



EmpowerR Families for Innovative Philanthropy

Summary and Findings of Inaugural Meeting

September 19-21, 2013 – Megève, France



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INTRODUCTION

In September 2013, the Edmond de Rothschild Foundations hosted the first Global South philanthropy platform, EmpoweR Families for Innovative Philanthropy (ERFIP) in Megève, France. ERFIP is a distinctively unique platform, which brings together philanthropists and practitioners from emerging economies to share best practices, successful models and challenges for peer review and feedback.

ERFIP focuses on identifying philanthropists and professionals whose work has significant impact in their respective communities but lack adequate recognition further afield.

The primary aim of this report is to give a flavor of the event, the camaraderie amongst participants and a few emerging themes and lessons learned over the three days in Megève. Indeed, one of the key pillars of any successful initiative is positive and productive relationships and no amount of data can compensate for a lack of this essential ingredient.

For its inaugural edition, ERFIP’s thematic focus was Youth Empowerment. Emerging economies face many similar issues, but an overwhelming challenge for all of them is to provide productive employment opportunities to their growing populations. Governments on their own cannot deliver, thus private sector, development aid agencies and increasingly private and corporate philanthropic actors are exploring ways to address this challenge.

Before delving into the details of the platform, the Edmond de Rothschild Foundations would like to thank all those who participated and those who tried but could not make it. We also owe a huge debt of gratitude to everyone who has helped us since the first brainstorming, particularly Ariane de Rothschild. Additionally, our gratitude goes to our ERFIP experts – Dr. Atallah Kuttab¹, Professor Anne-Claire Pache², Dr. Natasha Matic³ and Shelagh Gastrow⁴. And special thanks to the Foundations’ own team who pulled it all together and deserves immense recognition for its fantastic work.

Our heartfelt gratitude goes to Gul Rukh Rahman and Spencer Crawford.

Firoz Ladak
Chief Executive Officer

Professionalizing philanthropy needs philanthropists and practitioners to be in the same space to facilitate learning. One cannot talk about professionalizing the sector if artificial segregation is created and maintained between principals and professionals. This separation is outdated and has diminishing relevance given global trends. Philanthropy is a tool for social change, not reinforcing existing divisions.

Do not get us wrong! Data is incredibly useful but there are other avenues to slice and analyze it. We want everyone who reads this report to gain something and enjoy it, even those who are not involved in the sector.

An overwhelming number of people in developing countries are under the age of 30. Some call it a youth bulge, we call it Capital. How we turn this Capital into Dividends for our respective societies will determine the course of our present and future.

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SECTION I

YOU WILL FIND THE FOUR W'S IN THIS SECTION. WE PROMISE IT IS INTERESTING SO READ ON...

- **Why:** Rationale for Creating ERFIP

Where: Breathtaking location and how it buttressed ERFIP’s goals
- Who:** Diversity of Participants

What: Some Key Emerging Themes

RATIONALE FOR CREATING ERFIP

The last decade has seen incredible growth rates of wealth in countries from Asia, Africa, the Middle East and Latin America. But this spectacular growth has been accompanied by some worrying trends as well, a significant one being high rates of unemployment, particularly amongst youth. Growing disparity has led to calls for more equitable societies and social change movements have gained momentum, from Occupy Wall Street to the ongoing events in the Arab world.

Governments across the globe are increasingly looking towards the private sector to help meet the growing needs of their populations, particularly in the area of job creation. It is here too that philanthropy with its leaner and more flexible spirit is gradually emerging as a solution provider. Increasingly, philanthropy is playing multiple roles, being an incubator of ideas, an accelerator and an innovator. These new roles are also the opportunity for the philanthropic sector(s) to professionalize their approach, particularly in the Global South. Whatever the changing nature of philanthropy and its engagement though, local communities must continue to be involved.

At present, the USA dominates and drives the philanthropic discourse at the global level by virtue of its advanced practices and incredible financial leverage. American foundations are leaders in gathering and interpreting data and in developing impact and evaluation methods. American philanthropists have historically supported many worthwhile causes beyond their borders, from human rights to access to clean water. In the US, and to a lesser extent in other OECD countries, leadership in the philanthropic sector has secured its place as a force in addressing global social issues. The downside of Western philanthropic zeal is that it has become at times exclusive, hindering the emergence of other philanthropic discourses on the world stage.

Although there is much to be learnt from Western philanthropic practices and processes, there is also a growing need and demand to recognize Global South philanthropy as a key driver for social change and economic development. As the role and balance of power among the State, market and civil society shifts, the importance of efficient and effective private philanthropy as a key stakeholder in local development is becoming increasingly clear. The above factors and an in-depth market gap analysis led to the creation of ERFIP.

Whether US private philanthropy advances broader US foreign policy goals globally is open to individual interpretation.

There is growing consensus that local practice is the best fit for understanding and meeting local needs. It can complement and improve the exogenous models used in international development aid.

ERFIP SEEKS TO:

- › Promote peer-to-peer exchange of knowledge, challenges and best practices for a unique brand of family philanthropy.
- › Explore synergies between families and business, especially for scaling projects.
- › Harness the capabilities of both philanthropists and professionals as necessarily joint stakeholders.
- › Share expertise with a goal of maximizing impact.
- › Understanding that
- › The still emerging philanthropic sector explains a lack of available data. Charity is deeply rooted in all cultures, but the term philanthropy is relatively new. There is still a gap between charitable giving and strategic impact.
- › Successful models with a significant potential of scaling up remain local to a large extent and are insufficiently showcased, especially with international development agencies.
- › The global South should own, lead and develop its own philanthropy discourse. It is time to restart the conversation!

BREATHTAKING LOCATION AND HOW IT BUTTRESSED ERFIP’S GOALS

Yes, you read it right! A mountain retreat in the French Alps that was created by the Rothschild family nearly one hundred years ago was the preferred choice. Why?

Because:

- › Everyone who came and took three days out from their busy schedules should be welcomed by fresh mountain air and incredible hospitality. It does help to have good food and an outstanding support team!
- › They came with the promise to work hard and ERFIP provided plenty of work – sheer slopes and village atmosphere limited the distractions!

No, they were not hostages. But unless you were the sporty type and wanted to scale the French Alps, you were bound to hang out with your peers and talk about philanthropy, business, global politics or whatever took your fancy.

No goals can be achieved without building bonds based on mutual respect, trust and honesty. This is how the venue reinforced ERFIP’s goals.

DIVERSITY OF PARTICIPANTS

The participants came from Asia, the Middle East and Africa, totaling 40 and equally distributed between professionals and philanthropists. Though the idea was to invite a team of two (philanthropist + professional), some came as a team while others struck it out alone. Highly variable regulatory frameworks for creating foundations in much of the Global South have led many philanthropists to carry out their work either by direct, individual giving or through their business in the form of corporate social responsibility (CSR). Not everyone represented a formal foundation infrastructure but everyone did share the goals of giving efficiently, effectively and with a sustainable impact.

In addition, ERFIP invited a few selected practitioners to bring a grassroots flavor to the platform. These outstanding leaders showcased successful models highlighting how philanthropic support can drive social change through economic empowerment and job creation.

It is also important to remember that due to cultural and religious reasons, it is often considered impolite to publicize one’s giving or amounts.

SOME KEY EMERGING THEMES

Before we address the themes and try to understand their complexities, let us briefly share the program format. For us, the format was as important as the content itself.

With a mix of a keynote plenaries, multiple roundtable conversations, specific showcases and sharing challenges for peer review, the format facilitated thought-provoking and honest discussions. It allowed participants to walk away with practical answers and/or suggestions to their problems. A coherent set of themes emerged as successive sessions borrowed from and lent to the others.

To avoid ambiguity or unnecessary hair-splitting, we’ve taken private philanthropy in the Global South to mean all of its variations: family, corporate and corporate social responsibility. Indeed, there is often little distinction between private and business giving, as a significant number of businesses are still family owned and run. This moreover provides a unique opportunity of linking family values to innovation and harnessing corporate philanthropy in reaching scale.

4 OVERARCHING THEMES WERE

- > Private (family) philanthropy as key actor for social change
- > Linkages: CSR, family business and philanthropy
- > Youth leadership and empowerment as agents of change
- > Technology as a key driver

THEME 1: ATTRIBUTES OF PRIVATE (FAMILY) PHILANTHROPY

The words that define and describe philanthropy around the globe are as different as the geographic regions and their cultures. We asked this dynamic and diverse group of ERFIP participants to define the key attributes of family philanthropy. Here is what they had to say:

- Passion & Spiritual** *(as it is part of core religious values)*
- Heartfelt** *(sensitivity to suffering)*
- Innovative and Inventive** *(think outside the box)*
- Latitude** *(in choosing the cause to be supported)*
- Adaptable & Agile** *(steps in where others cannot; relatively fast decision making)*
- Nurturing** *(new models, invests in human development without monetary returns)*
- Transnational & Timely** *(across borders and interventions at the right time, particularly for disaster relief)*
- Have appetite for risk**
- Resourceful & Responsive** *(in leveraging funds & other resources from partners)*
- Outstanding** *(in its commitment to causes)*
- Patient capital & Persistence** *(key to sustainable change and impact)*
- Yay...** *(finally, philanthropy is being recognized as a partner in problem solving!)*

If lines between family and business philanthropy are blurred, can CSR best practices positively influence the efficiency of philanthropy without jeopardizing its soul?

There are other less honorable attributes of private/family/business philanthropy that are rarely discussed in philanthropy events or conferences but which we need to acknowledge to better position the engagement of ERFIP.

As philanthropy becomes more sophisticated and takes center stage in the global development agenda, a different kind of philanthropist/business has entered the field - those with questionable intentions! As philanthropy’s influence increases, it is important to monitor reputation and motivations. At the same time, scrutiny for often genuine philanthropic efforts has increased post September 11, 2001 as part of a counter-terrorism agenda, particularly in the Arab and Muslim world. This trend has hampered the sound development of cross-border philanthropy.

Let us not kid ourselves; everyone involved in philanthropy is not looking to create an egalitarian society or improved opportunities for millions. It has also become a tool for reputational laundering and image management for individuals and businesses.

In some cases, philanthropic money has also been used for carrying out violent acts.

PRIVATE PHILANTHROPY AS A KEY ACTOR FOR SOCIAL CHANGE

Throughout the world, charity or giving is rooted in tradition, religion, family duty or personal drive. Charitable giving in the global South still largely overshadows professionalized philanthropy. This deep-rooted legacy is being challenged by the growing discourse around strategic or venture philanthropy focusing on maximizing impact, scaling up and systemic change.

In order to best address problems in a world of limited resources, traditional charity is migrating towards strategic philanthropy, insisting on accountability, transparency and measurement. However, the temptation to entirely dismiss or relegate traditional charity and its key contributions is misguided and misplaced.

The term social change is perceived in several different ways. In many countries from the global South it is interpreted as having political undertones and threatening an established order.

For us, it does not mean overthrowing a government, elected or otherwise; rather it means challenging the status quo to improve the lives of millions who depend on philanthropic initiatives.



An organic shift from traditional charitable giving to more strategic philanthropy will ultimately nourish sustainable change.

Another promising trend for lasting impact is the emergence of cross-sectoral collaborations. Indeed this trend is indicative of a broader shift to raise traditional boundaries and roles.

Philanthropists and practitioners have increasingly begun to grapple with how best to quantify their giving. Various tools to measure how funds were used and to track their impact are being developed and tested. Despite much interest, a definitive yardstick continues to evade us. A new breed of entrepreneurs who seek to effect social change through business thinking and market methods has further enforced this trend.

**TRADITIONAL VS. STRATEGIC:
INDIA AT A GLANCE**

In India, generosity is an age-old tradition. Across cultures and religions, money was given to temples and other places of worship. Post 1991, as a result of economic liberalization, India has witnessed an extraordinary surge of business and the creation of unprecedented wealth. As a result, a more engaged philanthropic class has emerged.

THEME 2: CORPORATE SOCIAL RESPONSIBILITY AND LINKAGES TO FAMILY BUSINESS & PHILANTHROPY

Another frequent feature of Global South philanthropy is the porous boundaries between family business and family philanthropy. There is often little that separates business leaders from their business and philanthropic focus. This raises a whole set of questions, some with clear answers while others remain elusive.

Deep linkages between family philanthropy and business can reinforce one another when they are complementary, but what happens when the inverse is true? Are compromises made to the philanthropic engagement or are values behind giving tweaked? Business considerations often prime above the philanthropic ones.

All participants agreed that everyone must ponder the questions while pragmatically keeping an eye on the ethics of giving.

- › How do you reconcile family values, passions and priorities with business requirements, such as marketing, building reputation and social capital?
- › Is it possible to align the objectives?
- › Can you differentiate when philanthropy serves business imperatives, family interests or values or the personal passion of a family member?
- › Does philanthropy bring the family closer to their employees?

SELECTED CASE

AMAN FOUNDATION, PAKISTAN

Aman Foundation is a grant making entity with a focus on creating sustainable businesses. The Foundation brings business acumen to its structure and operations. It embraces a risk taking, adaptive approach; improving existing models rather than reinventing the wheel is key to its success.

The entrepreneurial approach: How do you make \$100 million count over time to have an impact of \$100 billion (if you were to put a monetary value on impact)? How do you measure performance and impact?

Answer(s): Have the right management team and intent; building a track record by investing your own money to show that it can be done; overcome trust deficit and show absorptive capacity.

Collaborate and build eco-systems: The Foundation funds other players and acts as an incubator of new ideas; it has created a network of partners and focuses on partnerships for collaborative growth, leveraging resources and aims to make the government its client. As the Foundation spins off new projects and they become a business in their own right, each of them have their own KPIs and the Foundation continues holding itself accountable based on established criteria.

SELECTED CASE

KING KHALID FOUNDATION, SAUDI ARABIA

KKF is a leading philanthropic institution aimed at improving social and economic development in Saudi Arabia. Firm in its belief that all people have an innate capacity to effect change in their lives and their communities, KKF uses its resources and expertise to make a positive impact in peoples' lives.

Collaboration: KKF works in partnership with the private sector and other organizations to provide innovative solutions to critical social and economic challenges in the Kingdom.

KKF is a catalyst for change. It funds social and economic development projects (including training, research, and policy development programs); works on the human and organizational capacity building within the nonprofit sector; provides grants to nonprofit organizations; develops innovative youth employment programs; awards citizens and corporations for their social activities.

KKF provides people with the support and recognition necessary to strengthen the country's social and economic position.

SELECTED CASE

DO AN FOUNDATION, TURKEY

Do an Foundation is the philanthropic arm of Do an Group, a leading media consortium. Dedicated to providing and improving education, arts and culture, the Foundation has built educational institutions and sports facilities, supported these institutions to provide high quality education, organized national and international competitions and awarded prizes. The Foundation also makes significant contributions to health, scientific research and sports.

One of its most well known programs is the Aydın Do an International Cartoon Competition. The Foundation annually organizes Young Communicators Competition to contribute to the education of qualified media employees and to support continuous development of the communications sector.

SELECTED CASE

GMR GROUP, INDIA

The founder of GMR Group values impact-driven CSR practices, which are entrenched in company culture. The CSR focuses on providing skills trainings that respond to business needs and values.

Impact Evaluation: Success and impact is measured by the number of people placed in jobs post skills training and by the number of people who remain in their jobs after a year.

Collaboration with partners is a key to successful training programs. The training courses are developed in consultation with associated partners and market needs.

At the end of training, the partner enterprises have skilled entry-level professionals and young men and women have assurances of a well-paid job. The trainees also receive soft skills training during the course of training.

SELECTED CASE

MAHVASH & JAHANGIR SIDDIQUI FOUNDATION, PAKISTAN

M&J Foundation, Pakistan, the family foundation of a leading financial group, works together with its banking affiliates and its corporate partners. One of its core areas of expertise is disaster management.

Collaboration: Its mode of operations primarily focuses on partnerships with their businesses and other corporate entities. During Pakistan's 2010 floods, the Foundation reached out to its corporate partners to help with volunteers, logistics, supplies etc.

It focuses on leveraging partnerships with other networks; cooperates with government and other disaster relief organizations to support relief operations.

Key to successful disaster response is coordination between the Foundation + businesses + external parties.

THEME 3: YOUTH LEADERSHIP AND EMPOWERMENT AS AGENTS OF CHANGE

The plenary addressed the role of private philanthropy in harnessing social change with a focus on youth leadership and empowerment as agents of change. Education used to be a source of social mobility and a near guarantor of lifelong employment. This is not the case anymore. Public educational systems were built in the post-colonial era. Times have changed but in most countries public education has not.

As the world struggles with unemployment, particularly youth unemployment and under-employment, there is a growing gap between employable hard and soft skills and what the young people can offer after graduating.

The unemployment figures amongst youth globally are staggering and worsening:

- › 1 million Africans will enter the labor market every month until 2015
- › 1 million Indians will enter the labor market every month until 2015
- › 50% of youth is unemployed in the Arab region; 15 million jobs are needed NOW and 80 million new jobs over the next 20 years

If educational institutions are not producing candidates who are employable and the education sector is slow to reform, then governments must step in to speed up the reforms and to reach scale. Educational curriculum and policy should take into consideration market needs and industry demand, among other things. Public-private partnership in all areas of education reform is the need of the hour.

If governments with all their resources and power have been unable to provide economic opportunities, what role can private philanthropy play? Can they be the solution provider? This question was debated from different angles.

Philanthropic actors are flexible and have fewer constraints; they are able to push for innovative solutions in a wide variety of sectors like education and job creation. For instance, can the teaching of pure entrepreneurial skills be an answer to job creation or should social entrepreneurship be the focus as well?

Education by itself does not make an impact; education with a value system produces educated human beings with a good value systems. Over the last several decades, educational systems have not sufficiently incorporated values into curriculum.

Giving young people relevant skills is essential. Providing opportunities to use those skills is a whole different ball game. The two are key for unlocking youth potential in the global South.

Governments have proven their ability to print money during financial crises. No amount of printing money can address the crisis of youth unemployment though. Governments everywhere have to put their heads down and get to work with private philanthropy.

YOUTH LEADERSHIP AND HOW TO LEVERAGE IT?

An overarching question emerges when the impact of youth leadership and the role of philanthropy are discussed. How do we maximize leverage from investing in youth?

Investing in youth leadership, especially in least developed countries in Africa or Asia, is the highest leveraged investment that can be made today. Why? Because the impact of one or two leaders in a society is negatively related to the strength of the institutions that exist in that society.

Where you have strong institutions, even an outstanding leader cannot have the impact that one or two key figures in a fragile state can. For instance, if you create one or two leaders in a society or community in most of Africa, it can transform that community or nation.

Today, the average age in Africa is 18.5 years, and by 2030 Africa will have a larger work force than China. By 2050, Africa will have the largest work force in the world. It raises a key question: how do we invest in young people and give them the kind of education that actually makes them leaders and entrepreneurs?

There was consensus amongst participants that the corporate sector and governments both need to get involved in the process of teaching skills. Industry across emerging markets needs to engage with educational institutions on curriculum to have graduates who have the required skill set. Partnership with the corporate sector is absolutely crucial to address youth unemployment.

In Zimbabwe, a state with weak institutions, President Mugabe has single-handedly destroyed the country, whereas the leader of the so-called Free World cannot get a Christmas turkey without someone's approval!

Most educators and educational systems seem to operate on the idea that giving knowledge is enough. The practical skills they need to function successfully and compete in the 21st century will take care of themselves, right!?

SELECTED CASE

THE AFRICAN LEADERSHIP ACADEMY, SOUTH AFRICA

The ALA invests in young people who have exceptional potential to transform society. It invests in skills building, but what are those skills and how to impart them?

Skills: How to think creatively, to solve problems, work collaboratively and lead.

How? Young students have to start companies or non-profit organisations on campus with core teams - CEO, CFO, and a board. ALA invests real capital in these companies. It is a small microcosm to get them to learn what it is like to function in a work environment. ALA arranges internships over summer break. Rallying ALA's network, every young leader can expect at least 3 job/internship offers. And better still, ALA encourages entrepreneurialism - creating their own employment and jobs for others at the same time.

An ALA Success Story

A young Kenyan ALA graduate, Eddy Oketch, was affected by the electoral violence in the 2007 and decided to do something about it. He created his NGO and built up a youth movement over the last few years where he managed to reach, by the second election in 2013, five million young people aged 18-35.

The five million youth committed to not engage in ethnic violence and to not be manipulated by their politicians. Considering that there were 11 million registered voters, galvanizing 5 million to refuse violence is a huge success. When the elections happened this year, it was largely violence free.

SELECTED CASE

BHARTI FOUNDATION, INDIA

In India, every year approximately 70% of young graduates remain unemployed. The quality of education and lack of qualified teachers further exacerbate the problem of unemployment and underemployment.

The Government of India has embarked on an ambitious plan of providing skill training to 500 million unskilled youth by 2020.

The Bharti Foundation works to provide holistic education with a particular focus on girls in marginalized and underprivileged areas. Out of 39,000 children in Bharti schools, 49% are girls, 75% come from marginalized communities and education and extra-curricular activities are provided to all - free of charge. It has 1500 trained teachers.

It aims to provide holistic education because the Foundation believes that those who go through such a value-based education system will become tomorrow's change makers. Bharti Foundation's goal is to build 254 schools in 254 villages for 100,000 children.

Collaboration: There has been an emphasis on partnering with the government to scale Bharti Foundation's operations and bring more government schools into the foray. The Foundation also believes that unless the private sector is allowed to impact educational policy through participating in policy discussions, particularly when it comes to industry demands and needed skills, the issues of rising unemployment will not be solved.

SELECTED CASE

INJAZ, JORDAN

Injaz is a Jordanian non-for profit organization dedicated to inspiring and preparing young Jordanians to become productive members in their society and succeed in the global economy. In Jordan, where 70 % of graduates remain unemployed after the first year on the job market, Injaz attempts to train these young men and women to successfully enter the workforce.

Approach: working through the educational system and partnerships via three pillars of operations: skills building; career guidance programs; entrepreneurship and employment. Since its inception, INJAZ has helped over 700,000 youth through its various programs, bridging the divide from academia to the job market.

SELECTED CASE

INSTITUTE FOR INDUSTRIAL TECHNOLOGY (ITT), NIGERIA

ITT is a vocational school that was created by the African Development Foundation and enjoyed broad support from Nigeria’s corporate community. It provides vocational training to people from low-income areas, followed by a six-month practical training to maximize employability.

Though the training and employment impact are unqualified successes, funding remains a chronic source of hand wringing. An innovative plan to finance the training with a revolving credit scheme, repayable within three years, is beginning to bear fruit, but corporate support, especially financial, is waning.

ITT is exploring ways to re-energize the corporate community, which recognizes the program’s value and benefits from the quality workers it provides but unwilling to bear any of its financial weight. ITT is additionally looking to government to broaden the program’s reach and impact.

The challenges faced by ITT are informative for many philanthropists who encounter similar challenges in structuring partnerships with business and government. The solutions developed by ITT will not only help their effectiveness, but will serve as valuable lessons learned for others.

SELECTED CASE

FATE FOUNDATION, NIGERIA

FATE Foundation is a non-profit, private sector led organisation created in March 2000 to tackle Nigeria’s high rate of unemployment and poverty. FATE aims to foster wealth creation by promoting business and entrepreneurial development among Nigerian youth.

The Fate Foundation helps those who have not found a job after two years of graduating by providing training like an MBA in a box.

Successful candidates have been able to create small business, like dry-cleaning and fish farms that employ on average four people.

SELECTED CASE

UNLTD INDIA

UnLtd India itself is an example of entrepreneurship and philanthropic capital working together. It enables entrepreneurs in various communities in India to take action on a problem, which they feel strongly committed to, thus shifting the onus from public subsidies to small-scale entrepreneurs.

The organization works with people at the earliest stages of starting a business and takes them from an idea, to up and running, to autonomy. It supports for profit and non-profits over a period of three years.

UnLtd created a revolving debt fund with the Edmond de Rothschild Foundations to address the challenge that very young businesses face when accessing mainstream debt. Availability to this fund is limited in time: for profit groups while they look for the next stage of funding or non-profits while they wait for committed money to come in. This is a prime example of how philanthropic capital can support social entrepreneurship and ultimately create jobs.

SOCIAL ENTREPRENEURSHIP: A REAL TOOL FOR ECONOMIC GROWTH?

The participants had very interesting insights into Social Entrepreneurship, especially when it generates revenues. Some of those present were entrepreneurs in addition to being philanthropists or professionals and a few were social entrepreneurs.

There was a discussion around how philanthropists shy away from for-profit models for a number of reasons. There is a notion that good work cannot, should not, be mixed with making money. However, there is indeed a demonstrable need for philanthropic money in supporting early stage entrepreneurial actions.

The debate between “ impact first” or “finance first” goes on.

Access to capital remains a social entrepreneur’s greatest challenge. For profit entrepreneurs who are ready to scale find it extremely challenging to locate the next level of investment. Debt or credit is hard to come by leading to cash-flow problems.

Private philanthropy can facilitate access to capital by creating financial vehicles with reasonable repayment terms and timelines. Moreover, a funder offering grant money, debt money and equity money could streamline financing and accompany the evolution of the business, while saving on due diligence. Often banks in most emerging markets do not lend to viable social enterprises even when they have proven models.

Having a fully qualified pipeline is another challenge in social entrepreneurship. There are too few idea investors or angel investors to invest in good ideas or early stage startups. For example, in Nigeria there are institutional equity angel investors, but their interest in start-ups is limited to mobile and web. Most of the global South faces challenges similar to Nigeria’s.

Half the world wants to be social entrepreneurs while the other half wants to fund them. This despite no one having a definition for what a social entrepreneur actually is! Further scholarship and in-depth case studies are required.

THEME 4: THE LONG ARM OF NEW TECHNOLOGIES

A number of transversal themes emerged, but more than any other, the role of new technology seems as dominant as it is recurrent. From Tahrir square to Occupy Wall Street, from teeming slums to savannas, new technologies are challenging our conception of space and time and presenting seemingly endless opportunities to buy, sell, diagnose, organize or just gossip.

The possibilities of these new technologies are immense and grow exponentially as the sector itself expands and as access increases. Philanthropists must learn how to innovatively and intelligently leverage these new technologies to accomplish their goals. New technologies are especially pertinent when addressing challenges and conceiving solutions for the world’s youth. Universal access to a cell phone could be the single greatest step toward providing education, health, employment and a means for civil engagement to disenfranchised peoples everywhere.

It is also important to stress the potential dangers of universal access. Poor information or deliberate misinformation will flourish with access as well. The immediacy of information and rapidity of exchanges also raise concerns about the sustainability of particular engagements and rapidly changing trends and mentalities

SELECTED CASE

PRAEKELT FOUNDATION, SOUTH AFRICA

Praekelt Foundation builds open source, scalable mobile technologies and solutions to improve the health and wellbeing of people living in poverty. Its programs have reached over 50 million people across 15 countries in sub Saharan Africa.

Approach: Praekelt Foundation’s aim is to create the next generation of mobile services for the developing world by developing scalable, open source, mobile technologies that will allow a myriad of applications to be built and deployed.

Opportunity: Extreme poverty almost always goes hand in hand with extreme isolation, but mobile technologies and services have the capacity to end all forms of extreme isolation, becoming the most transformative technology of economic and social development. There are now more than 450 million mobile phones in Africa. The rural poor in more and more of the world now have access to wireless banking and payment systems. The services carried on the new mobile networks and platforms span public health, medical care, education, banking, commerce, entertainment and governance. Working together with NGOs, governments and social organisations we have an opportunity to build a shared network to develop, host and deliver these transformative services to the people who most need them.



SECTION II
THE CHALLENGES: PEER-TO-PEER FEEDBACK

INTRODUCTION

As part of the ERFIP seminar, participants had the opportunity to participate in peer-to-peer sessions to discuss challenges that they had submitted in advance. These sessions allowed them to present a challenge that they are facing in the context of their philanthropic activities to the other ERFIP participants in order to get their input on ways to address that challenge. These sessions were designed with the conviction that the ERFIP community holds considerable collective wisdom and experience from which each member should benefit. They were conducted in a spirit of mutual trust and confidentiality.

Participants were each given five minutes to present a challenge, then another five minutes to answer questions from a small group of peers and provide clarification. For the next 45 minutes, the peer group presented their experiences facing a similar challenge, brainstormed aloud, and bounced ideas off one another. One catch – the person presenting the challenge was not allowed to speak, not one single word. No justifications, no “yes, buts”, just good old fashioned listening.

For some, it was nearly a mission impossible to keep quiet (!), but afterward all agreed it was a rare opportunity and provided extraordinary insight and fresh thinking on a subject that had previously been a source of hesitation or frustration. To make the exercise even more concrete, participants were asked to identify one action they’d take as soon as they got home. By defining an action and telling others about it, they were creating a sense of responsibility and accountability and thereby improving the likelihood the action would actually be taken.

Though specific challenges and solutions are confidential, some overarching themes emerged.

SETTING UP A PHILANTHROPIC INITIATIVE

Ex. Defining mission, goals, strategy and values:

- › Clearly define the values driving the family’s engagement but remain flexible with the specifics.
- › A clear mission is an essential first step in designing a philanthropic strategy.
- › Focus the activities on achieving greatest impact. Focus should anticipate possible tensions between passion, competencies and needs.
- › Mobilize a partner or an advisory group to help design strategy.
- › Benchmarking is useful in refining the concept and positioning a philanthropic initiative.

GOVERNANCE AND MANAGING RELATIONS OF FAMILY TO BUSINESS; FAMILY TO FAMILY

Ex. Family versus hired professionals – what’s the successful formula; generational issues: power dynamics and positioning; family versus business imperatives and which wins out; managing disappointments:

- › Recruit professional management; clearly define roles and promote a close working relationship between the board and professional management.
- › Be thoughtful when involving family members to avoid conflicts of interest.
- › Make strategic family philanthropy a priority at family meetings.
- › Involve younger family members and professionals in defining and strategizing about philanthropy. This ensures engaged succession and informed participation in the Board.
- › Family involvement is most relevant in setting mission, values and global strategy. Day to day management should be left to professionals.
- › Set clear boundaries between CSR and family philanthropic activities. Sharing best practices, experience and identifying synergies is great, but fundamentally these two types of engagement are distinct.

SCALING UP AND SUSTAINABILITY

- Ex. Partnering with governments and institutions: when and how; ownership after growth; to scale or not to scale; divulging proprietary information or processes, especially when family business is involved:
- › Balance dissemination and control. To enhance an initiative’s sustainability and reach, it may be necessary to share or even relinquish ownership.
 - › Brand philanthropic initiatives with great care when scaling up.
 - › To achieve systemic social change, it may be necessary to partner with or otherwise influence governments and other institutional actors.
 - › Measure impact to show proof of concept and rally additional support to scale up philanthropic initiatives.
 - › Don’t be afraid to adjust the business model of a philanthropic initiative when scaling up.
 - › Scaling should be a means, not the end.
 - › Unique or proprietary knowledge may have to be divulged to reach scale. It’s ok!
 - › Scaling up isn’t for everyone and managing a scaled up initiative can become all consuming. To fulfill the role of an incubator, it may be best to hand over scaled up activities to better-equipped hands.

OWNERSHIP, VISIBILITY AND FUNDRAISING

- Ex. Whose money and for what control; enlarge the pool of funders and stakeholders; the power of events:
- › When partnering, allow for joint visibility and ownership.
 - › Include possible donors (including the managers of the family business) in advisory committees to support various initiatives. Instilling a sense of ownership will boosts engagement and can motivate contributions of time and money.
 - › Be actively present in international fora to improve visibility/branding and tout the added value of local knowledge.
 - › Leverage government funding. Improving visibility and branding of successful initiatives will make this easier.
 - › Use events, like the anniversary of a certain program, to unroll a major change, to make a technological shift (ex. printed to digital or social media). Also capitalize on these key moments to publicize, sell promotional goods and pull in younger family members. The force of a new approach is whom it reaches.
 - › Sharing some of the limelight is part of partnering. Through this give and take everyone comes out on top.

SECTION III
KEY CONCLUSIONS

The main conclusions from the meeting can be aligned along five main areas: private philanthropy; impact/legitimacy/empowerment; youth skills/education/employment; key challenges; and overarching Global South philanthropy.

PRIVATE PHILANTHROPY

There is an urgency to promote the specific role of private philanthropy in the Global South and the mainstream, largely Western, discourse should be more inclusive of such voices. Philanthropy is a powerful way of expressing values and vision; both strategic and traditional philanthropy give rise to powerful ideas and innovation. Based on an in-depth sense of domestic priorities, private philanthropy works locally where others do not; it takes risks in testing innovative models to address social needs. The political independence of philanthropy is a key factor in its ability to be flexible, risk-taking and responsive. More and more philanthropists in the Global South focus on a social change agenda. It can be innovative and create models for effective scaling up due to its flexible nature and ability to make decisions quickly. At the same time, it understands and operates within the constraints of local ecosystems.

In order to best use limited resources, there is an urgent need to share existing best practices from the Global South and not to reinvent the wheel.

Private philanthropists can do things that governments cannot, even more under economic upheavals or transition; it complements the efforts of the state and international agencies. For systemic change, there is a huge need for greater public-private partnership towards effective scalability. Additionally, there should be greater cooperation and better synergies between corporate and private philanthropy.

Families run both businesses and philanthropy and sometimes the two are intertwined. In the Global South, as many businesses are family owned or run, CSR practices are inspired by family values and remain closely connected. Families are able to use business tools, leverage resources and create eco-systems to support philanthropic efforts. Also, private philanthropy can lead in benchmarking for success and failure measures as a way to measure a return on social investment. There is a growing trend to engage artisanal family philanthropy in more institutionalized ways of giving.

IMPACT, LEGITIMACY AND EMPOWERMENT

A key challenge of private philanthropy is how to set up and manage a philanthropic initiative, including governance and the relationship with family affairs and business. As accountable members of their communities, it is important for private philanthropists to achieve legitimacy, scale and sustainability for their programs. This can be achieved if stakeholders and beneficiaries are encouraged and empowered to take ownership of the various initiatives. Moreover, stakeholder ownership boosts visibility, creates a class of advocates for broader systematic change and the better leveraging of funds.

Private philanthropy, particularly in the Global South, can have a striking added value in impact, legitimacy and empowerment.

- Private philanthropy:
- › Believes in the importance of indicators, scaling up, impact and influencing systemic change;
 - › Gives space to end users and allows for multiple view points;
 - › Can be catalyzers before traditional financial donors and investors step in;
 - › Ensures the alignment of its value for responsiveness and inclusiveness;
 - › Has the passion, innovation, risk taking and desire to push the envelope;
 - › Takes a long term view of problems and has access to infrastructure, influence and is able to execute on a greater scale;
 - › Enforces and demands accountability and transparency, including the monitoring and evaluation of the use of money.



YOUTH SKILLS, EDUCATION, AND EMPLOYMENT

Private philanthropy needs to use its resources to support youth, providing them with skills and employment. Across the world, youth asks to be empowered to play an active and positive role in their society. Private philanthropy can be engaged to achieve this by the provision of improved opportunities, financial and professional support and capacity building. Education systems have largely failed the youth by their inability to match skills with the rapidly changing demands of the employment market. Moreover, education by itself does not make a systemic impact – education needs to harness a value system that produces good human beings who can build better societies. Over the last decades, education systems globally have failed to inculcate such values.

THE POWER OF ERFIP: CHALLENGES AND GOALS OF GLOBAL SOUTH PHILANTHROPY

Best practices and achievements from Global South philanthropy should be pushed more forcefully onto the world stage. The value added of a unique group like ERFIP lies in the fact that it brings together the richness and diversity of non-Western private donors and professionals who are committed to learning from one another. It makes it clear that such diversity and practical knowledge is strength, which ought to be shared and harnessed. It also acknowledges the importance of understanding the antecedents of charity to successfully transform generosity to strategic giving with a sustainable impact. Furthermore, it values the giving of diaspora communities, which should be facilitated to foster cross-pollination in philanthropic approaches, especially by easing legal standards for cross-border donations. Finally, it urges aid agencies and other international donors to work more closely with local philanthropists and professionals to make a more efficient use of huge, though decreasing, financial flows.

We all must be better at sharing what we know and the data and experiences behind this knowledge. ERFIP is a unique initiative that will continue to bolster the transformative power of Global South philanthropy by fostering peer-to-peer capacity-building and promoting cross-border exchanges. It is a collective engagement to build and share practical experience and lessons from donors on the ground. Ultimately, it is hoped that ERFIP can contribute to changing the global philanthropic discourse.

FOR QUESTIONS, COMMENTS OR MORE INFORMATION,
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