The modern face of philanthropy:
is it set to achieve its ambition?

Carla Stent *(www.christianaid.org.uk, www.thepowertochange.org.uk)*

"Philanthropy – the promotion of welfare of others especially by generous donation of money to good causes."

Of itself, the definition is self-congratulating and self-perpetuating. Reading it, if you are a philanthropist, you might be quite justified in patting yourself on the back… and thinking about the next noble donation.

But I am not convinced that this very colonial and overly benevolent definition is actually what the majority of those donating the US$25+bn really aspire to. In *The Meaning of Wealth in the 21st Century,* (http://features.withersworldwide.com/features/the-meaning-of-wealth-in-the-21st-century) concludes that major donors are using their wealth in ways that benefit both the family and wider society. But just how are donors measuring these impacts? And are there any unintended consequences?

The multiplicity of global conditions is complicating the eradication of deprivation, poverty and inequality. Take climate change: largely accepted as a consequence of industrialisation, the impacts are felt most severely by those who have the least. Emergency appeals are generously responded to, e.g. the Philippines typhoon raised £97m and the Pakistan earthquake £71m[1], but dealing with the root causes requires bravery, diplomacy, ownership, innovation and policy coherence across governments. Remedial actions need to change attitudes, as well as policies and systems. Simultaneously, they need to be cognisant of local dynamics in order to be successfully accepted, adopted and embedded.

The same can be said for efforts to eliminate gender injustice and the inequality of access to resources – together, depriving many of their basic rights and causing or reinforcing abject poverty. There are no simple solutions and no easy-to-implement programmes.

Against this complicated background, the donor landscape is also changing. Where once individuals were happy to trust an organisation – and especially a charity – to 'do the right thing', we are now a little more circumspect. The media is full of cases where money has (allegedly) been misspent or frittered away. Large organisations, historically held up as pillars of virtue, have been systematically and publically torn down. The global financial crisis (now dubbed the 'Great Recession') and increased international terrorism have heightened sensitivities to the value proposition. International NGOs have, additionally, to defend growing public sentiment that charity begins at home and that the need of developing countries cannot be at the expense of national issues.

There are no simple solutions and no easy-to-implement programmes.

Donors, too, have personal pressures. They generally have more disposable income, are older, are achievers and are often commercially minded. This is true even if the individual has inherited the wealth, as family offices are staffed by accountants, lawyers and well-qualified advisors.

Thanks to technology, the media and the ease of travel, individuals also have a wider range of interests than their ancestors had. Where we once trusted experts in the field, Google and YouTube enabled technology now turn us into instant subject matter experts.

The result is that philanthropists have a broader awareness and more approaches from multiple organisations. No matter how many millions they

Carla Stent

may have to donate, available resources have a limit and choices have to be made. And so the individual reverts to the selection processes that they know – a commercial evaluation. What would have the greatest impact? What has the greatest (social) return? Driven by a desire to leave a legacy, as well as by the 'instant gratification' society in which we live – the (often unspoken) question is: 'Will I see a return quickly/ in my lifetime?'

And so more of the donations are funnelled into specific projects that have metrics, baselines and quantifiable impacts, or projects that often have immediate results.

But these projects seldom achieve long-term, sustainable results. As in the business world, legal, systemic and cultural change is not achieved overnight. It may take years for the revised legislation to be passed, or for cultural norms to be embedded. Research has shown that it can take three generations for racial or ethnic change to be embraced.

However, establishing these fundamental frameworks is the only way to create change that has a lasting effect; avoiding constant hand-outs and repeat fundraising. And most people in need do not want to live on hand-outs. They want to be able to help themselves and all want a better future for their children and grandchildren. If they could have permanent solutions, even if these take time to achieve and embed, it gives them a passport to the future. In the face of no such long-term solutions, they have to queue for these hand-outs in perpetuity.

As a trustee of a number of charities, a seasoned commercial executive and an accountant, I am travelling an interesting personal journey. On the one hand, the accountant and executive in me, is demanding that there is some return on investment (even if purely a positive social impact). And as an entrepreneur, I know that rarely is the initial execution plan the one which is ultimately successful.

On the other hand, my very patient board colleagues, are showing me that sometimes the very activity that is difficult to measure, often generates the most significant lasting and systemic change.

I believe it is every philanthropist's right to choose where to donate. There are certainly immediate circumstances that require quick funding. But I also believe that philanthropists need to consider a portfolio approach to their giving. Some donations may need patient capital; taking longer to show a return, perhaps have less measurable and/or consistent metrics. Some may initially report limited, or negative, progress. But, nonetheless, the work has the potential to create a lasting and systemic impact: one that has a legacy far beyond the here and now.

Christian Aid's In Their Lifetime (ITL) model of development is an example of how the new age philanthropists can still meet their objectives whilst addressing the unchanging needs of those in poverty. ITL creates an inclusive, engaged partnership with individuals that goes beyond finances. It also enables the sharing of knowledge, skills and networks whilst influencing long-term, embedded change to overcome poverty.

Let us not forget that the UK has a strong heritage of successful campaign movements: from anti-slavery and anti-Apartheid through to Plan International's recent #becauseiamagirl.

These campaigns, though, are seldom funded via project work. The activity is hard to define, often requiring diplomacy to navigate and mediate between tensions and deeply ingrained perspectives. Or it requires the funding of the less sexy sibling: governance, finance, advocacy, back office systems without which everything will ultimately fall apart.

The Civicus 2014 open letter to activists described this brave type of donor: 'Our primary accountability cannot be to the donor. Instead, it must be to everyone that is or has been on the losing end of globalisation and inequality and to the generation that will [otherwise] inherit a catastrophic future.'

Perhaps there is something that philanthropists can draw from the successful angel investment model. This has long been the commercial blueprint for disruptive innovations. Higher risk should have higher return.

Angel investors are brave. Yes, they look at a business plan (often more words than numbers). But more than anything, investors are attracted by a believable and trustworthy management team who understand their market, how to disrupt it and how to be adaptive enough to find ways to create a sustainable solution that delights their customers. Then they drop money in at the company level, leaving the management and board to determine how it is used.

Often the metrics are not clear and take longer to gain traction. Often the measurement of progress is in increments over a baseline. But mostly, and especially in the early days, it is narrative.

Once positive progress gains a foothold, the trajectory and the momentum is significant.

And so mutual trust is important. The donor/investor risks some funding to see if it 'sticks'; and is prepared for follow-on funding requirements. The organisation needs to use the capital wisely – but, more importantly, it needs to have honest communication. Not everything will always be smooth and positive. But those who are open and transparent will build lasting partnerships with investors/donors, local partners and beneficiaries alike.

Perhaps this is a model that philanthropists and charities can adopt. It may just deliver the long-term solutions that the world needs – by taking the best of commerce's measurement of results, combined with flexible (unrestricted) funding that promotes innovative solutions. And that, ultimately, reduces the needs of so many that are currently funded by so few.

Perhaps an alternative definition to philanthropy might be:

'Philanthropy – the promotion of resources alongside trusted partners, creating sustainable solutions and alleviating the need for replication.'

Carla Stent *has held a number of senior positions in banking, private equity and retail industries. She has had direct responsibility for corporate finance & post-merger integration, strategy, business operations, brand development & management and business transformation. Carla has operated at Board level in several countries for organisations including Virgin Group, Barclays Bank plc and the Thomas Cook Group.*

Carla now has a portfolio career, providing interim strategic, financial and operational consulting to clients in the private, public and third sectors. She is also a serial angel investor, as well as a non executive director on the boards and sub committees of JPM Morgan Elect plc, the Post Office, Marex Spectron Limited, Christian Aid and Power to Change Trust (which she also Chairs).

Carla is a frequent speaker on gender equality and philanthrophy, as well as a mentor to emerging talent.

Carla is a qualified chartered accountant and was born and educated in South Africa.

[1] *www.dec.org.uk*