." He continued, *"Our style is open learning – we want to know what's working and what's not working – and we actively seek ways to do things smarter. There is no point in doing this unless we are really adding value."* Importantly, the cost of evaluation is built into each investment.

A second but equally important objective of Inspiring Scotland is to help promote philanthropy in Scotland. Muirhead said he hopes the initiative will inspire more individual giving, and that the fund can provide a model for best practice.

Muirhead spent a six-month sabbatical visiting venture philanthropy organisations across Europe, the US and Australia, to learn and adapt the most successful elements to create a unique approach for Inspiring Scotland. One key lesson is the importance of openness and transparency. He explained, *"Sometimes venture philanthropy can become too 'clubby'. Open access is important for success."* The quality of the product is also critical, he said. It requires the best people as well as appropriateness and professionalism of reporting.

"The best venture philanthropy is ambitious, pushes boundaries, and takes risks", Muirhead summarised. *"Inspiring Scotland is a learning organisation – we have a great product, but, like the charities we support, we are still evolving."*

▸ *www.inspiringscotland.org.uk*

NPC and NCVO debate charity scrutiny

In a speech at the RSA last November, Martin Brookes, NPC's Director of Research, raised a number of important issues about transparency and accountability in charities. He also proposed that Government establish a new body to scrutinise charity performance. The response from the sector was mixed. Because charity performance is crucial to the lives of beneficiaries as well as to wider society, Philanthropy UK believes that these issues warrant further exploration. We invited Martin and Stuart Etherington, Chief Executive of NCVO, to share their perspectives, and thank them for their thoughtful responses in this robust debate, published in the exchange below.

Martin Brookes is Director of Research at NPC

Stuart Etherington is Chief Executive of NCVO

Dear Stuart

I believe society has a moral obligation to squeeze value out of charities, to maximise their performance and benefit as many people as possible through their work. In a lecture I gave last year at the RSA I developed a simple argument about charities' performance.

I started with the observation that charities' performance – what they achieve – goes unscrutinised. Second, I argued that evidence suggests that charity performance varies enormously, even across charities tackling similar issues. Lastly, I argued that in other sectors independent scrutiny has improved performance. All these steps are supported by a range of evidence.

The implications of this are profound. It suggests that charitable performance – and therefore the lives of beneficiaries – could be raised by introducing independent scrutiny. I proposed government establish a new body to provide public and independent assessment, helping improve performance.

The argument is simple but the reaction was striking. Most people accepted my argument up to the last point. The idea of a new government body provoked considerable dissent, including from NCVO. Few people have, though, addressed the problem which arises if you accept the argument up to, but not including, the final proposal.

Given the important contribution charities make to society, it is vital that we address, constructively, issues of performance and scrutiny. NCVO is an important voice in this debate, and I look forward to engaging in this dialogue with you.

Yours sincerely

Martin

"A well functioning market requires good quality information. In the absence of this, there is a market failure which creates a role for government"

Dear Martin

Like the need to address climate change, it is difficult to argue against improving charity effectiveness. The question is how: is it via the actions of numerous individual decisions and an empowering, enabling framework, or via a centralized, command-and-control super-structure? I share your vision of an effective sector that above all achieves more for beneficiaries, but another statutory 'quango' will not achieve that vision.

What should be the mechanism for such change? Your conclusion is based on contentious evidence: is performance really unscrutinised?. Individual donors scrutinize charities in a competitive marketplace everyday, increasingly acting like the savvy consumers they are in other markets. These consumers don't want government to tell them what to buy; they look to independent market intermediaries (like NPC), friends and colleagues to support their own instincts of what is good value. Other buyers in the charity market – government, foundations – regularly scrutinize performance.

Competitive pressure forces charities to improve their performance as donors and buyers, sooner or later, will compare. An increasing array of intermediaries (such as Guidestar UK) are already supporting choice.

Our focus should therefore be the creation of an enabling framework, building on the work of NPC, NCVO and others. It should streamline and reform, not bureaucratise, as is government's wont. And it should prioritise the beneficiary perspective of effectiveness, hardly the remit of the State.

Yours sincerely

Stuart

Dear Stuart

I am surprised that you believe donors have the information they need (and should want). They simply do not – charities themselves are often ill equipped to provide it, and precious few report on their performance, though many wish to do so. Trusts and foundations similarly do not ask for and receive good information about performance. Raw information about activities and finances is very different to analysis and assessment of performance. By performance, I mean what charities achieve, how beneficiaries' lives are improved – and independent analysis of this is best.

Intermediaries like NPC and Guidestar are important, but progress on developing and improving evidence on performance is achingly slow. Consequently, competition for funds is not on the basis of performance. Addressing this challenge need not create a bureaucracy and is not about telling donors what to think. Your letter is the first time I have heard someone suggest the quality and flow of information in the sector is adequate.

A well functioning market requires good quality information. In the absence of this, there is a market failure which creates a role for government. The threat of government intervention often hangs over industries wrestling with these problems (look at the current debates about the credit rating agencies). If the charity sector puts its own house in order, then government involvement would be unnecessary.

Yours sincerely

Martin

Dear Martin

Civil society is neither the market nor the State and as such government intervention in the assessment of performance is neither warranted nor welcome. With the exception of contractual relationships, civil society's performance is nothing to do with government.

Contrary to your response, I have not argued information on performance is adequate. Understanding of civil society is indeed imperfect, though I think the growth in civil society organisations over the last decade suggests that 'market failure' is not evident. There are clearly questions about what types of data are required and who information on performance is for, with an emphasis on helping organisations improve. Funders and donors do not always allocate scarce resources based on effectiveness, and I think we have to accept that the voluntary impulse that leads to gifts of time and money is for many motivated by a complex range of factors that may or may not include effectiveness.

There is much to do to help organisations improve their effectiveness, not least of which is educating donors that it costs money to measure performance. As you say, intermediaries have a role, but government involvement remains an unlikely and unwelcome threat. This is neither complacency nor producer interest on my part: I still strongly believe that the independence and values of civil society would be threatened by any generic government role in performance assessment.

Yours sincerely

Stuart

Dear Stuart

You appear to acknowledge one aspect of the problem – a lack of information about performance – but not necessarily the desirability of independent assessment of performance. You seem relaxed about this whereas I think its absence lessens overall performance and reduces public benefit. On this perhaps we can accept a significant difference in opinion.

The suggestion of government involvement clearly upsets you. In which case, perhaps its threat would be a good thing in spurring the sector to greater efforts. For the record, I disagree that the performance of charities is outside the State's legitimate remit.

Yours sincerely

Martin

Dear Martin

The robust nature of our debate perhaps highlights a broader lack of consensus around these issues. In particular we shall agree to disagree about the role of the State, whose hand – real or threatened – would inevitably and unintentionally damage what we so value about civil society.

But there is much we agree on. We share a vision of an effective civil society. And I share your view that independent scrutiny will help us to achieve that vision, as will better understanding of the effectiveness agenda. Therefore, I hope NPC and NCVO can work together to support civil society organisations to deliver the best possible outcomes for their beneficiaries.

Yours sincerely

Stuart

"There is much to do to help organisations improve their effectiveness, not least of which is educating donors that it costs money to measure performance"

Kevin Gundle
© Philanthropy UK/Lisa Barnard

ARK trustee argues for business-like approach to philanthropy

by Kevin Gundle

Applying clear-headed business rationale to the charitable sector is not a new idea but it has recently gained fresh impetus.

Back in 1889 steel tycoon and philanthropist Andrew Carnegie famously wrote, *"One of the serious obstacles to the improvement of our race is indiscriminate charity."* In recent years the concept has been bolstered as the likes of Bill Gates, Bill Clinton and Warren Buffet have highlighted the effectiveness of taking a business approach to a charitable cause.

This is a core concept behind ARK, Absolute Return for Kids, a collective philanthropy initiative supported predominantly by the European hedge fund community, and of which I am a co-founder and trustee. ARK aims to take the business principles which generate financial returns in our investment businesses and apply them to generating social returns, with a focus on three core themes: HIV/AIDS, Education and Children in Care.

The application of these investment principles - such as rigorous screening of new interventions, evaluation of risk, accountability and the rapid scale up of successful programmes – can be as integral to success in philanthropy as they are in a financial market.

This approach can be seen most clearly in ARK's HIV/AIDS programme work in South Africa.

"I believe Carnegie was right to argue that limited resources mean we must be discriminate with our investments. Improving our human race is also a race against time"

Over five million South Africans, about 11% of the population are HIV positive and over 1.2 million children have been orphaned. To quote Nelson Mandela, *"The challenge is for action at an unprecedented intensity and scale. There is a need for us to focus on what we know works."*

At ARK we have chosen one key measurable goal to maximise our impact – keep HIV positive mothers alive through the provision of antiretroviral treatment.

By keeping a mother alive we delay the onset of orphanhood for their children, we also enable a stable family unit that gives both the children and their community improved life chances. Analysis has shown that 46% of orphans in South Africa play truant from school and become involved in criminal offences.

By getting treatment to a HIV positive mother we also dramatically decrease the chance she will transmit the disease to a new baby. HIV transmission rates during birth are approximately 30% but, for the cost of a few dollars, a single dose of the drug Nevirapine to the mother during labour reduces the risk to 15%; more intensive 'triple therapy treatment can reduce the risk to less than 2%.

The single intervention of keeping HIV positive mothers alive is producing multiple outcomes. In the hedge fund world we often use the terminology of making a leveraged investment where one single investment can produce a number of positive outcomes. The same principle is working in South Africa.

We also want to ensure our philanthropy is scaleable and sustainable. Working through government hospitals and clinics, ARK facilitates and supports the delivery of accessible treatment. (See box)

There remains some controversy in the philanthropy world over this business-like approach, and I know some argue that money can be best spent if it is handed to charities on an unconditional basis.

However, I believe Carnegie was right to argue that limited resources mean we must be discriminate with our investments. Improving our human race is also a race against time.

Through charitable initiatives such as ARK I have found that blending business know-how with the skills and dedication of our people on the ground is one of the most effective weapons we have to deploy for philanthropic goals.

Kevin Gundle is a trustee of ARK and Director of Aurum Funds, London.

ARK passed a significant milestone by the start of 2008 as its antiretroviral treatment programme in South Africa has now helped put over 20,000 HIV positive carers and children onto treatment.

The international charity also announced a new £2.7m phase of funding in December for clinics in South Africa's Western Cape, ensuring that patients receive life saving drugs, support and care. This brings the total commitment to ARK's HIV/AIDS programme in South Africa to £21m.

By 2012, ARK's target is to treat 32,400 HIV positive carers and children in South Africa – preventing a further 65,000 children from becoming orphans.

Children in a school lesson aboard a Boat School classroom, a project supported by GFC © Abir Abdullah / Shidhulai Swanirvar Sangstha

New philanthropy fund for children reaches UK

by Roxanne Clark

An international children's charitable fund that thrives on its individual connection with donors and grantees has extended its reach to the UK.

With the support of the US-based Global Fund for Children (GFC), The Global Fund for Children UK Trust was established as a separately constituted and registered charity in the UK.

Founded by Maya Ajmera, after she chanced upon the Train Platform School in India (a project to support disadvantaged children and help them into mainstream education), GFC's global mission is to advance the dignity of children and youth around the world. The Fund makes small grants to innovative community-based organisations working at a grassroots level with vulnerable children and youth. This is complemented by a successful media program that, through books, documentary photography, and film, highlights the issues affecting children.

Since 1997, when the first grants were made using royalties from its children's book publishing venture, GFC's grant-making capacity has grown and today GFC has awarded over £5m in grants, ranging from £500 to £10 000, to 304 community-based groups in 65 countries, affecting the lives of 1m children.

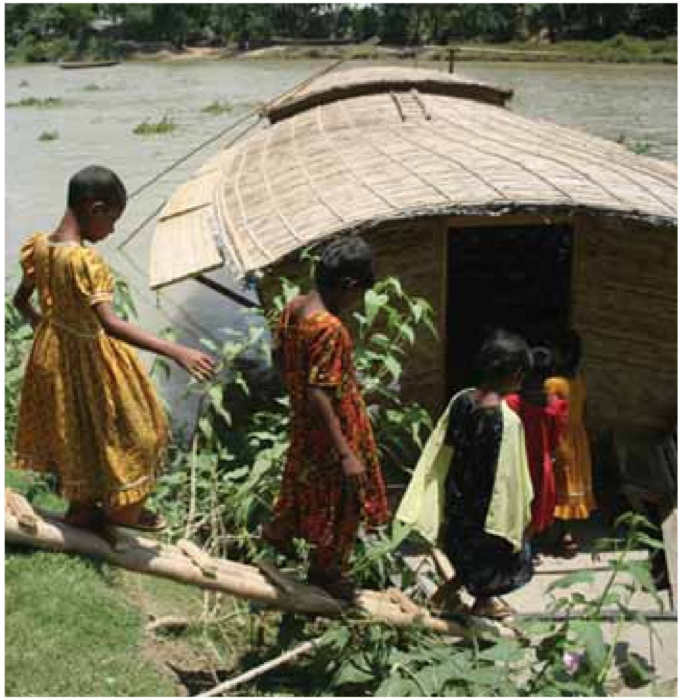
Inspired by the work of GFC, the UK Trust was established by four British-based supporters: Mark McGoldrick, who sits on both the UK and US boards, and who is the major benefactor of the UK Trust's set-up costs; as well as James Sheridan, John Hepburn and Dirk Ormoneit, who have recently been joined by two new trustees, Dina De Angelo and Michael Daffey.

"The UK Trust aims to extend this unique philanthropy model into the UK and Europe, and to extend the reach of the grant-making to more vulnerable children," said Heather Brandon, Director of the UK Trust.

"The trustees see themselves as facilitators and pursue an individual one-to-one approach in seeking donor participation. They seek to replicate the personal approach that has been so successful for the grantees, and the funding can be tailor-made to the donor's areas of interest."

As the grants made are relatively small (with the average grant around £3,000) potential donors are encouraged to spread their investment across several projects that they can also visit.

"Ultimately, our focus is to tackle children's vulnerability and keep their hopes and dreams alive, as well as impact on the quality of work done by the grantees and their local community groups, and how this will create long-term benefit."



Children arrive for their lessons at a mobile Boat School classroom, a project supported by GFC
© Abir Abdullah / Shidhulai Swanirvar Sangstha

This focus entails GFC making the grassroots-level grants which are broad-based and educational, and last for 4–5 years. They also provide supplementary 'health and well being grants' based on the Maslow hierarchy of needs: *"These are based on the premise that learning does not take place until those needs such as hunger and safety have been met,"* says Brandon.

"We are seeking to engage with philanthropists who are interested in GFC's unique model; and with them joining us on this journey we aim to increase the small-grant programme, and reach even more vulnerable children."

For more information contact GFC UK Trust on +44 1793 858 235 and to learn more about the work of GFC international visit the website.

▸ www.globalfundforchildren.org

Trends in family foundation giving

by Cathy Pharoah

Major family giving has tended to be under the radar in the UK, in stark contrast to the US, where there is long-standing appreciation of family foundations as a distinct and substantial resource for community action, and a lasting legacy of giving.

But a stream of new UK charitable family foundations – for example *Sainsbury, Foyle, Paul Hamlyn, Peter de Haan, Hunter, Volant, Shirley, Sutton, Vardy, Pears* amongst others – is demonstrating their ongoing popularity. Sixty new family foundations were established in 2006 alone, according to the Charity Commission. Is a re-discovery of UK family foundation philanthropy under way?

My new report, *Family Foundation Philanthropy 2008,* supported by the Pears Foundation and published by Cass Business School has, for the first time, measured and compared family foundation giving in the UK with the rest of Europe and the US. The research focussed on the largest 100 family foundations because it was feasible to collect reasonably comparable giving data on them. Results show that annual average family foundation giving in the UK is £9.1m. The average for the rest of Europe is almost one and half times this figure at £12.6m, and the average for the US is three and a half times at £30.5m.

"the largest 100 UK family foundations make a much higher contribution to GDP than those in the US and the rest of Europe"

Cathy Pharoah

However, the largest 100 UK family foundations make a much higher contribution both to total foundation giving and to GDP than those in the US and the rest of Europe. And the research also found that this was due mainly to the contributions of a small number of very large UK foundations, with the UK lacking the mass of relatively modest family foundations who swell US giving.

We still know little about national differences in giving. Many point to the particularly beneficial personal income tax-breaks on charitable gifts in the US, where major philanthropy is expected and celebrated, while European traditions have emphasised greater public redistribution of wealth. Higher average national US wealth may be significant too.

But there are also marked variations in support for family foundation philanthropy. Traditionally UK interest has mainly been confined to a few private family financial advisers, and Campden Conferences has run *Family Philanthropy Forums* for some years. US family foundations benefit from a much higher profile, with the Foundation Centre's annual publication of statistics, donor support through initiatives like Changemakers' Family Foundation Initiative, the National Center for Family Philanthropy, and the family foundation conferences and publications of the Council on Foundations.

However, important new UK donor services are emerging through, for example, the Institute for Philanthropy which runs The Philanthropy Workshop (TPW), New Philanthropy Capital, which guides donors in choosing beneficiaries, and private bankers such as Coutts, UBS, and the Swiss-based Family Business Network, and IMD-Lombard Odier Darier Hentsch, who established the *Distinguished Family Business Award* in 2006. Hopefully the creation of a greater climate of interest and support will see future family foundation philanthropy grow. It is intended that Family Foundation philanthropy 2008 will be published as an annual benchmark.

Cathy Pharoah is Co-Director of the Centre for Giving and Philanthropy Research at CASS Business School. See www.centreforcharityeffectiveness.org/pdf_files/famfoundationphil.pdf for the full research. Details of the Cass Post-Graduate Certificate in Grantmaking Management are at www.cass.city.ac.uk/masters/courses/mscgm/gmcert08.pdf.s

Australia pioneers a Centre for Social Impact

by Dr Michael Liffman

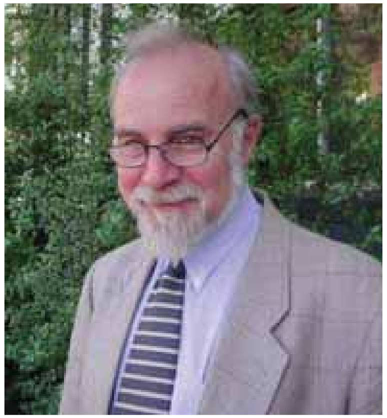
In a pioneering enterprise – there being few such programmes elsewhere – the Asia-Pacific Centre for Philanthropy and Social Investment has contributed a significant part to a large innovation recently announced by the Australian government.

With a government grant of A$12.5m (to be augmented by private funding), the Centre for Social Impact (CSI) is to be established, aimed at building the capacity of Australia's not-for-profit sector, philanthropic endeavour, and the development of social responsibility in the corporate sector. The Centre draws together three Australian universities: the University of New South Wales – at which it will be based; Melbourne-based Swinburne University, through the Asia-Pacific Centre for Philanthropy and Social Investment; and the University of Melbourne through its Business School.

This initiative will draw together and consolidate the growing Australia-wide interest in philanthropy, social investment, the not-for-profit sector, and social entrepreneurship through managerial education, executive support, and research for the not-for-profit sector. The Centre is to be headed by Dr Peter Shergold, who has stepped down from his position as Secretary of the Department of Prime Minister and Cabinet (Australia's most senior public servant) to take on this new role.

While exact details are still to be finalised, the prime responsibility of the Asia-Pacific Centre for Philanthropy and Social Investment within this consortium will be the further development of its work in grant-maker education, and the creation of an entirely new graduate programme in fundraising. This work will be in large part informed by research produced in 2007 by the Centre for the Commonwealth government on demand and supply for education in philanthropy and social investment.

Dr Michael Liffman is Director of the Asia-Pacific Centre for Philanthropy and Social Investment, Swinburne University, Australia.



Dr Michael Liffman

Letter from America

What the super-rich want

This editorial features an American perspective on recent trends and topical issues in philanthropy. Our columnist is Melissa Berman of Rockefeller Philanthropy Advisors, which helps donors create thoughtful, effective philanthropy throughout the world.

by Melissa Berman

New Year's Eve hats and horns still littered our streets when reporters began calling Rockefeller Philanthropy Advisors about the impact of the 'market meltdown' on philanthropy. Couldn't we tell them tales of former billionaires backing out of multi-million dollar commitments? Surely there was a major cultural institution in New York City on the brink of oblivion?

I know most reporters are too young to remember the actual market meltdown of 1987 – but do none of them remember the 2001-2 decline?

Whether 2008 brings us a market meltdown, decline, correction or unexpected upsurge, the overall impact on US philanthropy won't be as dramatic as reporters might hope – especially with an historical perspective of more than 90 days. The greatest pain, sadly, will fall on the human services organisations that rely on a broad base of small donors. For those generous souls, a small change in income or assets can wipe out their capacity to give to the less fortunate. Not surprisingly, the ultra-wealthy (generally meaning at least $50m in assets) are much better insulated.

In the case of the ultra-wealthy, only those whose holdings are exclusively in, say, a hedge fund that traded in the wrong part of the mortgage market will have their giving capacity wiped out. And scanning the *Slate* and *Chronicle of Philanthropy* top-donor lists quickly reveals that few of the people who are making the really big donations are hostage to the mortgage markets – or even the credit markets generally. It's sort of the opposite of airline food: you could improve it 20% and it still wouldn't be good. For the richest among us, markets could decline 20% and they'd still be massively wealthy.

What would change the behaviour of the ultra-high net worth (UHNW) donors? As the most recent Bank of America/Indiana University study of wealthy US donors shows, the ultra-wealthy are influenced more than lesser wealth-holders by tax policy: more of them admit to giving in part because it makes good financial sense. For example, they are more likely to say that they'd give much less if the charitable giving deduction were eliminated. Of course, this is a big 'what if' supposition: the likelihood of the charitable deduction being eliminated is fairly trivial. It's possible that being super-wealthy just makes people more honest in answering surveys. And when looking at another possible tax code change, the

Melissa Berman

"just as wealth has become more concentrated, so has giving"

elimination of the estate tax, the ultra-wealthy were more apt to say that their charitable bequests would grow.

That may well be because the very wealthiest are also more likely to want to limit the amount that their heirs inherit. They are more inclined to discuss charitable giving with their children and involve them in philanthropic decisions. Establishing a legacy and setting an example are more important to this group.

The ultra-wealthy are also slightly more likely to want to 'give back', and to achieve impact. They report that they'd give even more if they knew more about non-profits' goals and organisations, and if they could understand the impact of their giving.

The focus on understanding and impact is important to comprehend, because it may well explain where the ultra-wealthy give their money. Many observers of charitable giving are deeply concerned that too little money goes to dealing with the tough issues facing the poor. Some have even called on the US Congress to get involved in how and where philanthropy flows. In California, advocates have proposed legislation which mandates that large funders track diversity-related data in their own organisations, their grantees, and the beneficiaries of grantees' programmes.

Indeed, the *Slate* and *Chronicle* listings of the biggest 2007 donors in the US certainly reinforces that perception. Most of the really big gifts go to higher education, medical research and foundations/trusts. Few of the biggest gifts went to organisations that are clearly focused on the disadvantaged. Looked from the other end, the *Chronicle's* listing of non-profits that got the most donations in 2007 is loaded with colleges, universities and medical centres.

These headline-creating factoids don't always tell the whole story. Many of the higher education gifts went to schools of public health, for example. Those institutions may well develop the policy solutions to the lack of decent health care for so many Americans. Diabetes is tied to poverty, so research in that field holds promise for better lives. And many gifts to higher education enable poorer students to attend.

Nonetheless, just as wealth has become more concentrated, so has giving. The big institutions just keep getting bigger. To some extent, it's because capacity begets quantity: Someone looking to make a $300m donation will generally place it somewhere that already knows how to handle a gift this size. And then the bigger the non-profit, the larger and better equipped its fundraising function will be, reinforcing what's a virtuous cycle for them.

There's another angle to this concentration of philanthropy, however. Quite simply, medical research and higher education (as well as big arts) institutions do an excellent job of explaining to donors what their gifts will accomplish. They address the core concerns of the ultra-wealthy with great focus: legacy, impact, and tax efficiency. They offer these potential donors solutions, not problems. They have looked beneath the headlines, they have learned from the past, and they understand the real trends.

Melissa A. Berman is President & CEO of Rockefeller Philanthropy Advisors.

Adam Ognall

What's new in social investment?

A brief round-up of developments in the social investment world

Prepared by the UK Social Investment Forum (UKSIF)

Triodos Bank doubles its lending to the third sector in 2007

Triodos, the social investment bank, has announced that it lent £33m, more than double the 2006 amount. It now lends more than £65m to the third sector in the UK.

▸ www.triodos.co.uk.

Opportunity International wins City of London Sustainable City Award

Oxford-based microfinance charity Opportunity International (OI) won the finance category of the City of London Corporation's Sustainable City Award 2008. The Category focussed on contributions to 'pro-poor' finance both in the UK and globally. OI was also awarded the prize for excellence in Sustainable Leadership.

▸ www.cityoflondon.gov.uk/sca.

Futurebuilders announces its first royalties-based investment

Futurebuilders England, the government backed fund, has made an investment in a healthcare social enterprise for which it will receive an agreed percentage of future annual revenues.

▸ www.futurebuilders-england.org.uk.

Bridges Ventures wins Unquote Private Equity Award

Bridges Ventures, the venture capital company with a social mission, won the Fundraising of the Year award in recognition of its Bridges Community Venture Fund II, which raised £75m. Bridges invests in ambitious entrepreneurial businesses that can deliver social or environmental benefits as well as financial returns.

▸ www.bridgesventures.com.

Catalyst Fund Management launches £25m social investment fund

Catalyst's new fund seeks to maximise financial returns in sectors where backing successful businesses also generates social returns. The fund will focus on sectors including ethical consumerism, education, health and the environment. Barclays Bank is investing £5m into the fund.

▸ www.catfund.com.

Venturesome launches new social investment mechanism

The mechanism enables social enterprises to mimic selling shares by guaranteeing to sell a percentage of future revenues.

▸ www.cafonline.org.

Charity Bank receives its first investment from a community foundation

The Community Foundation for Northern Ireland has invested £100,000 in Charity Bank with the aim of enabling charities to break their dependence on European funding. It will not receive a financial return on the investment, but instead will claim a 'social dividend'.

▸ www.charitybank.org.

Charity Bank in the North launches savings account for businesses

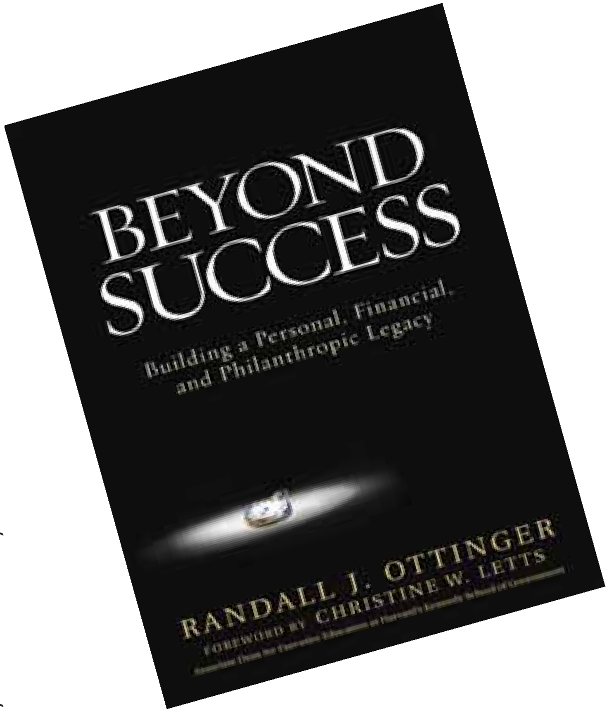
The Yorkshire Deposit Bond has been launched to enable businesses to invest in their communities as part of their corporate social responsibility programmes. The Bond offers interest rates of between 2% and 4% over a fixed 12-month period.

▸ www.charitybank.org/north.

If you require further information on these stories or have a social investment news item, please contact Adam Ognall, UKSIF Deputy Chief Executive, at adam.ognall@uksif.org.

Publication reviews and notices

reviews



Courtesy of McGraw Hill Professional

Beyond Success: Building a Personal, Financial, and Philanthropic Legacy

Randall J. Ottinger

New York: McGraw-Hill Professional, September 2007. 320pp. Hardback. ISBN 978-0-0714-9676-6, £15.99 www.mhprofessional.com

Reviewed by Matthew van Poortvliet

Matthew van Poortvliet

What do you do once you have achieved financial success? How should you spend your time and money? What do you want to accomplish for yourself, your family and society? How do you want to be remembered?

Beyond Success is aimed at wealthy individuals who are beginning to ask themselves these questions. It is a 'how-to' guide to modern philanthropy and succession planning that gives a broad introduction to all areas of legacy building, from preparing your children for money, to constructing a 'portfolio' of social investments. Directed primarily at an American audience and replete with 'life is a journey' metaphors, it draws on hundreds of case studies to develop a framework for approaching legacy building in a more systematic way.

The book falls into two main sections. The first sets out the issues and needs of wealthy individuals at key points of transition. This includes deciding how much money is 'enough', establishing who to ask for advice and understanding your 'purpose' in life. The second section offers more practical guidance: on building trust within families, conducting thorough research, leveraging resources other than money, and planning collaboratively with advisors and stakeholders. Whilst the range of topics is very broad, the book's basic message is that the skills of building a successful business can usefully be adapted to building a successful legacy.

Ottinger's style is accessible and the material well organised, but the book's greatest strength and weakness is its use of case studies. Many of the most interesting insights come from the stories of figures such as Michael Milken, Anita Roddick and Mario Marino. There are also engaging excerpts from interviews and biographies describing the thought processes of wealthy individuals as they ‘find themselves’. At other times, however, case studies are simply gratuitous and are only tenuously relevant to the arguments of the book: the Tsunami becomes a lesson in legacy leadership, Live Aid is an example of ‘leveraging celebrity’, whilst Starbucks has a ‘company culture with a soul’.

More broadly, Ottinger’s admiration for famous figures, campaigns and companies obstructs his ability to give a balanced or critical account of their impact. Though he rightly argues that social impact should be measured and results evaluated, he does not apply this to his own examples. There is insufficient analysis of results, of the actual changes that Bill Gates or Magic Johnsons’ legacies achieve for beneficiaries. Too often it is merely asserted that individuals or campaigns are ‘strategic’, ‘visionary’ or ‘successful’ without sufficiently unpacking the details of how success is defined or how we might measure it in practice.

Of course, it is arguable that this uncritical approach is deliberate: the author’s intention is to paint an optimistic vision that will inspire emulation, not disillusion potential donors by casting doubt over sustainable impact.

If inspiration is the aim, then the book’s tone of earnest significance and echoes of self-help literature make it less suited to a British audience. But for the reader keen to ‘contemplate the road not taken’, ‘connect with their soul’ and ‘maximise the time-value of life’, Beyond Success will make for an interesting and accessible introduction to modern legacy-building practices.

Matthew van Poortvlie is a Research Analyst at New Philanthropy Capital.

Inspired Philanthropy: Your Step-by-Step Guide to Creating a Giving Plan and Leaving a Legacy

Tracy Gary

New York: Jossey-Bass, November 2007. 336pp.
Hardback. ISBN 978-0-7879-9652-9
www.josseybass.com £15.99

Reviewed by Beth Breeze

Tracy Gary is an all-American motivational guru who has created her own unique niche. Instead of using her charm, patter and perfect teeth to help salesmen sell more widgets or assist managers in squeezing more productivity out of their team, Gary uses all the same techniques to impel her audience to realise their highest philanthropic potential.

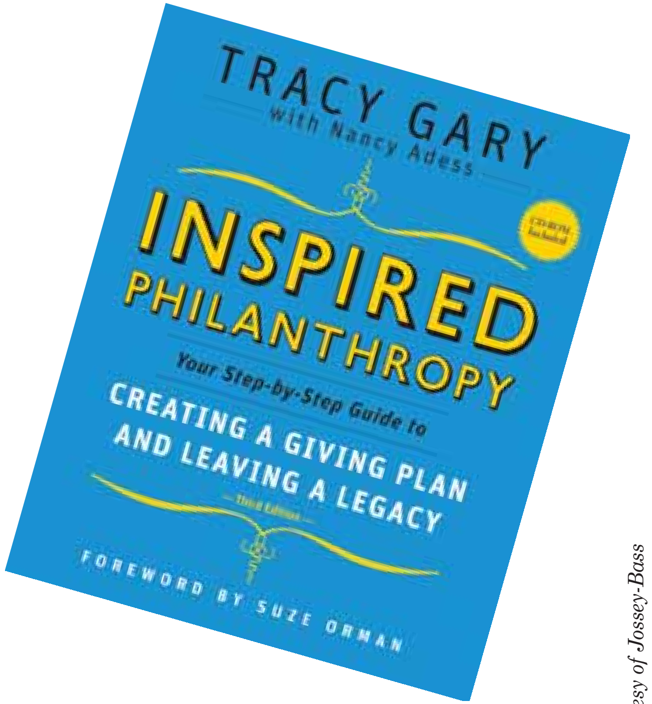
Having observed one of her workshops in Maryland in 2003, I can testify to her ability to whip up a room of ladies-who-lunch into a philanthropic frenzy. This book is an attempt to capture her oratory into written form, providing a do-it-yourself guide to potential donors unwilling or unable to pay for a personal philanthropic coach. It combines exhortatory rhetoric about the importance and joy of philanthropy with more mundane techniques such as self-completion worksheets to commit the reader to action. Overall it offers a promising combination of high-flying idealism and prosaic practicality, but two potential obstacles may hinder this book’s impact in the UK. Firstly, in giving terms we are two nations: ‘spare change’ givers and major donors. The former are not seeking strategic advice and the latter are unlikely to take such advice from a book. Secondly, as the missing 'middle market' of donors develops, it is questionable whether they will accept philanthropic counsel in such an overtly star-spangled style. For example, Gary's concluding sentiment – *"May you enjoy and be graced by the journey, and may we reach for and connect with one another with exponential faith and love"* – is likely only to succeed in proving that the UK and America are divided by a common language.

If Brits can stomach the style, this book contains much substance. As an inheritee who gave away her money in a strategic and enjoyable manner, Gary is a credible and personable guide to *"creating a giving plan and leaving a legacy"*.

Therefore, having emphasised the cultural differences that might deter Philanthropy UK readers, this review ends by paraphrasing the essence of Gary's guidance, because it is as sensible, clear and concise as any advice that donors will find – and at £15.99, costs a lot less than hiring a personal philanthropic consultant!

The ten steps to more inspired philanthropy are:

1. Begin with your values and passions: What do you care most about and what do you want to preserve or change during your lifetime and beyond?
2. Ask mentors or leaders whom you respect what is needed; choose two to five issues, areas, populations or approaches and weigh these against what the community needs and your ideas of how change happens.
3. Identify the mission, intention and desired outcomes of your giving as specifically as possible.
4. Think about your immediate and lifetime giving. How much as a percentage of your earnings, assets or wealth do you want to give now or in the future? What will be your lifetime impact?
5. Learn about the areas you care about and what's needed through talking with others in the field and doing online research to refine your priorities.
6. Identify which groups match your mission then evaluate their leadership, vision, budget, productivity, and community ties.
7. Decide what percentage of your giving you want to direct to each area of your interests and the types of strategies you want to fund.
8. Decide which groups you will support.
9. Determine the amounts and make the donations.
10. Evaluate and review your giving process each year.



Courtesy of Jossey-Bass

"It's very important that young people gain an excellent grounding in effective giving and social responsibility issues early in their careers." Grant Gordon – Institute for Family Business

Influential reading: *John R. Healy*

In each newsletter, Philanthropy UK invites influential people from the philanthropy sector to tell us what books have most inspired and shaped their approach to philanthropy.

Our 'influential reader' in this edition is John R. Healy, who was President and CEO of The Atlantic Philanthropies between 2001 and 2007. He is currently adjunct professor at the Centre for Nonprofit Management at Trinity College Dublin, and a consultant on foundation strategy. He can be contacted at *healyjr@tcd.ie*.

John says:

When I entered the world of philanthropy in 1990 I searched for books that would help me understand the strange landscape of which I was now a part. I quickly discovered that such books were rare.

But I was fortunate to pick up a second hand copy of Waldemar A. Nielsen's **The Golden Donors** which had been published in the mid-eighties.

Nielsen, who had worked for the Ford Foundation early in his career, was an acerbic observer of American foundations. He described them as *"aristocratic institutions living on the privileges and indulgence of an egalitarian society; aggregations of private wealth, which, contrary to the proclaimed instincts of Economic Man, have been conveyed to public purposes."*

Nielsen lifted the veil of secrecy that had concealed the work and inner workings of foundations. And he performed a valuable, if unappreciated, service to the American foundation world. Although there have subsequently been a number of studies of US foundations (most notably Joel L. Fleishman's important **The Foundation: A Great American Secret**), none have surveyed the foundation landscape as shrewdly and cogently as Nielsen. He is still worth reading.

John R. Healy

In *The Golden Donors* Nielsen lauded John D. Rockefeller as one of the pioneers of scientific philanthropy, in that he advocated dealing with the causes of social ills rather than ameliorating their symptoms. Rockefeller receives scant attention these days in comparison with his fellow robber-baron Andrew Carnegie. Yet Rockefeller included in his turgid (and probably ghost-written) autobiography, **Random Reminiscenses of Men and Events** an interesting chapter entitled *'The Difficult Art of Giving'* in which he laid out the principles which underlay his philanthropy.

Anticipating the haphazard pursuit of immortality by many newly rich givers, Rockefeller sternly stated that *"no really constructive effort can be made in philanthropic work without…a well defined and consecutive purpose."* Rockefeller showed that he understood the limitations of wealth (*"the mere expenditure of money for things…soon palls upon one"*) and he urged his fellow members of the aristocracy of wealth to *"cultivate a taste for giving where the money may produce an effect which will be a lasting gratification."*

Scattered among Rockefeller's predictable defences of nineteenth century capitalism are many nuggets of wisdom which are relevant to modern philanthropy. One which today's foundation professionals should heed is his clarion call for pro-active grant-making. *"We have not been satisfied with giving to causes which have appealed to us"*, he wrote. *"The mere fact of a personal appeal creates no claim which did not exist before, and no preference over other causes more worthy which may not have their appeal."* He noted that where he had not been able to find organisations capable of pursuing his philanthropic goals, he set about creating them.

Helping non-profits to become stronger and more sustainable is a core responsibility of the modern foundation. When I assumed the leadership of The Atlantic Philanthropies, and had the opportunity to prepare that foundation for the end of its limited life, I came across an article about another foundation which made a deep impression on me. The foundation was the Edna McConnell Clark Foundation (EMCF) and the article was a Harvard Business School case study written by Allen Grossman and Daniel Curran, entitled **EMCF: A New Approach at an Old Foundation.**

The case study describes how a foundation long wedded to the reform of public sector systems concluded that such reform was beyond its resources. Instead, Michael Bailin, the Foundation's President, steadily, and often painfully, guided it towards concentrating on one single field – youth development – and devoting most of its resources to the growth of a small number of youth-serving non-profits which had demonstrated effectiveness and had the potential to undertake significant growth. In effect, the Clark Foundation developed a new theory of change for its grant-making.

The case study describes how the Clark Foundation established rigorous due-diligence criteria, provided grantees with support for business planning, moved towards making fewer, larger grants, and re-defined the staff competencies that would be needed to implement the new strategy.

For foundation professionals interested in improving the effectiveness of their philanthropies, the Clark Foundation case study makes sober reading, but it provides a road map towards a better future which is as relevant on this side of the Atlantic as it remains in the US.

"Helping non-profits to become stronger and more sustainable is a core responsibility of the modern foundation"

notices

Give and Let Give: Building a culture of philanthropy in the financial services industry

Rob John, Rhodri Davies and Louisa Mitchell

This report assesses current attitudes to philanthropy amongst high-net-worth individuals in the financial sector and argues that financial services professionals have the wealth and skills to make them leaders in the development of a national culture of philanthropy. The authors have conducted 55 interviews as well as an extensive literature review, and carried out a multi-country analysis to produce this report which contains profiles of some individual philanthropists who have not previously 'gone public'. Recommendations include 'opt-out' charitable accounts as part of a standard employee package, simplification of personal Gift Aid reclaim into those charitable accounts, the establishment of a new body to provide online information about philanthropy to highly financially literate people and a new 'gold standard' for financial advisers that provide philanthropy advice.

London: Policy Exchange, December 2007. 130pp. Paperback. ISBN 978-1-906097-13-4
www.policyexchange.org.uk £10

Good Foundations: Trusts & Foundations and the Arts in the United Kingdom

Paul Glinkowski

This two-volume book, funded by the Rootstein Hopkins Foundation, is an exciting addition to the current literature on both arts philanthropy and more generally the philanthropic landscape in the UK. Volume 1 contains an extensive case study of the history and evolution of the grant-making foundation established by the creators of the famous Rootstein fashion mannequins. Interviews with c.60 funded individuals and organisations are used to assess the impact of the foundation's work. Between 1995-2008 the foundation has distributed its whole capital of £8m to artists and arts organisations, and this publication marks the conclusion of a 'spending out' policy. Volume 2 includes contributions from leading experts in the field of arts funding and philanthropy. It provides a preface on 'the gift', reflections on 21st century philanthropy and an overview of the current map of arts funding in the UK, analysing in unprecedented detail the specific contribution made within that by independent grant-making trusts. The resulting publication is a very readable and groundbreaking contribution to scholarship in the fields of arts funding and philanthropy.

London: Laurence King, February 2008. 180pp. Hardback. ISBN 1 85669 559 X
www.laurenceking.co.uk £17.95 (for both volumes)

Grassroots Philanthropy: Fieldnotes of a maverick grantmaker

Bill Somerville with Fred Setterberg

Based on more three decades of experience as a foundation official, this book encourages grant-makers to leave their desks and go into the community to find people, instead of projects, to back. Through anecdotes, analysis, and personal stories, Somerville shows how a new generation of committed givers can make grants within 48 hours through 'paperless giving', collaborate with outstanding people in poor communities who are usually overlooked by foundations, and move past the fear of failure to productively embrace controversy and challenge the status quo. The author is a nationally recognised expert on creative grant-making. He has consulted with over 350 community foundations in the United States, Canada, and the UK, helping them get the important work of our society done quickly and well.

Berkeley, CA: Heyday Books, Feb 2008. 144pp. Hard & paperback. ISBN 978-1597140843.
www.heydaybooks.com $15

From Insight to Action: New Directions in Foundation Evaluation

Mark Kramer with Rebeccca Graves, Jason Hirschhorn and Leigh Fiske

This report distills the learning and experience of foundations that have used evaluation effectively in order to provide clear guidance to those that are still searching for useful practices. The authors note that, increasingly, foundations are moving beyond traditional third-party outcome studies toward more performance-centered approaches that provide foundations and their grantees with current information and actionable insights. On the basis of 100 interviews and over 20 case studies, five broad principles for effective evaluation practices are described. Firstly, create the organisational culture and processes necessary to translate information into action, including resourcing the evaluation process. Secondly, directly engage key decision-makers, as engaged participants are more likely to act on the results. Thirdly, let grantees take the lead, because they are best placed to develop accurate and efficient metrics. Fourthly, choose the fewest and simplest measures in order to provide workable solutions. Finally, use targeted, compelling methods of communication so that evaluation results can be heard within this 'information-saturated' age.

Boston: FSG Social Impact Advisers, June 2007. 56pp. Free download available online at http://www.fsg-impact.org/app/content/actions/item/177

Women, Philanthropy and Social Change: visions for a just society

Elayne Clift (editor)

This collection of essays is designed to show the 'hidden history' of women's involvement in the charitable sector and discusses how women are using philanthropy to achieve social change. Contributions from thirty female leaders and thinkers give the book an enormous scope and appear to support the publisher's description of this publication as 'the definitive book on women and philanthropy'. Topics range from the history of the women's funding movement to women as donors and volunteers to role models for female philanthropy. Two separate chapters consider the different factors involved for women who inherit wealth and for women who earn their wealth. Whilst many disparate perspectives are covered, a uniting factor is the contributors' belief in the passion and potential of women's giving. This book is a celebration of women's power to influence social constructs and political policies that can ultimately change the very foundations of society.

Medford, MA: University Press of New England, 2005 (paperback edition July 2007). 293pp. Paperback. ISBN 978-1584655237

The top five: *tips for giving*

Choosing a socially responsible lifestyle

by Dame Stephanie Shirley

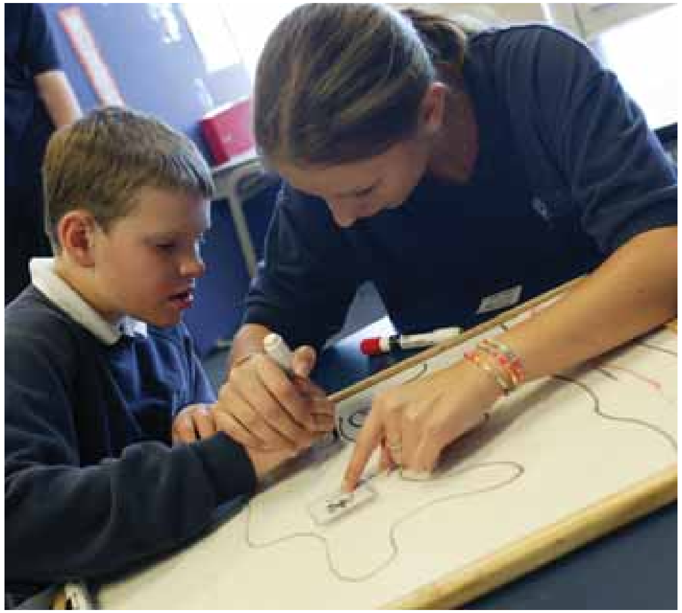
Materialists believe that the only things that matter are those we can verify with our own senses. The main goals in life are correspondingly wealth and power since the more abstract goals are too difficult to measure. As a self-made millionaire I know that economic sustenance is important – but not all-important. Social responsibility demands that we develop a spiritual dimension to life.

To find the underlying motivation for philanthropy, you have to dig deep. The passing years bring a sense of urgency to complete life's goals, to set aside surplus funds to relieve suffering beyond one's immediate circle, to move from success to the significance that can be found in the service of others. Then money transmutes from figures on a sheet of paper to something meaningful. Giving is a private expression of personal beliefs as well as fulfilling community needs. So perhaps the motives hardly matter. The fact is that people give and it's the birthright and defining characteristic of the human species.

Although I do sometimes give anonymously – just as I occasionally work anonymously – I believe that philanthropy needs to be proactive, ambitious and focused on results. It's not a business but needs to be business-

Dame Stephanie Shirley has donated over £50m to various pioneering and strategic projects in IT (her professional discipline) and autism (her late son's disorder).

Dame Stephanie Shirley



A pupil during a handwriting session at Priors Court school, which provides specialised education for children with autism and was established by founding patron Dame Stephanie Shirley.

"I believe that philanthropy needs to be proactive, ambitious and focused on results"

like. My aim is always to be professional, to be efficient and to be effective. But the main thing is that I'm having a load of fun! I meet more interesting people, travel purposefully to more interesting places and feel more fulfilled as a social entrepreneur than I ever did in the years spent making money.

Giving is a lifestyle and is not altruistic at all, since you get so much in return. A large bank balance is all very nice, but like the 16th century philosopher Francis Bacon, I believe that *"money is like muck, not good except it be spread"*. Even Bill Gates seeks to be remembered for his philanthropy rather than his riches.

Philanthropy certainly pays. The more money I give away, the richer my life seems to become. Philanthropy allows me to work with congenial people on worthwhile projects. It has given significance to the wealth it took me a lifetime to create. Once classed as the seventh wealthiest woman in Britain, I'm proud to have given away enough to take me out of the *Rich List*. Gone are the days when wealthy women had always married or inherited their money.

Do women give in different ways? Do they support other women? Oprah Winfrey supports girls' education; Sigrid Rausing supports women's empowerment. But then, both are generous to a large number of causes.

Givers, speaking especially for women, care about the issues and are 'care-ful' about them. A man typically might ask *"what does society expect a man in my position to do?"* and *"what recognition will I get out of it?"* Women seem less interested in these fripperies and perhaps focus more on *"which charity most deserves support?"* and *"how can I make the most difference?"* We also outlive men on average and the classic 'widow's mite' can provide solace in bereavement.

Let me attempt to summarise:

1. First, **concentrate on what you know and care about.** There are so many worthy causes but each person knows whether it's animals or children or the developing world or the elderly or medical causes, or whatever that touches their heart. Perhaps, like me, you decide you need to start your own charity – the important thing is not to duplicate what is already happening elsewhere.

2. Money is wonderfully effective but the **passion and human touch must also be there if we're not to patronise the beneficiaries.** I know from having received charity myself and expected to be grateful, how easy it is to patronise people. So give with a warm hand and generous spirit.

3. Philanthropists enjoy tax advantages; it behoves us to be efficient and effective. So **use all the business skills you have available.** Let IT keep your contacts straight and records secure; plan, measure, benchmark, manage the process. Leverage your investments by funding infrastructure, partnerships and challenge grants. Make your money work with loans and underwriting. But move from a corporate aim such as to be the 'best *in* the world' to whatever is 'best *for* the world'.

4. 'Just' writing a cheque demeans both giver and receiver, so always **add time and skills, energy and contacts**. Apart from anything else, it makes giving much more fun.

5. Finally, heed the words of John Wesley:

   "Do all the good you can,
   By all the means you can,
   In all the ways you can,
   In all the places you can,
   At all the times you can,
   To all the people you can,
   As long as ever you can."

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Quarterly news highlights

Have you missed these top stories?
All articles are available to read in the News and Events section of our website www.philanthropyuk.org

12/12/2007 **New corporate community investment research**

A new report from the Charities Aid Foundation (CAF) has found that corporate community investment (CCI) is becoming increasingly tied to business strategy and corporate governance. *The role of stakeholder engagement in corporate community investment* is a qualitative study, undertaken by the International Centre for Corporate Social Responsibility at Nottingham University, and is based on interviews with 12 companies.

17/12/2007 ***Give and Let Give:* Building a culture of philanthropy in the financial services industry**

A new report from centre-right think tank Policy Exchange highlights that individual charitable giving by City professionals has not *"kept pace with the astonishing growth in earnings"*, and makes 10 key recommendations to help boost giving in the City.

17/01/2008 **US foundations begin to align investment with impact**

Breaking from traditional practice, major charitable foundations in the US are beginning to connect the social and environmental effect of their endowment investments with their philanthropic goals.

18/01/2008 **Catalyst launches new social investment fund**

Catalyst Fund Management & Research, the social business investor, has launched a new £25m fund, with a £5m investment from Barclays. Aimed at institutional investors, the fund will concentrate on the *"burgeoning ethical consumerism"* sector as well as education, health, alternative energy and the environment.

18/01/2008 **Women philanthropists are changing with the times, says new research**

The stereotype of a philanthropist being a suited middle-aged man of means is being challenged by the increasing involvement of and growing profile of women philanthropists, who are the subject of a recent US national survey.

12/02/2008 **Charity lending continues to grow despite credit crunch**

While other financial institutions were tightening their belts, the social investment bank Triodos more than doubled its lending in 2007. Newly released figures show the bank lent £33m to charities and social enterprises in 2007, more than double the total for 2006. Triodos now lends over £65m to the sector in the UK

28/02/2008 **Successful corporate philanthropy takes strategic approach, study shows**

A new report by McKinsey shows that few companies feel that their philanthropy programmes are meeting their objectives.

28/02/2008 **Nation receives art worth £125m in generous act of philanthropy**

In a remarkable act of artistic philanthropy, a collection of postwar and contemporary art worth £125m has been donated to the nation. The London dealer Anthony d'Offay is giving almost his entire collection, some 725 works, for the price he paid originally, £26.5m.

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