Vol 25
Number 3
September 2020
www.alliancemagazine.org

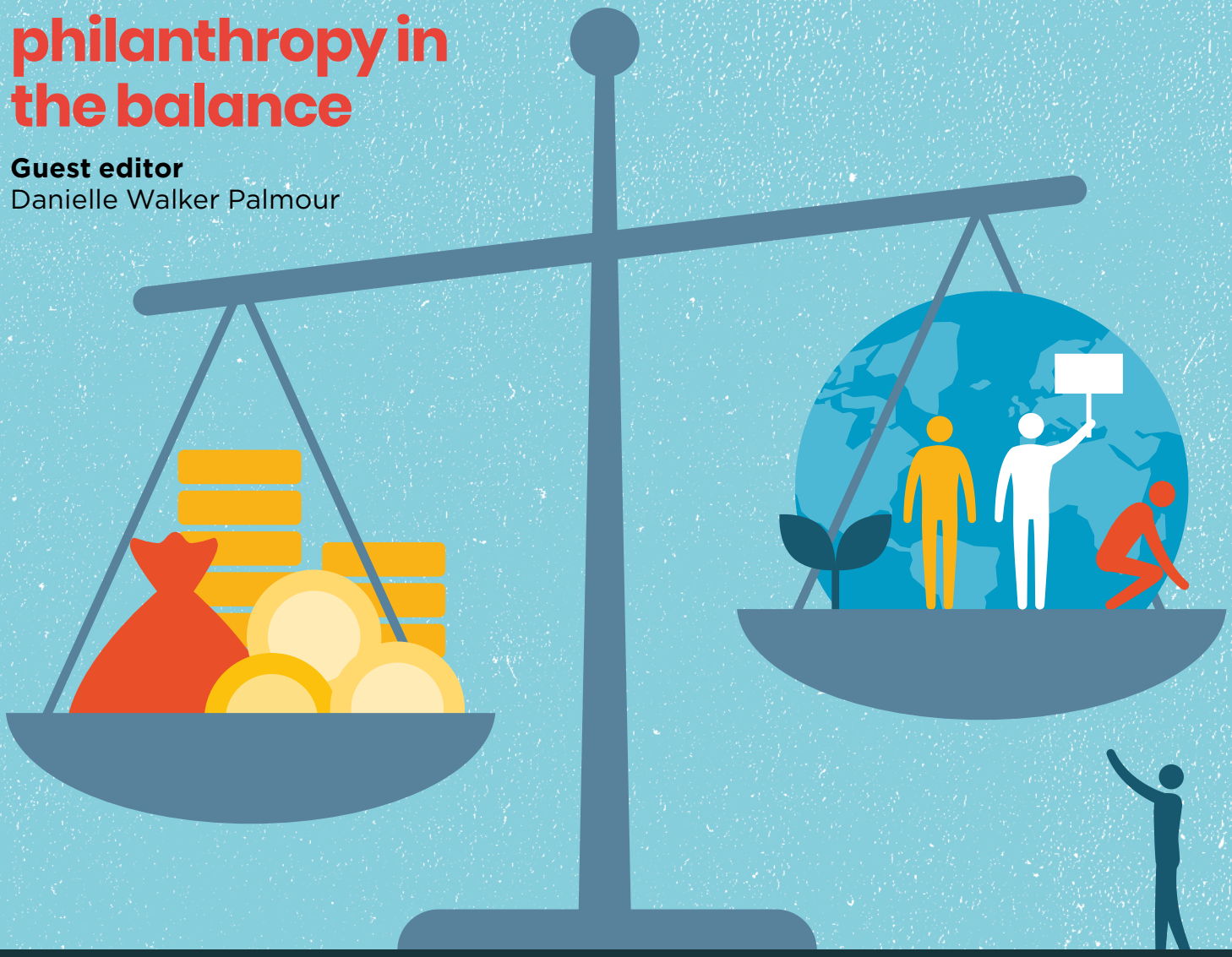
Alliance

For philanthropy and social investment worldwide

Special feature

Investments: philanthropy in the balance

Guest editor
Danielle Walker Palmour



Editorial
The Hewlett way

Charles Keidan
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The philanthropic world is facing mounting challenges. As the impacts of climate change, inequality, global pandemics and authoritarian populism increase, foundations are being called on and, in some cases, called out more than ever.

At the heart of debate is how foundations use their resources: not just the small amount on grantmaking and other charitable spending but the totality – most of it invested in global capital markets in sectors such as aviation and pharma, through vehicles such as hedge funds and private equity and managed by discrete investment houses, many of them unknown to philanthropy practitioners let alone the wider public.

For a vocal group who have arguably dominated sector debate recently, the current moment demands foundations spend more of their resources now and use the management of their investments to signal their values – and their virtue – even if it means eroding their assets.

But for others, perhaps the majority, the calculus is rather different. One important case is the California based Hewlett Foundation, one of the world's most thoughtful philanthropies. In their dialogue with *Alliance* guest editor, Danielle Walker Palmour, Hewlett's president Larry Kramer and chief investment officer, Ana Marshall set out some remarkable and controversial terms for using their $10 billion endowment. Kramer rejects the 'easier course' to give more now. It may win praise from cash strapped non-profits, he argues, but it risks selling future generations short. Moreover, impact investing is of limited value for a fund of Hewlett's size. 'Thinking you change the system by impact investing is just nibbling around the edges while buying into the basic structure, and it's the basic structure that needs to be rethought,' Kramer notes (p44).

So the Hewlett way is to make the most of the 'basic structure' of the capitalist system by paying the best asset managers to generate the greatest returns. And when you have assets of $10 billion you have access to superior fund managers – and therefore better returns – than if you are, say, a high-profile foundation with a small endowment.

Hewlett's wager means investing in sectors, including fossil fuels, which generate returns and then using its own climate grantmaking to fight against the environment degradation that its investments in these industries cause. This approach may seem paradoxical but it is clearly intentional. Moreover, its insights might be instructive, not least its cautious engagement with asset managers.

But intentional or not, foundations need to be increasingly transparent now that investing in global capital markets is at the heart of philanthropic debate and public concern. Hewlett and others can rightly expect interest in who manages their investments, and who benefits. That is no bad thing. And if nothing else, we hope this issue of *Alliance* advances the conversation about what we don't know – with whom do foundations entrust their assets.

This issue also marks the arrival of our new column – Philanthropy confidential – our space for you to tell Regi, our secret philanthropy correspondent, what's on your mind. A lot it turns out. Go to page 7 for more.

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Contents

Regulars

Analysis & opinion

Special feature

OVERVIEW

PEER DIALOGUE

VIEW FROM CHINA

VIEW FROM SOUTH AFRICA

VIEW FROM LATIN AMERICA

VIEW FROM EUROPE

VIEW FROM AUSTRALIA

GENDER LENS INVESTING

Letters

A matter of mutuality, solidarity and trust

Congratulations to the *Alliance* team, and its outstanding guest editors Halima Mahomed, Graciela Hopstein and Romy Krämer for your coverage of the interplay of progressive social movements and philanthropy in the last issue (June 2020). The issue is brimming with insight, experience, tested practical suggestions, and inspirational stories and its global breadth distinguishes *Alliance* from other sector media tackling this theme.

If I were to anticipate one emerging synthesis, it would be that there is a coherent craft and approach for organised philanthropy to support social movements. There are clear, effective, 'right' ways to 'support'.

I would even say that this craft has been around for a long while now. Many years ago, I found myself in a job providing international grant and other support to liberation struggles in South Africa and Namibia. This issue brought me right back to my day-to-day challenges as a grantmaker in southern Africa in the 1980s. Remembering that time, while reading this issue, I guess my reflection would be that success, then and now, flows from deep ties of mutuality, solidarity and trust. Relationships of deep ties do not happen without explicit dedicated effort. Make space for that work!

David Bonbright
Chief executive,
Keystone Accountability

It's time to be bold beyond the rhetoric

If philanthropy is serious about supporting social movements, it needs to be ready to take risks and have skin in the game. Risks, because the call and response nature of movements requires an emergent and experimental approach. Skin in the game, because what's needed is accompaniment and solidarity over 'expertise' and 'rubrics'. As a funder-civil society collaborative we have walked with two incredible partners over the years in supporting social movements. Their solidarity has been a keystone of our collaboration. It would be comical, if it weren't sad, to see now how social movements have become so much the rage that money is accumulating or sitting idle, while donors figure out what social movements are or how to work with them.

When we've been sought out by funders to channel funds to the social movements we work with the process has been exhausting: from having to engage in intellectual debates about what constitutes a social movement, to negotiating over pittance amounts for emergent activities that are really the foundational grassroots organising work that helps build movements. Resistance to exploring new ways reduced the support to a box-ticking exercise.

Philanthropy is so well placed to walk alongside social movements as learning partners – bold and unapologetic in support and solidarity. A boldness that moves beyond rhetoric. After all, these are the very movements which are helping us all to bend the moral arc towards greater truth, justice and freedom across our societies.

Tendisai Chidgwedere
Learning manager,
TrustAfrica

Funders have to adapt to movements, not the other way round

I keep wondering why especially larger funders are bent on creating movements, but are then baffled when movements actually emerge, often even without – or despite – larger funder engagement. Maybe many larger funders simply are organisationally not capable of recognising and engaging with informal or unincorporated structures of dissent, vision and change, even if these demonstrate massive potential for mobilisation and (systemic) alternatives. Fridays for Future, for example, does not have a 20-year track record that could be evaluated, or financial audits that could be submitted, or a community of peers that would recommend them. They have never had funding, they ARE the community of peers, and their track record is happening right now.

Maybe smaller funders and so-called intermediaries are better placed to support movements, because they are often closer to and more familiar with movement structures and organising; because they (often out of necessity) connect more on eye-level; because they have already had to think of non-financial and non-harmful financial means of support; because they relate more on the basis of principles than of logframes.

This is not to say that larger funders are useless at supporting movements – on the contrary. With less than 1 per cent of all funding going to movements, we need larger funders to step in. We need their connections, their top-level vision, their experience and their financial stamina. But maybe some of them have to rediscover trust – trust in the people most affected by current power structures, trust in their emerging tactics, strategies and actions, and trust in the movements they wanted to see, but did not create. And this means NOT asking movements to adapt to philanthropy's needs, but changing philanthropy in the service of movements and their genuine and legitimate leadership.

Martin Modlinger
Executive director,
Renewable Freedom Foundation

Philanthropy *confidential*

All your confidential philanthropic queries answered

Your space to get answers anonymously to difficult questions and share real dilemmas. Tell Regi, our secret philanthropy correspondent with impeccable standing in the global philanthropic sector, what's on your mind. Go to alliancemagazine.org/philanthropyconfidential

A major grantmaker simply 'forgot' about the funding they'd verbally committed and now, with the Covid-19 pandemic, their priorities have changed. What should I do? I'm worried we will lose impact and possibly need to let staff go at a time when jobs are scarce.

Dear Forgotten,
You're new around here I suppose? What you describe is horrid and I feel for you and your staff, though my advice is: don't count on anything until the cash is in the bank. Even then, sleep with one eye open: recent tales on the #CrappyFundingPractices Twitter feed tell of donors unethically taking funds away from current grantees, in order to divert cash to Covid-19 relief. You can always put your saga out in the world at that hashtag.

But grantseeking, like the heart, must go on. One day you'll meet that perfect donor you've been searching for: the chemistry between you electric, alignment of missions undeniable. At exactly the right moment, just when your faith in humanity and funding is nearly lost, that perfect donor will lean in, whispering softly in your ear: "The grant is approved. And it's unrestricted support."

Rainbows and Puppies,
Regi

A very senior executive at a faith based organisation I am on the board of insisted that a junior manager babysit his children after work (on multiple occasions). She didn't want to do so, but was afraid that she'd lose her job. The executive was evidently told by others that this was inappropriate, but he stated that he didn't care – he was a senior member of the organisation and he could do what he wanted.

Dear Faith Based,
It's amazing that this junior manager had time to babysit for the senior executive, if she was already washing the car of the president and cutting the grass of the vice-president.

Sounds like a major shake-up is needed at this organisation. If only we knew of a brave board member who could lead that change?

Brightly,
Regi

A very highly regarded member of our community told me that one of the organisations that he worked for – a very, very wealthy non-profit – had told their fundraising staff the following: When they contacted a prospective donor, and that donor told them that he/she was donating to another organisation, they should actively try to get the donor to stop donating to that other organisation and to donate to them instead.

Dear Informant,
Tsk tsk. Do we ever win by denigrating others? Dare I ask if this community member is still "highly regarded" by you? All contributions to social change are valuable. Choosing between plastics in the ocean or clean air is difficult. Said community member should get a grip on the full picture: those who donate to one organisation are likely to donate to a second if their values are aligned. As any effective fundraiser knows: you want the potential donor to walk away from the encounter having had a pleasant experience so that when you ask again, the answer will be positive.

Brightly,
Regi

A non-profit that I had donated to in the past was led by a person who strongly suggested that a staff member go on a trip with a much older board member (the board member was married), and that doing so would be "good for her". When the trip was about to take place, and the staff person asked to confirm that they'd be staying in separate hotel rooms, she was told that they would not – they'd be sharing a room. She went to her supervisor and was told that she should still go on the trip. She did not. Should I still be donating to this organisation, or should I say something?

Dear Clueless,
Oh lost one. Really? How is this even a question? If you see something, say something.

Hearts and Flowers,
Regi

I work for a philanthropist who has asked me to join him on his private jet to visit one of our international development projects. I'm uncomfortable because the cost of travel ($40,000) could be spent on better things not to mention climate change impacts. Should I just get over myself and enjoy the ride?

Dear High-Flyer,
You are already working for this guy, so you know the score. Enjoy the ride and buy him a present for plane reading: Naomi Klein's *This Changes Everything*.

Economy Passenger for Life,
Regi

Global updates

The Americas

Bezos ex-wife gives $1.7bn to non-profits

MacKenzie Scott, ex-wife of Amazon co-founder Jeff Bezos, has announced that she has given away almost $1.7 billion since last autumn to 116 non-profits. Scott became the richest woman in America following her divorce from Bezos in 2019. She made the funding announcement in a blog post, in which Scott identified nine areas on which she focused her giving, which included: racial equity, LGBTQ+ equity, gender equity, economic mobility, empathy and bridging divides, functional democracy, public health, global development, and climate change. Most of the groups committed to equity work that Scott is supporting are led by women, minorities, and LGBTQ people.

tinyurl.com/mackenzie-scott-donation

Left: MacKenzie Scott.

Below: George Floyd protests in Minneapolis, US.

Ford issues $1bn debt to increase grantmaking

The Ford Foundation plans to issue more than $1 billion in debt to enable increased grantmaking during the coronavirus pandemic. Four other large foundations – John D. and Catherine T. MacArthur Foundation, W.K. Kellogg Foundation, Andrew W. Mellon Foundation, and Doris Duke Charitable Foundation – are also joining the effort. To raise the money, Ford plans to issue 30- and 50-year bonds, a financial move common in the government and corporate world, but rare in the non-profit sector. Ford plans to distribute the money over the next two years, effectively increasing its payout percentage from 6-10 per cent

tinyurl.com/ford-bonds

Special feature on foundation investments – p30

Above: Ford president Darren Walker at the New York Stock Exchange to announce the bonds.

Hewlett pledges almost $170m to racial justice funding

The Hewlett Foundation has announced $168 million in funding for racial justice initiatives, including $18 million in funds this year, as well as a new 10-year $150-million racial justice initiative. In addition to the newly pledged funds, Hewlett has said it will also approach its ongoing programmes and operations with intentional efforts to add a racial justice lens. The plan to increase grantmaking came out of many conversations over the course of the summer, according to Hewlett president Larry Kramer. Beyond the financial pledges, Hewlett has also committed to ensuring racial equity in its existing work by asking each of its programmes to investigate how systemic racism affects efforts in different areas of endeavour.

tinyurl.com/170m-hewlett

Peer Dialogue – p44.

Europe

EFC report charts responses to pandemic

The European Foundation Centre (EFC) has released a report that charts survey responses to how foundations are coping with the Covid-19 pandemic. Almost 70 per cent of respondents said programmes and initiatives would be harder to implement. They also indicated facing challenges in evaluating which, if any, activities to suspend, as well as finding ways to modify programmes. Some 80 per cent of respondents indicated they had launched new initiatives such as emergency funds, funds to mitigate economic consequences post emergency, and research projects. According to the EFC, the survey results give an insight into challenges of the pandemic to philanthropic organisations, as well as the opportunities to support communities worldwide.

tinyurl.com/efc-covid-report

interview with new EFC chair Angel Font – p14.

EVPA appoints Bosurgi as CEO

The European Venture Philanthropy Association (EVPA) has appointed Roberta Bosurgi as CEO. Bosurgi, previously a senior executive at Novartis, took over from outgoing CEO and current chair, Steven Serneels. At the same annual general meeting in Brussels, Chris West, co-founder & director, Sumerian Foundation & Sumerian Partners; Saskia Bruysten, co-founder & CEO, Yunus Social Business; Christian Hänel, senior vice president, Bosch Foundation; and María Ángeles León López, co-founder & CEO, Open Value Foundation, were confirmed as new members of the EVPA board of directors.

tinyurl.com/evpa-ceo

Left: Roberta Bosurgi.

Assifero gains accreditation

The national membership association of Italian grantmaking foundations and private institutional philanthropy, Assifero, has been accredited as a national association entitled to Servizio Civile Universale, or Universal Civil Service, through which young people gain professional experience at a non-profit organisation. Assifero responded to the call for 2020 proposals with three programmes linked to sustainable development goals, including 'Handling with Care', focusing on healthcare and well-being; 'Rigenerazione Umana', which focuses on the enhancement of restored spaces and human regeneration; and 'Educata-mente', which focuses on education. Assifero aims to take on over 100 youth applicants by 2021, and eventually place up to 400 young people a year across 94 organisations throughout 12 regions of Italy.

tinyurl.com/assifero-accreditation

Climate advocate Thunberg awarded €1m prize

The Calouste Gulbenkian Foundation has awarded climate advocate Greta Thunberg the Gulbenkian Prize for Humanity, a €1 million prize launched earlier this year to recognise outstanding work in climate change mitigation and adaptation. Thunberg, 17, was awarded the prize for the way she 'has been able to mobilise younger generations for the cause of climate change and her tenacious struggle to alter a status quo that persists', said Jorge Sampaio, chair of the prize jury. Thunberg announced she will donate the €1 million to various climate groups.

tinyurl.com/gulbenkian-prize-humanity

Africa and Middle East

Jack Ma Foundation launches ABH competition

China's Jack Ma Foundation has launched its 'Africa's Business Heroes' competition for the second year in a row. The competition is organised by the Africa Netpreneur Prize Initiative, the Jack Ma flagship philanthropic programme in Africa. Africa's Business Heroes (ABH) aims to identify, support, and inspire the next generation of African entrepreneurs who are making a difference in their local communities, working to solve the most pressing problems, and building a more sustainable and inclusive economy for the future. This year's ABH competition attracted more than 18,000 applications from candidates representing all 54 countries in Africa. The finalists will be announced this month.

tinyurl.com/africa-business-heroes

Al-Amoudi donates $3.6m to Addis Ababa

Ethiopian-born Saudi businessman Mohammed Al-Amoudi is donating 120 million Birr ($3.6 million) to the Addis Ababa city administration to help combat Covid-19 and its effects. The pledge is the largest private donation that has been made in Ethiopia. Though now a Saudi citizen, Al-Amoudi still has close ties to Ethiopia through his company consortium Mohammed International Development Research and Organization Companies (MIDROC). His philanthropic endeavours have focused, among other causes, on health and sports, including funding for a breast cancer research centre at a university in Saudi Arabia.

tinyurl.com/addis-covid-donation

Above: Mohammed Al-Amoudi.

Development app targets 10m children

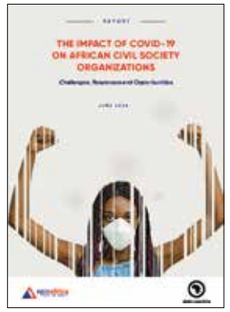
Saudi funder Alwaleed Philanthropies, together with Saudi Arabia's Ministry of Communications and Information Technology, have launched a platform to assess childhood development and cognitive skills. The Maharat application provides professional services such as early detection and intervention and is hoped to be used for more than 10 million children across the Arab region. Alwaleed Philanthropies says the application will benefit all children in early childhood, with a focus on children with motor and cognitive developmental delay, hyperactivity, impulsivity, poor communication, and motivation challenges.

tinyurl.com/alwaleed-app

Impact of Covid-19 on African CSOs

The immediate impact of Covid-19 on African civil society organisations (CSOs) was swift, widespread, and destabilising. This is one of the main findings of a survey undertaken by @AfricanNGOs and EPIC-Africa. 'The Impact of COVID-19 on African Civil Society Organisations – Challenges, Responses and Opportunity' surveyed over 1,000 CSOs from 44 African countries between late April and mid-May. The report presents an overview of the challenges African CSOs face to keep organisations afloat and also respond to the needs of the communities in which they operate. It also highlights opportunities that have emerged from the crisis, and the challenges of supporting the recovery and sustainability of African CSOs.

tinyurl.com/africa-cso-study



Asia and the Pacific

AVPN releases new gender platform

The Asian Venture Philanthropy Network (AVPN) announced during its annual conference in June that it has released its Gender Platform. This will allow for social investors to learn how to include a gender lens in the work they do and connect with fellow members across sectors. The platform contains endorsed work from AVPN members on initiatives to support, and solutions that can be scaled up. Case studies are also available, alongside the latest news and developments.

tinyurl.com/avpn-gender-platform

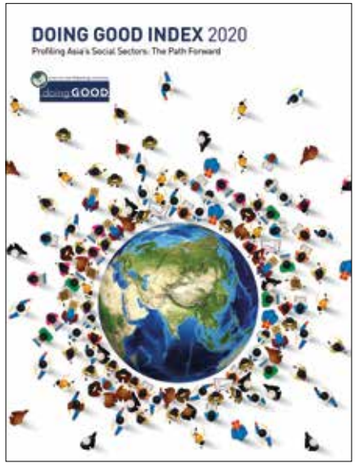
Gender lens investing comes of age – p60

Minderoo reimbursed after $208m spend on stockpiled Covid-19 tests

Australian mining magnate and philanthropist Andrew Forrest and his Minderoo Foundation were reimbursed by the government after acquiring 10 million coronavirus tests for AUD $320 million ($208 million) from Beijing Geonomics Institute for the Australian public. However, the tests have not been used in reaching the '20-fold' increase in testing for which the Australian health minister claimed they would be crucial. A report found that most state and territory governments were not using this type of testing kit. Rather than being sent to the medical frontline, the kits were put in a national medical stockpile.

tinyurl.com/minderoo-covid-tests

Right: Andrew Forrest.



CAPS publishes 2020 Doing Good Index

The Centre for Asian Philanthropy and Society (CAPS), a Hong Kong-based research and advisory organisation, has released its annual Doing Good Index. The study's purpose is to examine the vital role of the social sector, and how Asian countries are helping or hindering it. This year's index, DGI2020, revealed that governments must do more, and that private and corporate donations must play a part in meeting needs as well. Encouragingly, the report also found that some three-quarters of Asian SDOs reported being involved in government policy consultations, up from half in 2018. It also found that corporate social responsibility and public-private partnerships are gaining traction in the region.

tinyurl.com/DGI2020

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Alliance extra highlights

Alliance extra brings you subscriber-only interviews, opinion and analysis published every Tuesday

alliancemagazine.org/alliance-extra

Interview: Badr Jafar, Cambridge Centre for Strategic Philanthropy

Alliance interviews the founding patron of the University of Cambridge's newly established Centre for Strategic Philanthropy about the upcoming multi-billion intergenerational wealth transfer, the SDG funding gap, and addressing global challenges strategically.

Philanthropy must back democracy education and social movements in Latin America

What has become of the major advances in the establishment of social and human rights across Latin America? These advances were fuelled by the active participation of popular social movements and philanthropy, yet now much appears to have been lost.

Opportunities and risks of Artificial Intelligence in a post-Covid world

Artificial Intelligence is already all around us, yet this technological revolution has been largely neglected by the philanthropy sector so far.

Alliance blog highlights

Our daily, free-to-view philanthropy blog providing a space for news, thinking, debate and peer exchange among philanthropy practitioners worldwide

alliancemagazine.org/blog

Alberto Alemanno
The Good Lobby
A reality check for philanthropy

Nkasi Wodu and Ese Emerhi
PIND and Kiisi Trust Fund/ Trust Africa
Bad philanthropy: the rinsing of toxic money

Myroslava Tataryn
Wellspring Philanthropic Fund
How philanthropy can better integrate disability rights in its Covid-19 response

Jalonne L. White-Newsome
The Kresge Foundation
At the intersection of climate change, water, and equity – a growing field of practice

Fozia Irfan
Bedfordshire and Luton Community Foundation
In unprecedented crisis, funders aren't reaching BAME communities

Aboli Abkari
Dr. Reddy's Foundation
Disaster response and the development sector

Alliance Breakfast Club: #SocialMovementsPhilanthropy

@ZwAlliance

We bring together leading philanthropy practitioners to discuss the special feature in each *Alliance* magazine issue. Owing to Covid-19, this conversation was moved online in June.

alliancemagazine.org/breakfast-club

Philanthropy responds to Covid-19 pandemic

Alliance's free-to-view online coverage of how philanthropy is responding to the coronavirus crisis.

alliancemagazine.org/coronavirus

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Analysis & Opinion

Interview: Angel Font

It's transition time at the European Foundation Centre (EFC) with the arrival of a new chairman and a new CEO, the first female in the role. Here the new chairman Angel Font, corporate director of Scientific Research at Spain's "la Caixa" Foundation, talks to *Alliance* about philanthropy's role, the changes the current pandemic will induce and the need for collaboration within, and even more importantly across sectors.

Angel Font

A European style of philanthropy

***Alliance*: How do you feel about assuming the role of chair of the European Foundation Centre in a moment of a global pandemic?**

Angel Font: It was very emotional and very strange as it was the first time we had met virtually at an AGA. But I am very happy and honoured by the opportunity because we at "la Caixa" Foundation have been involved in the EFC for 15 years. We have probably got from them more than we have given because, for us, thematic networks have been our main area of involvement especially on scientific and cultural issues, but also on the social ones.

What are you hoping to achieve as chair?

This is a crucial moment for the world, but also the EFC. We are in the middle of selecting a new chief executive,[1] which is probably the most important decision an organisation can take. Thinking in the more medium term, the next three years are also a special moment for philanthropy. For me, using private resources independently from any institution for the common good is a powerful and increasingly relevant idea. The sector is more professional, it has more resources, it's geographically wider, and it is also stronger within countries. The corporate sector is also pushing towards philanthropy so I think it's a special moment to recognise that philanthropy is not just something good to have, but is a key actor in public welfare.

How do you want to see philanthropy develop?

People used to talk about the idea of the Private Public Partnership, the three Ps – I would like to add another P for philanthropy. I think philanthropy is the best and safest place to convene together private interest and public institutions, because we are in the middle. We are acting as a private institution but for the common good so we are part of both. I think in the future, such partnerships will have to include philanthropy.

> It's a special moment to recognise that philanthropy is not just something good to have, but is a key actor in public welfare.

Some of the work the EFC has already been doing with others is promoting collaboration between philanthropic foundations and policymakers in European institutions. How do you see that developing in the coming years?

I think it's really relevant with all policymakers throughout the different countries but the EFC has to put the focus on European institutions, because it's the common interest. It was very important for me last year when we were invited to contribute to the European Commission's inaugural Research & Innovation Days, by co-designing with them four key sessions exploring the role of philanthropy as a partner in research and innovation. That was a clear recognition that philanthropic institutions can also play a leading role with European Commission programmes.

Another example is in the Horizon Europe framework. It recognises that foundations have a role to play in research alongside universities and research centres. For example, at "la Caixa" Foundation, we have doctoral and postdoctoral Fellowships Programmes that have the support of the European Commission. Our role is not to compete with universities or research centres but we can put in our efforts, our strategy, our staff, our professionalism in a way that allows European money to have more impact. This is the vision we have. A foundation could be the best place to do a pilot for a programme that the European Commission then develops, for instance. We can use our resources and money and deliver results for the Commission to work with.

Do you also see a role that's maybe being played more in American or British philanthropy circles, with philanthropy not just as a complement to state structures or international institutions, but actually holding them to account? Is there a tension between those two roles?

It is not in our DNA to criticise, but we have a view and in some cases where we don't like public policies, we have the right to say so. But I think European philanthropy has a lot to learn from the Anglo-American model. There's a European style of philanthropy that is based on our values. Those are not so different from American values but the societies are slightly different and philanthropy reflects society. What I see in Spain and in other countries and what I expect to see at the European level, is more collaboration between philanthropy and the public sector.

What do you mean by a European style of philanthropy?

Philanthropy in Europe in its origins is more connected with institutions that have a public outlook. In America, they are more connected

European Union.

Above: Inaugural European Research & Innovation Days.

with private wealth or corporations. In Europe, too, business is behind philanthropy but I am thinking of the public corporations behind German foundations, or the situation in the Nordic countries where philanthropy is more or less linked to the state. There is a European way and we have something to offer the rest of the world.

Your vision of an expanded role for European philanthropy comes at a time when there's growing criticism of philanthropy in some quarters. Philanthropy is sometimes perceived as a product of inequality. Particularly against the backdrop of the Covid-19 pandemic, do you foresee tensions navigating between those criticisms and having a more visible and expanded role?
I see quite the opposite. What I perceive is that European foundations have strong support from society, which comes from our credibility. I understand that foundations' money or power could be a focus of criticism, but what I see is that normally people support the idea of having philanthropic institutions. As I said, I would like philanthropy to be seen by society as a tool to create increased welfare. To give the example of my own organisation, we were set up in 1904 at a time when there was a lot of unrest and many strikes in Barcelona. The police were called in and there were many workers injured or killed so the people of Barcelona – businesses and other organisations – stepped in to take care of the victims of the violence and also to create the first private pension fund in Europe, set up as a savings bank. That's our DNA. It was a private initiative to support public welfare. Twenty years later, the pension fund was transferred to the government and began to be managed publicly. It was like a pilot and, for me, that story is a powerful example of how civil society can support the idea of public welfare.

What has been the highlight of your time at "la Caixa"?
I've had various roles at "la Caixa" Foundation, but what I'd highlight now is being part of the team that led our transformation from a savings bank to an independent foundation. We have 115 years of history but we only became an independent foundation six years ago. We separated the activity of the commercial bank and now the foundation owns part of the bank and also has assets in different companies.

And the foundation now spends half a billion euros a year?
Yes, and we expect to maintain that level. It will be hard because the businesses we invest in are facing hard times, but we have become more diversified, we are not dependent just on one source and we are facing more demands – poverty, unemployment and elderly and vulnerable people struggling to cope alone – those kinds of programmes have to be strengthened in the coming years.

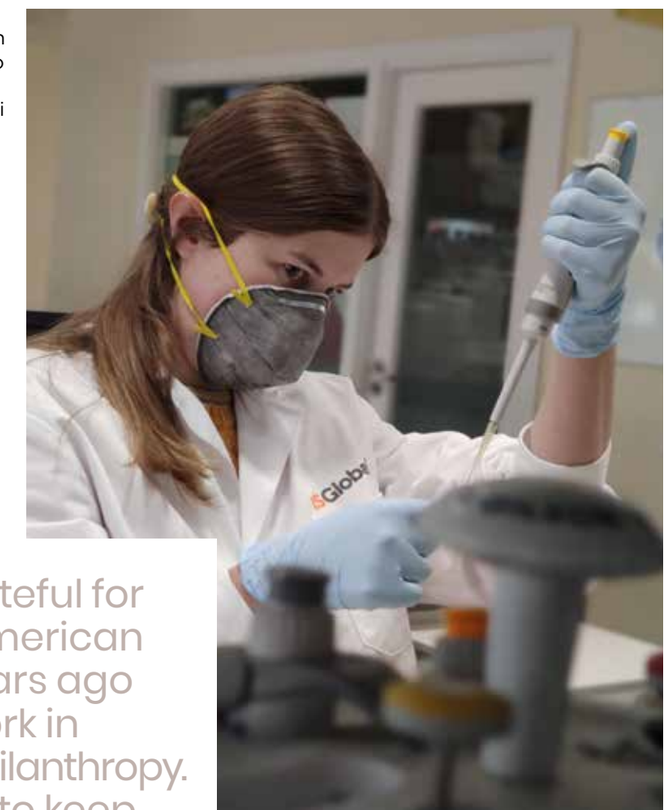
What other priorities do you have for the EFC?
From my own experience and from talking to different members, all of us value particularly the activities of our thematic networks and peer learning. Those are really our core activities and we would like to enlarge membership so we can offer them to a bigger number of institutions all over Europe. We would also like to have more members from other European countries. We would like Spanish membership to grow but also we'd like a bigger presence from the Balkans, eastern and northern Europe.

Your vice-chair, Axelle Davezac, is French, and your treasurer, Christina Lambropoulou, is Greek, so we're seeing colleagues from Spain, Greece and France in the leading roles of your management committee. Presumably that will affect some of those relationships?
Well, I am not representing Spain, I am representing the whole of European foundations but of course every one of us brings some distinctive strengths. I would also like to highlight that Marika Hedin from Sweden is coming on to the management committee so it's a good balance in terms of gender and of geographic distribution, and we also have Antti Arjava from Finland, Vesna Bajšanski-Agić from Bosnia and Herzegovina and Rui Esgaio from Portugal.

There's often been discussion about the extent to which the EFC has relied on certain American funders. With your vision of an expanded base of European foundations, do you think that such funding will not be necessary in the next few years?
We've always been grateful for the vision that some American foundations had 30 years ago and their continued work in supporting European philanthropy. It's something we'd like to keep, not only for what it represents in financial terms, but for what it represents in the idea of a global, rather than a narrowly European vision. We would like to be a reference in that respect for other regions of the world, so these close ties with the American foundations are something I expect we will maintain and reinforce. I'd also highlight our links with other regions, with China, with Russia, with South America. We were also supposed to launch a joint initiative with AVPN this year focused on India, which of course has been postponed.

EFC members have been involved in different ways in the response to the pandemic. What is your reaction to what you've seen from European philanthropy and what do you think it might lead to?
Before the pandemic, I think inequality, global health and the environment were the three pillars of European philanthropy. That has been reinforced by the crisis. There is nothing specifically new in those efforts. What is new is the degree of collaboration between foundations, mobilising new resources and flexibility. Flexibility in agreements with partners to redeploy budgets, to move timeframes – I haven't seen that as much in the last years as I have in the last months. We have

Below: Supporting Covid-19 research.



> We've always been grateful for the vision that some American foundations had 30 years ago and their continued work in supporting European philanthropy. It's something we'd like to keep.

European Union.

no exact figures on the scale of the response, though a recent McKinsey report estimates that philanthropy in Europe had already committed more than €1.1 billion by May 2020. But when we can see the big picture of European philanthropy's response, I'm guessing we will see the biggest effort of the last 10 years.

This year's EFC annual conference will now take place in Vienna in early June next year. Will you be changing the agenda to reflect some of the new activities and energy around the fallout from the pandemic?
The motto of the Vienna meeting was 'Foundations and the new normal', a term which has been widely used because of the coronavirus, so in some way we were on the right track for dealing with some of these issues. But of course we have to adapt. The content will be slightly different and the way of conducting the meeting will also be different. All of us would like to be together, after a year of not seeing each other, but there's also the possibility of having more online participation, so it will be mixed. The idea of a mixed format is a legacy of the pandemic.

The AGA was also going to be an opportunity to say goodbye and thank you to outgoing chief executive, Gerry Salole. What do you think Gerry's most notable contributions have been?
I'd highlight his capacity to keep the candle of philanthropy burning. In my opening speech as chair, I said that for me the EFC has to be a lighthouse. Foundations are like ships in a storm and the lighthouse guides us to harbour. If the EFC is a lighthouse, then Gerry has been the best lighthouse man.

"la Caixa" Foundation hosted a meeting of WINGS in Barcelona in 2018, and a DAFNE gathering in Madrid earlier this year. Is that a deliberate attempt to signal to others the importance of supporting philanthropy infrastructure both in a European and a Spanish context?
We are now the first foundation in Spain, in terms of budget and assets, and one of the most important ones at European and global level. I want us to take the lead and be a major philanthropy institution in the world. It's not a question of paying out the most money, it's about being the most useful organisation for society. We don't like to shout about it at "la Caixa" Foundation because we want to be judged by the facts and our actions, so we don't often host events.

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Above: First female EFC chief executive, Delphine Moralis.

Even so, you have supported events that bring philanthropic organisations together to support the development of an ecosystem in philanthropy. That's quite a progressive step, because the infrastructure of philanthropy, including the infrastructure of philanthropy communications and philanthropy-focused media, is notoriously under-resourced.
It's always a balance, because our board of trustees always wants us to put the focus on programmes and less on the infrastructure because they want us to be useful. But on the other hand, we know we are the biggest in terms of financial size and we don't want to put ourselves in another category from other foundations because of that. We can also learn a lot from local or smaller foundations, so we love to be involved in that kind of meeting and organisation and to use our resources to support the movement. We cannot do anything by ourselves even if we were double the size we are now, so it's important to collaborate with other philanthropic institutions. For me the message is clear, if the society has more philanthropic institutions, it will be for sure a better society. ●

1 EFC appointed Delphine Moralis as its new chief executive after this interview took place. For details visit: tinyurl.com/efc-appoints-new-ceo

A longer view from central and eastern Europe

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Lessons from five pooled philanthropic funds hold clues for sustaining civil society in the years ahead

In 2017, we launched an initiative to examine the legacy and impact of a series of philanthropic investments established from 1991 to 2007 to sustain civil society in central and eastern Europe. Funded by US and European foundations and bilateral agencies, the five pooled funds were: the Environmental Partnership for Central Europe, the Baltic-American Partnership Fund, the Trust for Civil Society in Central and Eastern Europe, the Balkan Trust for Democracy, and the Black Sea Trust for Regional Cooperation. As former US foundation staff, who were present when important funding decisions were made, it felt like an appropriate time to reflect on these investments in light of the erosion of the optimistic rhetoric on civil society and widespread support for liberal democracy prevalent at that time.

We embarked on a two-year project in 2018 to take a long view of these pooled funds. The effort involved desk research, travel across the region, and interviews with over 250 people involved in these funds and civil society. We also drew on our own past experience as primary sources. The resulting report[1] profiled the five pooled funds, compared them to other collaborative philanthropic efforts in the same context, summarised the legacy and impact reported in the interviews, and compiled lessons for philanthropy about what can be learned from past initiatives to build and support civil society.

We are struck that our findings are very relevant to a changed context in the wake of the Covid-19 pandemic. A few lessons stand out in particular.

First, these pooled funds helped create a core set of organisations, policies, and practices undergirding healthy civil societies. Many of these organisations now serve as national grantmakers and strong advocates against the erosion of democratic procedures and norms. However, many of these same civil society organisations struggle with sustainability. Most of them cited ensuring financial resources as their biggest headache, even in the face of significant political pressure. Time and time again, we heard that flexible institutional support is not readily available.

Second, we found that a few specific types of civil society organisations merit special attention and increased resources. Advocacy and watchdog organisations are the harbingers of political pressures on the sector. Community philanthropy, with its bottom-up approach to developing local giving, has a wide view of community needs and plays an important role in building a culture of civil society support.

Third, we found that more work could have been done to embed civil society organisations over the long term. In particular, promoting civic education and participation, communicating the stories of civil society, and developing a culture of giving from local financial resources would have contributed to the sector's longer term sustainability.

Following this pandemic, we hope philanthropy will learn from our research findings and experiences.

This is a time for philanthropy to step up with much more flexible grants. We believe that foundations should convert all their grant relationships into general purpose grants. Such a constructive step would give the organisations the *carte blanche* to deal with complex problems as they see fit. This is not a time for organisations to be tied and shackled to projects. Furthermore, whenever possible, grant funds should be given up front as opposed to by installments.

In addition, funders must provide support to civil society organisations dealing with the coronavirus and to those guarding against the use of the pandemic to impinge on democratic practice – advocacy organisations are needed to resist rollbacks of democracy.

Most of all, we hope our work helps to rekindle a conversation about the importance of building and supporting civil society itself, a project that can take generations to develop. Philanthropic institutions have the ability to plan over the long term and assume risk beyond electoral cycles and financial bottom lines. Accordingly, we trust our colleagues in philanthropy will not lose sight of this long-term vision amidst a time of crisis. ●

1 This research was conducted under the auspices of the Center on Philanthropy and Civil Society at the Graduate Center of the City University of New York. Report available at: tinyurl.com/report-on-civil-society

Independent journalism is essential to democracy

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Civitates has set up a €3 million fund to support public-interest journalism in Europe

Collaborative fund Civitates is to make multi-year commitments for core support to organisations producing independent public-interest journalism. The grants will provide general operating support and institutional strengthening and also encourage grantees to work together and learn from each other through network building.

As a pooled fund founded in 2017 to promote democracy and solidarity in Europe, Civitates is already supporting initiatives that strengthen the space for civil society and that push for a healthy digital public sphere in which public and democratic values are safeguarded. At the start of this year, the 18 participating foundations agreed that the Civitates consortium would be an apt vehicle to support the struggling journalism sector in Europe.[1]

The last few years have seen the rise of many non-profit, public-interest journalism outlets. Think, for instance, of centres like The Bureau of Investigative Journalism in the UK, Correct!v in Germany, Direkt36 in Hungary and the Investigative Reporting Project Italy. Organisations like these have proven to be invaluable for researching important societal issues, exposing abuses of power and defending a space in which all voices are heard. However, they are generally in a vulnerable position, particularly when operating in politically hostile environments. What is more, as not-for-profit outlets, they fall outside the scope of the funding mechanisms that cover for-profit journalism organisations. So philanthropy has a valuable contribution to make here and it is encouraging to see more foundations supporting the vital role that independent and reliable journalism plays in democracies, serving as a platform for debate, and reporting on governmental and corporate (in)actions.

However, despite this burgeoning interest, donors still commit a tiny fraction to the European journalism sector. While the total amount of philanthropic funding available for media worldwide has been estimated at $1.3 billion only 6 per cent of that amount goes to Europe. Moreover, the field is siloed: there are few funders that take an ecosystem view, focusing instead on specific elements, countries or challenges.

For a long time, the European journalism sector was not considered philanthropy's natural habitat. Journalism was a function of the commercial market and, in several European countries, it was well-funded by the state. What is more, Europe remained the continent that guaranteed media freedom best. However, in recent years, it has become clear that independent journalism, in Europe too, is in a vulnerable position and in need of support. Declining trust in media, reinforced by widespread disinformation, is paving the way for anti-press sentiment, media freedom and independence are increasingly under pressure, and the need for an improved business model, only exacerbated by the coronavirus, is felt across the continent.

Increasing the amount of funding available for the European journalism sector and fostering coordination and collaboration among donors is at the heart of Civitates' new fund. The foundations involved see four main reasons for pooling journalism resources under the Civitates umbrella. First, by joining forces, the fund can bring home the message that independent, public interest journalism is essential to democracy. Second, the fund can serve as an efficient entry point into the journalism funding space. Next, by acting collaboratively, the fund can mitigate potential reputational risks involved with journalism funding, for both funders and grantees. Finally, pooling resources can maximise the limited funding available in this area, producing a stronger, healthier, and more sustainable field.

By the end of June, Civitates had received 312 applications. We have particularly welcomed applications from organisations operating in situations where the market has failed to support independent journalism, media have been captured by state or non-state actors, or where there is a hostile legal environment for public-interest journalism. What is more, applicants have been encouraged to demonstrate clearly how they relate to the communities they serve, for example, by striving for greater audience engagement to bridge divides in society, and by focusing on audiences that are traditionally underrepresented in the media.

In the coming months, and with the help of an independent and diverse committee of experts, the donors aim to establish a strong cohort of journalism organisations that want to learn from each other. At three million euros, the fund will start relatively small, but with great potential to grow in the years to come. Civitates is committed to make this new model of collaborative journalism grantmaking, tailored to the needs of the field, a success, to ensure not just the survival but the growth of independent, public-interest journalism in Europe.

1 Adessium Foundation is one of the founding funders of Civitates and initiator of the new sub fund for independent public interest journalism in Europe.

> It is encouraging to see more foundations supporting the vital role that independent and reliable journalism plays in democracies.

In support of non-profit journalism

- Adessium Foundation
- Erste Stiftung
- Fondazione Compania di Sao Paolo
- Fondation de France
- Fondation Nicolas Puech
- Fritt Ord
- King Baudouin Foundation
- Oak Foundation
- Open Society Foundations
- Rudolf Augstein Foundation
- Schöpflin Stiftung

Welcome to our sector's biggest virtual conference

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Alliance goes behind the screens at the AVPN annual event and discovers an extraordinary team effort

'We must have been crazy' – that was the verdict of AVPN's Naina Subberwal Batra on the decision to make this year's conference an entirely online event. The challenges were formidable – converting what is in any case a logistically daunting event from a face-to-face to a virtual conference, learning a technology package from scratch and reaching out to an eventual audience of over 7,000 people in the space of a couple of months would make anyone think twice. So how did AVPN do it and what does their experience tell others?

When it started to become clear that the face-to-face event might fall victim to the Covid-19 pandemic, AVPN made contingency plans for both a live and a virtual event. Then, in mid-March, it was decided to hold the conference online. Making the decision actually took some of the pressure off, recalls Janice Zhang, AVPN's events manger. 'Before that, we were planning for two different scenarios, an in-person and a virtual conference,' she says, 'so when the government announced restrictions on the number of people who could get together, it was in some ways a relief. We could focus on one scenario.'

How did they do it?

The decision was taken to use two platforms, Adobe Connect and Zoom. Kevin Teo, AVPN COO and Alfred Poon, director of Digital Transformation, explained the reasons behind the choice. Zoom can only effectively accommodate a small number of participants. The next tier up is Adobe Connect's seminar package. 'Beyond that, you need live streaming which feels more like a podcast,' says Teo, and the audience engagement is lower. 'Mid tier was the sweet spot for us,' he adds, with Adobe Connect allowing for a more flexible and dynamic event, which, in a small way helped to offset the physical remoteness of an online event. It allowed interaction with the speakers, audience polls and on-the-spot questions.

But why complicate matters by running two platforms? 'We didn't know how many people would join us,' says Poon. 'At first, we didn't expect more than 1,500 people but anticipated numbers were increased quite a few times so we had to find a platform that could host that many people [and] we were hitting the upper limit of Adobe Connect.' An added reason was that Zoom also allowed people with slightly lower bandwidth to join, and 'especially our Chinese audience' who cannot access Adobe Connect.

Starting from scratch

Having chosen the platforms, the team now had to find out how to use it – Adobe Connect was unknown to all of them, even AVPN's established technical team. It was a considerable effort and required all hands on deck. 'I think we got every single person of the AVPN team involved [around 60 people], including interns and volunteers,' says Poon. In other words, the adoption of the new technology turned the conference preparations into an organisation-wide learning experience. 'We got people who were more tech-savvy to become the technical support crew,' says Poon, which freed up the established technical team for more specialised tasks. 'We did have an external consultant come in to lead us initially, but the expert group within AVPN were soon able to lead. We became a community of very tech-savvy individuals,' which, as he points out, may well have longer-term benefits for the organisation beyond this conference.

Pre-empting problems

Apart from learning the technology, they also prepared as fully as they could in advance. 'We drew up a very long list of possible failure points,' says Poon, 'all the way to the worst-case scenario of the website crashing and no-one being able to access any sessions. So we prepared well in advance for all sorts of different contingencies, most of which didn't need to be implemented.' He adds: 'I don't think that if all 7,000 [registered participants] had gone to the website at the same time on Monday morning the website could have coped, but that didn't happen.' In fact, the highest number of people accessing the site at any one time was 1,017.

In addition to thoroughly preparing the staff, the speakers, all 156 of them, needed to be coached for the sessions to run smoothly. 'We had multiple sessions with the speakers and moderators before the conference,' explains Poon. 'For each session, preparation was substantially more than for the physical conference… we had to spend time getting each speaker comfortable with the package. That took up the team's time.'

> For each session, preparation was substantially more than for the physical conference…. we had to spend time getting each speaker comfortable with the package.

Of course, there were occasional hiccups – it's worth remarking that there are during live events, too – occasionally, speakers were too muffled to be heard for part of their presentation or their connection temporarily dropped, but 'we were actually expecting people to have more difficulty than they did,' says Poon. 'There were way fewer questions coming in from people about how to log in, how to download the app than we were expecting.'

Costs and participation

One of the potential benefits of running an online event is that it can be cheaper. The cost of the licence for Adobe Connect, increasing the bandwidth of the server and the buying in of external help from consultants would not have been incurred in the usual physical get-together. Against this, there is a saving on venue hire, catering, organisation of social events and all the ancillary costs of running a major event to consider. However, Zhang

Right: Virtual panel discussion at the conference.

Above left: Alfred Poon: 'Every person of AVPN team was involved.'

Above middle: Janice Zhang: 'Delegates focus more on the sessions.'

Above right: Kevin Teo. 'Biggest advantage is the participation.'

> The most obvious drawback to an exclusively online event is the absence of the opportunity for networking and for learning outside of the sessions, both traditionally great strengths of AVPN.

notes that, 'the largest cost, that of the entire AVPN team working with sponsors, curating content, prepping speakers/participants and delivering 40 sessions throughout the week, is relatively similar to that of a physical conference.'

As Teo remarks, though, 'the biggest advantage is the participation.' Making the event virtual vastly increases the reach of the conference. The AVPN gathering is a huge one anyway – last year's for example, was in excess of 1,200 attendees – but these numbers were dwarfed by the 7,400 eventual registrants at the online event. Attendance at sessions is limited only by bandwidth, not by the number of chairs you can get in a room. There were few concurrent sessions and the event ran over five days, so that people could attend more sessions. AVPN also introduced view-only tickets for the event, which meant that you could listen to sessions for much less than a ticket to the live event would cost. And while it's clearly not worthwhile to spend money on a ticket and travel to Singapore to go to three or four sessions that grab your interest, it's perfectly feasible to do this, to drop in and out, at an online event. All these things meant that the conference was much more accessible than the live event is and, as a result, attendance soared.

'I wish I were actually in Singapore...'

This was a common lament from participants and, of course, the most obvious drawback to an exclusively online event is the absence of the opportunity for networking and for learning outside of the sessions, both traditionally great strengths of AVPN. While Adobe Connect helped to maintain a sense of the interactive, 'there's nothing like bumping into the person in a corridor or having a spontaneous introduction among friends', acknowledges Teo.

And no free beer!

This is not as facetious as it sounds. The social elements of a conference play an important role in forming relationships. Beer or not, free or not, getting together over a drink or sitting down to eat allows delegates to decompress from the intensity of listening and processing a lot of information and to explore their relationships in a more social setting. And if you are going to have a professional relationship with someone, it's important to its quality that you get on.

Team-building

The intensity of concentrating on a screen without physical distractions can enhance people's learning experience (though it's also tiring). 'Delegates seem to focus a lot more attention on the agenda and on the session itself,' observes Zhang. 'In a physical conference it's easier to get distracted by connections and people they've met and our problem is usually how to get them into the rooms.'

If the online sessions sometimes provided a more conducive way of absorbing information than a live session for participants, the same was also true for AVPN staff. Content Marketing associate manager Amanda Kee usually spends her time at the physical conference 'just running around but this year I had the chance to sit in and listen to the panels and one thing that really struck me was that there was more earnestness to learn especially against the backdrop of the pandemic. I think that came through a lot, much more so than in the physical conference when its a lot more about networking.'

There's another spin-off benefit, as we've already seen. 'I think Naina said it well,' says Poon, 'when she said this was the best team-building experience you could ever have. It brought the team together and boosted their confidence.'

Future implications

Given the experience of the event, is AVPN likely to make future events online? Definitely, says Teo. 'We've put a lot of blood, sweat and tears into mastering the platform,' he says. 'Even as we approach the next event in India, [the India Summit will be held in Gujarat, India from 8–11 December, 2020] we're thinking it could make sense to hold a hybrid event, with a physical part to address the needs of the local audience, and at the same time draw in a wider audience in a cost-effective way.' The same will apply to next year's conference. It will be held in Bali, but will have virtual elements built into it.

The proof of any pudding is in the eating and feedback seems positive. 'All of the staff got feedback from participants during the conference,' says Irene Fischbach, a communications consultant with AVPN, 'and the feedback was great.' Teo adds, 'we've got feedback from members and even from ex-colleagues who've said "it was fantastic that you pulled this together and that you're still shining the spotlight on social investing in difficult times". The appreciation has been tremendous.'

The event has shown that not only can a virtual conference on such a scale be held, it can be successful. It's worth underlining two things in AVPN's approach. First, preparation – picking the right platform for the kind of event you want to hold and anticipating as many contingencies in advance as possible and, second, involving the whole of the organisation in the endeavour.

Finally, there's one more overwhelming advantage to a virtual event. People aren't flying thousands of miles to go it. If all gatherings were virtual, of course, you would lose the personal dimension. No computer platform, no matter how sophisticated, can compensate for the absence of face-to-face interaction, but if you hold an annual conference, how about having a physical gathering every second year, and a virtual event in the alternate years? You would instantly cut the event's carbon footprint in half. Something to think about. ●

Alliance was a media partner of AVPN's 2020 conference.

Changing the cost recovery paradigm

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The Covid-19 pandemic has encouraged greater donor flexibility and perhaps an overdue willingness to cover all costs

The Covid-19 pandemic has compelled philanthropic foundations to review their funding policies. As of writing, over 775 US foundations have signed a Council on Foundations' pledge promising greater flexibility and to 'loosen or eliminate the restrictions on current grants', for example, by converting project-based grants to unrestricted support. This call for greater flexibility is welcome, but one must ask why did it take so long and require such extraordinary circumstances to reach this point?

The unhappy consequences of foundations' restrictions on funding, particularly their failure to pay indirect costs, have long been apparent. One year ago, the presidents of five of the richest and most influential American foundations – Ford, Hewlett, MacArthur, Open Society and Packard – said they would finally address their limits on indirect cost recovery. A report by Bridgepsan Group which accompanied the presidents' statement confirmed that to accomplish agreed upon activities non-profit organisations often spend more, sometimes substantially so, than they received in project funding. The five foundations could have learned this from many previous reports which drew similar conclusions.

A 2013 Bridgespan report, for example, noted that 'seventy per cent of the NGOs surveyed…' named 'insufficient indirect cost recovery' as one of their most pressing problems,' while a 2015 survey of 65 NPOs conducted by InsideNGO (now Humentum) indicated that 70 per cent of them experienced funding shortfalls because of unrecovered overhead expenses.

Foundation executives and programme officers have long been aware of this. In 2001, then Hewlett Foundation president Paul Brest noted: '[W]hen foundations designate funds for a particular project, they typically limit "overhead" to a percentage of the grant that falls far short of covering the actual cost of the project.' In 2015, Ford Foundation president Darren Walker referred to the 'overhead fiction', in which non-profit organisations submit proposals that do not cover the full costs of project implementation because donors limit overhead. Walker added: 'At Ford, we have been willing participants in this charade.' As a result, many non-profit organisations have been 'socialised to scarcity' in Paul Farmer's insightful phrase.

A relationship turned on its head

These problems have become worse because strategic philanthropy, pay-for-performance awards and similar schemes have made grantmaking more transactional and less based on donor-grantee relationships. The advent of donor-centric strategic philanthropy moved grantmaking at many leading foundations from general or programme support to awards aimed at achieving specific goals. Grantees' value has often been based on the extent to which they can help a donor achieve its programmatic goals. Refusal to provide sufficient indirect costs is a sure sign that a foundation cares more about its project than its grantee organisation. Consequential, path-breaking activities have been financed by donors who refuse to pay appropriate costs, but non-profit organisations have paid for their parsimony.

Foundation grants do more than simply pay for particular activities, they confer prestige and status on their recipients and call attention to particular issues. Foundations legitimise grantee organisations and their approach to problems. A foundation's refusal to pay indirect costs isn't just a statement about financial management, it is a declaration of what's valuable. A non-profit organisation's infrastructure, management, and governance are seen as luxury items that don't merit support.

Right: The Covid-19 crisis has highlighted the need for NPOs to have their costs adequately supported.

> Refusal to provide sufficient indirect costs is a sure sign that a foundation cares more about its project than its grantee organisation.

The widespread judgment that a foundation's responsibility to fulfil its mission and superintend its resources is best discharged by sharp-eyed attention to what it wants to accomplish and to paying only for direct project activities has damaged the non-profit sector. There have been detrimental operational consequences and harm to non-profit identity and rationale.

A vicious circle

To carry out their missions, many NPOs accept grants that do not pay full overhead. They make up the shortfall with unrestricted funds, which means that those unrestricted funds cannot be used to support programme expansion or innovation, so innovation is stifled and scaling up is limited. The underfunding of overhead weakens governance, reduces oversight and lessens management of programmes. This leads to less robust programmes and more errors in spending and reporting, which diminishes programme effectiveness, reduces public esteem for NPOs and thus lowers levels of support.

Two changes needed

Two changes would help resolve these issues. First, non-profit leaders and foundation executives must change the indirect cost recovery paradigm. By acknowledging the negative organisational consequences of unrecovered costs, the statement from the five presidents is a small step in that direction. However, continuing an exclusive focus on project outcomes ignores the crucial role that an organisation's management, infrastructure, and governance play in the delivery of outcomes. The terms must be changed to talk about institutional and organisational strength, stability and effectiveness, rather than about 'full costs', or 'real costs', which emphasise the short term – the completion of donor-supported projects – rather than the well-being of grantee organisations and the success of their programmes.

We need a different way to conceptualise indirect costs, which include more than mundane back office functions. Indirect costs provide for organisational sustainability and development and support the management, infrastructure and governance that non-profits need to flourish. Failure to pay these costs jeopardises specific projects, individual non-profits, and the many causes that the non-profit community

serves. The Covid-19 crisis has made the need for effective non-profit organisations very clear. Communities across the globe have relied on NPOs to provide all sorts of services from shelters and food distribution to health testing and care to data collection and research. If donors want NPOs and their staffs to be available for the next crisis, they must provide appropriate support for existing operations.

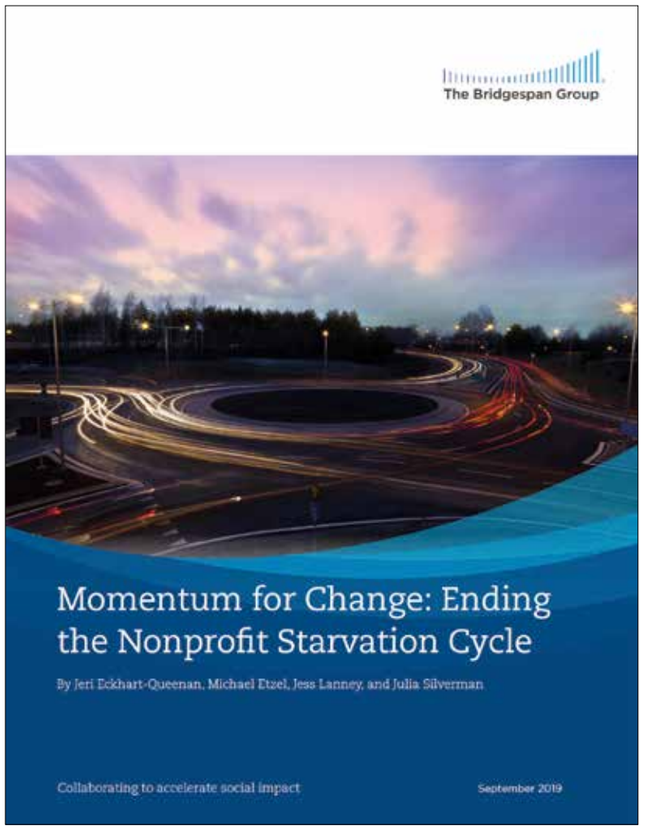
A second needed change is the development of an agreed-upon international financial standard defining direct and indirect costs and how they should be conceptualised and presented. The Covid-19 pandemic upended the ability to implement projects as planned, in the process forcing reconceptualisation of ongoing projects and their funding. Developing common cost classification and financial reporting policies and procedures among foundations would allow for more accurate assessments of what's reasonable and appropriate and would better prepare the NPO community for the next crisis. Humentum, of which I am a director, is among those working to develop such a standard.

None of what I have argued should be taken to mean that NPO costs, including overheads or indirect costs, should not be subject to careful calculation and review. NPOs exist in a competitive environment. There is almost always more than one non-profit organisation trying to gain attention, influence and resources in a given social space. Operational efficiency should be taken into account by donors. Some non-profits are swifter, more reliable and more effective than others. Indirect costs are one way of differentiating among them – not just the level of overhead but its efficiency based on the type of organisation and its mission.

The success of foundations' grants – the ability to achieve the strategic goals they have identified – depends on strength of the sector and individual NPOs. These thrive not only because of their staff members' often highly specialised skills but also because they enjoy sufficient resources, adequate infrastructure, proper programme management and appropriate institutional governance. To be fit for purpose and prosper, such organisations need support not only for their visible public activities but also for the backstage work that makes it possible and that indirect costs pay for. Let's hope that the Covid-19 pandemic helps foundation executives find substantial ways to operationalise their new found commitment to greater flexibility, fewer restrictions, and more indirect cost recovery. ●

> To be fit for purpose and prosper, such organisations need support not only for their visible public activities but also for the backstage work that makes it possible and that indirect costs pay for.

The opinions expressed in this article are the author's alone. Full disclosure: At different times in his career the author has worked for organisations that received substantial funding from the five foundations making the announcement discussed in this article.



Left: Bridgespan Group report.

Investments: philanthropy in the balance

The credibility of today's foundation depends on how it invests its assets

Special feature

Guest Editor
Danielle Walker Palmour

Overview

Investments are our superpower

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It's widely accepted that institutional philanthropy can achieve more by throwing the whole of its weight behind its mission. This special feature examines some of the ways and means in which foundations are doing so

Globally, the latest statistics suggest that philanthropy donates around $58 billion per annum and copious studies outline the many causes and issues we give to. In contrast, according to Paula Johnson's estimate in her 2018 Global Philanthropy Report, our assets are estimated to be about $1.5 trillion, but unlike our grants programmes, there is relatively little information about what is clearly the largest element of our sector's resources; they remain opaque, even to us.

Yet, these hidden assets – buried deep in capital markets – are arguably some of our most powerful tools for combating injustice, environmental degradation, poverty or any of the myriad issues which concern us. Indeed, I have called them our 'superpower': as endowed foundations, we have deep knowledge of the many challenges facing our societies and our countries as well as being important economic actors, controlling billions invested in capital markets all over the globe. Yet many of us ignore this power, focusing our attention only on the 5 per cent or less of our assets visibly at work. What we hope to do in this special issue is bring the other 95 per cent of foundation assets out of the shadows and into the spotlight. We also hope to show that all over the world trusts and foundations are actively using their investible assets to have definite impacts on the world.

The shape of money

As funders, we are used to designing and implementing grant programmes to deliver certain outcomes. The skills involved in making this support timely and effective are essentially shaping money to most effectively address the issues.

Mission or high-impact social investing is a further journey down this path, as many funders have found that grant money wasn't quite the right 'shape' to provide what was needed. High impact investment may underpin interventions through equity, it can provide early stage loan finance to build track records in revenue generating solutions, or use guarantees to de-risk new social ventures with the potential to scale.

This is undoubtedly a powerful additional tool for philanthropy but while it is an excellent way to create exemplars, scale great interventions and underpin the strength of key sectors, it is not a tool to effect macro-level structural change. For this, we need to engage capital markets and our investor power. By using our role as investors we can ensure thousands of workers are paid a living wage by supermarkets; we can put pressure on corporations to commit to tax transparency, decarbonising their supply chains and gender-equal boards and workplaces. In addition, through our relationships with some of the biggest investment managers in the world, we affect broader investment practices by providing important market signals and raising awareness within investment houses of areas of investment risk and client concerns.

Above: Eden Tree Investment Management presents to the ESG investing Olympics.

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De-coding the language of philanthropic investments

Global capital markets: where most foundations invest most assets in companies (shares or corporate bonds) and national government debt (government bonds or gilts). Can be directly in companies or through portfolios of assets in a range of sectors such as construction, aviation, pharmaceuticals, property, extractive industries, etc. Aim is to produce a risk adjusted return, with the surplus used for charitable purposes.

Investment houses: investment management companies that manage assets for clients on terms defined by investment mandates setting return benchmarks and expectations.

Impact investments/social investments: for the purposes of this special issue, we are defining these as investments (equity, debt or funds) where the main result is social benefit (social return) rather than a financial return.

Social enterprise: way of working to produce social benefits alongside revenue stream; surpluses usually returned to the enterprise and they are not usually profit distributing.

Above: Community project in Australia.

Understanding models of business

This is deep work, requiring us to understand the corporate behaviour that may be at the heart of some of the biggest challenges facing our planet. The discussion with Larry Kramer and Ana Marshall of the Hewlett Foundation that forms the centrepiece of this issue (p44) is an exploration of how one foundation deeply engages with its investment managers to understand and address major challenges as peers as well as clients. A central insight is that by understanding business models and engaging with the industry, we build effective relationships which are at the centre of effective stewardship.

Mauro Meggiolaro (p54) from one of the Italian banking foundations outlines how foundations across Europe are collaborating to share expertise and resources to make investment a tool for change alongside other methods used by activists such as boycotts, demonstrations and the exercise of consumer choice.

Andrew Milner (p60) touches on the huge potential of gender lens investing in terms of both effecting corporate change as well as improving investment performance by grounding the idea of diversity of thought. This is also emerging as an important debate in the wake of Black Lives Matter – do we know who actually invests our money? Anecdotally, teams may be more diverse than we know; however, by not asking, foundations are reinforcing the view that clients feel less comfortable with investment managers who are female or people of colour. By showing we feel these are quality criteria, not risk factors, we may improve transparency and equity.

> The pandemic is both a tragedy for many communities and a shock galvanising new thinking and approaches in our sector, which can – it must be admitted – move at a geologically slow pace of change.

The crucible of coronavirus

In the forefront of current concerns, the pandemic is both a tragedy for many communities and a shock galvanising new thinking and approaches in our sector, which can – it must be admitted – move at a geologically slow pace of change. We can see that clearly in Latin America, where Maria-Laura Rojas of Transforma reports that searching questions are beginning to be asked of foundations' investment practices as well as of corporate behaviours (p52).

In the US, the mounting infection rate, the differential and deprivation-linked disease patterns and lack of coordinated response is leading a number of large foundations to take radical action. In addition to Ford Foundation's recent announcement of borrowing funds against its considerable investment assets to give more immediately, it is also amongst a number of philanthropists proposing that the 5 per cent foundation payout rates in the US be doubled to 10 per cent. Is this too crude an approach to deal with the multiplicity of missions and responses of a diverse foundation sector or a necessary spur to action? The debate has yet to resolve.

Professor Nick Robins of the London School of Economics provides a powerful case for how Covid-19 will test commitments by both philanthropic investors as well as financial institutions to a just energy transition that balances both the needs of workers and the need for urgent action to stay within environmental limits (p38).

Foundations as channels for funds for good

From the innovative work of Natasha Scully of the Australian Social Investment Trust (ASIT) we learn that it is not just what you do but also the authenticity and groundedness of the work that is undertaken (p59). ASIT has developed a pooled investment vehicle which – although more about pooling funds for deployment directly in community focused programmes – addresses some of the limitations of impact investing by drawing partners including government into long-term engagement to address structural inequalities. This is both an opportunity and a challenge, requiring new thinking.

In China, we hear from Qing Gu of the Ford Foundation in Beijing that, although limited at present, the finance sector is increasingly seeing the burgeoning philanthropic sector as an effective vehicle for channelling funds to social enterprises (p50).

Again, it is our ability to shape money to solve problems as well as deep grounding in the issues that is required.

Our kryptonite?

As we can see from the contributions from around the world, although we have great power and potential in the use of investment assets in support of our missions, we are also dependent on those that advise us, those that manage our funds and engage with companies on our behalf. In South Africa we can see that the lack of engagement of investment advisers is an important limiting factor (p51); this was certainly the issue in the UK for a number of years. Indeed, ignorance, lack of previous practice and ignorance of viable alternatives are significant limitations we have all faced.

A solution that we can see being used repeatedly is collaboration – coming together to challenge and push the boundaries to demand more imagination and better investment approaches to meet the need we know is there. Lily Tomson of ShareAction expands the theme of collaboration as a key strategy for exercising our superpowers (p56).

INVESTMENT: THE PILLARS OF STRONGER FOUNDATION PRACTICE

1. UNDERSTANDS THAT RESPONSIBILITY FOR ITS INVESTMENTS SITS WITH EACH AND EVERY MEMBER OF THE TRUSTEE BOARD
2. PRIORITISES ITS MISSION WHEN SETTING ITS INVESTMENT OBJECTIVES
3. ENGAGES WITH AND HOLDS TO ACCOUNT THOSE MANAGING ITS INVESTMENTS
4. PURSUES TRANSPARENCY AND RESPONDS TO SCRUTINY
5. ACTIVELY SEEKS A VARIETY OF RESEARCH AND VIEWS TO INFORM ITS APPROACH TO INVESTMENT
6. REVIEWS ITS OWN TIME-HORIZON
7. SEEKS TO POSITIVELY INFLUENCE THE BEHAVIOUR OF OTHERS IN RELATION TO INVESTMENTS

ACF 2020

> If we as organisations working to make the world a better place do not consider how we use our assets to do so, we will miss the opportunity to make an impact on the huge global challenges confronting us.

Through the creation of the Charities Responsible Investment Network, European foundations have found a way to speed up learning about investment developments, new thinking and practical actions – shareholder activism and engagement – to make the most of our strengths and abilities.

In the UK, the Association of Charitable Foundations' 'stronger foundations' working group has explored how investments can be brought into our strategic arsenal to be of true service to our missions and has published principles of best practice in this area.

My own trust, Friends Provident Foundation, undertook an exercise in what we call 'radical transparency' to bring investment practice out of the shadows and involve a wide range of expertise – academics, NGOs, beneficiary groups, trustees and peers – in the process of selecting a manager. We collaborated with two other medium-sized foundations to hold the first ESG investing Olympics – with an open call to the investment industry to pitch to us their best ideas for managing assets of £30 million in line with our shared investment policy. Although we have different missions as foundations, we share a commitment to responsible investing and a belief that managers should be responsive to our need for mission alignment, as well as returns. Our Investment Engagement manager, olin Baines outlines the process (p40) and we hope it will inspire others to demand more of those we work with to manage our money.

Above: Panel discussion at the 2019 ERIN conference on engaging with high carbon companies.

As mission-driven organisations with deep roots in people, places and issues we have a responsibility to make active decisions about the use of the majority of our resources. High-profile mission-led organisations such as The Bill and Melinda Gates Foundation in the US, Comic Relief and the Church of England in the UK have experienced public scandals relating to their investment holdings. Our money is out there expressing who we are and we need to know what it is saying. From the investor side, the growth and development of the expectations of transparency and disclosure are growing globally for public and private investors alike; ensuring our houses are in order is becoming a presumption of investment competence and fiduciary duties. And perhaps most importantly, if we as organisations working to make the world a better place do not consider how we use our assets to do so, we will miss the opportunity to make an impact on the huge global challenges confronting us – and it's one we can't afford to miss.

I have found the contributors in this special issue incredibly inspiring both in terms of what has been achieved and what more there is to be done. It is exciting to see that for us to truly recognise our powerful capacity which rests on having one foot in the challenges that are facing global society and the other in capital markets and investments, we must find new ways of collaborating and moving forward.

Investing for a just transition

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The need to rebuild after the Covid-19 pandemic offers an opportunity for a just transition to a clean economy – an opportunity foundation investors must take

Crises can be moments of transformation. The catastrophic failure of the financial system in 2007-09, for example, highlighted the need for truly sustainable finance and the prudent management of systemic risk. This in turn boosted the rise of responsible investment and enabled climate analysts to highlight the carbon bubble that was lurking beneath continued investment in fossil fuels. A decade on, and billion-dollar write-downs from oil majors such as BP and Shell have shown the growing significance of the stranded asset agenda.

In the Covid-19 crisis, it is striking how quickly civil society along with leading political and business leaders have converged around the need for a recovery that is not only 'green', but also inclusive. In the UK, for example, over 200 businesses have called on the government to use its recovery plans to deliver a clean, just recovery.

First priority

For too long, the climate agenda has been socially blind. As one of the *gilets jaunes* protesters in France memorably remarked, 'you care about the end of the world; we care about the end of the month'.

The just transition has long been advocated by trade unions and civil society as a way of ensuring that the interests of workers and communities are centre-stage in climate action. A first priority is to ensure that the full social benefits of the transition are realised, for example, by ensuring jobs in the growing green economy have high labour standards in terms of wages, trade union recognition and diversity. The just transition idea also stresses that workers and communities in high-carbon sectors and regions are fully involved in shaping that transition. Along with stranded assets, we need to avoid stranded workers and communities.

The 2015 Paris Agreement included the importance of a just transition. Governments have started to take action, not least to ease the move from coal, as Spain has done. The European Union has made the just transition a core pillar of its 2050 Green Deal programme.

Finance a tool for the just transition

All of this will require transformational approaches to financing too. Foundations are increasingly seeing the just transition as the connective tissue between the often separate imperatives of social inclusion and environmental regeneration. This appreciation needs to run through both grantmaking and investment strategies. For example, as part of its Climate Emergency strategy, the Friends Provident Foundation has stated that 'the rapid transition to a net-zero emission pathway must also be a just and fair transition' and is applying this throughout its activities.

Over 150 institutional investors with over $10 trillion in assets have now signalled their support. An investor roadmap has been produced for the UK, with a strong focus on investors responding to place-based priorities in key regions. Local government pension funds can play a critical role as anchor financial institutions, for example, by providing capital for climate investments that also deliver social benefits. Banks are also starting to recognise that assessing climate risk alone will not deliver a successful transition. A new generation of banking products and services is needed which respond to the just transition, for example, in housing finance and supporting SMEs.

Where the shoe pinches most

It is in the Global South that the need for a just transition is most acute. Developing countries will bear the brunt of the climate crisis and have least resources to fund their own transition. Moreover, a number of them are highly carbon-intensive. South Africa is a case in point. President Cyril Ramaphosa has recognised the centrality of the just transition to the country's future in a situation of high unemployment and racial inequality.

India is the G20 country that is the most exposed to climate damage. The move from coal will bring huge benefits in terms of human health, where 2.5 million Indians die prematurely each year due to air pollution. The growth of renewable energy can also enable a more distributed model of development with new job opportunities created for women as solar engineers, for example. The challenge extends to the future for the country's rural communities faced with growing climate shocks on top of entrenched caste and gender disparities.

> It is in the Global South that the need for a just transition is most acute. Developing countries will bear the brunt of the climate crisis and have least resources to fund their own transition.

The real test

Covid-19 has made the just transition the next frontier of sustainable finance. Foundations and financial institutions will play a critical role in allocating capital that gets us faster to net zero in a fair and inclusive way. Internationally, development finance institutions (DFIs) and multilateral development banks will be key. Here, signs of action are emerging, for example, with the UK's DFI, CDC and the European Bank for Reconstruction and Development stressing the need for a just transition. Increasing the flows of climate finance to developing countries so that they can invest in their own just transitions will be critical to the success of the UN's climate change conference, COP26, in 2021.

The real test of the growing recognition of the role of finance in the just transition will come in the way we emerge from Covid-19. The task before us is to make the just transition part of every financial decision across the world. ●

Right: The growth of renewable energy can enable a more distributed model of development and job opportunities.

Climate Philanthropy 2030

For more on this topic check out *Alliance*'s climate commitment at alliancemagazine.org/climate

In Profile

Philanthropic investing

Foundations are actively using a greater range of their assets to pursue their underlying aims. These investments span a wide variety of form, purpose and recipient, a sample of which is featured here

Foundations going all in

In 2012, the F B Heron Foundation decided to extend the 40 per cent of its assets devoted to mission investing across its entire portfolio. In pursuit of its mission, it makes investments along a spectrum which runs from below-market to market returns, with grants at one end and private equity at the other. In 2018, another foundation, the Nathan Cummings Foundation decided to do likewise, when its endowment stood at just under $500 million. 'The problems we are working on – like the climate crisis and growing inequality – will not be solved by grantmaking alone,' said foundation president, Sharon Alpert in an open letter to the field. 'Capital markets have to change to drive sustainable and inclusive growth that will create long-term value for people, the planet, and the economy.' The Nathan Cummings Foundation describes itself as 'a multigenerational family foundation rooted in the Jewish tradition of social justice'.

Left: Sharon Alpert.

Innovative financing to keep non-profits afloat

The Ford Foundation is one of five major US foundations to borrow in order to help non-profits survive the Covid-19 crisis. Ford has launched a $1 billion social bond with 30-year and 50-year maturities, the net proceeds of the sale of which will enable it to pay out over 10 per cent of the value of its total endowment in 2020 and 2021. This will be primarily to 'key organisations that are advancing the fight against inequality when communities that are most vulnerable have been hit hardest by the pandemic', according to the foundation. Other foundations to follow suit include MacArthur, Doris Duke, W K Kellogg and Andrew Mellon.

The use of such a stratagem, justified by Ford president Darren Walker on the grounds of 'unprecedented challenges', is rare in the non-profit world and is certain to enliven the debate about increasing the mandatory payout rate of US foundations from 5 to 10 per cent. On the other side, the move 'creates an obligation for the foundation for the next 30 years', Ed Henry, president of the Doris Duke Charitable Foundation, told the *New York Times*. 'Basically, we're taking out a mortgage.' On a deeper level, it raises in a new form the conundrum faced by foundations which claim they are committed to social justice. A recent *NPQ* article argues that the move shows that 'foundations are committed to maximizing their investment portfolios – and will even borrow to do so. In other words, foundations through their investments help prop up a capitalist economy that often harms their grantees.'

Peer dialogue – p44

The divestment movement for climate change

Probably the best known of the cause-related investment movements is the DivestInvest movement. By no means exclusively associated with foundations (its 1,246 member organisations embrace a wide range from municipal authorities to faith-based organisations and it also has 58,000 individual members), philanthropy is prominent in the movement. Its advisers and ambassadors include Ellen Dorsey of the Wallace Global Fund and Sarah Butler-Sloss of the Ashden Trust. Members believe that by divesting from fossil fuels and encouraging others to do so, and by investing in climate solutions, they can accelerate the transition to a zero-carbon economy. Critics, who have included William MacAskill of the Centre for Effective Altruism, argue that divestment fails to achieve its effect because it does not hurt the companies in question, it simply means that others buy their stock. He argues that it is boycotts, not divestment, that would hurt fossil fuel companies.

divestinvest.org

ESG investing Olympics: investment managers in the spotlight

Colin Baines, Investment Engagement manager at Friends Provident Foundation writes: We have seen rapid growth in funds labelled as impact, sustainable, responsible, green or environmental, social and governance (ESG) over the last couple of years. However, the quality of these funds varies greatly with marketing claims not always aligned with practice and standards of transparency are nowhere near what they should be. In response, three foundations – Friends Provident Foundation, Joffe Trust and Blagrave Trust – came together to hold an 'ESG investing Olympics': a first of its kind, an open competition which simply asked investment managers to 'impress us' on ESG integration and impact. The prize was £33.5 million to invest on our behalf.

The response saw dozens of proposals, from small boutique impact managers to global multi-trillion-pound investment banks. Five were invited to present in public in London, to an auditorium of like-minded asset owners, including charities, churches, universities, and pensions. It is fair to say they were put through their paces. The competition winner has yet to be announced but it helped bring investment management out of the shadows as intended, shared learning on emerging best practice, and sent a clear market signal for higher investment standards and purpose. We intend to continue engaging with the winner publicly to continually raise standards, and to help other asset owners compare against their own investment managers. It is time for the power dynamic to change between asset owners and asset managers. To do that, radical transparency will be key.

Investing for racial justice

Guest editor Danielle Walker Palmer writes: At the moment this is still a niche and predominantly US conversation. The approaches that reach beyond general social justice objectives are a bit limited (investing in Black-led SMEs) but there is growing awareness in the philanthropic sector that more can be done. At the forefront of current discussions should be one about who manages our money and the diversity of thought required for that to be done well. This is action all foundations can consider taking now.

GSG Driving real impact

Set up in 2015 as a successor to the Social Impact Investment Taskforce, established under the UK's presidency of the G8, the Global Steering Group for Impact Investment (GSG) aims to catalyse impact investment and entrepreneurship. The GSG has 32 countries as members in addition to those of the EU. Chaired by businessman Sir Ronald Cohen, it brings together leaders from the worlds of finance, business, and philanthropy and has recently appointed Cliff Prior, former head of the UK's Big Society Capital as its CEO. It aims to ensure that measurable impact informs every investment and business decision that affects 'people and the planet' and to stimulate the development of impact investment into a recognisable, articulated movement.

gsgii.org

toniic

Toniic describes itself as 'a global community of asset owners,' made up of over 400 wealthy individuals, family offices and foundations whose aim is to deploy all forms of capital in impact investments. Its website defines these as 'investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return'. This does not necessarily mean that all Toniic's members intend to make impact investments with all of their assets, though a sub-group of members, the 100% Network, set up in 2013, has committed to align all of their assets with their values. These investments range from grants at one end of a spectrum to private equity investments at the other. It produces a T100 Directory of impact investments, a global platform of direct deals and funds across the SDGs, access to co-investment opportunities and member events such as curated Impact Funds Circles.

toniic.com

Latimpacto

LATIN AMERICAN VENTURE PHILANTHROPY NETWORK

Latimpacto is a new platform of Latin American philanthropists and social investors which aims to connect all forms of capital (including human and intellectual) in the service of positive and enduring change. Supported by the International Venture Philanthropy Center (IVPC), Latimpacto is independent but connected to the regional venture philanthropy networks, AVPN and EVPA. Like these sister organisations, it will provide training and capacity building for practitioners, promote the establishment of new venture philanthropy and social investment funds, help identify opportunities for co-investment and engage policymakers in the creation of more conducive conditions for social investment.

latimpacto.org/en-us

Gender investing

Alliance associate editor, Andrew Milner, comments: Gender lens investing (GLI) in Asia is still small but it's growing, according to Ayaka Matsuno of the Sasakawa Peace Foundation. In 2017, when Sasakawa set up the Asia Women Impact Fund, GLI opportunities were few and far between. That's changing quickly as gender lens investing is growing across a wide range of investors, asset classes and fields. The focus is no longer almost exclusively on women-owned businesses but on areas which have an impact on the livelihood and well-being of women in sectors as diverse as health, agriculture, education, ageing and even ocean conservation. Despite the progress some have warned that the sector needs sustained championing especially as women are likely to bear the brunt of the economic downturn – what Julia Newton-Howes of Investing in Women called a 'she-cession' – triggered by Covid-19.

The case for investing with a gender lens – p60

ASIA WOMEN IMPACT FUND

In 2017, Japan's Sasakawa Peace Foundation announced that it was setting aside a part of its endowment – up to $100 million – to set up the Asia Women Impact Fund to support women's economic empowerment and gender equality. The fund uses the fruits of its investment to provide early-stage women entrepreneurs in South East Asia with access to resources such as initial financing, technical assistance and mentoring and to develop an ecosystem in the region for gender-lens investing.

spf.org/awif/

EQUILEAP

MAKE A DIFFERENCE AND A RETURN

Equileap was launched in 2016 by Diana van Maasdijk and Jo Andrews with the aim of increasing gender equality in the workplace, using data to illustrate the current state of affairs and to campaign for improvement. Funded largely by grants, Equileap has developed a scorecard which ranks some 3,500 companies globally on gender equality and is based on 19 criteria in the areas of balance of numbers in leadership and the workforce, compensation and work-life balance, possession of policies promoting equality, and commitment, transparency and accountability. It publishes an annual gender equality report and ranking. The 2019 edition finds that 99 per cent of surveyed companies have a gender pay gap and 58 per cent of surveyed companies have no sexual harassment policy.

equileap.org

Taking a queer lens

Alongside support for feminist movements and women and girls, the German charitable fund Dreilinden uses grants, social investments and networks to help people whose sexual orientation, gender identity and expression and sex characteristics do not conform with social norms.

The initial focus of Dreilinden's investments was on gender issues because there were no investible funds at the time with a specific queer-focus. In 2015, however, concerned that queer-lens investing was not attracting sufficient attention and that gender-lens investing was developing a binary view of gender, Dreilinden decided to embark on a queer-lens investment strategy in which LGBTQIA issues would be central. It pursues this strategy by investing in public securities, in impact funds and through its own direct impact investments. Most recently, it has partnered with the Criterion Institute on new strategies to invest with an LGBTQIA lens as a tool to address the inequalities which face these groups. Dreilinden sees itself as something of a pathfinder in this field and hopes that over time, its approach can 'demonstrate that investments should be assessed with a broader (i.e. 'queerer') perspective. This will lead to a more holistic assessment of opportunities and risks while also leading to better, more impactful investments.'

Our feminist philanthropy special feature (*Alliance*, December 2019) was guest edited by Dreilinden's Ise Bosch.

Peer dialogue

Virtue signalling is not always a virtue

Guest editor Danielle Walker Palmour talks to Larry Kramer and Ana Marshall, respectively CEO and chief investment officer of the Hewlett Foundation, about why the foundation is investing its $10 billion endowment for the long term despite immediate needs

Danielle Walker Palmour: To start with, Ana, could you say a little about how your investment decisions are affected by the governance of the Hewlett Foundation?

Ana Marshall: The board delegates to the investment committee which approves asset allocation, benchmarks and any particularly large new investments, but everything else is delegated to my authority. That level of delegation only works as long as there is transparency. In other words, the more transparent I am in my reporting, the more comfortable the investment committee feels. And we do periodic updates to the board.

DWP: What's your team size?

AM: Eleven. Three investment directors, four investment associates, two investment analysts and our admin. So it's a very small team for the amount of assets we have. We run a highly concentrated portfolio so we prefer the small lean team.

DWP: In UK terms that is a gigantic team, which shows how little UK foundations value internal investment management. Most have it delegated out. There's a foundation – not as big as yours but probably with assets of several hundred million pounds – which has one internal person and 62 managers.

Larry Kramer: We've never changed the formal governance structure as we've never found it necessary. But we did have three serious discussions about impact investing with the board, discussing different ideas about how we might approach it. Each time, the board said no, partly because they felt it would need a big internal team and there is a strong commitment across the whole foundation to lean staffing. So we can only make investments of $50-100 million, we don't have capacity to do underwriting or one-offs or that sort of stuff. I am profoundly sceptical about mission investment firms who say, 'We're putting 100 per cent of our assets to use', but then you see that 50 per cent is in public equity. That's not impact investing, that's doing nothing. Obviously if there was a clean energy fund that produced the kinds of returns we need, we'd invest in it. But the few that apparently produce those returns are not large enough to take investments of the size we need to make. There is also the problem of managing an endowment when you have to invest in external fund managers. All of us are aware of these debates and we're trying to be responsible about them. If you change your investment strategy to favour one particular issue area because it seems a compelling case, what are you going to say to all the others? How do you say no to the BDS people, to the soft drinks people, to the people objecting to private prisons, all of whom have equally compelling cases. You can't have negative screens on all of them and any kind of coherent investment strategy. It's those concerns and staffing constraints that explain why we're not in ESG funds. Most of them are too small, and most of the ones that are big enough don't produce adequate returns.

Ana's team is talking to our managers about how they are incorporating sustainability into their strategies, because that's a much more sensible way for us to work. Similarly the environment team talks to the investment team on climate, who in turn talk to their managers, about how it is likely to affect investments, policies and so on.

Above: Chela Garcia Irlando of Hewlett grantee the Hispanic Access Foundation which created Latino Conservation Week.

> If you change your investment strategy to favour one particular issue area because it seems a compelling case, what are you going to say to all the others?

DWP: You were saying, Ana, that you're a concentrated investor. What does that mean?

AM: For public equity, about a third of our portfolio, we have 11 managers. Our hedge fund portfolio has about 20 managers and our private portfolio has about 30 managers. The bulk of those relationships have been in our portfolio for over 10 years so we can talk to our managers about sustainability, as Larry said, and we take a very investment-related approach. As to ESG, it took performance presentation standards about 20 years in the 1980s and 1990s to get a set of agreed-upon standards. We are nowhere near that yet on ESG, so there is a lot of greenwashing of funds, that charge very expensive fees compared to index funds just for the sake of saying they're ESG, even though technically they aren't.

DWP: One of the themes I'm really interested in is the foundation's capacity to engage with global capital markets and to get responses.

AM: We get responses by having a cooperative partnership with our managers. We're not trying to say you need to do this because it's the right thing to do, we're looking at sustainability as an element of a company's competitiveness that we have found engages on a much deeper level.

DWP: On the ESG thing, with three foundations in the UK, we put a bit of money up to a transparent process to say 'tell us what best in class looks like in ESG'. Sometimes, what was put forward as best in class, by very large funds as well as tiny boutique ones, were very good, sometimes they really weren't.

AM: I think the problem with the standards is a lot of it, especially in the S [Social]. The E [Environmental] is the most quantifiable. G [governance] has been happening a long time, but the S is so subjective and so changeable that you would narrow your investment universe far too much.

DWP: On the interplay between investments and grants, to what degree do the funds available drive what you do in your programmes?

LK: The starting point is at the other end. We have adopted a set of practices designed to minimise competition among programmes for resources. I can't think of anything more destructive for an organisation like ours than creating a system in which the programmes are competing for resources. Programmes work within their budgets. The programme budgets index with the overall endowment, and so they grow by the same amount every year, more or less, unless there's a special consideration. We designed a response to managing downturns so the programmes

wouldn't have to index down unless there's a really massive economic crash. In addition, to avoid competition between the programmes, we created a large pool of unallocated funds that are used every year for specific things. Then, if there are no specific things, these funds are distributed proportionally among the programmes.

DWP: Can you tell me more about your response to downturn?

LK: In 2009, the foundation had to cut grant budgets by something like 40 per cent, which was brutal for our grantees. I didn't want us to be in that position again, so as the endowment started to grow again, we allocated the growth 60 per cent to programmes, 40 per cent to create this pool of flexible funds, which would be our cushion if we hit another downturn. Then Ana came to me two years ago with an idea to formalise that.

AM: In the US we have the three-year rolling spending rules, which we've always used for setting the grant budget. My proposal was that if, in any year where there's a negative return, next year's budget is set using the new lower NAV, it will allow us to course-correct more quickly and avoid overspending. When you make grant awards, you're paying about 60 per cent of them in the present year. So adjusting the grants budget is the only way in a down year to not have too much cash out the door. That is when the biggest damage happens to endowments, when they have to sell assets to fund grants when the market's in a crisis. It takes a very long time to recover from that, so my theory was, if we could minimise that damage, we would be able to regain our capacity faster.

LK: Something has to give when there's a downturn. You're either going to maintain your current support at the expense of the future, or you're going to invest in the future and hurt your current grantees, and we found this middle way which was to give up our flexibility to do new and additional things for a couple of years. Although this downturn is not yet playing out as badly as everyone thought it would initially, we're now being told it's not enough to maintain spending, we should increase spending. Our plan doesn't allow for that. I don't say we're right and they're wrong. But people have to recognise that it's a choice – between people today and people in the future and there's no way around that choice. We adopted an approach that enables us to preserve our capacity to help people in the future while maintaining our support for current work.

> People have to recognise that it's a choice between people today and people in the future and there's no way around that choice.

DWP: One of the elements in this is perpetuity which is important from Friends Provident Foundation's perspective. We're not perpetual so we did feel like we wanted to increase spending, but the choice that we're making involves our survival.

LK: Technically we're not either. It was pretty clear that Bill and Flora Hewlett assumed that we would be but they've left us the power to spend down if we chose to. The perpetuity/spend-down issue depends what kind of problems you're working on. Some problems are best addressed with large infusions of cash now and others require you to be there for a really long time. That's why I don't see there's a right choice, there are different choices. Most of the problems we work on are of the second type. It's important to recognise, again, that you cannot escape the choice between people today and people in the future. The easier course is to spend more today: we can do that and have everyone praise us and why should we care about people in the future or our successors? The incentives are all to spend more now and it takes a degree of discipline to resist that if you think the foundation as an organisation will do more good over time by being restrained now.

The other argument people make is that if your investments are good, you can grow your endowment back. But even assuming we could, it will always be smaller than it would otherwise be because we have a 5 per cent payout requirement and, with inflation, you're starting at a 6-8 per cent hole. So you're only going to grow back to the extent that you can systematically do better than that. Over the last 15 years, foundation returns sector-wide have been losing ground because of the 5 per cent payout rule. The only thing I know for sure is that there are way more needs today than I can fund, and if I spent the whole 10 billion dollars, there still would be more, and no matter how much good I do today, there are going to be more needs in the future. So my seat of the pants judgement is that chipping away at problems over many years at 5 per cent will do more good at the end of the day.


Kristen Caldon, courtesy of Grand Canyon Trust

Above: Sarana Riggs and Roger Clark of Grand Canyon Trust, a grantee of Western Conservation Communications Hub established by Hewlett in 2019.

DWP: What about climate? I guess that's not the case with that issue.

LK: We're spending $120 or $130 million a year on climate but increasing our funding would not make a big enough difference. It's not more money alone that we need, but more people, more funders with new ideas and approaches and capacities. If there were a particular opportunity like leveraging a billion dollars or catalysing some agricultural innovation, then I would ask the board to spend more, because I could be confident the extra spending would make a meaningful difference.

DWP: You were saying your sustainability conversations are very much about business sustainability. Do you talk about climate in some of the conversations?

AM: The two investment directors dealing with this are on the public equity side and the real estate and debt side. They are looking at the effect of climate change on insurance or how you discount the cash flows if there is uncertainty about the terminal value. Again, we're not saying 'this is a big emergency, you've got to get your act together', that's not our role. Because the investment managers are fiduciaries, they can't make a moral call. They can make dollars and cents judgements, so that's what we try to help them think about. It's about getting companies to improve. For example, our managers have dialogues with CEOs about incorporating new designs into the airplane wings or new jet fuel. It's about dollars and cents, but as that company improves, it's going to pop up on screens of people who want ESG stocks and you'll get greater demand for that stock, and it goes up.

LK: Just to add to that. First, it's an area where we could easily exaggerate our importance. Some foundations with smaller endowments say 'we've been able to divest from fossil fuels and it hasn't hurt our returns'. That may be true, but because of our size we get access to managers who produce systematically better returns than they get. And those managers have people queueing up to invest with them

White Ribbon Alliance

precisely because they are that good, so the amount of leverage we have over those managers is limited. If we said to them 'divest from fossil fuels' they would say 'take your money elsewhere'. Second, I feel super strongly that we do need to rethink capitalism but this is not the way to do it. Thinking you change the system by impact investing is just nibbling around the edges while buying into the basic structure, and it's the basic structure that needs to be rethought.

I am perfectly happy to take money from fossil fuel companies and use it to do them in, because I believe grantmaking is going to be more effective in achieving that end than divesting would be. I would press for changing our investment practices if I thought that would have more impact than we have with the current system. It has to be that kind of calculus, it's not about virtue signalling, of which there is way too much in our field and in our world, and it's counterproductive. I don't think on any of these things that we are right and others are wrong in the same way that they think we're wrong and they're right. For me, it's what you want to give priority to and then working out how to move forward. The only time I get frustrated is when I'm feeling judged on our values when it's really just a different calculus about how to have impact, not a difference in values at all.

DWP: Given your long-standing relationship with your managers, is there a discussion you can have with them about using the rebuilding process from this crisis to change the capital markets?

AM: In private funds, which is about 40 per cent of our portfolio, those conversations aren't applicable. These are small companies. We have lots of conversations about policies and government programmes on a macro basis with our managers, but not engaging on the capitalism front. I think they would look at me suspiciously if I did.

LK: One of the core problems is the notion that the private sector is the place to find your solutions and to say 'business, you figure out how to solve the poverty and inequality issues that your systems have generated'. I think businesspeople should do what businesspeople do and the question is, how are we going to structure the world within which they do it? I don't think we can or should look to or expect business to solve that for us.

DWP: It's like saying to business 'we want you to be part of it, you're not the solution, neither are we, we're just all trying to figure this out'. That sounds like something you have used on climate – talking to them about risks and the way they do their business in relation to the issue –but not dictating the terms. Going back to payouts, what's your take on the Wallace Global Fund and others' proposal to Congress to increase foundation payouts to 10 per cent?

LK: I don't think it's automatically wrong for people to spend more. It depends on what their plans are. But I think to dictate that to everybody else is short-sighted. It's discounting future harms against present harms when there's no reason to think that's the right thing to do.

I did have some private conversations with members of Congress to walk them through the thinking, because if the proposal seems so appealing – just give more now! There'll be other people with money later on.

> Most funders give [non-profits] restricted project support that doesn't even fund the full cost of the project, so what little general operating support they get has been used to make up the gap on their underfunded projects. That's short-sighted funding.

But there's a more fundamental thing – why do we even have this problem? Because non-profits are not in a position to be resilient. They don't have reserves, for instance. And why not? Because most funders give them restricted project support that doesn't even fund the full cost of the project, so what little general operating support they get has been used to make up the gap on their underfunded projects. That's short-sighted funding. And when they do get extra, most of them grow rather than create reserves, because funders have forced them to be fixated on creating impact now, which is also short-sighted. And then, when a crisis happens, we get still more short-sighted thinking in the form of 'You should overspend'. You'd think people might have learned this lesson in 2009, but apparently almost nobody did. We changed for just that reason. We do 70-80 per cent general operating support, and we're true cost funders when we do project support. It's paying now so when that inevitable future crisis happens grantees are in a position to protect themselves without needing us to sell out the future to help today. ●

Above: What Women Want campaign in Nigeria, organised by the White Ribbon Alliance which is supported by Hewlett.

Right: Hewlett has been supporting conservation work to protect the Boreal forest in Canada for nearly a decade.

The International Boreal Conservation Campaign

View from China

Harnessing the philanthropy and finance sectors for social good

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Limited assets among Chinese foundations restricts their ability to bring about change – but it may also act as a catalyst for other resources

When the Narada Foundation announced plans to contribute 50 million RMB ($7.072 million) to the Yuhe Fund, an impact investing special fund initiated by Ehong Impact Capital at the China Social Enterprise and Investment Forum in May 2018, it distinguished itself as a standout in asset management among the country's foundations.

Although China's philanthropic sector has witnessed rapid development since the catastrophic Wenchuan earthquake in 2008, less than 1 per cent of Chinese foundations are grantmaking. Most are operating or hybrid foundations without endowment and are dependent on fundraising rather than asset management to sustain their operations. According to the China Foundation Investment Report 2018 compiled by the China Philanthropy Asset Management Forum, from 2010 to 2016 about 67 per cent of Chinese foundations had passively gained asset increases from bank deposits as the only channel for investment. The average investment return of less than 2 per cent is lower than the interest rate of one-year fixed-term bank deposits.

The absence of foundation investment limits the potential of the estimated 200 billion RMB ($28.29 billion) in philanthropic assets in China to do social good. Overdependence on fundraising to sustain programmes and operations also causes distortion in China's philanthropic ecosystem, as it turns the operating and hybrid foundations into resource competitors with, rather than resource providers to, NGOs. This, combined with a lack of trust, means few thriving NGOs. Moreover, the lack of foundation investments has prevented them from filling the funding vacuum created by foreign donors leaving China. With the sluggish economy in recent years, Chinese NGOs tend to rely on government procurement. This has exacerbated the shrinking space for NGOs, as only service provision NGOs can receive government procurement contracts in the fields of healthcare, education or care for the vulnerable. They are seen as government auxiliaries. Advocacy NGOs have lost nearly all funding sources. Survival was a dominating theme for grassroots NGOs at the 2018 China Foundation Forum.

The lagging behind of foundation investment may be part of the reason for the prevalent misconception of impact investing in China. Originally introduced into the country by a few influential philanthropic leaders, impact investing is still in the process of being assimilated into China's investment practices, or inspiring asset owners and financial intermediaries to change their minds and investment behaviour.

On the other hand, NGOs, thirsting for funding, are beginning to see impact investing as a solution. Many NGOs believe that a prerequisite for qualification as an impact investee is to transform themselves into social enterprises, trying all possible means to integrate 'business models' into their key service lines, and pitch to investors with convincing 'business plans'. This has fuelled the social enterprise surge in China. By the end of 2019, the total number of social enterprises was 1,684. Chengdu, Futian District of Shenzhen, Shunde and Beijing governments have issued favourable policies to spur the development of social enterprises, despite considerable controversies.

The synergy of philanthropy and finance sectors in leveraging private resources for social good perhaps lies in foundation investments. It can be a pivot to leverage the finance sector to release the power of capital – and revitalising it to nourish the resource demand side of the philanthropic sector is essential for a sustainable philanthropy ecosystem in China. ●

Left: The Narada Yuhe signing ceremony in 2018.

View from South Africa

Mission-driven investing: are foundations doing enough?

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Foundations could take the lead in making mission-driven investing a mainstream practice. The pandemic may give them a push in that direction

For reasons that are both systemic and paradigmatic, mission-driven investing in South Africa is in its infancy with little evidence of the practice across the $3 billion of local foundations' assets under management. Foundation decision-makers are influenced by an investment value chain only recently warming to the purpose and practice of impact investing. Similarly, trustees are just starting to shake off traditional approaches to the allocation of their assets.

However, the Covid-19 crisis has motivated South African foundations to respond with urgent adaptation. Mandates have been revised to support initiatives set up by government and civil society, largely reinforcing the work of their existing grantees delivering services to those in need. The challenge foundations face is whether they have the choice to ignore new approaches to the way they invest their assets to meet their current commitments, rebuild their balance sheets and fund the future of their mission.

> Since the outbreak, South African foundations have demonstrated an inspiring capacity to revise their processes and criteria to meet emergency needs.

The current state of mission-driven investing

Anthony Farr, CEO of the Allan Gray Orbis Foundation Endowment, a foundation investing in a series of innovative partners and programmes addressing poverty and employment through entrepreneurship, observes 'a move towards greater interest… assisted by the local offices of international foundations' but notes that 'unfortunately, most foundations are still looking at the 4-5 per cent of asset annual spend as the driver or their impact rather than aligning 100 per cent of their assets with their mission'.

There are a series of reasons for the lack of progress, documented by a recent study[1] of South African foundation leaders' attitudes to the topic: investment advisers have not proposed these strategies for foundations; there are concerns over the financial portfolio performance of impact investing; they lack conviction that the existing investment strategy provides the funds to execute the foundation's mission; and finally, foundations' lack of internal skill or capacity to implement impact investment strategies.

Johann Snyman, principal at sustainability investor, SAAD Investments, confirms that the notion of mission-investing has only recently surfaced in South Africa. He suggests that growing maturity around impact measurement and metrics will aid adoption as investment professionals become 'better placed to report back to their clients on more easily verifiable and objective impact-related results'.

The unforeseen impact of Covid-19 could well provide a further catalyst for change in thinking and practice. Since the outbreak, South African foundations have demonstrated an inspiring capacity to revise their processes and criteria to meet emergency needs, distributing substantially more in grants, highlighted by Louise Driver, executive director of IPASA, an association of private and corporate foundations operating in the country. Innovative initiatives include collaborative funding mechanisms such as Mergon Foundation's GAP Fund.

Foundations in South Africa have been integral to funding research, collaboration and innovation in the social sector for generations, largely through donations and grants. These philanthropic investments alleviate a number of the prevailing ills of South African society. With their track record for managing social impact, there is a latent opportunity to redirect the skills and experience of foundations towards investments aligned with their mission that offer financial returns too.

With the agency they possess as owners of significant pools of assets, and active participants in the investment process, foundations have the power to lead their peers, partners and service providers. By influencing the investment value chain and shifting the attitudes (and perhaps the tenure) of trustees, foundations are poised to advance the progress of impact investing as a whole. It's time to take that lead. ●

1 tinyurl.com/uct-report

View from Latin America

Time for climate and sustainability coherence

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The Covid-19 pandemic has shown that global problems need comprehensive solutions

The current pandemic has laid bare the fact that Latin American philanthropy can no longer ignore the need to concert its grantmaking and investment of its assets. The outbreak has crunched several pressing challenges and questions around development, highlighting the extent to which we all need to cooperate in order to solve global issues. Siloed action is no longer enough to achieve common goods.

From localised assistance to global concert

Historically, local philanthropy in Latin America has focused its grantmaking on pressing social issues such as poverty alleviation and access to basic services like health and education. Environmental issues are not yet widely championed and systemic views on the interrelation between social and environmental goals and dynamics are lacking. It is impossible to address local needs in a durable way without incorporating the understanding of how they relate to global challenges, including climate change. To effectively address these, collective efforts are required and that includes massive mobilisation of resources.

Financial flows play a fundamental role in shaping global dynamics that in turn determine those dynamics at national and local levels. The Paris Agreement on climate change adopted in 2015, has, as one of its long-term goals, the aim of making financial flows consistent with a pathway towards low-greenhouse gas emissions and resilient development. Since then, and in light of the most recent scientific evidence, our collective goal must be to cut emissions by half each decade, and protect and restore natural ecosystems. The scale of the challenge and the exponential curve of damage we are facing, requires decisive action and solutions at the same scale.

> It is impossible to address local needs in a durable way without incorporating the understanding of how they relate to global challenges.

What foundations can do

Philanthropic organisations must get on board quickly, and not just through grantmaking. Where the endowments are invested, or what the businesses which have provided the philanthropic money are doing, has only recently started to become a matter of active public debate. According to the Global Philanthropy Report, while over 90 per cent of foundations worldwide are independent, in Latin America in particular almost 50 per cent are corporate or semi-corporate. This trend is led mainly by Argentina (75 per cent), Colombia (69 per cent), Brazil (65 per cent) and Mexico (45 per cent) where many of the largest companies belong to carbon-intensive sectors like oil, gas, aviation and construction (cement production and infrastructure). Whether these investments are contributing to healing our planet and are aligned with the social and environmental purposes that guide their owners' philanthropic grantmaking, needs to be a frequently asked question in boardrooms.


Bill Oxford

The urgency of the situation means that the change needs to be accelerated. Corporations have been at the centre of this debate for decades, using corporate social responsibility as a means to address legitimacy concerns and companies' social licence to operate. Philanthropy, usually understood as contributing to public interest and common good, is now similarly under scrutiny and its legitimacy at stake as the whole of its assets, including endowments and investments, are considered as part of the impact they have in society. In order to remain legitimate and effective, philanthropic organisations need to prioritise addressing global challenges in at least the following ways.

First, foundations must define and disclose investment criteria for both grantmaking and endowments, in terms of how – or if – they promote planetary health, including climate. Disclosure of climate related financial risks and opportunities following standards such as that of the Task Force on Climate-Related Financial Disclosures is fundamental. However, increased transparency is but the basis for action: excluding investments in high-emitting sectors is only one example of what all institutional investors, including philanthropy, should be doing. At the very least, foundations need to actively engage with the carbon-intensive companies they invest in so as to urge them towards the transition away from fossil fuels. Furthermore, through innovative approaches such as those found in blended finance, philanthropic actors may be able to provide catalytic capital to de-risk investments in low-carbon and resilience-building projects and sectors. Foundations must embrace their role not just as grantmakers, but as active capital market stakeholders.

> Foundations must define and disclose investment criteria for both grantmaking and endowments, in terms of how – or if – they promote planetary health, including climate.

Second, in grantmaking portfolios, it is critical that measures for success of a project include sustainability criteria, such as greenhouse gas emissions reductions and building resilience to climate change and future interrelated crises. Within each foundation's mandate, boards should consider redirecting part or all of their grantmaking to actions that directly help solve the climate and planetary health emergency. Any improvements in education, infrastructure and health are doomed to be reversed if the natural systems cannot support them. There are no jobs, no food, no schools and no hospitals on an inhospitable planet.

Third, foundations should actively engage with their parent businesses – from investment activity connected to a family office, or a large-scale multinational company, and everything in between – to instigate systemic shifts in our entire economic architecture towards a sustainable, zero-emissions and resilient model. Philanthropic resources may be helping save and improve lives, but if their parent businesses are systematically harming our society and planet, good deeds are cancelled out.

There is no time to lose. Our communities, economies and ecosystems are on the verge of seismic shifts which can easily go the wrong way. Philanthropy has a crucial role to play in directing our energy in the right direction, in order to deliver on every single philanthropic objective. Whether focusing on infant nutrition or elderly livelihoods, ecosystem restoration or peace-building, every single philanthropic mandate aims for a better world. How resources – all of them, grants, and also equity and debt portfolios – are invested will determine whether we achieve it or not. ●

Climate Philanthropy 2030

For more on this topic check out Alliance's climate commitment at alliancemagazine.org/climate

View from Europe

Finding families for orphan issues

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European organisations are joining forces in critical shareholding but there's a long road ahead

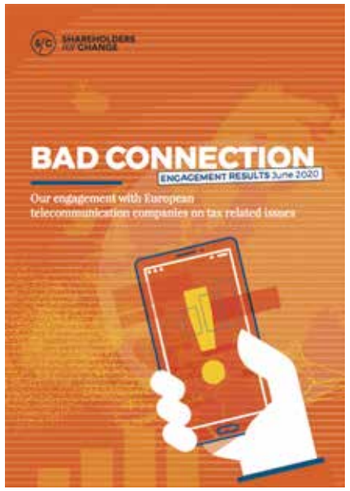
This story begins in Italy in the 1990s, when a series of pacifist, environmental, trade union and fair trade organisations created the first, and so far only, Italian grassroots bank, Banca Etica. Its purpose was and continues to be to finance non-profit organisations and social cooperatives but also private companies that develop projects in the social and environmental field.

In 2003 the bank, which today has 44,000 members and deposits of €1.8 billion, created a foundation, financed from its profits, with the aim of promoting the culture of ethical finance and a responsible use of money, the Fondazione Finanza Etica (FFE). It has no assets to invest but uses the resources made available by Banca Etica to finance cultural projects and research mainly related to financial education and responsible consumption.

One of these projects is called 'critical shareholding' and aims to engage large listed companies on environmental, social and governance issues. FFE buys a symbolic number of shares of corporations that are already the subject of civil society campaigns, and helps organisations such as Greenpeace, Amnesty International, and Re:Common to bring their requests to shareholders' meetings, with the opportunity to ask direct questions to company CEOs and presidents.

Over the past 13 years, FFE has participated in about 50 meetings of seven companies, mainly in Italy, asking questions on issues such as energy transition, corruption of governments in poor countries, displacement of Indigenous peoples to build large dams, water privatisation, arms exports to countries that violate human rights and the failure to pay a living wage to textile workers in South East Asia.

Critical shareholding does not replace other equally valid actions, such as critical consumption, boycotts, petitions and demonstrations, but is a complementary strategy. It makes use of rights prescribed in law, such as the right to obtain answers from companies and the duty of informed participation in a company's life. Shareholder engagement also involves a change of approach: in order to be considered at shareholders' meetings the political themes of campaigns need to be translated into financial ones. Pollution, corruption and human rights violations become worthy of discussion at annual general meetings not so much because they are unfair or unethical practices, but because they can pose risks to the financial soundness of corporations, in the event of sanctions, lawsuits and trials, regulatory changes, or simply because they can negatively affect a company's reputation and thus consumer choices.



In 2017, inspired by the experience of the US coalition Interfaith Center on Corporate Responsibility (ICCR), FFE joined forces with other institutional investors based in Germany, Spain, France, Italy, Austria, the UK and Switzerland to create the Shareholders for Change (SfC) European network for shareholder engagement. Members include asset managers such as the French Ecofi Investissements, Meeschaert Asset Management and the Italian Etica Sgr, foundations such as the Swiss Ethos Foundation and the British Friends Provident Foundation, as well as the German Catholic Bank für Kirche und Caritas. The aim of the network is to share experiences of shareholder engagement at European level and jointly engage with both strong and weak performers in terms of environmental, social and corporate governance (ESG) criteria.

The main issues for engagement are climate and environment, human and workers' rights and tax justice. SfC has focused on tax justice, a real 'orphan issue', from the beginning, with the report *Bad Connection* which highlights the lack of fiscal transparency at European telecommunications giants and, in part, the implementation of aggressive tax strategies. These are legal or barely legal practices, which present a problem of an ethical nature associated with the risk of sanctions by tax authorities: the diversion of resources from the welfare of many countries by shifting profits to low-tax jurisdictions. The report was followed by exchanges of letters, emails and conference calls with the companies which, in general, proved to be very cooperative, even if they made few concessions on transparency.

Thanks to SfC and the collaboration with experts from the UK based Tax Justice Network, the issue of tax justice is gradually becoming one of the priorities of the foundations and asset managers who are members of the network. In 2019, 15 per cent of the SfC network's 76 joint engagement initiatives were dedicated to fiscal justice, ranking third after climate change (35 per cent) and human rights (31 per cent). This is a great achievement for an issue that is usually marginal in investor engagement strategies.

On the other hand, it is still difficult to refocus the spotlight to another 'orphan issue', at least in Europe: the controversial sales and marketing practices of large pharmaceutical companies. This is an issue on which ICCR itself has always insisted but is still marginal for SfC and, in general, European institutional investors.

We think that the time has come to find a family for this orphan issue as well, possibly with new research which we hope to launch at Shareholders for Change in the coming years. ●

> Thanks to SfC and the collaboration with experts from the UK based Tax Justice Network, the issue of tax justice is gradually becoming one of the priorities of the foundations and asset managers.

Left: Results of SfC's engagement with telecommunications companies on tax issues, published in June 2020.

Above: Meggiolaro speaks at the 2019 AGM of Italian multinational energy company Enel on behalf of SfC.

Making philanthropy's superpower super

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How foundations are choosing their investments and engaging with companies to shape the future

Philanthropy has an unlikely but critical superpower, as Danielle Walker-Palmour says in her lead article (p32): investment. European foundations have over 500 billion euros in assets, stored not in vaults but in the global companies that shape our world. And while foundation investment directors might look more like Bruce Wayne than Batman, they are increasingly taking action to protect the long-term value of their investments and to facilitate impact in line with their charitable objectives.

To this end, they have two weapons – asset selection and engagement.

The power of asset selection is in choosing which companies a foundation owns and, critically, which companies they give working capital to through the purchase of bonds or private equity investments. Selecting assets whose activities align with your charitable objectives is one option; another is avoiding companies or sectors that you don't want to own. The good news is that studies show this could lead to improved performance and better resistance to shocks like coronavirus.

Engagement is less well known but can be just as powerful. Finance teams can use the power of their assets to influence the firms that manage their money, regulators setting the rules of the financial system, and the companies that they indirectly own.

So what is stopping foundation investment directors from becoming a powerful voice for investment and corporate responsibility? First, most are yet to discover their powers. They continue to see their investments as rainy day money or a stable income source, not as a tool for impact alongside delivery and grantmaking. Foundations have the legal right and the moral authority to put their money where their values are, as well as making their voice heard right across the financial system. Secondly, it is difficult to know what 'good' looks like, or where to find it. For example, investors struggle to separate 'green-wash' from real impact, due to the boom in ESG products on the market. That makes it easy for asset managers to say a lot, do little and claim the impact of others as their own. We will focus here on this second challenge.

> Finance teams can use the power of their assets to influence the firms that manage their money, regulators setting the rules of the financial system, and the companies that they indirectly own.

Seven years ago, a group of UK charities joined forces, forming the Charities Responsible Investment Network. 'As institutions existing for public benefit, charities must look beyond their individual investment portfolios and collaborate with peers and civil society organisations in support of a rapid, just energy transition,' says Dominic Burke, investment director of Lankelly Chase Foundation. Foundations across Europe are increasingly concerned about the implementation of the Paris climate agreement. As the guiding star of the global fight for climate justice, funders are unsurprisingly funnelling large sums towards climate solutions that support the Paris accord. But what about the damage – and the opportunities – of their investment portfolios?

Europe is without question leading best practice in responsible investment. However, experience about the best ways to fashion and use our two 'secret weapons' is scattered across the continent. In the Netherlands and France, investors have supported the implementation of progressive regulatory initiatives, the French Energy Transition Law and the Dutch Climate Agreement. Both have helped to push investor performance in the right direction and, in Denmark, asset owners such as pension funds are recognised for their approach to member engagement, as many funds have built close relationships with their members to facilitate discussion and input on climate change strategies. However, when looking at 'portfolio Paris alignment', asset managers across the continent are scrabbling to claim the best methodology. Yet some approaches are better than others, and some simply compare apples and oranges without explaining the difference. A classic example of this is that some methods focus on either asset allocation or engagement and disregard the role of the other for building a zero carbon investment system.

When looking to understand and improve practice on this topic, philanthropists have often turned to civil society organisations with expertise in the field. The European Responsible Investment Network (ERIN) is a pan-European community of CSOs working to raise standards across the continent. Members of the group engage with companies and their shareholders on a wide range of social and environmental themes, and work to shape national government and EU financial sector regulation.

> Foundations have the legal right and the moral authority to put their money where their values are, as well as making their voice heard right across the financial system.

For example, the Danish civil society organisation Responsible Future has capitalised on the positive approach to pension saver engagement in their country, and has called for pension funds to divest from fossil fuels. They joined a working group of ERIN members grappling with the technicalities of 'portfolio Paris alignment'. The group are developing a 'checklist' of key features of an investment portfolio aiming to contribute to building a Paris-compliant future. Through collaborative cross-continental initiatives like these, civil society has a key role to play in maintaining and raising standards of responsible investment.

Is your future Paris-compliant?

- What are your decarbonisation targets in 2025, 2030, 2035 and 2040?
- What scenarios are you using to benchmark your targets?
- What temperature change is your strategy aligned with?
- What market signals are you sending to investors and companies?
- Who is accountable for achievement of targets?
- Is CEO and portfolio manager pay linked to decarbonisation targets?

Funders want to use both of their 'superpowers', but often struggle to understand the complexities of the issue. As Richard Robinson, investment director of Paul Hamlyn Foundation says, 'We have to learn from each other as this space is evolving rapidly. Expectations of improved behaviour, participation and governance make peer networks supremely valuable.' Members of ERIN are hoping to draw on the expertise of civil society to find out what 'good' looks like, and to implement it. To realise their true potential, these superheroes have teamed up across Europe to learn from each other, transform together, and save the world. ●

Below: Members of the European Responsible Investment Network.

Hitting the bull's-eye

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Foundations' missions and investments won't always perfectly align, but the centre of the target is always worth aiming for

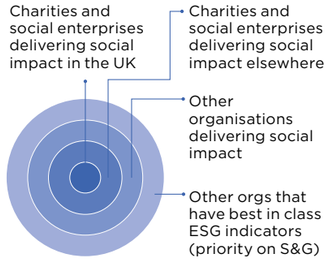
Whatever stage foundations have reached in aligning their investments with their mission, there are common barriers that hold them back. Access's journey offers useful clues as to how to get past these barriers.

Access – The Foundation for Social Investment, aims to make charities in England more financially self-reliant. Our £60 million spend-down endowment was provided to Access by the UK government in 2015. Following its establishment, an endowment working group was formed of three trustees with social investment and foundation experience, and two external members: one a specialist in impact management and one with mainstream investment market experience. Knowing that a 10-year spend-down endowment would have particular requirements, the group spent time understanding the interplay between liquidity, financial return and social impact goals before it started to develop a detailed model which became an investment policy. The conclusion: a fixed income focus, with bonds held to maturity, would provide clear cash flows and the best opportunity to seek impact.

This goes against the traditional model of governance. Investment and impact tend to be managed by separate groups trying to solve different problems: the former, how to maximise available cash, the latter how to deploy it in the best way. Having both in the room allowed for the complex interplay between the two and the exploration of necessary trade-offs.

Another barrier faced by foundations is a lack of obvious examples of which investments will provide both impact and financial return.

Access's endowment working group knew that the foundation's financial constraints, in particular the 10-year time horizon, would limit the universe of possible investments. While we sought to align investment and mission as much as possible, it was unlikely to be perfect. The bull's-eye model enabled intent to be clearly communicated, progress to be monitored, and investments which didn't perfectly align with the mission to be more aligned than



Access

otherwise. The mandate for the investment managers is, within the financial requirements, to hit the bull's-eye as much as possible, and only then move into the outer rings.

Sector transparency is helping to overcome this barrier. Following the trend for more open grantmaking, expectations on foundations to share their approach and underlying portfolios will increase. For our part, we have published our investment policy, an impact report with full details of the portfolio and regular blogs about the ups and downs of our approach.

Sometimes too much faith is placed on asset managers reluctant to move out of their comfort zone. Foundation trustees need to recognise their responsibility for how funds are invested and should give a clear mandate to asset managers about how they want it to be done. If an asset manager doesn't want to deliver that mandate, find a new one.

We were struck by how hard it was to find an asset manager in 2016 who wanted, and had a credible plan, to deliver our mandate. We partnered with Rathbones but were often told that what we wanted to achieve was not possible. Things have moved on since then but the main driver for change will be more foundations demanding an impact lens to their portfolio.

We are one of many foundations to make progress on this journey and we all have further to travel. Seeing the management of assets as a key part of the changes we bring about will become the norm and the barriers holding foundations back can be overcome with a clear sense of purpose and a desire to change. ●

View from Australia

Moving at the speed of trust

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Helping communities overcome layers of disadvantage requires investments of trust as well as money

The multiple ingrained challenges that disadvantaged communities face can only be addressed by authentically trusting, empowering and engaging the community to share their concerns, hopes and aspirations. This work requires 'working with' the community, not 'doing things to' it. The task of building trust is especially important as disadvantaged communities have been promised the world and let down so many times by governments and organisations. And it also requires a deep commitment and willingness to persevere beyond traditional funding cycles and timelines.

An example of a successful intervention is the work of The Australian Social Investment Trust (ASIT) in the marginalised community of Bellambi, a suburb of Wollongong, the largest social housing estate in the Illawarra region of New South Wales.

The member organisations of ASIT and its sub-fund, Illawarra Shoalhaven Social Investments, represent a group of government agencies and non-government organisations with the shared purpose of breaking the cycle of intergenerational social disadvantage and promoting long-term sustainable development.

In 2014, one of the authors of this piece, Natasha Scully, championed and pushed for the collaboration. We opted to use an adaptive model for social and collective impact called It's Our Place as we recognised that any intervention would not respond favourably to 'traditional linear frameworks (where a+b=c) and reductionist mental models', in Fiona McKenzie's words.[1]

Authorising environment

In 2015 the first It's Our Place collective impact initiative began in Bellambi. Central to its approach was the shared belief that community residents are essential subject matter experts and should be treated as key information resources, as well as respected stakeholders. It's Our Place Bellambi engaged over 800 residents and service providers including representatives from business, schools, non-government organisations and government agencies. The Community Action Plan which emerged was designed as an adaptive living document.

With multiple stakeholders and agendas, the real role of the philanthropist was as a neutral facilitator, quietly creating the necessary conditions that allow the collaborative work to get done – beyond the investment. I was able to use my dual roles as an independent philanthropist and adviser to government to bring others along on the journey.

The speed of trust

Place-based interventions with community-driven action often mean philanthropists find themselves having to navigate highly complex and entrenched systems, and the desired change moves at the speed of trust. Investment in these situations often requires personal investment in the cause beyond the dollars and is thus more likely to attract catalytic funders with vision and long-term commitment to the community they have chosen to support.

Over the years, we have seen many successful interventions in Australian communities such as Bellambi, Bourke and Logan. Although excellent results have been achieved, in Bellambi, funding in scalability remains a challenge. Despite the fact that ASIT has developed a financial vehicle capable of pooling investment dollars from multiple sources, the long-term pooled funding has presented a serious sticking point with some government partners because of the cyclical nature of their commitments. In some initiatives, this can undo the good work of the community interventions achieved.

The lure of a community in distress often attracts more localised community-based social investments with the promise of measurable impact. Interest can, however, be short-lived once the community reaches the 'business as usual' phase. Ironically, at that point where long-term success might be glimpsed, it can be much more difficult for catalytic funders to attract others to the table. It could be argued that at this point, investing in a community is the responsibility of every level of government and support from philanthropy can help to ensure that the critical work in disadvantaged communities continues.

The positive change at Bellambi, and the next phase of work focusing on social infrastructure investment, along with an openness to welcome new investment partners, means we are hopeful for the future. ●

1 Fiona McKenzie (2014), Complex Adaptive Systems, Australian Futures Project, Policy Brief.

The case for investing with a gender lens

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Gender lens investing – the deployment of all forms of capital from philanthropic to public – to further the cause of women's empowerment and the pursuit of their rights is not just good for women, it may turn out to be good for all of us

The recent Asian Venture Philanthropy Network (AVPN) online conference turned the spotlight on gender lens investing (GLI), a practice becoming increasingly prominent. And it needs to. Women's rights and their participation in society and the economy still lag behind, especially in developing countries. Moreover, the Covid-19 pandemic threatens not only to slow their progress, it may even send them into decline. That being the case, the need for increased adoption of GLI has never been more urgent.

> If every country were to emulate the fastest improving countries in terms of gender equality in their region, $12 trillion would be added in annual GDP by 2025.

The case for

The virtues of supporting women's empowerment have long been attested, not only as a matter of principle but of practice. A recent McKinsey report[1] noted that if every country were to emulate the fastest improving countries in terms of gender equality in their region, $12 trillion (around 11 per cent) would be added in annual GDP by 2025. Moreover, the report estimates that if women played an identical role to men in the labour market, global GDP would grow by 26.5 per cent.

Right: A disability enterprise development agency features as a case study in the Gender Lens Incubation and Acceleration Toolkit.

Below right: Ayaka Matsuno hosts a session on GLI at Impact Investing Forum 2019.

And it's not just the direct economic contribution that women make. Evidence indicates that there are also indirect benefits in terms of health, welfare, education, and even environment. According to a World Bank report as long ago as 2012, increasing the share of household income controlled by women changes spending in ways that benefit children, including access to and longer engagement in education, while the Brookings Institute argues that educating girls is one of the most effective ways to mitigate climate change and that increased family planning would also help reduce CO2 emissions by the simple expedient of having fewer people creating them. Whichever development goal you think of, it's likely that investing in women will contribute to meeting it.

Gaining momentum

Gender lens investing is a growing area. At the end of 2018, wealth managers, Tribe, noted figures from US SIF showing 'gender lens criteria applied to $868 billion in US money manager assets', more than double the figure ($397 billion) for 2016. The same item notes 87 private gender-lens funds identified by Wharton and Project Sage 2.0, an increase of almost 30 from the previous year. Participants at the AVPN conference were similarly upbeat about the prospects. Ayaka Matsuno of the Sasakawa Peace Fund (SPF) in Japan, which established the Asia Women Impact Fund out of its endowment in 2017, noted that, at the time funds for investing in women's empowerment were almost non-existent in the region. In the three years since, the sector has grown rapidly, though most of that has been in Japan. A further token of growing interest is the Gender Lens Incubation and Acceleration Toolkit, launched jointly by SPF and the Australian Department of Foreign Affairs and Trade's Frontiers Incubators programme earlier this year.

GLI is also much more diverse, says Suzanne Biegel of Catalyst at Large. Investment in women used to be mainly directed at women-led businesses or issues with an obvious gender element (education of women and girls, for example). Now, GLI extends across the range, which suggests a more acute perception of the symbiotic relationship between increased attention on women's welfare and the success of development. Apart from investing in enterprises owned or led by women, the Centre for Gender Lens Investing in Asia cites the following as examples of GLI: investing in enterprises that promote workplace equality and offer good employment opportunities for women and mothers; investing in enterprises that provide goods and services that benefit women and girls and; investing in enterprises that help combat social issues that disproportionately affect women and girls.

The Covid effect

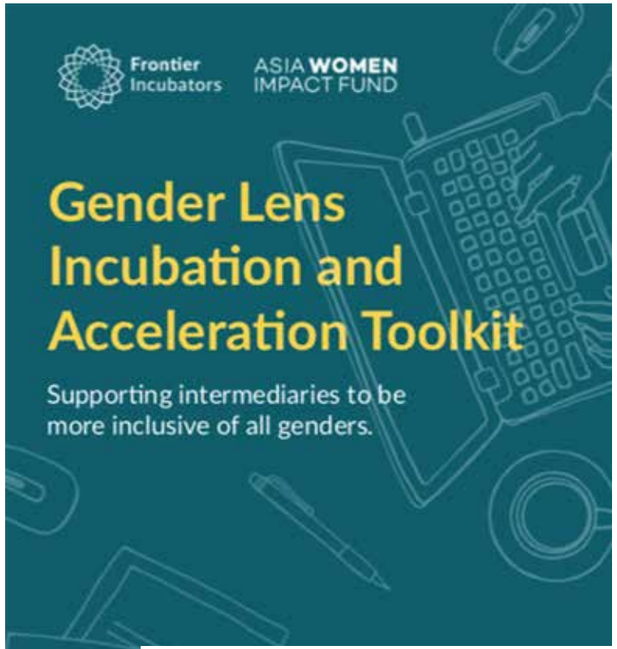
Many sources tend to stress the possibilities gender lens investing offers, particularly in Asia. The Center for Gender Lens Investing in Asia, for example, speaks of 'unprecedented opportunities', describing the continent as 'undoubtedly an attractive place for investment: home to 60 per cent of the world's population, one-third of the global economy, two-thirds of global economic growth'. Well and good, but even GLI's most ardent supporters would admit there's still a long way to go.

Moreover, the need for a specific focus on women's empowerment has been given added stimulus by the Covid-19 crisis. From a negative standpoint, the pandemic threatens to turn back the development clock and women, as usual, will be at the front end of any shocks in store. There are worries that it will affect areas like education (girls' education is an early casualty of economic hardship) and nutrition (as one speaker on Gender Day of the AVPN

conference noted, 'women eat last and least') while lockdown has seen an upturn in violence against women. What's more, the economic effects of the virus are likely to hit women's SMEs – a mainstay of many economies in the developing world – especially hard. An article on Australian Aid's Investing in Women website says that an assessment of 27 women's SMEs across three South East Asian countries undertaken in March shows that the majority expect a significant fall in revenues and profit margins as a direct consequence of Covid-19 disruptions in the short and medium term.

And this is at a time when funds for development are likely to take a downturn. Many AVPN conference-attendees spoke of what one called a 'crisis of liquidity'. Investing in Women points out that while governments and development finance institutions are putting together fiscal and economic stimulus packages to help business cope with Covid, 'women's SMEs may not automatically benefit from such interventions for several reasons'. First, because the principal target for such packages tends to be 'asset heavy industries' of which women's SMEs are a low proportion. Second, those measures take time and cash-strapped SMEs need help immediately. Third, measures tend to favour traditional borrowers which simply reinforces existing gender biases 'in a financial industry where women entrepreneurs remain grossly underserved.'

This touches on another point. One reason women entrepreneurs are underserved is that very few investment professionals in developing countries are women. According to Hyunjoo Je of impact venture capital fund, Yellowdog Corp, in Korea, she and her colleagues are part of a small minority – only 7 per cent of investment professionals in Korea are women. Interestingly, Yellowdog didn't start out as a gender lens investor, women entrepreneurs reached out to them.



> The pandemic provides a sort of 'ground zero' from which... donors and investors can start afresh with a gender lens built in.

There are other barriers, too, one of which is likely to be ignorance. According to an audience poll at the AVPN conference session on GLI, half of those attending weren't aware of the opportunities for gender lens investing. In addition, women entrepreneurs, as do women generally, still suffer from gender bias.

That's the bad news. On the positive side, participants at the AVPN conference were keen to stress that the pandemic provides a sort of 'ground zero' from which to rebuild not only a more just base but also one which offers a better chance of a sustainable future – principle meeting practice again. Donors and investors can start afresh with a gender lens built in. They can support the recreation of health, welfare and economic systems in a way that takes full account of the rights and needs of women – and we all benefit.

Forwards or backwards?

In short, women's empowerment is at a crucial point. If it is not intentionally pursued, there is a strong possibility that not only will development stall, it may even go into reverse. GLI may hold the key. Its widespread adoption might accelerate progress towards a number of desirable development goals. There is a particular reason for philanthropists and social investors to sit up and take notice. Given the likely reduction of foreign investments and international development financing in what Investing in Women calls 'the post-Covid-19 environment', the growth of gender lens investing 'will thus rely on mobilising innovative and flexible local capital, including sources such as high net worth individuals (including women), family offices and foundations'. ●

1 *How advancing women's equality can add $12 trillion to global growth*, available at: tinyurl.com/mckinsey-report-equality

Book review

The Reputation of Philanthropy since 1750: Britain and beyond

Professor Hugh Cunningham

Published by
Manchester University Press
Price
£80 hardcover
ISBN
978-1-5261-4638-0
To order
https://tinyurl.com/MUP-Cunningham

Reviewed by
David Cutler
Director, Baring Foundation

Hugh Cunningham's book sets itself the task of understanding what the slippery word 'philanthropy' means in the book's timeframe, then uses the definition to see how it was regarded.

It is largely in this second task that it differentiates itself from histories like Rhodri Davies' *Public Good by Private Means*. Cunningham assesses the reputation of philanthropy principally through references in *The Times*, which feels like a limited lens. These references reach a high-watermark in the 1880s then decline markedly with the rise of the welfare state and become almost a trickle after the Second World War.

The book is also full of striking contemporary quotations; I especially enjoyed the more pithy comments of literary lions such as G B Shaw, Oscar Wilde and Virginia Woolf. Cunningham is especially interesting on Charles Dickens and philanthropy.

There are three main dimensions to the unfolding and contradictory story of philanthropy. The first is the degree to which it is associated with good works, service or social progress (John Howard and later, Toynbee Hall) or alternatively with giving money and, as time went by, in large sums (Carnegie or Nuffield). The second and related dimension is whether philanthropy is about universal goodwill ('telescopic philanthropy' as *The Times* memorably calls it), with dangerous whiffs not just of the Enlightenment but of the French Revolution, or whether philanthropists ought to be less concerned with abolishing the slave trade and more focused on the growing number of urban dispossessed at home. A third dimension which Cunningham tends to call 'political economy' is, again, a related argument as to whether the free market will create more good than interfering philanthropic busy-bodies or 'employer philanthropy'.

I did get a bit tired of being confined to these shores, especially at times when it felt like most of the action was elsewhere, normally the US, and I may be unfair in saying that it feels as if some aspects of the history are shaped as much by Cunningham's interests as by the flow of affairs. A whole chapter, for instance, is devoted to the prison reformer John Howard on the grounds that he was the embodiment of philanthropy to his 18th century contemporaries, and clearly most of the 20th century was less engaged with the subject of philanthropy than the Victorian period, but it also just feels as if the book rather runs out of steam.

Finally, Cunningham shows that nothing is new in philanthropy, whether it is calling it 'New' in the early 20th and 21st centuries, or the repeated invention of social impact investing (I found '5 per cent philanthropy' for sub-market investments in homes for the working class in Victorian times much simpler to understand), or the centuries-old disenchantment of *The Times* itself with philanthropy and charity. ●

Dates for your diary

Dates for your diary

Social Value Matters 2020: People, Plant & Power
Social Value International
28 September – 2 October
Canada/Online
tinyurl.com/social-value-matters

Alliance webinar: Foundation investments
24 September
UK/Online
alliancemagazine.org/breakfast-club/

ACF Annual Conference
25 November
UK/Online
tinyurl.com/acf-annual-conference

Stockholm Philanthropy Symposium
6 October
Sweden
filantropi.eu/

2020 Global Philanthropy Forum
14–16 September
California/Online
tinyurl.com/global-philanthropy-forum

Global Donors Forum
5–6 October
Washington, DC
globaldonorsforum.org

African Philanthropy Forum
29–30 October
Nairobi, Kenya
africanpf.org

Unlocking Capital for Sustainability
Eco-Business & UN Environment
10 September 2020
Singapore
tinyurl.com/unlocking-capital

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LOOKING AHEAD...

Guest editors:
Julia Greenberg and Aggrey Aluso

December 2020

Global health philanthropy

Our December issue will provide a global view of the global health philanthropy landscape at a time of heightened sector and public interest as a result of the Covid-19 pandemic. It will look at the role which philanthropy has played in areas such as vaccine research and provision of medical equipment, its engagement with governments and global health bodies and its work to address the social and economic impact experienced by the most marginalised groups worldwide.

Coming up in **Alliance extra**...

- **Interview with the India Climate Collaborative's Shloka Nath about how Covid-19 is affecting the climate change agenda**
- **Coverage of the European Venture Philanthropy Network conference**
- ***Alliance* webinars on philanthropic investments and climate philanthropy**

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