



MAGAZINE

THE CAMPAIGN FOR
GROWING
MODERN
PHILANTHROPY

FACING OUR GREATEST IMMEDIATE CHALLENGE - THE ROLE OF PHILANTHROPY

PART ONE OF A THREE-PART SERIES

THIS ISSUE: FUNDERS RESPOND

"Catastrophes bring out the best in people"
Rutger Bregman - Humankind: A Hopeful History



A VENTURE PHILANTHROPIST BEFORE HIS TIME



PHILANTHROPY TODAY, IMPACT TOMORROW. WHAT NEXT?



PHILANTHROPY: WHAT ADVISORS NEED TO KNOW ABOUT THE NEW AGE OF PHILANTHROPIC GIVING



HOW TECHNOLOGY CAN MOBILISE PHILANTHROPIC CAPITAL FROM NEW SEGMENTS OF SOCIETY IN RESPONSE TO COVID-19

CONTENTS

04 A VENTURE PHILANTHROPIST BEFORE HIS TIME

On 24th March 2020, Richard Q Hoare, known to so many as Tigger, died aged 77. **MARY ROSE GUNN**

05 PHILANTHROPY TODAY, IMPACT TOMORROW. WHAT NEXT?

The definition of philanthropy as the altruistic love for mankind and its welfare has been around for centuries.

JO BATESON & ANDRA LAVINIA ILIE

07 PHILANTHROPY: WHAT ADVISORS NEED TO KNOW ABOUT THE NEW AGE OF PHILANTHROPIC GIVING

A reflection on a panel discussion regarding the important and evolving role of professional advisors and the increasing focus on philanthropy. **SIANNE HALDANE & JAMES MALONEY**

11 HOW TECHNOLOGY CAN MOBILISE PHILANTHROPIC CAPITAL FROM NEW SEGMENTS OF SOCIETY IN RESPONSE TO COVID-19

Philanthropy carries with its name a traditional legacy of large donations from the wealthiest members of society, titans of new industries and generous individuals.

ALEXA MACLEAN, KELSI KRIITMAA, JOSEPHINE GAMBADE

14 GIVING WISELY, SPENDING WELL

In recent weeks there has been extensive coverage of losses suffered by business and industry as a result of the coronavirus crisis. **RENNIE HOARE**

16 CORONAVIRUS REVEALS THE NEED FOR RESILIENT CHARITIES

Coronavirus has knocked the charity sector into a severe crisis. **MARY ROSE GUNN & TOBY GILL**

18 DEALING WITH COMPLEXITIES COLLECTIVELY

Funder collaboration as a new value proposition for individual philanthropists and their advisors. **URSULA SWIERCZYNSKA**

20 SCALING SOLUTIONS AND COLLABORATIVE GIVING

Creating systematic change through philanthropic efforts is a large task for any one organization. **HEATHER GRADY**

22 COVID-19: A CATALYST FOR INVESTING IN STAKEHOLDER CAPITALISM?

The impact of COVID-19 has led to an unprecedented global shutdown as governments race to halt the spread of the virus, save lives and keep their economies afloat.

OLIVER SCUTT & PHILLIPPA HOLLAND

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The purpose of the magazine is to share information about philanthropy in a domestic and international context. We welcome articles, letters and other forms of contribution to Philanthropy Impact Magazine, and we reserve the right to amend them.

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EDITORIAL

An Exemplar: Tribute to Richard Q (Tigger) Hoare OBE, DL 1943 - 2020

A VENTURE PHILANTHROPIST BEFORE HIS TIME

PREPARED BY MARY ROSE GUNN - WWW.THEFORE.ORG
CHIEF EXECUTIVE OF THE BULLDOG TRUST AND THE FOUNDER AND CHIEF EXECUTIVE OF ITS SUBSIDIARY, THE FORE.

On 24th March 2020, Richard Q Hoare, known to so many as Tigger, died aged 77.

Tigger has been celebrated for his dedicated service to the family business, for his capacity for friendship, his generosity, his love of his family and for the OBE he was awarded in 2006 for his outstanding services to the charitable sector.

But this is only half the story. The true legacy of Richard Hoare lies in the bold, entrepreneurial and empathetic spirit of his extensive venture philanthropy approach to philanthropic giving.

When I first started working in the charity sector in 2007, I was fortunate to have one of the greatest tutors: Richard Hoare had taken me on to help him run his foundation, The Bulldog Trust. Richard's standard way of operating, when he came across a small charity he was impressed by, was simply to ask what they needed. Having started and run a number of businesses himself, he was well aware of the challenges in running organisations. He (or his friends) were pressed into service as mentors, advisors or trustees of the organisations he supported to ensure that not only were his funds helping but his knowledge was too. A relative newcomer to the charity sector, I learnt from Richard how to make grants and offer help, while I learnt from the charities that these methods were exceptionally well-received but also highly unusual.

Richard was a man without artifice and without ego. He charmed everyone he met with his kindness and his warmth. Whether it was a troubled young man who was finding his feet through an apprenticeship in boat building or a member of the royal family, it was instantly clear that Tigger cared. The humanity of his response to people was reflected in the way he looked after and nurtured the charities he supported. Much like the investor that he was, when he believed in the work of a charity leader or social entrepreneur, he invested his support in the whole. He was happy to take risks when he believed in a project, understanding of circumstances and realistic about what could be achieved. But perhaps most important of all, he trusted those he worked with to do their jobs.

Tigger's philanthropic spirit was never more in evidence than in his purchase of the stunning neo-gothic mansion on the Embankment, Two Temple Place. Tigger had fallen in love with the house in 1999 and swiftly decided to buy it for The Bulldog Trust because he felt



its stunning interiors should be seen by the public. His unflagging support for the unprecedented programmes that were set up, establishing the house as a space devoted to showcasing regional museums and collections, characterised his conviction to back ideas he believed in even if prevailing opinion might advise otherwise.

Richard Hoare was a not man who was just about the triumphs. Should hard times hit any of the charitable endeavours he was involved with, he was there to listen and learn and continue to provide what help he could to get the organisation back on track. The most satisfying outcome of all is that Tigger's humane, hands-on methods of supporting charities have worked better than any others I have seen. While so many of his successes are hard to document, not least because Tigger was not a man who had much time for paperwork, the legacy that he has left is evidence that this man really was on to something.

PHILANTHROPY TODAY, IMPACT TOMORROW. WHAT NEXT?

JO BATESON & ANDRA LAVINIA ILIE - WWW.HOME.KPMG.COM

The definition of *philanthropy* as the altruistic love for mankind and its welfare has been around for centuries. And whilst its substance prevails, much has changed in the form of it. In a world that is increasingly enabled by technological advancements, yet challenged by changing societal and age demographics, concerns at a global level, such as environmental pressure and education (or lack of, in parts of the world, particularly for women), are urging us to adapt quicker and react by working collaboratively.

THE CHANGE IN WEALTH – THE CHANGE IN ATTITUDE

As they say, *there is no time like the present*, and at present, it is a fact that globally, the levels of wealth have increased dramatically, with the world's 'ultra-wealthy' population now worth an estimated \$32 trillion (Wealth-X Report, 2019). The good news is that a proportion of this is being earmarked to be given away and the rest is expected to transition to spouses and next generation (estimated at approx. \$15 trillion by 2030, Wealth-X Report 2019). And whilst both the current wealth holders and the future ones are likely to give away, their motivations and means are likely to differ.

The past few years have seen a shift away from traditional one-off donations to live communities, such as the Gifting Pledge set up in 2010 by the Gates family and Warren Buffet, and instead the proliferation of Donor Advised Funds (DAF), large crowdfunding campaigns, and an impressive peak market capitalisation of half a trillion dollars achieved by the impact investment market (according to the Global Impact Investing Network (GIIN), 2019). Some of the main drivers at a macro level have been the evolution of Socially Responsible Investment (SRI) into today's Environmental, Social and Governance (ESG), which pre-empted measures such as the rise in popularity of B Corps and pledge by large corporations to adhere to the United Nation's Sustainability goals. Yet, is this enough?

OPTIONS FOR GIVING

The face of wealth is changing, individuals' wealth is increasing, the environmental crisis is heightening, and cross-border mobility is now a given. These added dimensions are further complicating the already difficult choices that individuals are faced with around giving.

When it comes to an individual's impact journey, the conversation often starts with purpose and strategic direction. Whilst for some families, philanthropy is perceived as a soul-enriching, "feel good" activity, for others, it is at the core of their very being — the philanthropic ethos embedded within every aspect of the family's lives, from how they run their households to the governance of their family businesses.

The question is often around what is the best way of giving and this depends on individual goals and profile. At the same time, one of the fundamental questions is how to split giving and allocate the right proportions to the right causes?


With options ranging from one-off financial or time and skill donations to setting up an array of charitable structures or utilising DAFs, the right advice is knowing what works best in a particular set of circumstances. And then there is, of course, the question around how to do it for maximum net impact (as defined by the client).



JO BATESON



ANDRA LAVINIA ILIE



"THE ENCOURAGING NEWS IS THAT HUMANS ARE SOCIAL BEINGS, AND THEREFORE ON THE LOOKOUT FOR OPPORTUNITIES TO COLLABORATE"

Some families regard philanthropy in isolation and are keen to put their financial wealth to a good cause.

Whether they do it during their lifetime or by leaving a large amount (or all of it in some cases) to charity in their wills, this is their preferred method. At the other end of the spectrum, there are those more keen to make an impact and receive a return at the same time. They might decide to donate time and expertise, and being involved in the decision-making of their selected charities goes without saying. Finally, there are some in the middle, who might decide to opt for a quasi-business angel investment route and only expect a return where the social enterprise performs well or perhaps only if the social enterprise generates 'super' returns.

THE CHALLENGE

No one method is the right one and it is perhaps within reason to say it is all for the greater good. However, if there was a right answer for tackling the issues society currently faces, what would it be? And who would decide that? It is likely that the answer lies around collaboration and alignment of resources to be deployed based on a thoroughly researched and informed strategy designed by those with expertise in the sector.

There are always two edges to the sword and there are many examples ranging from the Gates Foundation to Bezos's \$10m commitment to environmental causes. These are all symptomatic of the wider question around disparity

of wealth and net impact. And is it acceptable for mega-donors to set the trend on what causes are most urgent? Who are they to know? And if you believe not, then would the world be a better place without their donation?

Whilst the wealthy can make a more substantial impact, we can all equally decide what happens with pension pots and ensure these are invested for maximum impact. Long gone are the days when there were no options for having a say. With businesses like small robo-advisors and pension aggregators allowing the choice for an ESG pension, one has almost no excuse.

Finally, whilst there is no perfect answer, one thing is certain – there is an urgent need for action. The encouraging news is that humans are social beings, and therefore on the lookout for opportunities to collaborate. Climate change cannot be reversed. However, with initiatives from the many, it can be slowed down. Pure philanthropy has been working for years, yet a successful, impactful journey can act as a catalyst for further change. In truth, the answer probably lies in a combination of the two.

CONCLUDING THOUGHTS

One thing is certain – we cannot change the world alone, but together we can try, and in trying we need consolidated advice. If we could solve the environmental crisis by educating ourselves and others, whilst solving the educational challenges by providing the right environment to learn, which one would come first?

JO BATESON - PARTNER, KPMG IN THE UK

Jo has been a Partner since 2014. She specialises in providing tax advice to wealthy individuals and their businesses and has over 14 years' experience. Jo's clients range from former prime ministers to motor racing enthusiasts. Jo leads KPMG's national Private Wealth Tax services, which offer private client tax advice to wealth managers including tax reporting, opinions on structured products and training.

Jo's clients include family offices, landed estates, entrepreneurs, ultra-high net worth individuals and non-doms. Jo was listed as one of the 'Top 35 Under 35 Private Client Practitioners' for 2009, 2010 and 2011, and one of the few to be listed every year since the award was established. She was also shortlisted in Management Today's 35 Under 35 'Ones to Watch', which was published in the Sunday Times in 2012.

Jo was shortlisted in the prestigious Tax Journal 'Top 40 under 40' in 2015, as well as being awarded Gold in the Citywealth Powerwoman Awards 2015.

ANDRA LAVINIA ILIE - ADVISING PRIVATE CLIENTS ON FAMILY OFFICES AND GOVERNANCE, KPMG

Part of KPMG's Family Office and Private Client team, Andra works closely with international families, supporting them in managing their businesses and wealth and understanding their aspirations. Andra takes a holistic approach when advising clients, typically focusing on family governance and longer term succession planning. Once articulated, these family goals are built into straightforward and practical advice, often concerning complex questions of cross-border businesses and family dynamics.

Andra started her career at Deloitte, in the Private Client Tax Team, advising families on structuring their complex international affairs. Her clients ranged from creatives and entrepreneurs to large families, often with challenging dynamics and the need to navigate specific financial and non-financial needs.

Andra is a STEP Affiliate, ACA qualified and has experience of working in a single family office, as well as a financial and operations management role for a leading international luxury hospitality chain. She is particularly passionate about using her experience and drive to help families balance their family needs and business goals.

In 2018, Andra was named as one of eprivateclient's Top 35 Under 35 and has subsequently achieved the STEP Advanced Certificate in Family Business Advising followed by a STEP Worldwide Certificate for the highest scoring paper. She has been listed on the Future Leaders Top 100 list by Citywealth in 2019 and won a SILVER Award for Financial Advisory / UHNW Services Individual of the Year.

Andra often writes articles for private client publications and has contributed to a podcast aimed at family businesses. In her spare time, she writes a travel blog, supports a number of charities and teaches herself new languages.

PHILANTHROPY: WHAT ADVISORS NEED TO KNOW ABOUT THE NEW AGE OF PHILANTHROPIC GIVING

SIANNE HALDANE - WWW.MAANCH.COM & JAMES MALONEY - WWW.FARRER.CO.UK

A reflection on a panel discussion about the important and evolving role of professional advisors and the increasing focus on philanthropy. The reflections captured here are all the more relevant given the COVID-19 outbreak and its far reaching implications.

The panel, comprising Sianne, James, Darren Kelland of Hawksford, Anthony Donatelli of UBS and Anna Josse of Prism The Gift Fund were joined by scientists from Cancer Research UK to discuss the important and evolving role of the advisor and the increasing focus on philanthropy in financial planning for HNWIs.

WHY IS PHILANTHROPY BECOMING SO IMPORTANT FOR PROFESSIONAL ADVISORS?

At its core, philanthropy is of great personal importance for many HNW clients, and as a result, advising on philanthropy is a way to deepen relationships by focusing on the things that clients care about most.

Anthony Donatelli agreed, although acknowledged that there might be an initial reluctance on the part of some advisors to engage with philanthropy because of a perception that if clients were to give their money away this would impact negatively on their firm's inflow of assets. However, he emphasised that the overriding issue for any advisor is what is best for the client and that, if an advisor is serving a client well by advising on the things that matter to them, this will lead to a stronger longterm relationship with the client.

WHY IS THIS EVEN MORE IMPORTANT NOW?

Sianne Haldane has been working on a Coronavirus response fund and a digital tool to create more transparency around funding and where there are gaps. She stated: "The coronavirus outbreak has impacted on every aspect of our lives and is affecting everyone. There has been a huge outpouring of support and we have seen impressive philanthropic responses being announced, which is really heartening. An advisor's role is to guide their clients and help them navigate how and when to respond, as well as to make them aware of the opportunities out there in which either they or their businesses can respond."

"In a situation where we feel we have no control and there are so many unknowns, many will feel empowered to be proactive."

TAKING BACK CONTROL

Darren Kelland added that, whether a client's motivation for becoming involved in philanthropy is enhancing their status, giving something back, or a combination of the two, it is increasingly the case that clients want to have more control and to see more direct impact from their giving. He observed that some clients tell him this is the most important thing in their life and that they want something that they can control. They want to see the real impact of the donations in the areas that are important to them.



SIANNE HALDANE



JAMES MALONEY



Anthony Donatelli agreed, explaining that 70 per cent of the global value of wealth held by billionaires (\$8 trillion) has been generated through entrepreneurial activities and that, in that context, it is not surprising that donors come to philanthropy with the same business-like mindset that has earned them their wealth in the first place. Most HNW clients do not want to fund something forever; they want to solve a problem and then redirect their philanthropy, in the same way as they may have exited a business and then gone on to tackle the next problem. He explained that advisors need to rise to the challenge of demonstrating real social return on investment – not just showing how positive impacts can be correlated to investment, but how they are causally linked.

HOW IS THIS RELEVANT NOW?

Although the demonstration of impact is really important in philanthropy, at this point in time, many charities are asking for unrestricted funds in order to weather the storm, balancing serving beneficiaries with maintaining operations and staff who carry out their duties.

The impact of the current global pandemic may test this perspective, since charities and non-profits that are struggling in the current climate will need access to unrestricted funding if they are to be able to have the resilience to survive, and then to demonstrate the social return on investment that so many philanthropists seek. It will be fascinating to see how philanthropists and charities work together to respond to this challenge.

A NEW GENERATION OF PHILANTHROPISTS

The panel discussed a significant mindset shift among younger philanthropists who want to both make money and do good at the same time, rather than following the more traditional approach where wealthy individuals would spend their working years making as much money as possible and their later years giving it away. Darren added that he is seeing more traditional philanthropists coming under pressure from the next generation to adopt a more active and involved approach to philanthropic investment.

COLLABORATION

The panel agreed that collaboration between different specialist advisors (philanthropy consultants, wealth planners, not for profits, lawyers and tax advisors) is crucial and is being driven by clients who are quite often not satisfied with the quality of the advice they receive.

James Maloney welcomed the signs that silos are coming down, as advisors are increasingly acting as part of a team working on behalf of their client to deliver across the strategic planning, implementation and monitoring and evaluation stages of the philanthropic journey.

SIANNE HALDANE - DIRECTOR OF PHILANTHROPY, MAANCH

Sianne Haldane has had a career that has spanned 15 years across the Philanthropy and Private Client space. Her background in law and psychology supports her work, which brings together philanthropists, advisers and not for profits to fund transformative, strategic philanthropy. Sianne has always wanted to align her own personal output into the world with the greater good and it was this call that brought her to the charity sector, shortly after qualifying as a lawyer.

A dual qualified lawyer in the UK and in her native South Africa, STEP qualified and with a background as a private client adviser, she was recently elected as a committee member of the STEP Global Philanthropy Advisors Special Interest Group.

She is a strong advocate and active member of sector-wide initiatives and thought leadership and is a natural "connector". Sianne is also a Trustee of an international education charity which assists with social mobility of refugees and helping them get into tertiary education.

It is Sianne's passion to bring the philanthropic community together. Sianne is also one of Philanthropy Impact's training delivery partners.

COLLABORATION IN CRISIS IS KEY

Sianne Haldane reflected on the willingness of advisors to come together and to seek more information on how to respond now, guiding their clients through this time. Across the philanthropic community, sharing knowledge and information of where funding is being deployed has also been really helpful, as well as understanding what trends are being seen, sharing due diligence measures and what new innovative responses and practices are happening to be able to deploy funds speedily.

GET IN THE RIGHT VEHICLE

The panel considered the importance of putting in place the optimal structure for philanthropic giving that meets the needs of clients. For clients who want to set up their own charitable vehicle, particularly those with global interests, the choice of jurisdiction may be a fundamental preliminary concern. Some clients (particularly those who wish to collaborate with and perhaps even to raise funds from others) will choose the UK because it offers a well-regulated and well-respected environment, while others who favour anonymity may find the high level of scrutiny less attractive.

Anna Josse observed how Donor Advised Funds (DAFs) are an attractive option for those who prefer to avoid the very significant regulatory burden on charity trustees. She founded Prism The Gift Fund to help individuals, groups and foundations to make significant gifts – whether of cash, shares, property or works of art – to charities all over the world. She emphasised the need for advisors to work together and provide joined up information and advice to clients, especially in a climate where as much as £750 million of Gift Aid remains unclaimed annually.

A GLOBAL PERSPECTIVE

Sianne Haldane explained that Cancer Research UK is increasingly working in more global ways, funding research in 36 countries and conducting 25 per cent of their trials with collaborators overseas. Darren Kelland stated that Hawksford's teams in Asia have not yet seen a huge demand from Asian clients, but that he sees the more recent generation of greater wealth there as an exciting opportunity to grow philanthropy. He added that he had also worked with Middle Eastern clients to set up structures to facilitate the requirement of Sharia Law that mandates charitable giving.

Right now we are seeing how COVID-19 provides a very powerful illustration that the world's greatest challenges do not stop at national borders, and that philanthropy on an international (as well as local, or national) scale will be needed to tackle the current pandemic.

LOOKING TO THE FUTURE

The event showed how philanthropy is becoming more sophisticated, linking giving with investment to meet the needs of the new generation of entrepreneurial philanthropists. Clients are increasingly seeking advice on philanthropy and this is a clear opportunity for the advisor community.

Advisors have a key role to play in being proactive and ensuring that their clients are well informed on the options for philanthropic structures and charitable tax relief, and clients are increasingly expecting their different professional advisors (whether wealth, legal, tax or philanthropy consultants) to work collaboratively to meet their objectives. Philanthropy and collaboration are becoming a crucial part of the advice that wealthy clients demand from their advisors and in the wake of the coronavirus out break and beyond, the need for this advice will increase as we draw on all our resources to stabilise the global economy.

"RIGHT NOW WE ARE SEEING HOW COVID-19 PROVIDES A VERY POWERFUL ILLUSTRATION THAT THE WORLD'S GREATEST CHALLENGES DO NOT STOP AT NATIONAL BORDERS..."

JAMES MALONEY – PARTNER, FARRER & CO CHARITY AND COMMUNITY TEAM

James Maloney is a partner in Farrer & Co's Charity and Community team. He advises charities – and those who fund, work with and regulate them – on the full range of charity law issues.

Philanthropy is a particular area of focus for James. He advises individuals and families on the legal aspects of structuring their giving, including through the formation of charities and alternatives. He advises on donor tax reliefs and on regulatory requirements. Recent work includes advice on complex cross-border issues.

James' work for institutional clients includes advising grant-making and operational charities, faith-based organisations, sports governing bodies and livery companies. He advises clients on constitutional and governance matters, incorporations, mergers and restructuring projects. James also helps charities to navigate the law on fundraising (including trading and commercial partnerships), investment, grant-making and charity property transactions.

James currently serves as the Deputy Chair of the STEP Philanthropy Advisors Global SIG Steering Committee. He lectures on charity and law and charity tax law at Cass Business School and regularly speaks on legal issues affecting the sector. He is a member of the Charity Law Association and is a charity trustee.

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Tax Advisor, Global Tax Firm



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Our research shows that Advisors play a key role e.g. UHNW individuals when supported by advisors on their philanthropic journey give 17 times more - £335k vs. £19K.

"DURING THE COVID-19 PANDEMIC, TECHNOLOGY HAS ACCELERATED THE TREND OF ONLINE GIVING AND HAS TRANSFORMED TRADITIONAL MEANS OF SOURCING, ACCUMULATING AND DISPERSING PHILANTHROPIC CAPITAL FOR SOCIAL ISSUES..."



HOW TECHNOLOGY CAN MOBILISE PHILANTHROPIC CAPITAL FROM NEW SEGMENTS OF SOCIETY IN RESPONSE TO COVID-19

ALEXA MACLEAN, KELSIE KRIITMAA, JOSEPHINE GAMBADE - WWW.PHILANTHROPYADVISORS.ORG

Philanthropy carries with its name a traditional legacy of large donations from the wealthiest members of society, titans of new industries and generous individuals. While many of these renowned philanthropists are still active players, technology has enabled the entrance of new movers to mobilise philanthropic capital and COVID-19 is a great example of this collective response.

The pandemic has taken the world by surprise in a matter of months; halting mobility, paralysing economies and creating unprecedented pressure on national health systems. With the same whirlwind that marked its arrival, has been the response from governments rolling out emergency plans and budgets, businesses who refocused their priorities and repurposed their operational facilities to make much needed materials and people lending a hand to their elderly neighbours - the world has seen phenomenal stories of humanity and compassion during these unprecedented times. While populations around the world are physically distancing, people continue to empathise with their neighbours in China, Italy, the United States and elsewhere, spending more time than usual at home, and online.

Technology is a decisive player in this pandemic, as health professionals around the world are harnessing knowledge and skills to develop a vaccine, better suited personal protective equipment (PPE) and ultimately a cure. Digital health technology is under development to support population screening, tracking the infection, prioritising the use and allocation of resources and designing targeted responses. However, these are not the only areas in which we have seen technology play a transformative role in the global response. During the COVID-19 pandemic, technology has accelerated the trend of online giving, transforming traditional means of sourcing, accumulating and dispersing philanthropic capital for social issues and enabling new players to join in support.



ALEXA MACLEAN



KELSIE KRIITMAA



JOSEPHINE GAMBADE



DONATION TRACKING THROUGH BLOCKCHAIN

For an individual to initiate a donation to an organisation requires a level of trust that the funds will be spent according to its promise. Blockchain is a tool that has been used to track donations providing more transparency and enabling people to give directly to organisations and individuals affected by the virus. Chinese start-up [Hyperchain](#) has developed a donation-tracking platform that has already [attracted \\$2 million in donations](#), supporting Hubei-based facilities, including the Tangshan People's Hospital, the Jiayu People's Hospital and the Xiantao No. 1 People's Hospital. Blockchain allows donors to track their donations, as they create digital records of all transactions which are traceable and immutable. Donors no longer have to rely on good faith that the money will support those most in need and affected by the virus. Furthermore, in China there has been strong engagement and anti-corruption measures taken by the Xi government, which has been encouraging the use of new technology such as blockchain to provide more transparency.

STREAMING FUNDRAISERS

Social distancing can be a profoundly lonely and disorientating experience, but it can also bring together a massive virtual audience around a common cause. The World Health Organisation teamed up with [Twitch](#), on March 28-29,

to stream 12 hours worth of gaming, music and sports content. Viewers were invited to donate to the [COVID-19 Solidarity Response Fund](#) while enjoying a virtual event with their friends and family. This Twitch-facilitated event-based fundraiser raised [\\$2.77 million dollars](#) at a time when most of the world could not step outside their homes for anything more than groceries or health services. Streaming platforms are what virtual gamers, for example, rely upon to monetise their daily content and maintain a deep interconnected life with their community and the non-virtual world. With the COVID-19 response, these platforms are becoming increasingly relevant to the wider public. Technology can bring communities together around social good, now more than ever.

GAMING, E-SPORTS & GIVING

Gaming and philanthropy have not traditionally been associated, but this trend is now changing. For those of us who do not game or know the world of eSports or professional competitive gaming, there is a misrepresentation of the community as being cut off and isolated, when in reality this is far from the truth. A [2017 CAF survey](#) found that 58% of gamers were interested in donating while playing and 59% would be more likely to pay to remove commercials if some of the cost went to charity. In many ways, professional gamers were early adopters of "working from home" while managing to stay hyper-connected and leveraging their network to raise capital. Platforms such as Twitch, Tiltify,

ALEXA MACLEAN - JUNIOR CONSULTANT, GENEVA, PHILANTHROPY ADVISORS

Alexa is a Masters' student at the Graduate Institute of International and Development Affairs (IHEID) specialized in trade and conflict. Her research focus is on innovative financing mechanisms in protracted settings.

Alexa holds a Bachelors' Degree from McGill University in Political Science and a Postgraduate Degree in Social Innovation Management from the Amani Institute in Brazil. Prior to joining PA, Alexa has worked on public-private sector partnerships working on impact certification and community engagement for Sistema B (B Lab) and global partnerships for C2 International, a global business event founded by Cirque du Soleil focused on creativity in commerce. Her passion for social impact has allowed her to develop a network of partners advancing social and environmental objectives across the Americas, the Middle East and Africa.

As a Junior Consultant, Alexa supports the management of projects, strategic advisory, programme evaluations and impact investing services for a number of international organisations, foundations and corporate clients.

Since joining PA, Alexa has worked primarily on private sector engagement strategies in the areas of supply chain logistics and public health.



"TECHNOLOGY HAS ENABLED NEW TOOLS TO RAISE MONEY FROM ANYONE ONLINE, FROM THE COMFORT OF THEIR HOME..."

Discord, Extra Life, Desert Bus and Games Done Quick are bringing people together now more than ever, raising impressive amounts of money in support of the COVID-19 response, using new technology combined with traditional methods of fundraising. This is done by asking participants to pay an entry fee to play or watch, or the gamers openly encourage viewers to donate to a specific fund.

SPREADING THE WORD

Influencers, the omnipresent player in the digital space, have also taken up a significant role in philanthropic activity and social good during the COVID-19 pandemic. Most influencers have almost unanimously shifted their content towards public health messages and support for capital raising initiatives across streaming fundraisers, gaming and eSports. [#HopeFromHome](#) is a digital fundraiser that was hosted April 7th, supported by a collective of influencers such as YouTube gamer and influencer [Jacksepticeye](#). This prominent influencer announced the event on his channel and subsequently over 2,000 creators signed up to participate, with

a presence in over 34 countries and a collective following of more than 300 million. The government of Finland has formally recognized the role of influencers and they have been enlisted to inform the population in efforts to contain the coronavirus pandemic, particularly those that do not follow mainstream media.

In short, you do not need to be a billionaire to be a philanthropist. Technology has enabled new tools to raise money from anyone online, from the comfort of their home, and in the face of the COVID-19 crisis, the results have been impressive. We believe this is only the beginning, marking a new trajectory for raising philanthropic capital from new segments of society.

KELSI KRIITMAA – EXECUTIVE DIRECTOR, SWITZERLAND, PHILANTHROPY ADVISORS

An international development leader with over fifteen years of experience in development and humanitarian contexts, Kelsi has worked with the United Nations, non-governmental organisations and academic institutions across Africa, Asia, Europe and the Middle East. Most notably, Kelsi has led large scale health programmes for the International Organization for Migration (the UN Migration Agency) in Somalia and South Sudan, designed and implemented multi-country evaluations and mixed-methods research in over 20 countries including Ethiopia, Kenya, Lebanon, Nigeria and Sri Lanka, and is published widely across academic journals, grey literature and conferences.

Given her vast professional experience, she is an effective interlocutor with technical, operational and diplomatic expertise working across sectors. Kelsi is the Executive Director for Philanthropy Advisors in Switzerland, leading external relations and business development, overseeing operations and developing innovative and effective partnerships to ensure collaborative, high-impact and sustainable philanthropy across diverse profiles of clients, including foundations, corporations and international organisations.

JOSEPHINE GAMBADE – CONSULTANT, PHILANTHROPY ADVISORS

Josephine is a double graduate from London Business School and Fudan School of Management in International Management, as well as from University College London in European Social and Political Sciences. Curious and dedicated, her research interests have covered fields from Anthropology in Germany to the Private sector's social engagement (B corporations) in China.

Over the past five years, Josephine has also built a strong portfolio of relevant experience as a strategy consultant, development researcher and volunteer, and content writer in the sectors of Social Impact and Strategy definition. As such, Josephine has supported a network of social enterprises from their launch to their internationalisation, in Europe, Asia, Africa and North America.

As a Consultant at Philanthropy Advisors, Josephine is in charge of implementing the office's communication strategy and helping build stronger processes, while providing support to a large range of clients from individuals, I/NGOs, foundations to corporates in evaluating, researching, defining, refining their projects, programmes, strategies and processes, for them to achieve their impact and socially responsible objectives.

C. Hoare & Co. strategy for giving in time of crisis and reflections on lessons learned from the Grenfell tragedy

GIVING WISELY, SPENDING WELL

RENNIE HOARE - WWW.HOARES BANK.CO.UK

In recent weeks there has been extensive coverage of losses suffered by business and industry as a result of the coronavirus crisis. Less publicised, but equally disastrous, is the imminent devastation of the charity sector. NCV0, the national body representing voluntary organisations, estimates that 12 weeks of lockdown will inflict some £4bn of damage on charities.

This takes into account organisations that are run through fundraising, as well as income unearned from charity shops, and bears out the bank's own experience. Royal Trinity Hospice, of which Alexander Hoare is a patron, expects, for example, to take a £3m per annum hit while its shops remain closed.

In further research carried out by the Charities Aid Foundation, charities were asked to estimate their chances of survival after a lockdown period of six months or 12 months. 37 per cent of charities polled thought they would fold if lockdown lasted six months. If, however, lockdown were to persist for a year, more than 50 per cent of charities polled felt they would not have sufficient resources to continue; given there are 166,000 charities in the UK, this represents a total wipe-out of over 80,000 charities.

With these sobering statistics in mind, the bank has implemented a two-fold response. Donations from the Golden Bottle Trust (GBT) address the immediate health emergency, but we are also allocating a pool of funding to preserve and sustain our thriving charity and philanthropy ecosystem.

In terms of emergency funding, our approach was very much informed by our response, in 2017, to the Grenfell Tower disaster. At that time, a great deal of public support very quickly coalesced around a small number of emergency appeals, to the extent that delivery capacity of these appeals was significantly stretched.

Taking advice from our existing network of trusts and foundations, the Golden Bottle Trust opted instead to support two smaller charities. The first of these was Kensington Aldridge Academy, a school backing onto Grenfell Tower which lost several pupils in the tragedy. We made an unrestricted grant to the school for three years. This allowed them to allocate funds toward projects, such as breakfast clubs, that best supported efforts to restore the general wellbeing of students. The other charity we opted to support in 2017 was the West London Zone, an innovative community resource for children and young people. It took us a few weeks longer to find them, but we have found them excellent partners and have worked with them very successfully.

The experience of Grenfell taught us that being a really successful emergency funder is hard. We don't feel that supporting big centralised appeals is where we can add most value; we're much better at taking a step back and allocating funds to organisations with a bit of a track record who are able to make a targeted difference.

When it came to supporting charities set up in response to coronavirus, I was aware that a number of emergency funds had been set up – literally and figuratively – in isolation. I thought there was possibly a degree of overlap and that some organisations would benefit from partnership, so the first thing I did, with Philanthropy Impact, was to get as many of these funds as possible together on a phone call to flesh out ideas. This helped catalyse the Beacon Collaborative initiative <https://www.beaconcollaborative.org.uk/british-philanthropy-responding-to-covid-19/> to list all the different funds and their specific purposes.



RENNIE HOARE



In terms of support from the Golden Bottle Trust, we have made a noteworthy contribution to the Chelsea and Westminster NHS Trust emergency fund, as the bank has very long-standing links with this hospital (‘Good Henry’ Hoare was instrumental in founding the original Westminster Hospital in 1719). This money will fund equipment such as ventilators, support research into COVID-related technologies, and offer practical support to frontline hospital staff.

We are also donating to the RAFT emergency fund set up by The Fore, an organisation that uses its well-honed skills to provide grants swiftly to very small charities.

“THIS MEANS TRUSTEES CAN GIVE A SUM THEY THINK APPROPRIATE VIA THE FASTEST MECHANISM IN OUR GIVING INFRASTRUCTURE”

Just as importantly, however, we want to continue supporting our established ecosystem of charities. We currently make around 300 separate grants per annum from the Golden Bottle Trust, and we are committed to maintaining this level of giving.

In addition to this, there are charities close to the heart of individual members of the Hoare family which are supported by discretionary funds within GBT; these family members, who may be a trustee or have a much more active role in their chosen charity, are given a ‘pot’ of money for personal allocation and, this year, we’ve expanded those pots by a third.

This means trustees can give a sum they think appropriate via the fastest mechanism in our giving infrastructure. So we’re empowering family members to support the charities that mean a lot to them, and making sure funds get to where they’re needed in a matter of days.

Careful stewardship of the GBT, both through donations and investment, means that, even in the current uncertain economic climate, we can, and will, maintain its historic level of giving. Ultimately, it is the consolidation of past stewardship with preparedness for future events that allows us, in these testing times, to live up to our purpose as ‘good bankers and good citizens’.

RENNIE HOARE - PARTNER & HEAD OF PHILANTHROPY, C. HOARE & CO.

Rennie joined C. Hoare & Co. in 2016 and was invited to join the partnership in 2018. The six partners are all 11th generation descendants of the bank’s founder and carry unlimited liability.

Rennie is also Head of Philanthropy, leading what is done by the family, the bank, and customers to support charitable giving and social impact projects. This includes the bank’s donor-advised fund, The Master Charitable Trust.

Rennie came to C. Hoare & Co. from T. Rowe Price where he was responsible for relationships with institutional investment consultants in the UK and Europe. Before that, he spent time at Threadneedle and at Guinness Asset Management. He graduated from the University of York with a BA Hons in Politics and holds the Investment Management Certificate.

Rennie is a trustee for both Philanthropy Impact and the David Nott Foundation and particularly enjoys his mentoring of the next generation of philanthropists.

CORONAVIRUS REVEALS THE NEED FOR RESILIENT CHARITIES

MARY ROSE GUNN & TOBY GILL - WWW.THEFORE.ORG

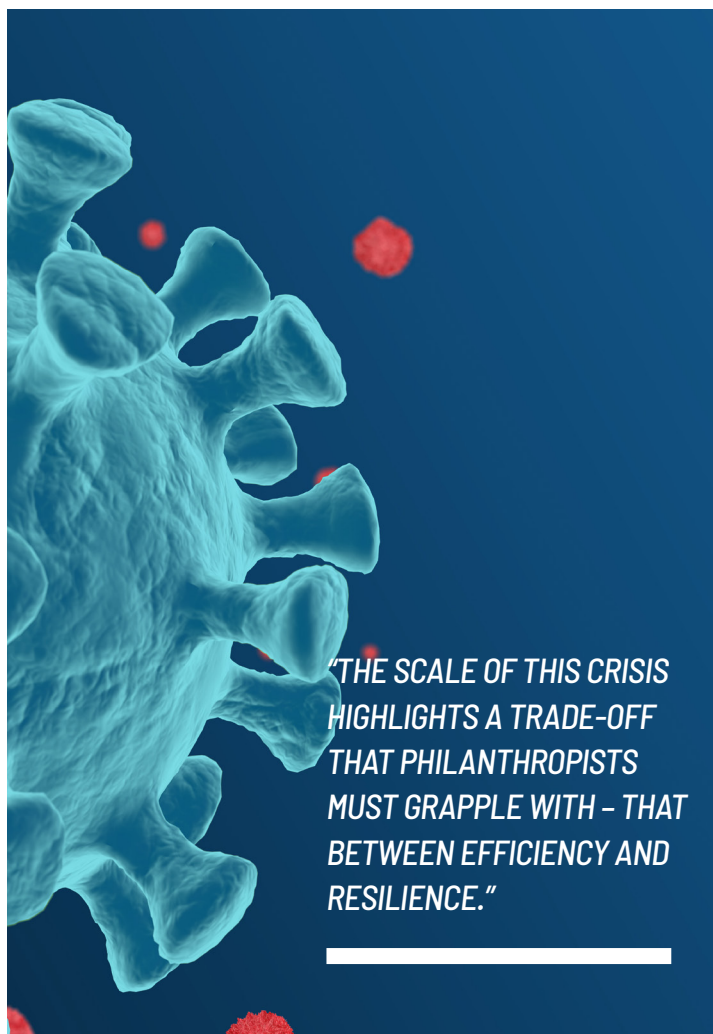
Coronavirus has knocked the charity sector into a severe crisis. Charities expect their voluntary incomes to fall by half, and National Council for Voluntary Organisations (NCVO) estimated that the sector is set to lose £4.3 billion (at time of publication) over the next 3 months.

Here at The Fore, we have spoken to dozens of organisations in crisis due to event cancellations, school closures, cancelled contracts and falling consumer demand. Staff are taking voluntary pay-cuts to keep organisations afloat. Many compelling and unique delivery models could be lost entirely.

The scale of this crisis highlights a trade-off that philanthropists must grapple with – that between efficiency and resilience.

Efficiency is about minimising the costs of outputs, or by cutting waste and narrowing focus. Resilience is about building adaptability – having the capacity to pivot in order to survive and thrive in changing circumstances. In the good times, we tend to place a great deal of emphasis on efficiency. In a crisis, we need resilience – however, by this point, it is too late to begin developing it.

Philanthropists and funders have historically placed considerable emphasis on efficiency in charities. Donors often speak of value for money, asking for measures of output-per-pound and placing a constant downward pressure on overheads. Many grants are also ‘restricted’ to use on narrowly defined projects, with little (if any) funding assigned for broader operating costs. Charities are apprehensive about having any meaningful reserves on their books, as this could damage their chances of winning grants. Staff salaries are suppressed, and budgets for training are minimal, leading to a sector that is under-skilled in crucial areas (such as finance, business planning and digital technology).



All of these practices by donors and philanthropists have constructed a charity sector that is highly efficient, but is brittle and lacking resilience. As a result, the third sector is extremely vulnerable to sudden shocks.

In the wake of this crisis, we need to rethink our approach to philanthropy. Philanthropy can't just be about buying results, but about investing in organisations to make them more secure for the longer term.

At The Fore, we hope that our approach to grant-making might be one model for building resilient small charities and social enterprises. We offer £30,000 in unrestricted funding (combined with wrap-around support and training) to charities and social enterprises with annual incomes below £500,000. Organisations spend this funding on whatever they need most to unlock the next step in their development.



MARY ROSE GUNN



TOBY GILL



Charities have used funding from The Fore to access new revenue streams, diversifying incomes by winning new public-sector contracts or developing new products. Charities have also used funding from The Fore to invest in their systems – one organisation used a grant to develop a CRM system, saving an estimated nine days of staff time per month in a team of only seven people.

Our findings to date indicate that this kind of support makes organisations stronger, more secure and more resilient, with 85 per cent of The Fore's grantees hitting their targets for increasing organisational capacity.

"THE FORE HAS ALREADY RAISED £1 MILLION FOR RAFT FUND, AND IS NOW LOOKING TO RAISE MORE"

This, in turn, has knock-on effects on organisational growth, as increased capacity also gives organisations the opportunity to scale. We compared grantees from The Fore's pilot programme with an algorithmically-generated control group of over 600 similar organisations. Three years after receiving support, The Fore's grantees had more than doubled in size, while control organisations hadn't grow at all.

We believe that strengthening the organisations receiving grants should be a key objective of funders. When the coronavirus crisis has passed, we hope that the existential threat that it posed to the charity sector will enable us to create a new approach to philanthropy, and help us to build a more resilient sector for the future.

The Fore has launched a two-pronged response to the crisis, under the banner of RAFT (Rapid Action by The Fore and Trusts). RAFT Fund is providing grants of up to £5,000 to help organisations weather the crisis, and prepare for the new and heightened needs of service users once the acute phase of the crisis has passed (in 6-12 months). The Fore has already raised £1 million for RAFT Fund, and is now looking to raise more. RAFT Fund is complemented by the RAFT Directory of Skilled Volunteer Requests, which matches charities and social enterprises to skilled volunteers who can help them overcome new challenges posed by the virus.

MARY ROSE GUNN - FOUNDER AND CHIEF EXECUTIVE, THE FORE

Mary Rose Gunn is Founder and Chief Executive of The Fore, the first funder in the UK to target financial and skills support at innovative small charities and social enterprises based on their potential to deliver lasting impact. Mary Rose has run The Bulldog Trust, the umbrella organisation for The Fore, since 2007 and has designed, resourced and delivered a range of programmes including opening the trust's stunning neo-gothic headquarters, Two Temple Place, to the public through a successful annual exhibition programme.

Prior to this, Mary Rose worked in politics and the media and has a degree in Modern History from Lincoln College, Oxford. She is a Trustee of INTBAU and the Margaret Pyke Trust and a Fellow of the Royal Society of Arts. In 2018, she was named as one of the Pioneers Post's Women In Social Enterprise 100. She has written and contributed to numerous articles, interviews and podcasts including through Pioneers Post, Third Sector and Evening Standard on the state of the social sector and the role of venture philanthropy in addressing society's social challenges.

TOBY GILL - RESEARCH AND COMMUNICATIONS OFFICER, THE FORE

Toby joined The Fore in 2018 after a year of volunteer work and travel, and is currently The Fore's Research and Communications Officer. He is responsible for The Fore's research and impact measurement, as well as developing The Fore's influence and building its external profile. He graduated from Oxford University in 2016 with a degree in History, and last year completed a Masters in International Relations at Cambridge University.

Funder collaboration as a new value proposition for individual philanthropists and their advisors

DEALING WITH COMPLEXITIES COLLECTIVELY

URSZULA SWIERCZYNSKA - WWW.SPAZIO-SI.IT

As philanthropy is more often and more willingly shifting towards the establishment of various collective impact vehicles, private funder collaboration has been making its case as a powerful tool for tackling increasingly complex social and environmental problems.

The emergence of several large-format donor collaboration initiatives, such as Co-Impact, The Beacon Collaborative and Founders Pledge, seem to confirm this trend. Although they differ in form and functions, few common features can be identified. Understanding these characteristics can help both philanthropists and advisors not only to be more effective in achieving their social impact goals, but also to better position themselves in the new philanthropic ecosystem that is currently being shaped.

THE WHY AND HOW OF FUNDER COLLABORATION

Funders collaborate for several different reasons. While some of the donors see working together as a means to achieve systemic social change, others look for benefits such as increased effectiveness, greater scale and visibility, growing efficiency and bigger resilience to risk, as well as financial leverage from resource-pooling. Funders are also looking to platforms and networks as a means to foster their sense of belonging, create safe spaces for networking, facilitate exchange of information, ideas and practices, and promote thought leadership.

There are many different forms and modalities in which funders, be they individual philanthropists or foundations, collaborate. Functionally, we can classify collaborations into three main categories: learning networks, strategic alignment networks and pooled funds. Looking at levels of integration and control between the members, we can

identify: loose networks (with a low degree of formality), consortia (which offer joint services to create efficiencies and enhance individual donor capacities), alliances (with commitments involving written and legal agreements), and platforms (offering opportunities for joint capital deployments).

The variety of collaboration models reflects well the diversity of donor wishes, needs, levels of expertise and giving capacities. There are some considerable differences in the admission criteria and collaboration objectives. Some of the networks are issue-based and have a well-delineated thematic focus (e.g. human rights for Ariadne Network or environmental protection for Environmental Funders Network). Others aggregate funders who are willing to channel resources together through collectively selected and agreed mechanisms (Prism the gift fund or Epic Foundation).

NEW TRENDS IN THE FUNDER COLLABORATION MARKETPLACE

While in the past donor collaboration was largely happening in the institutional philanthropy and grant-making space, today's collaboration models increasingly involve private individuals, families or family offices that do not necessarily channel their resources through their own philanthropic foundations. This trend has been confirmed by the emergence of numerous peer-to-peer philanthropic networks such as The Philanthropy Workshop, Global Philanthropists Circle (Synergos) and The Philanthropy Club, whose target members are individual private funders.



URSZULA SWIERCZYNSKA

Another interesting trend that can be noted when it comes to funder collaboration is an increased interest in using a “portfolio approach” to philanthropic giving - clustering non-profit organisations into thematic or functional “funds” in which private donors can invest philanthropically (similarly to mutual funds logic). This phenomenon, defined also as “cause-related networking”, has been recently researched by the NPC through a study commissioned by The Beacon Collaborative, while some previous work on this issue has been published by the Raikes Foundation. Both studies confirm the growing global demand for pooled philanthropic issue funds, with the needs and desires of millennial donors likely to increase this trend further in the future.

Cause-related networks which aim to motivate private individuals to give more and give better are emerging across Europe. A new arrival on the scene is a social impact space for individual givers and social impact investors - Spazio-SI, based in Milan, Italy. It provides individual private funders with an opportunity to meet-up, share knowledge, exchange best practices and learn experientially about effective ways to fund positive social impact action. It also connects donors with a vast network of vetted technical professionals specialised in setting up and managing effective philanthropic vehicles.

WHAT'S IN IT FOR THE ADVISORS?

The initiatives like Spazio-SI illustrate well how philanthropic networks and collective impact vehicles can be useful not only for donors themselves, but also advisors who work with private clients on planning, structuring or managing philanthropic vehicles. Participation in philanthropic affinity groups can be an opportunity for learning about effective social impact action, getting to know like-minded people and exchanging best-practices in the philanthropic funding space.

With some of the networks being peer-to-peer, they can serve as an effective client acquisition and retention tool for financial or legal advisory entities. To this end, several private banks and wealth advisory service providers have established their in-house philanthropic clubs, with some notable examples such as UBS Global Philanthropist Community counting more than 400 client-members. Philanthropy networks and collaborations can be an interesting opportunity for wealth management intermediaries to engage in dialogue with their clients, as well as expand advisory service range. They may therefore constitute a competitive advantage in a crowded and challenging wealth management industry.

“CAUSE-RELATED NETWORKS WHICH AIM TO MOTIVATE PRIVATE INDIVIDUALS TO GIVING MORE AND GIVING BETTER ARE EMERGING ACROSS EUROPE”

CONCLUSION

As the philanthropic infrastructure landscape is trying to keep up with and adapt to the growing complexity of social and environmental problems, funder collaborations grow in popularity. This trend is here to stay. With the new generation of private funders increasingly preferring less institutionalised but more participatory forms of social impact action, the future of philanthropy will most probably be even more networked and more collaborative. Finding the right network fit might soon become a norm for both philanthropists and their advisors.

URSZULA SWIERCZYNSKA - PHILANTHROPY ADVISOR AND FOUNDER, PHILANTHROPOID

Urszula Swierczynska is a philanthropy advisor and founder of the advisory service Philanthropoid (www.philanthropoid.it) - a consultancy firm working with family offices, private individuals and foundations on strategic philanthropy and social investing.

Her main focus of work is effective use of philanthropic capital across the entire capital spectrum - from grantgiving, to impact investing. In her current work she assists funders in navigating the why, what and how of charitable giving and impact investing, helping them to maximise social impact outcomes.

Prior to becoming a philanthropy advisor for over 10 years she worked for various international organisations (such as United Nations or Red Cross system) across the world in the field of international humanitarian assistance and development. She worked in 14 countries on 4 continents, helping the organisations to better understand, design and plan for assistance delivery.

She is a holder of a Masters Degree in International Relations at the University of Nicolas Copernicus of Torun (Poland), post-graduate diploma in Philanthropic Studies at University of Kent (United Kingdom) and Master diploma in Family Office by Italian Family Officer Association (Italy).

Creating systematic change through philanthropic efforts is a large task for any one organization. How can they place longer-term, more adaptive and flexible resources with grantees to ultimately help them scale their solutions and impact?

SCALING SOLUTIONS AND COLLABORATIVE GIVING

HEATHER GRADY - WWW.ROCKPA.ORG

In 2016, a team at Rockefeller Philanthropy Advisors (RPA) began working with the Skoll Foundation and three other philanthropic funders to encourage the philanthropic sector to work more collaboratively as a way to scale solutions to daunting social and environmental challenges. At the time, philanthropy had many affinity groups, but relatively few funder collaboratives. Moreover, while many funders placed high importance on creating impact with their resources, few were talking about systems change approaches to philanthropy.

That has changed significantly in the last four years, in the US, Europe and emerging markets. While it is impossible to say if Rockefeller Philanthropy Advisors (RPA) was creating a wave or just riding it, we have learned a number of lessons along the way about what works, and the continuing needs in helping philanthropic funders incorporate these approaches into their efforts.

The first Scaling Solutions report, [Scaling Solutions toward Shifting Systems](#), was published in 2017 with grant support from the Skoll Foundation, Ford Foundation, and Porticus. It summarised a set of five ambitious but concrete recommendations that would enable funders to better support their grantees. They can be arranged to spell the word SCALE, a useful mnemonic that makes it easier to communicate what we had learned from more than a year of research, interviews, and workshops with nonprofit organizations, social entrepreneurs, funders, and impact investors, all sharing the common goal of making systems-changing impact in the world:

Streamline: Re-design your grant-making processes to provide less restricted funding, and accept common reporting with other funders.

Collaborate: Help grantees by sharing your knowledge of their work with other funders, and lead or participate in donor collaboratives.

Accelerate: Provide helpful non-monetary support to grantees and make strategic introductions to other funders.

Learn: Educate yourself about systems change, and adopt ‘public agendas’ such as the Sustainable Development Goals (SDGs) for planning and measurement.

Empower: Consciously shift power dynamics with grantees and investees.

In preparing for the second report, [Approaches for Impact, Approaches for Learning](#), published in 2018, our team dived more deeply into successful funder collaboratives, intentionally focusing on those in which funders:

- Scale the solutions or broaden the impact of their grantees or investees
- Actively collaborate with other philanthropic funders on strategies for long-term change, with or without pooling funds
- Explicitly or implicitly aim at systems change, with these essential elements:
 - Addressing root causes and underlying structures that perpetuate problems; Shifting mindsets, mental models and paradigms;
 - Understanding and exploring new patterns of relationship dynamics; Embracing the complexity of funding long-term change;
 - Appreciating the importance of different sectors in long-term change;
 - Being cognizant of potential unintended consequences



HEATHER GRADY

ELEMENTS OF SUCCESSFUL COLLABORATION

RPA compiled [case studies](#) illustrating how collaboratives aimed at systems change operate, what they are learning, and their achievements and challenges. Several key findings emerged from studies and interviews with more than 30 collaboratives.

We noted, for example, that funders who began to participate in collaboratives generally found them rewarding and a more effective approach than going it alone. As we tallied potential case studies and interviewees, many of the same names came up repeatedly. There were large and well-known foundations, like Oak, Ford and IKEA. Some family foundations and individual funders stood out as well, not least Porticus and the KR Foundation.

Key to successful collaboration was the issue of trust. This plays out in a number of ways. First, we found that funder collaboratives are more likely to thrive if they begin with a smaller number of funders who are already familiar with each other, and have partnered on supporting activities previously, and then expand from there once group norms are established and followed. Pre-existing relationships accelerated the trajectory of impact.

Second, we saw that it was important for funders to align on their theories of change – the set of assumptions and hypotheses about how their resources would create outcomes and impact. While 100 per cent agreement is not required, shared goals should be accompanied by a shared set of beliefs about how change happens. If the portfolio is large enough to accommodate different types of interventions – such as direct services, advocacy and research – it allows a funder collaborative to assess over time how a combination of interventions can create lasting change.

A third important finding was that most funders were eager to learn more about how to measure impact at a systems level, whether on structures – which include public policies, business and investment practices, and social norms – or on mental models, including values, attitudes and beliefs.

As philanthropy advisors, it is clear to RPA's team that not all funders are drawn to these approaches. At the same time, we must have in our toolbox the

capacity to support clients and partners who are interested. Indeed, it is not just philanthropic funders, but even more so their grantees and investees, who have pushed RPA to lean towards this area of work over the last few years.

The most important offerings we have developed, and continue to hone, build on the notion of collaboration. We encourage funders to use networks and communities of practice to review and refine their internal practices around grant-making and operations. [The Philanthropy Framework](#) is an example of this. We also developed a list of ambassadors and allies who have been participating in our Scaling Solutions community, and we will continue to rely on them to encourage their peers in the sector to implement the SCALE recommendations and test the collaborative practice findings. Peer-to-peer influencing is so critical in the philanthropy sector, and it prepares the ground for new and better practices to spread.

Many others – some of whom were at this long before we were, while others who have joined the ranks more recently – have complemented RPA's work in this area. That has not lessened the need for expertise, tools and methods, all of which speed up the learning and adoption curve. Evaluation experts like those in the Blue Marble Evaluation network, resources like the Embracing Complexity report launched in January, and convenings like the one RPA hosted on Assessing Systems Change, are all a part of the growing list of resources that funders can turn to.

As philanthropy's response to the COVID-19 crisis shows, change that moves at a glacial pace can shift to warp speed when a crisis hits, and people and organizations shift into action mode. It also demonstrates that long-standing rationales for maintaining the status quo, once suspended, can fall away and make space for a new normal to take hold. This is what RPA is observing in discussions within philanthropy, the business sector and in fields from healthcare to environment. The year 2020, therefore, can be seen as a 'super year' for change – and those working on systems change are paying particular attention to a very difficult and challenging moment in history and the opportunities and learnings that inevitably arise in times of crisis.

HEATHER GRADY – VICE PRESIDENT, ROCKEFELLER PHILANTHROPY ADVISORS, SAN FRANCISCO

Heather leads the organization's strategy and program development in global philanthropy, including collaboratives, global programs, research, and publications. She drives thought leadership through efforts like the SDG Philanthropy Platform, a collaboration to encourage philanthropy to engage more meaningfully in the Sustainable Development Goals/ Agenda 2030, and the Scalable Solutions initiative, which aims to fuel the placement of longer-term, responsive and adaptive resources to fund and accelerate scalable solutions that target systemic changes focused on pressing global issues. Heather also serves as an Adjunct Professor for the Executive Management Program at the China Global Philanthropy Institute. She is a frequent speaker at conferences and has authored numerous publications.

Heather's philanthropic advising has been shaped in part by two decades living and working in countries in Asia, Africa and the Middle East, managing development and humanitarian programs focused on a range of themes including education, livelihoods, health, agriculture and microfinance. Heather was previously a Vice President for Foundation Initiatives at The Rockefeller Foundation where she oversaw an annual grantmaking budget averaging \$65 million. Prior to that, she served as the Managing Director of Realizing Rights: The Ethical Globalization Initiative, a decade-long partnership between Columbia University, The Aspen Institute, and the International Council on Human Rights Policy founded by former Irish President Mary Robinson. During this period she also served as an Adjunct Professor at Columbia University's School of International and Public Affairs.

Heather has a master's degree in public administration from the Kennedy School at Harvard and a B.A. from Smith College. She is conversant in Chinese and Vietnamese. She serves on a number of Boards and Advisory Groups including The B Team, the Business and Human Rights Resource Center, the Wildlife Justice Commission, the Dropbox Foundation and the ethical fashion company Piece&Co, and has been a member of the WEF Global Future Councils. Heather has lived in 8 very different countries on 4 continents, and appreciates the unique wisdom and expressions of generosity she has found in each of their cultures.

COVID-19: A CATALYST FOR INVESTING IN STAKEHOLDER CAPITALISM?

OLIVER SCUTT & PHILLIPPA HOLLAND - WWW.BATESWELLS.CO.UK

The impact of COVID-19 has led to an unprecedented global shutdown as governments raced to halt the spread of the virus, save lives and keep their economies afloat.

The pandemic shockwaves will have a myriad of consequences for years to come, and so a key question that lingers is how (if at all) this emergency will change our approach to society and business. Or to paraphrase a recent saying: can we even contemplate getting back to normal, if normal wasn't solving the problems we faced in the first place?

From an investment perspective, the demand for capital in the recovery phase will be hotly contested. In that regard, how investment decisions are made and capital deployed will hold a mirror to our priorities and values, reflecting the lessons we have learned (or failed to learn) and determining our trajectory on an individual, national and global scale.

So what could a recovery look like and what are some of the key elements that might broaden the horizon for investors?

FROM POWER DOWN TO REBOOT

Globalisation, technology and market liberalisation have each delivered significant developments for many. However, capitalism based on shareholder primacy isn't solving (and is often exacerbating) the multiple on-going crises that we face – climate change, biodiversity loss and an alarming growth in social inequality, to name a few.

There are calls for us to 'Build Back Better' after COVID-19, to create a sustainable economy that supports a more equitable society and healthier environment, and for investors to make responsible decisions in favour of longer term, patient strategies that deliver a positive impact for stakeholders as well as returns for shareholders. It has taken COVID-19 to remind us that



**"FROM AN INVESTMENT
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our interdependence is not optional and that our society is in many ways indivisible. So, from an investment perspective, how we approach the 'S' in ESG may dictate, for example, what level of financial hardship millions in our world face as we look to repair the damage.

THE STATUS QUO

A failure to account for and address the negative impacts of business operations is resulting in increased environmental and social costs and exerting immense pressure on natural resources. As a consequence, businesses face risks to their reputation – with their employees, customers and public authorities – and perhaps, in the near future, financial penalties for carbon emissions. These negative impacts have a disproportionately adverse impact on the most vulnerable in our society, piling pressure on government welfare services and civil society, and widening the inequality gap still further. Importantly, they will impact on the underlying value of the businesses themselves, which should be a cause for investor concern.



OLIVER SCUTT



PHILLIPPA HOLLAND

This isn't to say that businesses are, without exception, solely focused on short-term profit maximisation for their shareholders. The principles of enlightened shareholder value are captured in UK company law, the concept of corporate social responsibility has long been mainstream and governance is improving – gradually. But the pace of change is inadequate, the science tells us, and the consequences of inaction will be severe.

On the positive side, impact and sustainable investing are growing markets, investment into low-carbon solutions is increasing and environmental commitments are coming from some key financial institutions and businesses – often tied to the UN Sustainable Development Goals. In 2018 the 'Global Impact Investing Network' produced a report on the size of the impact investment market which showed that 229 survey respondents collectively manage over \$228 billion in impact investing assets¹. The survey result published the following year, in 2019, showed over 1,340 organizations currently manage \$502 billion in impact investing assets worldwide².

However, investment activity that does not at least support long-term environmental and social sustainability will mean that parts of the economy that contribute to our current problems will simply carry on with a ready pool of capital to utilise. We risk a 'business as usual' approach that detracts from the efforts of sustainable and positively impactful investments – even as the flywheel of investor evidence against supporting the status quo spins faster.

PERFORMANCE THROUGH A STAKEHOLDER APPROACH

Recent analysis from HSBC indicates that businesses which actively manage ESG risks could be more robust during a crisis and perform better in the long

term; during the COVID-19 slump, the ESG stocks analysed outperformed others by circa 7 per cent³. This is encouraging, although in many cases it's not straight forward for investors to assess ESG risks.

In the UK, obligatory non-financial reporting requirements have limited application. Voluntary schemes for non-financial reporting are gaining traction, but there is inconsistency in approach and verification. On that basis, initiatives like the '[Impact Management Project](#)' aim to build consensus on measuring and reporting impact, which should help develop mainstream practices and raise the bar on ESG performance. However, the change that many consider is needed requires a deeper, more transformative approach.

A partial solution can be found in the 'B Corporation' movement of businesses, which requires accreditation (repeated every three years) to ensure that the business meets (and improves) its ESG and transparency standards and enshrines that commitment into its constitution. B Corps are an exemplar of how a hardwired stakeholder approach can have a positive impact on the overall performance of a businesses and provide an increasingly attractive opportunity for investors who seek to align their investments and values.

A report by Yale, Patagonia and Caprock, published in 2018⁴, described research from the School of Management at SUNY Binghamton that found certified B Corps had a 50.48 per cent revenue growth rate during the 2008 financial crisis. The report goes on to quote Yale University Sterling Professor of Economics Robert Shiller, who won the 2013 Nobel Prize: "The B Corp movement is, to me, a product of a general improvement in our understanding of economic behaviour. Through greater appreciation of the real motives that drive and excite people, B Corporations provide a significant new opportunity for investors. I think they could make more profits than any other types of companies."

OLIVER SCUTT – SENIOR ASSOCIATE, BATES WELLS CHARITY AND SOCIAL ENTERPRISE DEPARTMENT

Oliver advises a wide range of clients across the charity, social enterprise, responsible business and impact investing space.

This includes advising on the establishment of corporate structures, governance and regulatory issues, strategy and financings. Oliver also has a particular interest in the interplay between business and human rights, in particular the development, application and impact of the Modern Slavery Act.

Previously, Oliver trained and gained private practice experience with Pinsent Masons LLP and worked as legal counsel for 8 Miles LLP (a pan-African private equity fund) and Triple Point (an alternative investment management firm). This previous experience focused primarily on project finance, venture capital and private equity transactions, but also included a wide range of general corporate and commercial matters.

PHILLIPPA HOLLAND – IMPACT ECONOMY KNOWLEDGE LAWYER, BATES WELLS

I have spent most of my career so far working with charities, social enterprises and mission-led businesses, and I am committed to supporting the growth of the Impact Economy.

I have worked at a number of large City firms, but I've also been an in-house lawyer at a national charity and worked (in a non-legal role) within a well-known social enterprise.

My work at Bates Wells focuses on "profit with purpose businesses" that take a "triple bottom line approach", for which social and environmental impact is a core part of commercial strategy.

I support our Impact Economy practice and clients by sharing know-how, market developments and sector intelligence, and developing effective knowledge tools and frameworks for the practice. I also produce and edit our regular Impact Economy Brief.

1. *Annual Impact Investor Survey 2018*, Global Impact Investing Network, 6 June 2018, <https://thegiin.org/research/publication/annualsurvey2018>

2. *2019 Annual Impact Investor Survey*, Global Impact Investing Network, 19 June 2019, <https://thegiin.org/research/publication/impinv-survey-2019>

3. *ESG stocks did best in COVID-19 slump - Climate and sustainable investments outperformed as pandemic struck*, HSBC Bank plc, 27 March 2020, <https://www.gbm.hsbc.com/insights/global-research/esg-stocks-did-best-in-corona-slump>

4. *Just Good Business: An Investor's Guide to B Corps*, The Yale Center for Business and the Environment, Patagonia, Inc., and Caprock, 2018, [https://cbeeyale.edu/sites/default/files/2019-09/Just Good Business An Investors Guide to B Corps March 2018 o.pdf](https://cbeeyale.edu/sites/default/files/2019-09/Just%20Good%20Business%20An%20Investors%20Guide%20to%20B%20Corps%20March%202018%20o.pdf)

Indeed, the mainstream investor community may be catching on to the potential of certified B Corps and Benefit Corporations. The 2018 report claims that, as of May 2017, nearly every major Silicon Valley venture capital firm had invested in at least one B Corp, totalling more than \$1.4 billion in deal flow.

In the UK, B Corps, and other profit-with-purpose businesses that embrace a stakeholder approach and bake this into their DNA, displace the overarching duty of directors to run a company for the benefit of the shareholders, which is currently set out in section 172(1) of the Companies Act 2006. A B Corp's directors must act in a way that promotes its purposes, and in doing so consider the interests of stakeholders such as its employees, its suppliers and customers, its impact on the community and environment, and the long-term sustainability of the business. Crucially, the directors are not required to treat the interests of any particular stakeholder as more important than the interests of the others.

What if all businesses were required in law to take a stakeholder approach, to provide a new baseline for sustainability across the economy and a new paradigm for mainstream investors?

OPERATION UPGRADE

Bates Wells has published a draft Company Purpose (Amendment) Bill which sets out to displace the doctrine of 'shareholder primacy' as the guiding principle of boardroom decision-making. The Bill replaces section 172 of the Companies Act 2006 – which currently sets out that the default purpose of companies is to benefit their shareholders – with a mandatory 'triple bottom line' purpose and approach for all companies. The Bill would also introduce a requirement for all companies to produce an annual impact report, disclosing meaningful impacts on society and the environment. Where a company is subject to audit, its impact report would be, too.

"ACTIVELY INVESTING IN COMPANIES THAT SEEK COMMERCIAL SUCCESS BY WAY OF VALUE CREATION FOR THEIR STAKEHOLDERS MAKES EMINENT SENSE"

This is essentially the same model of purpose as that adopted by companies that certify as B Corps, but the proposed legislation would set a new baseline for all businesses and create a much more appropriate foundation for a sustainable economy. A triple bottom line approach would require the business to be operated not just for the benefit of its members, but also wider society and the environment. Mandated reporting could provide greater transparency for investors, to understand the true costs of a company's operations and associated ESG risks, and fundamentally influence investment decisions which we expect would encourage a more holistic approach to value creation. The Bill is supported by a range of businesses, business leaders and academics, and Bates Wells is calling upon others to join the campaign and show their support.

A NEW CHAPTER

The key point is that all businesses and, therefore, all investments have an impact. Actively investing in companies that seek commercial success by way of value creation for their stakeholders makes eminent sense. Changes in legislation like Operation Upgrade make it easier for directors and investors to make decisions which benefit all (including themselves and others) without other company bosses and fund managers undermining that good work with behaviour that ultimately devalues everyone's investments and performance. If such a stakeholder approach became entrenched in the mainstream then the long-term benefits for investors, the environment and society would be transformative.

In his poem, Julian and Maddalo, Percy Bysshe Shelley writes that "men...learn in suffering what they write in song". On one level, in this period of lockdown, we are being presented with a rare moment to reflect and to imagine how we might emerge from COVID-19. The path ahead is likely to be turbulent with difficult decisions to be made and will require bold leadership across the board. Still, how we choose to respond, adapt and invest for the future is entirely in our hands.



N.B. Bates Wells has also been supporting the British Academy's 'Future of the Corporation' research programme. The research identifies the purpose of the corporation as being to produce profitable solutions for the problems of people and planet and, through this purpose, create value for stakeholders including shareholders. It sets out that, historically, companies were vehicles to create value within society, whereas, over recent decades, the changing nature of corporate ownership has emphasised measuring the value of a company by the financial returns to its owners. The changes proposed by Operation Upgrade, therefore, are not only tried and tested within the B Corp model, but may actually represent a return to the original role of companies.

ARE YOU A HIGH VALUE FUNDRAISER WORKING WITH (U)HNWI?



Come and join our interactive half-day training workshop to learn how to be a professional advisor to the wealthy and increase their engagement in your cause

Our research reveals that UHNW individuals give 17 times more — that's £335k compared with just £19k — when supported by advisors on their philanthropic journey. Imagine what that could mean for your beneficiaries!

The course is highly interactive, giving real examples of how fundraisers can address solutions to challenges in innovative and collaborative ways.

QUESTIONS TO BE ADDRESSED ON THE COURSE:

- What can fundraisers learn from advisors to change the way they view wealthy donors and philanthropy?
- Who are professional advisors and what motivates them? How can you as a fundraiser work together with them to help meet their client's needs?
- What is the spectrum of advisors and what are their roles?
- Managing expectations of fundraisers.
- What internal and external challenges do fundraisers face in this process?
- How can we make the fundraising sector more innovative and a space for collaboration not just competition?

PROFESSIONAL DEVELOPMENT: EARN 180 SELF-CERTIFIED CPD POINTS

To learn more about this course contact
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