

# The big issues and what to do about them

Andrew Milner

One of the plenary sessions at the forthcoming Council on Foundations Philanthropy Summit will focus on the big issues facing the future of philanthropy, with delegates voting to select their own 'hot' topics. *Alliance* asked a group of young philanthropic sector leaders from different parts of the world to cast their votes in advance and outline the key issues for philanthropy in their country or region. It also asked them for their views on partnership and leadership – two of the Summit's main themes. Finally, it asked them whether problems of the magnitude of poverty and climate change are just too big for philanthropy to tackle.

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All had plenty to say about the challenges facing philanthropy, whether these were issues that hindered either the collection or the application of philanthropic resources, problems internal to the sector, or simply the sheer scale of the needs that confront foundations and donors.

Filiz Bikmen of TUSEV in Turkey identifies challenges in all of these categories. One key issue, which touched on a number of them, is the need to concert foundation efforts with those of the public and private sectors. 'How can foundations better leverage their funds and public position with government and corporate sector to create greater awareness of issues and mobilize response?' she asks. Among the internal issues she stresses the need to develop 'intermediary mechanisms to help people and orga-

nizations give more effectively', particularly in the corporate sector where 'the lack of "philanthropic" advisory experts leaves them in the hands of PR agencies which do not have the expertise to design/select projects effectively'.

Perhaps the most pressing issue for Daniela Nascimento Fainberg of the Generation Institute in Brazil is the great divide between rich and poor in Brazil and how philanthropy can help address this. While the number of high-net-worth Brazilians is growing faster than the international average, 53 million of the country's 190 million inhabitants are living below the poverty line. Against this background, the notion of strategic philanthropy – or social investment as it is called in Latin America – is a relatively new one. Most giving remains piecemeal and directed towards the immediate relief of pressing social ills. She sees the need to invest in 'preparing better citizens' who will take responsibility for their society rather than expecting the state to do everything, and to educate the 'young generations of wealthy families in social development, social investment and the role that they can play now and in the future for social change'. The New Generation Program, created in 2005, which she runs, aims to do just that.

She also mentions what is surely a generic problem for philanthropy wherever it occurs. 'Another great challenge for me,' she says, 'is how philanthropy can meet the passion or need of the donor and the need/problem of the society.' Her solution: 'to get close to the community, to the organizations and people that are doing the work at the community level, and invest time knowing each other's logic and times, and then check if there is a way to help a social organization or project, or to contribute to solving a problem.' ▷

Alliance would like to thank the following for contributing to this article:



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### The Middle East: five key problems

For Rana Sadik, Palestinian social activist and Welfare Association Management Committee member, there are five key problems facing philanthropy in the Middle East: war and political conflict, which interfere with the prosecution of a philanthropic agenda; the fragile nature of the rule of law and political accountability; the rigidity of sharia law in determining what *zakat* can be used for;<sup>1</sup> the negative effect of the US Patriot Act – something that is alluded to elsewhere by Atallah Kuttub (see p35); and cultural and religious taboos which produce a reticence about the existence of issues such as HIV/AIDS and child abuse.

### Africa: from short-term support to long-term, transformative investment

‘As philanthropic initiatives on the continent grow and expand, the challenge will be to move beyond punctual and short-term support to long-term investments for transformative social change,’ notes Jeanne Elone of TrustAfrica. Africa’s problems require long-term support and can’t be divided into neat project packages, she says.

Among the individual challenges she identifies is the absence of international foundations. Many foundations operating in Africa do so from overseas, which

#### WHAT ARE THE BIG ISSUES FOR PHILANTHROPY?

- ▶ To find ways of collaborating with the public and private sectors, bearing in mind philanthropy’s relatively small resources.
- ▶ To highlight questions that others might be unwilling to grapple with and to begin to foster serious debate about them.
- ▶ To provide long-term, core support for organizations addressing key social problems.
- ▶ To create a culture of giving – both educating younger donors and reaching out beyond philanthropy’s traditional donors.
- ▶ To improve uncongenial legal and regulatory environments.
- ▶ To satisfy the desires and demands of donors while at the same time meeting the most pressing social needs.
- ▶ To develop leadership within the philanthropic sector and in civil society more broadly, with support for emerging, mid-career and emerging leaders.
- ▶ To professionalize the sector and cope with the heightened public visibility and demands for accountability that are an inevitable consequence of growth.
- ▶ The growing disparity between rich and poor in many regions.
- ▶ The need to reconcile faith and identity in a modern multicultural society.
- ▶ Cultural and religious taboos that prevent issues such as HIV/AIDS and child abuse from being addressed seriously.

‘categorically excludes agenda-setting from people on the ground’. International foundations, she feels, need to ‘make space for African leadership and support African philanthropic institutions. They are the



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ones with a direct stake in the continent and are best suited to lead development efforts, yet their voices are too rarely heard in shaping the initiatives of international philanthropic institutions.'

Another issue is a lack of organizational capacity among NGOs, either caused or exacerbated by the lack of core funding. Elone also criticizes what she calls the 'lone ranger' approach that many funders adopt, working in isolation from other agencies and replicating projects funded by others. Finally, Africa's legal and regulatory environment is an impediment to the continent's philanthropy – something that Daniela Nascimento Fainberg also mentions in relation to Brazil.

Rusty Stahl of US organization Emerging Practitioners in Philanthropy strikes off into different territory and highlights 'the generational and human resources challenge facing civil society. This macro-level issue will affect all the organizations and issues that we care about, and it demands action from philanthropy.' This is a neglected area, he argues, and the sector in the US, at least, 'remains unprepared for a massive transfer of professionals, voluntary leadership, and wealth passing from generation to generation'. Foundations are well placed to help cope with this but seldom do, he suggests. They 'fund programmes and not the people who run them' and tend to see staff development as 'overhead'.

#### **'It's a key issue for foundations because it's a key issue for society'**

In Europe, philanthropy's challenges are largely to do with how well it manages to keep pace with the demands of a rapidly changing environment where large foundations require sound strategic management and thought leadership and are increasingly interested in the international market, thinks Bernhard Lorentz of Foundation Mercator in Germany. In particular, he feels that how foundations cope with growing public awareness and the consequent demand for greater accountability and transparency will be crucial.

It was left to Charles Keidan of the UK-based Pears Foundation to frame a general response to the question. 'On one level, the key issues facing philanthropy today are essentially the same as they have always been: how to translate private commitments of

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money and time for the deepest good of the "public" or "publics".' That said, there are 'new manifestations of old challenges' and one of the most pressing for Pears is the challenge of 'reconciling faith and identity in a modern multi-cultural society. It's a key issue for foundations because it's a key issue for society; philanthropies are well placed to address these issues, particularly when others feel unable or unwilling to do so.'

The important thing, he suggests pragmatically, is to have 'a clearly defined world view, a sense of one's place in the world, a theory of social change, and a strategic framework in which the relatively small amounts of private capital can best be directed.'

#### **Are the big issues arising globally outstripping philanthropy's ability to respond?**

In response, Rusty Stahl poses a different question. 'Has philanthropy as a whole really tried to respond to these challenges to date?' he wonders. 'Beyond a few large, global foundations, it appears that most grantmaking is local in nature.'

He adds, however, that the issues *are* 'way too big and deep to be addressed by a philanthropy that is still small-scale compared to the need, and that is generally set up to offer short-term, programme-focused grants. The best hope,' he feels, 'is for foundations to leverage their independence and flexibility to catalyse and prod government, business and the citizenry to take action.'

For Jeanne Elone, global issues are by their nature too large and complex for any one sector or group to address and require 'partnership and collaboration across sectors and across the world'. For her, the question is: 'How can philanthropy help in building the will and creating opportunities for different actors to collaborate and partner globally and across sectors?'

Charles Keidan agrees that philanthropy alone cannot solve the world's problems. 'However, the best philanthropies can work effectively to address big global issues provided they develop a clear understanding of their role in relation to other forces including national governments, international institutions and global capital and are willing to work in partnership with them where necessary.'

Bernhard Lorentz feels that philanthropy's ability to respond to global issues will 'depend on its willingness to use its own strengths... to react independently from political and national interests, often with entrepreneurial solutions, willingness to take risks, to

practise thought leadership, flexibility, innovative methods and drive, investing in successful projects and thus creating public value.'

The big global questions are not so much moving beyond philanthropy's ability to respond as forcing a 'strategic rethink' of its role, argues Filiz Bikmen. In fact, she suggests, these questions have given organized philanthropy added importance since it is helping 'government, corporate sector and international agencies determine how to respond to them, and *not the other way around!*'

Bikmen sees two important roles for philanthropy here. The first is to increase awareness and thus put pressure on decision-makers and other key actors to address the issues. She instances the Skoll Foundation's support for Al Gore's *An Inconvenient Truth*, the film 'which placed climate change front and centre', and in Turkey the Mother Child Education Foundation's 'Seven is too late' campaign to promote the importance of early childhood education.

The second role is to design and support relevant initiatives and to guide other actors on how to address these issues. She feels that philanthropy needs to be doing more to address the root causes of problems – especially in Turkey. The key means of doing this she sees as 'more partnerships and open dialogue with public and corporate actors; more aggressive and widely published policy analysis and other research activities; and finally, making better use of their leverage. This is particularly relevant for larger foundations and corporate foundations, which have leverage and convening power with decision-makers which others may not have.' But she stresses that there is still an important role for philanthropy in addressing symptoms – feeding the hungry, getting basic services to people who need them most, etc. 'People say, this is the "role of the government" but until you can bring about reform in public services, we

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cannot afford to cut the lifeline of philanthropy which many people survive on.'

Charles Keidan also has what he describes as a 'bleaker' answer to the question. 'Some people would argue that the need for philanthropy is a symptom of the world's problems rather than a solution to them,' he says. 'The existence of philanthropy reflects the failure of the economic system to distribute wealth more equitably. This is clearly a much more fundamental question but it is at the heart of whether philanthropy casts a light or shadow on the issues it seeks to address.'

For Rana Sadik, the problem is a simple one: 'Continuing conflict in Palestine and in the region more widely is diverting resources away from big social issues.'

### **Should foundations be partnering with other sectors?**

We have already seen the importance many of our respondents, implicitly or explicitly, attach to partnership. 'I don't believe that foundations acting alone will sustain any work in the long term,' is Daniela Nascimento Fainberg's categorical response. In addition to partnership with other foundations, she touches on the vexed question of the power imbalance between donors and grantees: 'I believe that foundations have to see the organizations that they are supporting as partners. A lot of foundations, at least in Brazil, don't see it like that. They see them as grantseekers, and foundations as donors.'

Rusty Stahl endorses this. His view on whether foundations should seek partnership is a ringing 'of course' and he goes on: 'Primarily, funders need to learn how to really partner with civil society organizations! The power dynamics of our field define this primary challenge, and we simply do not work at this hard enough as a field.'

Daniela Nascimento Fainberg sees the need for donors to work with both the state and private sectors. 'Foundations could be a laboratory for new ideas to contribute to solving social problems (they are more agile, have different techniques from the private sector, are less bureaucratic),' but they need government's power and resources if such ideas are to be scaled up.

Bernhard Lorentz agrees: 'Foundations often need to partner with public institutions or other organizations in order to expand their ideas and solutions and to tackle issues nationwide . . . Public actors supply



the expertise, the funding and the administrative frameworks for steering at national level while foundations contribute flexibility, innovative methods and drive.' In his view, 'Public private partnerships will play an even more important role in the future.'

Partnership, as Jeanne Elone sees it, is the antidote for what she describes above as donors' 'lone ranger' approach. It is crucial, she feels, to 'addressing Africa's fundamental challenges such as climate change, pandemics and poverty'. She cites the Alliance for a Green Revolution in Africa and the Partnership for Higher Education Initiative in Africa favourably here.

Rana Sadik sees a particular role for foundations in working with business: 'Foundations have the conscience and knowledge, while corporations have the money. Foundations should steer the corporation into social investing and community responsibility.'

### **Beware the mantra of 'collaboration'**

Filiz Bikmen is more cautious, suggesting that foundations often 'partner for the sake of partnering with each other, and with other sectors'. Before entering into a partnership, they should ask themselves if it is worthwhile and necessary. In Charles Keidan's view, 'a foundation needs to understand the context in which it operates to be effective', and this is likely to make 'partnerships and collaborations within and across sectors increasingly necessary and desirable'. But, like Filiz Bikmen, he adds a caution about partnership for partnership's sake: 'I am aware of the danger of "mantras" and the mantra of "collaboration" is an increasing phenomenon. It is worth remembering that collaboration should not be pursued for its own sake but because of the benefits that derive from it, in terms of both process and outcome.'

### **Who leads – foundations or those they support?**

Should foundations be leaders in society or supporting the people and organizations that are setting the

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agenda? Leaders, says Bernhard Lorenz: 'If foundations are to achieve significant social impact, they must do so by leading others not by acting alone.' And, he argues, they are well positioned to do so: 'They have influence on media and on influential people in the government and community.' Also, he says, 'Foundations have the privilege to be masterminds in many ways. They have the means to try out different options, to develop new solutions, and to set the agenda.'

It depends, says Charles Keidan, on the strength or otherwise of the non-profit sector. 'Where there is a strong charitable subsector, cohesive, organized and with a clear sense of direction, then philanthropists should simply provide the fuel to allow it to flourish. When a subsector is weak and fragmented, or where others are unable or unwilling to set the agenda, then there is a case for foundations to take a stronger stance in setting the agenda.' Rusty Stahl, too, feels that 'a good mix is probably most healthy'. As well as being prepared to raise issues where necessary, foundations should also be responsive to ideas from other quarters.

### **'Programme officers don't lead social change'**

Jeanne Elone, too, sees the need for elements of both. Like Bernhard Lorenz above, she makes the point that, because of their independence, foundations can take the lead on issues that others might shy away from. On the other hand, she points out, 'programme officers do not lead social change.' Foundations 'must have the humility to serve as facilitating institutions that actively support social movements and people's organizations that are engaged in changing their own societies.' As a case in point, she says, the African Union's General Assembly this year looked at the challenge of industrial development, an area that philanthropy has steered clear of. Foundations might do well to engage with the AU on this, she argues, since 'without infrastructure and industrial development, there can be no lasting solution to Africa's underdevelopment'.

'In philanthropy,' she concludes, 'leadership is the courage to risk taking positions on controversial issues and the humility to learn from people on the ground.'

Rana Sadik and Daniela Nascimento Fainberg agree that both are necessary, as does Filiz Bikmen, who adds: 'Foundations should increase their ability to combine these roles. For example, if the programme area is public health, then the foundation should use its leverage to be a "leader" on this issue in society; but

it should also make more efforts to bring its “grantees” with it on this journey and thus increase their visibility.’

### What is needed to promote leadership development in the future?

Charles Keidan makes a point about language here. ‘The truly philanthropic people and professionals,’ he says, ‘may be embarrassed about being called “leaders”. They are simply leading by example. They are good, intelligent and driven individuals who want to get on with their work and are not interested in these labels.’ He also feels that ‘leadership development is another mantra’ and professes himself sceptical about the value of leadership programmes. ‘The problem of the quality of third sector professionals probably says more about traditional notions of the status of charity in society than about the absence of leadership training.’

Others disagree and feel that some more or less formal development is crucial for leaders, present and future. ‘Learn from the private sector!’ says Filiz Bikmen. ‘Executive coaching for mid-upper level management has become a sine qua non for many leading companies.’ She also suggests that foundations might consider leadership development as a separate programme area. ‘If a foundation is operating a programme in the area of education reform, environmental protection, or women’s economic independence, they should select leaders in these different movements/organizations and give them support for their individual development,’ she argues.

‘We have to focus on the education of future leaders for the sector both in new forms of professional education and within institutions. I believe leadership is decisive,’ argues Bernhard Lorentz. Daniela Nascimento Fainberg, too, stresses the importance of professional education, citing a growing number of courses offered by Brazilian universities for the social sector. But she doesn’t feel these are enough. ‘These courses mostly don’t involve personal development

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and leadership skills. Usually they aim to prepare good managers.’ Another key element, she says, is ‘to invest in the education of young people, professionals or donors’.

‘Current leaders,’ feels Jeanne Elone, ‘must provide opportunities for young people to assume leadership roles, while established philanthropies need to make room for new leaders to emerge.’ For Rana Sadik, the Middle Eastern context once again presents a difficulty: ‘Leadership development is part of an education process that needs to have a path clear of political interference. Middle Eastern educational systems do not encourage critical thinking.’

### Strengthening the ‘human resources office of civil society’

As we have seen, Rusty Stahl feels particularly strongly about leadership development. Most of the talk about leadership in the US, he says, has been about the imminent loss of sector leaders through retirement. Instead, he feels, ‘funders should ask how they can help prepare and support emerging, mid-career and retiring leaders at all levels, and across the arc of their careers.’ He continues: ‘If serious sector-wide recruitment and retirement systems were in place for non-profits, every organization would benefit; every leader would have increased career support, higher morale, and economic stability; and every generation could contribute more diverse leadership to our field. It is clearly in the self-interest of philanthropy to strengthen the human resources office of civil society.’

### Work to be done – but not alone

Perhaps the most obvious *motif* of this discussion has been the need for foundations to work with the other sectors to resolve problems that are beyond each of them individually. Probably the most important challenge for philanthropy generally, beyond the solution of any problem, local or global, is to find ways to make its assets – its independence, its moral authority, its ability to take risks, as much as, if not more than, its money – work in concert with those of the public and private sectors, so that all may have the chance of doing together what none can do alone. @

<sup>1</sup> *Zakat* is a form of mandatory giving under Islamic law under which Muslims pay 2.5 per cent of their wealth to specified objects when their annual wealth exceeds a minimum level.