

Philanthropy UK

A quarterly e-letter for all those interested in the **Development of Philanthropy**

CURRENT NEWS FROM THE WORLD OF PHILANTHROPY ■ ISSUE 26 ■ SEPT 2006

Bright outlook for UK philanthropy sector

This year marks a new stage of growth for the UK philanthropy sector. As the pages of this Newsletter have captured over the past five years, a number of initiatives have emerged, experimenting with both new models of funding charities and new ways of supporting donors. Today, these organisations are building on their successes - and continuing to innovate. For instance, in 2002 loan finance was a new and radical approach to funding charities. Now, having 'proven the model', Venturesome is piloting a fundraising scheme to reach a new market of donors: the mass affluent.

Meanwhile, other organisations are expanding (Pilotlight, EVPA); there is increasing cross-sector collaboration (CAN/Permira); and new research initiatives are being established to measure and support the sector's progress (Giving Europe, Heidelberg Centre). The commercial sector also is responding to growing demand, witnessed by new philanthropy services introduced by professional advisors and the planned increased coverage of giving by *The Sunday Times* Rich List.

Philanthropy infrastructure organisations underpin this growing culture of giving, and it is critical to the future of the sector that these initiatives also are properly funded.

A gift to giving

Evidence of this growing interest in giving was the significant media response to the news that the world's second richest man, Warren Buffett, is to give away the bulk of his £23 billion fortune. Notably, this coverage was generally positive. In this issue's 'spotlight' on Mr Buffett's gift, Peter Wheeler highlights some of the important issues it raises for giving. We join him in challenging the philanthropic community to have these debates - and encourage you to use these pages to share your views and experiences.

In light of the strong public interest in Mr Buffett's gift, this issue features a special report on giving in the UK with comparative analyses - by Sal LaSpada of the Institute for Philanthropy, on the American experience, and by Volker Then of the new Heidelberg Centre for Social Investment, on giving in Germany. Meanwhile, Beth Breeze, our new Publications Editor, introduces a new column, 'Influential Reading', where guests highlight those books that have most influenced their approach to giving. Julia Unwin is our inaugural Influential Reader. We are especially grateful to all our guest contributors, whose efforts have enriched this issue, and to Laura McCaffrey and Nicola Hill for their reporting and editorial contributions.

Your thoughts

As many of you know we are currently conducting a reader survey. We thank everyone who has already responded, especially for the qualitative comments. The survey will remain open until 19th September, and we would be grateful for more feedback, which will be immensely helpful to us in maintaining the Newsletter's value to you.

We thank you for your continued support. If you would like to submit an original article, or a letter to the editor, please contact us at editor@philanthropyuk.org.

Best wishes,

Susan Mackenzie, Editor

READER SURVEY:

<http://research.nfpsynergy.net/s/Qb1qmTKH4VaZFcjbmCbm>

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The purpose of the Newsletter is to disseminate information about new developments in philanthropy. To submit an article for consideration, please contact the Editor at editor@philanthropyuk.org. Please review our Guidelines for Contributors, available on our website.

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SPECIAL REPORT: UK giving

In this special report we look at the state of giving in the UK, surveying recently published data from the Charities Aid Foundation (CAF), and compare this to trends in Europe and the US. In terms of both levels of donations and attitudes toward giving, the UK continues to sit somewhere in the middle. Giving levels in the UK (as a percentage of GDP) are about half that of the US, but roughly double that of Europe as a whole. In addition, while the US has long preferred private philanthropy to a strong government role in social welfare provision, in the UK the voluntary sector is much larger and stronger than on the Continent, where the State is more centralised.

We begin with a summary of current data for the UK, which is complemented by highlights of the recent Beacon Prize announcements celebrating giving, as well as a profile of one of this year's winners, ShareGift. Volker Then of the newly established Heidelberg Centre for Social Investment looks at giving in the UK compared to that in Germany, while Pamala Wiepking examines the strong growth in giving in the Netherlands. In addition, this issue's Feature Profile is of the European Venture Philanthropy Association, which is promoting a new model of giving across Europe. Following a snapshot of giving in the US, Sal LaSpada, recently arrived from the US to take up the Chief Executive post at the Institute for Philanthropy, shares his thoughtful impressions of British and American philanthropy.

Individuals lead growth in UK giving

By Laura McCaffrey, Nicola Hill and Susan Mackenzie

Individuals gave £8.2 billion to charity in 2004/5 - including £2.8 billion given through the Gift Aid scheme, a new record - according to research from the Charities Aid Foundation (CAF), published in *Charity Trends 2006*. This represents a 15% increase over 2003 giving of £7.1 billion, although the recent data is based on a new survey methodology, making direct comparisons less clear.

In addition to donations, individuals bequeathed £1.6 billion in legacies, a 5% increase from 2003, with the bulk of this - £1.1 billion - going to the top 500 fundraising charities. Tax reliefs for Gift Aid and inheritance tax relief paid out by government amounted to £625m, so that the total value of giving by individuals totalled £10.4 billion.

Despite the apparent overall growth in individual giving, the British public, on average, gives less money as a percentage of GDP now than in the mid-1990s, and only 15% of the population leave a legacy in their wills.

High value donors - those giving over £1,200 a year - are much more likely to leave a legacy, and also represent a significant portion of total giving: 5% of donors give 40% of all donations. However, the wealthy overall could give more: a CAF survey in 2004 found that "40% of the population said that they could afford to give more, and many of the higher social groups said that they could afford to double their giving".

Other voluntary income

Corporate donations rose by 15% in real terms during 2004/5, the largest rise for several years, although they are not keeping pace with the 31% rise in corporate pre-tax profits. As a proportion of pre-tax profits, total giving dropped from 0.9% in 2003/04 to 0.8% in 2004/05 - the third time it has declined relative to profits.

In contrast to the overall growth in corporate donations, the value of charitable trust grant-making fell by 2% in real terms. This is blamed on poorer stock market

performance, but it is hoped that grant-making will pick up as a result of the increase in assets over the past year. Companies gave £1.1 billion, while charitable trusts made grants of around £2.7 billion in 2004/5.

Income from fundraising events rose by 13% in real terms, while revenue from goods donated to shops increased by just 4%. The income from events was partly driven by responses to crises such as the London 7/7 bombings and natural disasters such as the Asian Tsunami. For example, Christian Aid's income from fundraising events went up by 50%.

The annual survey was compiled using data from the charity database at Caritas Data, a leading financial and business information provider, whose specialisation in the voluntary sector includes research on the top 3,000 charities.

Fundraising charities

A major trend emerging is the divergence between the top fundraising charities and the rest. Among the top 1,000 fundraising charities, the upper 500 attracted £5.3 billion, compared with £670m among the lower 500.

The biggest earner was Cancer Research UK, bringing in £384.2m, followed by Oxfam, National Trust, NCH and Barnardo's.

"Social investment, or funds made available for investment in the growth of the charity sector, saw a huge leap in value with the opening up of the Government's Futurebuilders fund, which provides a mix of business advice, grant and loan funding for charities who want to expand their capacity to provide services," says Cathy Pharoah, author of *Charity Trends*. "The total amount now available to the sector in so-called 'soft loans', low-cost loans or equity investment is now worth somewhere around £700 million."

Other trends include a big rise in individual donations to faith-based international charities, while education, training and research charities suffered a 31% fall in voluntary income.

However, the reverse is true in grant-making - social care, health and education were the top recipients, while faith-based and international charities received the least.

The religious sector saw its income rise by 49% in real terms. Pharoah said that this sector's popularity was largely due to disaster appeals. "The four largest charities in this group are all members of the Disasters Emergency Committee (DEC) and received substantial monies from the DEC's appeals for the Tsunami, Darfur and Beslan," she explained.

To order a copy of *Charity Trends 2006*, call 020 7566 8210, or order online at www.cafonline.org. Cost: £149 with 50% charity discount (standard price £298).

Beacon Prize winners set shining example

By Nicola Hill

Twenty years after the disappearance of their daughter, John and Diana Lamplugh have been awarded a Beacon Prize for leadership. The awards, now in their third year, have become known as the "Nobel Prize of the charity world", a phrase first coined by Chancellor Gordon Brown at the inaugural ceremony.

Clare Mackintosh and Matthew Orr received a Prize for "joint innovation and creativity in charitable fundraising" for the creation of ShareGift, the share donation charity (see separate profile below).

Other winners include philanthropist Dame Vivien Duffield, who through the Clore Duffield Foundation has pledged more than £11 million to charitable causes including education, the arts and supporting vulnerable young people. The Rev.

Canon William Broad won The Beacon Prize for Family Philanthropy for his own work and for his family's dedication to improving the lives of people with disabilities, through sailing and recreation.

The Beacon Prize for Young Philanthropist was awarded to Benjamin Wells for his social entrepreneurial work with the marginalised Roma communities of Romania.

The prize-giving ceremony will take place in November, when the winners will be inaugurated as Beacon Fellows. They will join a prestigious group of previous winners who continue to champion charitable causes and nurture a wider culture of giving in the UK.

At the ceremony, the overall Beacon Prize winner will also be announced, and will receive £30,000 to donate to a charitable cause of his or her choice.

Beacon Chairman Martyn Lewis said: "We are thrilled to have such a diverse and accomplished group of winners for the 2005/6 Beacon Prize. Each in their own way exemplifies the Beacon goal of encouraging others to give of their own resources, be it through time, money or skills, in order to benefit charitable causes."

The Beacon Fellowship has a new chief executive, John Thurley, who previously was the Executive Director of Individual Donor Services at the Charities Aid Foundation. For more information about the Beacon Fellowship, visit www.beaconfellowship.org.uk.

Beacon Prize winner ShareGift: A Capital Idea

By Susan Mackenzie

The problem: millions of pounds tied up in tiny holdings of shares, costing more to sell than they are worth. The solution: ShareGift, whose co-founders, Claire Mackintosh and Matthew Orr, were this year awarded the Beacon Prize for innovation and creativity in charitable fundraising.

Until ten years ago, individuals with such small holdings had no easy way to divest their shares, and as a global pensions manager, Claire was acutely aware of the problems this caused both shareholders and companies. In 1996 she and Matthew, a stockbroker, established ShareGift to enable individuals to dispose of these nuisance holdings - and unlocked a new income stream for charities. Claire remarked, "I set out to solve a problem, and it turned out that the only solution was a charitable one - I found the idea electrifying."

ShareGift accepts donations of small holdings of shares (which might result from, for example, privatisations), collects them into holdings large enough to sell, and gives the proceeds to charity. Killik & Co, a private client stockbroker of which Matthew is a partner, processes ShareGift's transactions without charge.

Corporations also look to the organisation for cost-effective shareholder management solutions: ShareGift already has been deployed by over half of FTSE 100 companies.

To date, ShareGift has donated over £9.5m to well over 1,000 different UK charities, which the trustees select to reflect the kind of charities supported by those giving their unwanted shares to ShareGift. "We want to represent our donors' broad charitable interests, and so distribute the funds in the widest, most inclusive way, making an effort to include small charities as well as the larger, better-known ones", Claire explained. Gifts typically range from £1,000 to £5,000, but have on occasion been much larger. The organisation also advises charities about introducing share donation to their own donors.

An inspired idea, ShareGift also has been hard work. The mechanism requires complicated transaction processing and, because it was an unproven concept,

explaining the model has often proved challenging. "Making the mechanism work is arguably our greatest achievement", says Claire.

Today, ShareGift has a staff of five and a multi-million pound turnover, and its successful model is being replicated around the globe: ShareGift USA was launched last year, and Shares for Good, a New Zealand charity, was launched this summer. Further discussions for replication are being held in Canada and Australia.

Here in the UK, ShareGift anticipates that the amount it has donated to charities will reach £10m by the end of the charity's 10th anniversary this year and that the charity will continue to provide a significant stream of income to charities in the years to come. As a former Beacon Prize judge, Claire appreciates the significance of the Prize in helping the organisation to raise awareness: "The Beacon Prize underscores our success and the value we provide shareholders, companies and charities." Beacon Chairman Martyn Lewis summarised, "This is brilliant and creative giving in the simplest way."

For more information about ShareGift, visit www.sharegift.org.uk.

Giving in Europe: A growth story

By Volker Then and Norman Spengler

In the last decades, philanthropy has become an international success story. Economic globalisation, pervasive market logic and capital market developments have all played a role in nurturing both demand for and supply of philanthropic capital. Social inequalities both in a north-south dimension and within industrial societies are calling not only for political action but also for private remedy to be addressed appropriately. In Britain, a call for "creative philanthropy"¹ has been read by a number of leaders in the sector as an encouragement to social justice philanthropy. In Germany, a sector enjoying a favourable political and social climate has seen almost a decade of sustained growth. As a result, both public and political expectations towards the problem-solving capacity of the sector almost seem exaggerated.

Still, legal frameworks differ and seem to suggest a comparative advantage for British donors, who enjoy the most favourable options of tax-effective giving. It is therefore worth looking at the facts - the figures on giving in the two largest national economies in the European Union - UK and Germany - in a comparative view to the USA to give an impression of the results of recent trends. As we shall see by way of a preliminary interpretation of the data, philanthropic cultures differ substantially. With respect to an interdisciplinary point of view, it is important to consider that varying governmental restrictions and encouragements have established different donation cultures and circumstances in both countries.

Compared to the United States, where data on nationwide giving have been collected annually since 1954 by the Center for Philanthropy at Indiana State University², a method of measuring 'giving' standardized for the different European countries is missing, but there are national efforts and attempts to aggregate official data or to at least estimate the figures.

Germany

The amount of giving in Germany is only available by very sketchy estimates for lack of a general and standardised publicity requirement (legally, only reporting requirements exist by German Landers, but the information is neither standardised nor publicly disclosed). In addition, the civil law tradition and its different legal vehicles for charitable purposes make the situation even more complex.

Such an attempt to sum up at least rough estimates for German giving was recently made and has been published³. Based on the results of the Spendenpanel (a national consumer survey panel which for the first time included giving information for 2005/2006) tax publications and financial information on the German charities

by the Deutscher Spendenrat, giving is estimated to be €16.6 billion for 2004 (with some data drawn from the first six months of 2005). The breakdown is shown in Table 1.

Type of revenue	(€bn)
Pass-through donations (7/2004-7/2005) ⁴	2.6
Church tax revenue ⁵	8.0
Endowment contributions (2004) ⁶	6.0
<i>Thereof:</i>	
<i>Annual revenue from endowments</i> ⁷	3.0
<i>Endowment contributions</i> ⁸	3.0
Total 2005	16.6 (€11.3 bn)

The most impressive element in this estimate is the real and documented number of new foundations being created every year - about 800 annually for each of the last five years. As a result of this growth, today about one half of all 14,000 German foundations were established in the last ten years.

The data seem to suggest that the transfer of post-war wealth to the next generation is more important for recent giving developments than are the accumulated small pass-through gifts to charities which give a rather stagnating impression. Donors are more likely to contribute to endowed institutions and see them as part of their succession planning in many cases of corporate family wealth. Also, creating a foundation is seen as an act of social entrepreneurship preferable to paying (inheritance) taxes. Founding a charity is seen as an attractive way of ensuring the philanthropic benefit of one's own legacy. A growing infrastructure is advising and informing donors about the options to tailor their gifts to their values and social preferences. All this causes us to be optimistic about the future of German giving.

The UK

Collecting data for the UK is eased by NCVO research as well as published figures from different regional umbrella bodies. The following data in Table 2 is based on *Charity Trends 2006*⁹, recently published by the Charities Aid Foundation.

Income from	(£bn)
Individual donations	8.2
Legacies	1.6
Trusts and foundations	2.7 (with total assets of £33.3 bn)
Companies	1.1 (includes cash and in kind gifts)
Total 2004/5	13.6

At a quick glance, we can see that UK giving is higher compared to that in Germany for 2005. What is behind this difference?

Primarily, the measurement is different in both countries. For example, health, education and research services, including those employees, belong to the charitable sector in UK¹⁰, but to the public services in Germany. Second - as seen from a continental European point of view - the process of devolution (i.e., of handing over responsibilities for social functions from the welfare state to charitable organisations) is more advanced in the UK. Finally, UK umbrella organisations seem to be more successful in promoting philanthropy through, for example, giving campaigns.

To conclude, we compare giving relative to the size of the economies for the UK, the USA and Germany. The results are summarised in Table 3.

Country	Giving (£bn)	GDP ¹¹ (£bn)	Giving/GDP
UK	13.6	1211	1.12%
Germany	11.3	1533	0.74%
USA	137.3	6560	2.09%

The USA can still claim the lead in giving as compared to GDP, while the overall German situation is still characterized by the welfare state pattern. However, the UK-German gap may begin to close. The US sector gets a lot of credit due to some of the largest charities in the world which originated in the United States and create substantial impact, especially in the international arena. The German Warren Buffett however is still to be awaited.

Dr. Volker Then is the Managing Director of the recently created CSI - Centre for Social Investment at Heidelberg University in Germany; Norman Spengler is a graduate research assistant at the Centre. For details, visit www.csi.uni-heidelberg.de.

¹ Anheier, Helmut K. and Leat, Diana, *Creative Philanthropy*, New York 2006.

² *Giving USA*. Report of the Centre for Philanthropy at Indiana State University. 2005 total amount of giving in the U.S. was \$260.28 bn.

³ Then, Volker, Einleitung, in: *Fundraising Akademie* (eds.), "Fundraising, Handbuch für Strategien, Grundlagen und Methoden", Wiesbaden: Gabler 2006, pp. 1-8.

⁴ Surveyed for the first time in 2004 in a cooperation between Deutscher Spendenrat and GfK

⁵ See <http://www.kirchensteuer.de/steuer.html>.

⁶ Estimate based on data of Bundesverband Deutscher Stiftungen (German Association of Foundations), www.stiftungen.org, and Johns Hopkins Comparative Non-profit sector data, see Zimmer/Priller, Germany, in Salamon, Lester M. a.o., *Global Civil Society, Dimensions of the Non-profit Sector*, Baltimore 1999, pp.101 and 109.

⁷ Based on Bundesverband Deutscher Stiftungen data: aggregated endowments of German foundations (€60 bn at an average interest rate of 4%).

⁸ Based on the assumption, that the endowment size of new foundations (for 2004 and 2005: n = approx. 800) is equally distributed as that of existing foundations.

⁹ Charities Aid Foundation (2006): *Charity Trends 2006*, London.

¹⁰ Kendall/Almond in Salamon et al. (1999): *Global Civil Society. Dimensions of the Nonprofit sector*, Baltimore, MD. P. 181ff.

¹¹ http://www.econstats.com/weo/index_glweo.htm, GDP bases on current prices.

Case study: Giving in the Netherlands

By Pamala Wiepking

Inspired by a trip to the US in 1995, Theo Schuyt returned to Amsterdam with the objective of mapping the philanthropic centre in the Netherlands, modelled on the *Giving USA* research. He founded the Department of Philanthropic Studies at Vrije Universiteit, and since 1997 has published the results of a biennial survey - the Giving in the Netherlands Panel Survey (GINPS) - of contributions of money and time by households, companies and foundations.

As reported in the June 2006 *Philanthropy UK Newsletter*, Prof Schuyt is now seeking to use the expertise gained from ten years of Giving in the Netherlands to launch a new research project, Giving Europe, to map philanthropic activity across the continent. From January 2007 this will involve collaborations with researchers in five countries, including the UK, with the aim of including further European countries in the future.

Dutch giving

Giving in the Netherlands has grown 9.7% compounded annually since 1995, reaching €5.2 billion (£3.5 billion) in 2003 (see Table 1 below). This represents 1.2% of the country's GDP, the first time giving exceeded the one percent mark.

Year	Giving (€m)	Giving/GDP
1995	2,495	0.9%
1997	2,471	0.8%
1999	3,660	1.0%
2001	3,580	0.8%
2003	5,222	1.2%

The main sources of contributions were corporations and households, which contributed, respectively, 43% and 42% of all giving. The other 15% of giving came from, in descending order, bequests, foundations and lotteries.

The most popular cause supported by the Dutch in four out of the five years that this research has been conducted is religion. The ranking of most favoured causes in 2003 is summarised in Table 2.

Cause	% of gifts
Religion	23%
Sports and recreation	18%
Culture	12%
Health	11%
Public / social benefit	11%
International aid	9%
Environment, nature and animals	6%
Education and research	6%
Other	4%

Further information on this research is freely available, in English, online at www.giving.nl.

Pamala Wiepking is a researcher and PhD student at the Department of Philanthropic Studies, Vrije Universiteit, in Amsterdam, the Netherlands.

Giving USA: A snapshot

By Nicola Hill

Giving in the US grew 6.1% in 2005, to \$260 billion (see Table 1 below), driven largely by an extraordinary response to three major natural disasters, according to *Giving USA*. Company giving, up 22.5% on strong corporate profits, also contributed to overall growth.

Source	Giving (\$bn)	Yr/yr gr.	% of total
Individuals	199.07	+6.4%	76.5%
Bequests	17.44	-5.5%	6.7%
Foundations	30.00	+5.6%	11.5%
Companies	13.77	+22.5%	5.3%
TOTAL	260.28	+6.1%	100%

Churches and religious organisations continued to capture the largest share of total donations - \$93.2 billion or 35.8%. This was up 5.9% on the previous year.

According to the *Chronicle of Philanthropy*, the most generous donors gave and pledged \$1.4 billion in 2005, down from a high of \$4.1 billion in 2004. This peak was in part accounted for by a gift from Bill and Melinda Gates to their own foundation of \$320m. Publicly announced gifts of \$1m or more from individuals rose by 39% in 2005 to 796, according to the Center on Philanthropy's Million Dollar List.

Thomas J. Stanley, in his book *Millionaire Women Next Door*, found that female millionaires who earned their fortunes in business donate 7% of their income every year. This is much higher than the 3% average for all donors and higher than the 5% average for male millionaires.

Giving USA, published by the Giving USA Foundation and researched and written by the Center on Philanthropy at Indiana University, can be ordered for \$70, plus postage and handling, at www.givingusa.org.

Musings by the pond: Reflections on philanthropy in the US and the UK

By Dr Salvatore LaSpada

Comparing philanthropic capital markets across countries is a risky business. Socio-cultural contexts vary widely, the economic systems in which philanthropy operates are distinctive, and patterns of historical evolution are necessarily unique. Compounding the challenge is a dearth of sound, cross-country research data.

Comparisons with the US philanthropic capital market are in many ways unfair - it is the largest, most robust and arguably the most dynamic system in the world today. But for me, a recently arrived American in the UK, it is a particularly risky business.

That said, allow me to take the leap.

Generous sums

First, a look at the numbers: According to Giving USA, private giving in 2005 totaled more than \$260 billion (2.1% of GDP), a growth of 6.1% over the previous year (or 2.7% when adjusted for inflation). While foundations capture the imagination and attention of the public, it is in fact regular citizens who account for the lion's share of that generosity - 76.5% (with donations just under \$200 billion). Foundations come in second at 11.5% (\$30 billion), followed by bequests (yes, even the dead give) with a 6.7% share or \$17.44 billion, with corporations next accounting for 5.3% of all giving at \$13.77 billion. By all measures and comparisons, these numbers paint a portrait of a very generous society.

Private wealth, public good

The robustness and vitality of the US philanthropic sector can be attributed to a number of factors. First, it is an entrepreneurial society with a firm belief in the central role of private sector innovation. Private philanthropy is both the fruit of innovation and an important finance stream for it (in the US, it is not seen as a surrogate for government even when it is in the business of delivering direct services). A virtuous cycle is propelled - greater private sector innovation creates greater wealth which in turn creates greater philanthropy.

The primacy of the private sector has deep historical roots. The US was until the late 19th century a country of westward expansion where community preceded government. When new communities were formed and children needed schools, communities built schools. When fire brigades needed to be formed or barns raised, it was citizens who volunteered their time, their labour and their capital. Waiting for government simply was never an option - and that ethos remains today.

This history of citizen initiative and citizen-led problem solving are the basis upon which contemporary philanthropy operates.

Another very important dimension is the social contract at the base of US society. The US is a society of opportunity largely unfettered by rigid and restrictive class distinctions (though sadly in recent years this has begun to erode). Citizens and corporations are given the opportunity to create wealth without the burden of excessive taxation and government interference. In exchange, however, individuals and corporations are expected to give back - and indeed they do through their philanthropy. It is in essence a social contract of reciprocity and philanthropy is its currency.

Moving on up

Another cultural idiosyncrasy at the intersection of class and philanthropy is that since the late 19th century philanthropy has been a tool for social mobility. Newly wealthy individuals who crave social respectability and affiliation with more traditional elites can propel their ascension by joining the boards of elite institutions and by contributing profusely.

Wealth configuration is an important factor in the philanthropy equation. Simply stated, US wealth is not landed; it is liquid and therefore easily deployable for public benefit. Traditional British concepts of philanthropy on the other hand are rooted in notions of stewardship: "This wealth was created by my ancestors and my responsibility is to pass it on intact to my descendents, and they to theirs". This of course is changing, as the face of British wealth undergoes a radical transformation to something similar to US wealth. Notable on this front is the fact that now 75% of those featured in the *Sunday Times* Rich List are self-made individuals. This is a very promising development for UK philanthropy.

To a young nation of immigrants, the US only has by definition new money. Class distinction of course exists (and unfortunately is growing) but even for the wealthy poverty is not a distant memory. Forty percent of the current US population are the descendants of the immigrants who passed through Ellis Island during its years of operation (1880-1924) - poor, often illiterate, certainly not English speaking and with all their worldly possessions tied into bundles. We know either directly or through family lore what it is to be hungry and frustrated in the face of lack of opportunity. When we create wealth and ascend socially we understand that we have a responsibility to create opportunity for others less fortunate or even more recently arrived. Herein enters again the social contract. And once again philanthropy is its currency.

Not so taxing

The notion that low taxation accounts for the robustness of US philanthropy, as compared to that in the UK, may be misguided. For one, tax rates are not that dissimilar. A high-rate tax payer in the UK pays 40% of his/her income to the government. A high-rate tax payer in New York State may pay just shy of 35% (assuming 28% in federal government taxes and 6.85% in state taxes). In the state of California, the tax burden is actually higher than it is in the UK for higher-rate tax payers, reaching 44.3% for the highest incomes: 9.3% in state tax and 35% in federal tax (for incomes over \$336,000, or £180,000).

What may play a greater role (though we do not have empirical evidence for this) is the generous tax breaks for charitable giving in the US. A case in point: Top bracket tax rates in the post second world war period through the 1960s averaged between 70% and 94%, yet those years saw some of the greatest growth in the number of new foundations created, thanks to generous tax breaks for donors. It could be argued (though once again we need data) that the UK's Gift Aid scheme - though very egalitarian in its aspirations (with shared benefit for donor and grantee) - may not quite be the right fiscal incentive to increase significantly the flow of philanthropic capital to (what Bill Drayton of Ashoka quite compellingly calls) the citizen sector.

Keeping demand strong

Finally, a note on charities. I often argue that philanthropy is an equation with a supply side and a demand side. Good charities with demonstrable records of effectiveness, compelling leadership, robust community input and a strong, independent public voice create demand and can inspire increased giving. This is in clear evidence in the US where citizen sector organisations are in general highly professionalised and savvy in their relationship building with donors. If we are to see a significant increase in philanthropic giving in the UK some attention will need to be paid to helping those organisations in need of strengthening.

Many organisations are exemplar and can be beacons and mentors to the more fledgling. Coaching and management consulting from venture philanthropy groups, such as Impetus Trust, will also advance this agenda over time, as will the work of New Philanthropy Capital and the methodologies it is offering the field for understanding organisational effectiveness. But we need more financing for building the infrastructure and increasing the effectiveness of the social sector - and that is the task of the philanthropic community itself (grant-making trusts and philanthropy service organisations alike). We need to build and strengthen our own industry and ensure that it remains robust, innovative and independent.

Lessons from abroad

The peculiarities of US history, culture and social organisation limit significantly the lessons it can share with other countries seeking to increase philanthropy and private citizen initiative. But the US experience can be informative in general terms, particularly in the UK, a country itself with a rich charity tradition (the most generous and developed in Europe) and indeed the progenitor of the US.

Our task in the years ahead is to re-imagine and re-tool philanthropy for a society of opportunity and social mobility (which the UK in fact is), and to understand in fresh terms its role in forging a new social contract. We need to look critically at the role of the State and understand with greater complexity when it delivers social benefit and when it crowds out private citizen initiative. We need to revisit whether the current fiscal incentives, principally Gift Aid, are the right ones and whether new and different tools need to be added to our tool kit. And we need grant-making trusts to exercise responsible citizenship in the field by opening new funding streams dedicated to building the infrastructure of philanthropy and strengthening the capacity of citizen sector organisations.

Dr Salvatore LaSpada is Chief Executive of the Institute for Philanthropy.

GUEST EDITORIAL

In light of the strong growth in individual giving, especially among the newly wealthy, we asked Geraldine Peacock to offer some tips for new givers, based on her experience as Chair of the Charity Commission and a charity chief executive. In addition to her usual sage advice, she also provides an insightful view on the role new philanthropists can play in creating a "self-sustaining and empowered citizenry".

Back to the future: Some observations on the New Philanthropy

By Geraldine Peacock

"Can you provide five tips for new philanthropists?" was the request. What a great opportunity to illuminate some issues around philanthropy; not only for those contemplating, but also those who already partake in, or receive it.

Approaching my keyboard with alacrity, I struggled, encountered writer's block and wondered 'why?' The answer began to emerge travelling home from a long weekend in Wiltshire, when an old childhood joke came to mind:

Q. Why do people in Wiltshire eat mashed potatoes? A. Because they have no Devizes (devices) for Chippenham (chipping them!).

Applied to philanthropy this might read: Q. Why do people always think philanthropy is about doing good to others? A. Because historically, in the UK, there is a tradition of top-down benevolence combined with State aid that disenfranchises people or lures them into dependency.

Here were the roots of my writer's block, the downside of traditional philanthropy. This is not readily acknowledged publicly or recognised by many philanthropists, and it needs to be debated. Stereotypical views also overlook the importance of self-help and empowerment, which can be undermined by benevolence.

To return briefly to the Wiltshire culinary analogy, if you eat mashed potato all the time it becomes boring; by using different cooking techniques or new ingredients it can taste different and interesting (e.g., bubble and squeak, roast potatoes, as a thickening agent in sauces).

Many of the post war generation grew up believing that war had united people in the UK and created a benevolent state. The resultant 1948 vision of a Welfare State where the government would provide good, free, and essential services to all was seen as achievable. The present generation however - not having fought in wars and in receipt of better education - enquire rather than accept, recognise that if the 'good of all is to be achieved', then it has to be through independence and accountability, enabled by the State structure. Come in the 'New Philanthropy'.

The dictionary defines philanthropy as "The altruistic concern for human welfare and advancement, usually manifested by donations of money, property, or work to needy persons, by endowment of institutions of learning and hospitals, and by generosity to other socially useful purposes". It's a derivation from Greek and Latin meaning "a love of mankind". The emphasis is on "doing good to or for" others.

Some cynics would say that the "doing good" to others also helps some people do rather well in their business lives and leads to medals and titles. Maybe, but is that necessarily so bad? As Henry David Thoreau commented, "Philanthropy is almost the only virtue which is sufficiently appreciated by mankind. Nay, it is greatly overrated; and it is our selfishness which overrates it."

'Old style' philanthropy often leads to accusations of social control/engineering (he who pays the piper plays the tune). Charities, lured by the promise of philanthropic money, drift from their missions. Philanthropy has traditionally been thought of as a financial activity, especially as incentives from government have focussed on money.

What the new philanthropy brings, as the once bright light of national politics begins to flicker, is the belief that true enlightened engagement with the State can only happen through a self-sustaining and empowered citizenry.

Self help is a different form of altruism which, together with community engagement and mentoring, produces a new kind of philanthropy. People work together for the common good motivated by a number of reasons of which the old philanthropy is one.

As Samuel Smiles said, "Men must necessarily be the active agents of their own well-being and well-doing, they themselves must in the very nature of things be their own best helpers." This is what is happening now. Emerging disillusioned from the inadequate nannying of the welfare state are a new breed of perhaps 'explorers' rather than philanthropists. They are connectors who catalyze new forms of relationship between citizen and State.

The nation is beginning to wake up to the fact that it is disempowered and encumbered with social supports that are creaking at the joints. Rather than shore up something that is imperfect, there is a radicalism afoot which gives a new energy and a sense of investing and giving rather than donating and patronage. Like Machiavellian philosophy, "It must be considered that there is nothing more difficult to carry out, nor more doubtful of success, nor more dangerous to handle, than to initiate a new order of things. For the reformer has enemies in all those who profit by the old order, ... and partly from the incredulity of mankind, who do not truly believe in anything new until they have had the actual experience of it."

We live in interesting times. At the Charity Commission, the new vision of enabling charity (and that covers all sorts of charitable endeavour) to work effectively at the heart of society is what it is all about. The belief is, that if the regulator enforces intelligently, requiring relevant compliance, people and charities will rise to the challenge; in turn, boosting public trust and confidence. That, combined with a new Charities Act and enlightened forms of new philanthropy, leads to a society where government provides a legal and fiscal framework which enables people and organisations to work in ways that prove they are effective in meeting citizens' needs.

The change in patterns of giving has given birth to new forms of entrepreneurialism and social investment. New philanthropists are taking the Nike strap line literally and "just doing it".

Citizens are now investing in new ways, recognizing that developing intellectual property, effective management and good governance are crucial for a healthy society. This calls for recognition of the importance of giving time, skills and energy - not just money - to make things happen.

New philanthropists reflect this in three ways; they:

1. identify the problems, by listening to what citizens say;
2. verify them by research to establish a range of solutions to the issues; and
3. facilitate new ways of working across traditional boundaries that deliver the best benefit for the public.

For example, businesses are encouraged to use their Corporate Social Responsibility (CSR) resources creatively, as a way of achieving better outcomes for the community, and to change the culture of their workforce. Incentivised by community tax credits, some have stopped doing things like painting old folks' homes (because that's what they thought needed doing, or it provided a good photo

opportunity!). Instead, they interact and listen to their local community, and then provide what is required - be it time, knowledge, information or expertise. This ignites local self sufficiency without the hubris of social control.

Time to get off my soapbox and address those five tips I was asked for. Based on the above, my advice to new philanthropists would be:

- Be bold.
- Be imaginative.
- Think laterally.
- Where necessary, challenge orthodoxy with conviction.
- Be able to back up your proposals with evidence of where new initiatives work and why.

Finally, if I might sneak in one extra, don't be shy of benefiting yourself (either you or your organisation) - a win-win situation is all to the better - there's nothing wrong with philanthropy starting at home.

Geraldine Peacock CBE, previously Chair of the Charity Commission, and Chief Executive of Guide Dogs for the Blind.

FEATURE PROFILE

European Venture Philanthropy Association

The European Venture Philanthropy Association (EVPA): Promoting a new model of giving

By Susan Mackenzie

Ask three individuals in the UK to define 'venture philanthropy', and you are likely to get at least three different answers. Definitions are even more varied when working across different languages and cultures. To be sure, the young European Venture Philanthropy Association (EVPA) faces a challenging task as it seeks to achieve its mission of "connecting, engaging and impacting" its members and others interested in venture philanthropy, whose diversity spans both countries and industries.

Founded in 2003, EVPA was the inspiration of its five founding trustees while on a charity bike ride together in Vietnam in 2001. All leading private equity professionals in their respective countries, the trustees - Luciano Balbo, Stephen Dawson, Michiel de Haan, Doug Miller and Serge Raicher - initially were seeking a way to make their own giving more effective. Today, they are hoping to create a new market for philanthropy in Europe.

Connecting

EVPA became a registered charity in late 2004 and opened for membership in February 2005. Six months later, the association held its first annual conference in London, attracting 135 attendees from 15 countries, including its first 16 members and three corporate founding sponsors - 3i, Barclays Private Equity and KPMG.

EVPA Chairman Doug Miller attributes part of the organisation's success to its close relationships with the European Private Equity and Venture Capital Association (EVCA) and the European Foundation Centre (EFC), two of its honorary members. Miller explained, "We knew that we would have more impact, more quickly, if we used existing platforms. An early aim was to facilitate dialogue between the private equity community and foundations, to raise awareness among both those new to philanthropy and experienced givers." EVPA trustees have spoken numerous times at both EVCA and EFC conferences.

In September 2006, EVPA boasted 34 members from 10 countries, which include venture philanthropy funds, grant-making foundations, academic centres and private equity firms. EVPA's membership is under a "broad canopy", says Rob John, EVPA Advisor and Fellow at the Skoll Centre for Social Entrepreneurship at Oxford University's Saïd Business School. "We made a conscious decision to be inclusive, and to not define too sharply our boundaries."

Engaging

This year EVPA expanded beyond western Europe through a pilot project in Estonia, where it partnered with a local social entrepreneur, Artur Taevere. EVPA provided a small grant and technical assistance, which helped to accelerate Taevere's work in setting up Estonia's first venture philanthropy fund with the support of a major bank and foundation. EVPA also has had discussions with CAF Russia about its interest in developing venture philanthropy models farther east with Russia's newly wealthy philanthropists.

Promoting this new approach to giving (at least, new to Europe) requires a lot of education to address misconceptions. John remarked, "We are working with ingrained attitudes and behaviours, and so expect some scepticism and resistance, although it is gratifying how much openness to these ideas we are finding."

As part of its efforts to improve the understanding of venture philanthropy, EVPA has this year published the first directory of European venture philanthropy, which includes a 'primer' on this giving approach as well as investment case studies from its members. The association also has published a report it commissioned on the state of venture philanthropy in Europe, mapping existing activity and identifying obstacles and opportunities for growth. Both the Directory and an executive summary of the research report are available free of charge on its website.

As a membership association, however, EVPA's first priority is serving its members. A recent survey showed that members highly value the forum EVPA provides for networking and sharing learning. For example, EVPA hosted a members' workshop earlier this year, and is working to help build local networks in members' home countries. Groups in Germany, Spain and Switzerland are already forming.

In an effort to support members' capacity needs, EVPA also has formed three working groups to address key issues faced by venture philanthropy funds: providing non-financial support to investees, measuring performance, and fundraising and non-grant finance.

Members appear to be satisfied: 100% of them renewed their membership this year. This is a particularly impressive result considering the organisation's limited resources - EVPA has no staff, and mainly relies on the support of its trustees and one part-time Advisor.

Impacting

Despite its small size, EVPA maintains high ambitions. Said Miller, "We want to be a change agent...to change the way people think about their philanthropy. We realise that having a venture philanthropy fund will not be appropriate for everyone, but we hope that givers will adopt some of the key principles of venture philanthropy, such as engagement, efficiency and accountability."

To achieve its goals, EVPA will continue to expand both its reach and its services. It aims to have 50 members by the end of 2007 and 100 within five years, and will expand further in Central and Eastern Europe. It also will begin to develop interest groups for its Associate members, while continuing to facilitate the collaboration between venture philanthropy funds and grant-making foundations.

Of course, EVPA practices what it preaches, and is beginning to measure its own impact, both in member satisfaction and in its promotion of venture philanthropy more broadly.

On the eve of its second annual conference - to be held at the French Senate in Paris on 15th September - EVPA is quickly becoming the first port of call for anyone interested in European venture philanthropy, however they may define it.

For more information about EVPA, visit www.evpa.eu.com.

EVPA trustee profile: Doug Miller

By Susan Mackenzie

Background: American citizen who has lived in the UK for 27 years. Has 35 years' experience in investment banking and private equity. Founder of International Private Equity Limited, a fund placement boutique. Founder Trustee of Impetus Trust. Co-founder and Chairman of EVPA.

For Doug Miller, philanthropy has been a "progression of learning". His influences started early in life: as a child, his mother, a school teacher, had little money but was always involved in charitable activity. Later on, he served in the US Army in Vietnam, where he lived with local people as an officer in a Special Forces reconnaissance unit. He was struck that, despite living in abject poverty - with no roads, running water or electricity - the villagers had a strong sense of family and community, and of helping others.

"I believe that if you are capable - with either financial means or skills - then you have an obligation to give back to society," says Miller. Initially, he was a "chequebook giver". Then, in the mid-1980s, a micro hydro project in Sri Lanka made him think more strategically about his giving. He explained, "I realised the scale of the need, and switched from grants to loans. We were recycling our funds two-to-three times." Given his private equity background, Miller found this leverage intuitively attractive.

The impact of leverage has informed much of Miller's philanthropy, including the European Venture Philanthropy Association (EVPA), where he and his fellow founding trustees seek to lever time, money and networks to promote venture philanthropy across Europe.

Another example is the Multi-Cultural Scholars programme he founded at the University of Kansas, his alma mater, in 1992. The programme recruits minorities from high school for intensive mentoring and leadership development. Its impact has been remarkable: participants' graduation rate from university is 93%, compared to 65% for the school as a whole, and its success has attracted the support of many corporations. The programme has expanded to eight schools at the University and is graduating over 25 students each year.

Miller explained, "When I was in the Army, I noted that most of the men on the front lines were minorities, which I believed was partly due to a lack of educational opportunity. The Scholars programme helps disadvantaged individuals realise their potential - and to have a much greater impact on society, as they become leaders and role models to others." In September 2005 the programme was introduced at the University of Warwick School of Law, focusing on the Pakistani and Bangladeshi communities. Miller, an American who has lived in London for the past 27 years, has funded the first ten years of the programme.

What has Miller learned from his philanthropy? Above all, he says, "Be passionate, it is very easy to get frustrated." Second, learning is a continuous process: "Seek out others with more experience, and recognise that people will have different perspectives and motivations. Understand how to work with different cultural influences." Finally, "It is not enough to just have a good idea. At the end of the day, it is the people who implement the project who drive success." In that respect, EVPA's future looks bright indeed.

EVPA trustee profile: Serge Raicher

By Susan Mackenzie

Background: French national with 15 years' experience in private equity. Current Partner at Pantheon Ventures, a leading private equity fund of funds, and Former Secretary General of the European Private Equity and Venture Capital Association (EVCA). Member of Toolbox asbl, a philanthropy group in Belgium. Founding trustee of EVPA.

In January 2001, Serge Raicher and some of his private equity colleagues participated in a charity bike ride in Vietnam. Over the 10-day trek, they raised over €350,000 for Mines Advisory Group and several other charities. They also talked about their giving and new approaches to philanthropy. Those conversations turned out to be the genesis for what became the European Venture Philanthropy Association (EVPA).

As a founding trustee of EVPA, Raicher brings valuable experience in corporate governance and association management, having previously served as Secretary General of EVCA. He also helped to bridge key support from EVCA, now an EVPA honorary member.

Raicher's private giving supports charities tackling disadvantage, driven by a deeply held belief that philanthropy is "a moral obligation". He explained: "Why do some not have access to the basic opportunities in society - such as food, shelter and

education? Their only error in life is to not have been born in the right place at the right time.”

Like many of his colleagues, Raicher’s private equity experience influences his giving. For instance, he supports projects where his investment can have a measurable impact, and typically provides in kind support, such as marketing advice and access to his network of contacts. He seeks out entrepreneurial leaders who take initiative and who are willing to be critical of their work. Raicher elaborated: “A charity must be conscious of the impact it is trying to have. It is important to set expectations and measure performance - to make objectives clear from the outset, rather than to justify performance retrospectively.”

As he seeks new ways to support good causes, Raicher continues to learn from and be inspired by his peers and other philanthropy leaders. He was impressed by Warren Buffett’s decision to give away the bulk of his wealth to the Bill & Melinda Gates Foundation rather than to found his own: “A good starting point for some starting out in philanthropy may be to give to a proven model which has already demonstrated impact and efficiencies. Buffett was tremendously successful in business, but he felt that there was someone else who could give away his wealth more effectively.”

Whilst such public philanthropy is uncommon in Europe, Raicher notes that many European companies and wealthy families are very involved in their communities. “But they give quietly”, he says, “they would not want their philanthropy to be perceived as self promotional”. On the Continent, where economies are more centralised than in the UK, the government and the church are “often held responsible for looking after their citizens...[and] this impacts how individuals get involved in the charitable sector”.

Yet Raicher remains optimistic, and believes that attitudes toward giving in Europe are changing positively, evidenced in part by EVPA’s success. He encourages other philanthropists to talk more about their giving, to provide leadership for new givers, and to let them know that “it is okay to feel good about giving”. For his part, Raicher continues to lead by example.

SPOTLIGHT: Warren Buffett's gift to giving

Warren Buffett's announcement that he is giving away 85% of his \$44 billion fortune to charity - with most of this going to the Bill & Melinda Gates Foundation - sparked much discussion on both sides of the Atlantic. Notably, British media coverage was largely positive, although the reporting only scratched the surface of the important issues for philanthropy raised by Mr Buffett's gift. Below Peter Wheeler highlights some of these issues and challenges the giving community to have the much-needed debates. In the two articles that follow, ACF's Carol Mack addresses one of these points - whether to give to an existing foundation rather than establish one's own - while Beth Breeze analyses the media coverage in the UK and the US.

Warren Buffett's gift to giving

By Peter Wheeler

There has been a lot of commentary on the news that Warren Buffett has pledged most of his wealth of almost \$40 billion to the Bill & Melinda Gates Foundation in annual instalments (continuing at least until his death). Much of the commentary has been adulatory; a little has been cynically negative. It's my view that it is 'too soon to tell' *how* great a thing it is that he has done, though I am inclined to think that it is well on the side of 'great'. It is worth keeping track, perhaps, of the arguments circulating so we can evaluate how well this has worked as time goes by. We can learn from great initiatives as well as from failures.

Things to like about it:

- The money (let's agree, it's an awful lot) will do some (probably very significant) good sooner than it would have if the world had had to wait until Mr Buffett passed away (he is 75 and, according to his doctor, in rude health).
- There are plenty of much worse places he could have committed it than the Gates Foundation.
- If it is good enough for the Second Richest Man in the World to give so much away (now), what an example to those with \$4m, \$40m, \$400m and \$4 billion.
- The amount of money in aggregate that all those (we) other Rich Folk have to give away dwarfs Buffett's billions.
- A lively debate is prompted about whether Mr Buffett gave it to the *right* foundation. We need that debate badly.
- A lively debate is further prompted about whether one philanthropic organisation can be too big and powerful, and how its role relates to those of government and supranational agencies with related agendas.
- The debate includes consideration of the appropriate degree of accountability in very large public and private foundations.
- Mr Buffett has not tried to reinvent the wheel. He decided that the world does not need another huge foundation with the settlor's name on the door. He knows he does not play golf like Tiger Woods and has made the best pick he could.
- How many other foundations could make a credible case that they would use \$1-2 billion a year well? Gates may or may not be great, but most likely it is at the very least 'good enough' to beat retention of the cash in the commercial capital markets.

Things to be concerned about:

- Mr Buffett has commented little about *why* he chose Gates. There are excellent arguments, but it would be enormously valuable for all of us to see them spelled out in the same kind of detail (and with the same kind of wit and wisdom) that he spells out his investment thinking for Berkshire Hathaway shareholders and the public.
- Bill Gates is by no means yet the 'Tiger Woods' of philanthropy. It's not a nice metaphor, Warren. He is the richest man in the world, though. Which means that he is good at making money, lucky, or both. And he is taking his philanthropy very seriously.
- The Gates Foundation already has more capital at its disposal than any other. This move by Mr Buffett increases 'market concentration'. Some good may come from this, but also, potentially, some harm. Are the Gates trustees wise enough to know how to handle those issues? (It might be noted that Microsoft's record on similar issues is mixed at best.)
- The Gates Foundation is already stretched in 'getting the money out'. Now it will have to double its capacity. This has the potential to crowd out other organisations, sucking resources and able people from (a) other places where they are needed to pursue causes not on the Gates agenda, and (b) in the same places where 'competing' interventions may deliver higher returns.
- Gates is only doing a few (admittedly huge) things (global health, including HIV/AIDS and malaria; and US K-12 education). This has the merit of focus. How much thought, though, did Mr Buffett give to why it's *those* things he wants to support? It may have been a lot - he is certainly a thoughtful man - but it could be useful to many if he would share that thinking with us. Trade-offs and prioritization are at the heart of any investment decision due to limited (even if huge) resources.

Mr Buffett's generosity is to be applauded, and, indeed, it sets a high water mark for other wealthy individuals making significant gifts. But, perhaps just as importantly, his gift also brings to the fore important issues in giving. These are debates worth having - and we should welcome the challenge. And let's check in in five years' time to see how it's all going.

Peter Wheeler is Chair of Futurebuilders England, a trustee of New Philanthropy Capital, and a former partner of Goldman Sachs, but writes here in a personal capacity.

Learning from experience: Supporting proven models of success

By Carol Mack

News that Warren Buffett has given almost \$40 billion of his personal wealth to the Bill & Melinda Gates Foundation has spawned a new term: 'billanthropy'. Amidst media comment on the magnitude of his gift - the largest donation of capital ever given for philanthropic purposes - what is also attracting attention is Mr Buffett's decision to give his money to an existing grant-maker, rather than establishing his own eponymous foundation.

So why might would-be philanthropists give to an existing foundation, as opposed to setting up their own? What are some of the pros and cons of doing this?

Perhaps the greatest advantage of setting up your own foundation is that it gives you a golden opportunity to structure the foundation exactly as you would like. You can decide what causes the foundation will support and how it will go about doing this. You can choose the first trustees and staff, if indeed you intend to employ staff. Many philanthropists find this personal involvement extremely rewarding.

A downside, however, could be that this all takes time, thought and resources. Mr Buffett has publicly said that he is applying the same approach to his philanthropy as he did to his business: finding talented people at good organisations and investing in them. An established foundation offers a proven model of impact and effectiveness.

If you give to an established foundation, then it will already have staff and trustees in post, will have decided on which causes it will support and have got grant programmes in place - meaning that your gift can be put to work immediately. In addition, there may well be economies of scale which will increase the proportion of funds actually going to benefit the individuals or organisations you want to support. Arguably grant-seekers could benefit from this too, as they will only have to complete one application form, rather than two - assuming that the foundation accepts unsolicited applications.

Research into the motivations of philanthropists by Theresa Lloyd, published by ACF in *Why Rich People Give*, found that some donors prefer to remain anonymous. Giving to an existing foundation may help to retain a low profile for such individuals.

Another key factor in deciding whether to give to an existing foundation or to set up your own would seem to be the level of involvement that you want to have as a philanthropist. Mr Buffett has taken a relatively hands-off approach. Although he will become a trustee of the Gates Foundation - which will give him a formal role in determining the future application of his gift - so far he has said that he does not intend to become more actively involved, much as Bill Gates himself said in the early years of the Foundation. Whether Mr Buffett will similarly be drawn into more active engagement with philanthropy remains to be seen.

Carol Mack is Deputy Chief Executive of the Association of Charitable Foundations.

Philanthropy and the media: News coverage of the Buffett gift

By Beth Breeze

On a typical day, there are two mentions of philanthropy and philanthropists to be found in all the national newspapers of England, Scotland and Wales put together. That figure changed dramatically on 25 June 2006 when Warren Buffett announced his intention to make the biggest philanthropic donation in history. Since the Buffett news story broke, philanthropy has been catapulted up the news agenda with around 200 UK media items in the first two weeks, meaning two items per day *in every national newspaper*. This article analyses the nature of that coverage and compares it with the media response in the US.

Prominence

The most immediately obvious difference between the UK and the US is the prominence accorded to the story. Every major US newspaper carried a substantial item on their front page on the day of the announcement whereas only the *Financial Times* deemed it worthy enough to 'hold the front page'. The other UK media tucked the story away on page 4 (*Times* and *Telegraph*) or even in the back half (*Guardian*, *Independent* and *Mirror*) and half of these were not carried until the day after the announcement.

Positivity

News coverage in both countries was decidedly positive. UK journalists used phrases such as "golden giveaway", "a donation of unprecedented proportions" and "the world's most selfless giver" whilst US journalists described the news as "a singular and historic act", "a golden age for philanthropic giving" and "[not] a fairy tale but real life".

However, once the story moved onto the comment and editorial pages, the UK media toned down the hyperbole and began raising questions about the motives of rich donors and the actual impact of the gift, writing, for example, “some perspective is called for”, “greed is back, but it is greed with acquired nobility” and “all that fuss... left me more than a little bemused”. Extreme examples of the more cynical UK approach were found in the *Guardian* where one journalist asked, “is it a symptom of arrogance and intellectual bankruptcy, revealing how the world is ruled by a sickeningly complacent and incestuous plutocratic elite?” and the *Independent*, which claimed that, “the seriously loaded...insist on monopolising virtue and wisdom as well”.

US comment pages maintained the ceaselessly positive tone and terminology, including, “astonishing gift”, “laudable”, “a refreshing move” and “euphoria”. One honest editor wrote, “we’ve run out of adjectives to describe [Buffett]”. Even the usually sober *Economist* (US edition) drew parallels with cheesy cinematic moments, “It was an extraordinary sight. The world’s two richest men hugged each other as a room full of New York’s great and good cheered... In cinema, such a scene would have seemed implausible.”

Sophistication of coverage

Philanthropic commentary in the US is more advanced than in the UK, including many specialist philanthropy reporters and a national bi-weekly newspaper devoted to the subject, *The Chronicle of Philanthropy*. It is therefore not surprising that the US press quickly moved on to debating the important issues that the gift raises, such as the focus on global health and education and the pros and cons of Buffett taking a back-seat approach to distributing his largesse.

The American-isation of philanthropy

Media coverage in both countries seems to assume that there is something distinctively American about philanthropic activity.

US newspapers contextualised the story as an example of “gold-plating” the American dream, proof of “noblesse oblige, American style” and typical of Americans with “an ethic of uncommon generosity, sweat-of-the-brow egalitarianism and civic-mindedness that makes our democracy a beacon to the world”.

More traditional, conservative-supporting UK newspapers claimed this sort of act was to be expected in a low-tax, highly religious, small-government country like the US. The *Times* claimed, “No other nation on earth has the capacity to produce individuals with the wherewithal and the motivation to extend such generosity” and the *Daily Mail* reported, “Theirs is a can-do culture which is not burdened to the same extent as we are in Britain by red-tape, tax and dependency on the state”. Even UK newspapers without a pro-American tendency, such as the *Independent*, shared something of this sentiment, writing, “Philanthropists are back... They never went away in America... In Britain, the decline of the church and the post-war creation of the welfare state let the rich off the hook”.

Style and Hyperbole

Finally, a major difference in media coverage between the two countries is found in the way that journalists and editors ended or ‘signed off’ their article. Many American journalists upped the positivity quotient and finished their text with a flourishing entreaty to their readers, “Here’s hoping others heed their message” or “Few of us can remake the world but we can all do something to make it a bit better” or with a direct message of appreciation and praise to Warren Buffett, “Thanks Warren Buffett, for everything” or “Bill and Melinda Gates said they were ‘awed’ by Buffett’s decision. We are too.” Positive media coverage in the UK tended to deteriorate throughout the article, culminating in more begrudging ‘sign offs’ from the relatively cautious, “Can philanthropists do better than governments?... We shall see”, to the downright critical, “Spare us the self congratulation, folks, and just write a cheque.”

Concluding thoughts

National media coverage reflects accepted national norms relating to style, tone and language that is deemed appropriate for the issue under discussion, so, whilst interesting, it may not be useful to dwell extensively on the specific words and phrases used to report Warren Buffett's philanthropic act.

However, this analysis highlights a key point that is essential to understanding media coverage of philanthropy.

The media does not just report the news, it shapes common understanding and attitudes towards all topics, including philanthropy. Two weeks of extensive media coverage have created and strengthened the notion that philanthropy is an essentially American phenomenon which is rooted in particularly American ideals of can-do capitalism, the work ethic, the Puritanical founding fathers of the past and the preference for small-government of today. The coverage also underscores the scepticism with which much of British society views the philanthropic wealthy and questions the motives behind their donations. Therefore this coverage is about more than the differences in the UK and US media to an isolated philanthropic action; it draws attention to how culturally loaded the whole notion of philanthropy is and what strong ideological reactions it invokes in different places.

GOVERNMENT & REGULATORY WATCH

Northern Ireland catches up while England slips again

By Laura McCaffrey

A consultation paper on the future of charity law in Northern Ireland was published by the Department for Social Development at the end of July. It proposes 12 statutory definitions of 'charity' and establishes a Charity Commission and tribunal for Northern Ireland.

The Northern Ireland Council for Voluntary Action (NICVA) welcomes the expansion of the definition of charities, stating: "The new additions should help to recognise and deem charitable the work of many Northern Ireland groups in the areas of peace and reconciliation and/or addressing sectarianism and racism."

For the first time, there will also be a register of charities in Northern Ireland. NICVA says this will "promote transparency and public confidence. It should also help to reduce the instances of rogue charities collecting here".

The paper also outlines plans for a Charitable Incorporated Organisation (a new form of charitable body). It sets out new rules with regard to fundraising and collections and is proposing tight thresholds for auditing requirements.

Copies of the consultation document can be accessed at www.dsdni.gov.uk/dsd_charities_review.pdf.

Meanwhile, the Charities Bill for England and Wales has been delayed again until after the Parliamentary recess. It went through the Committee Stage in the House of Commons in July with minor amendments.

It is now expected to go to the Report Stage when the recess ends on 9th October and become law before the end of the parliamentary session in November. According to the Cabinet Office, it will, however, take 18 to 24 months to implement all aspects of the new Act.

The latest version of the Charities Bill is available at www.publications.parliament.uk/pa/pabills/200506/charities.htm.

New Chair for Charity Commission

By Laura McCaffrey

Dame Suzi Leather has taken over the reins from Geraldine Peacock as the new Chair of the Charity Commission. For the last four years she has chaired the Human Fertilisation and Embryology Authority (HFEA). She has also been chair of the School Food Trust since it started in 2005. Her experience ranges from regulation to performance improvement and consumer protection. Minister for the Third Sector, Ed Miliband MP, said: "I look forward to working with Suzi on a range of issues, not least the Charities Bill."

Leather, who took over the post on 1st August, said: "Ensuring that charities deliver public benefit in exchange for the advantages which come with charitable status is set to become an increasingly key responsibility of the Commission, and the next few years will be particularly significant for the charitable sector and the Commission as it implements the proposed new legislation." For more information about the Charity Commission, visit www.charity-commission.gov.uk.

NEWS FROM AROUND THE SECTOR

Pilotlight expands to Scotland and Wales

By Susan Mackenzie

Building on its successful programme in London, in August Pilotlight - which connects innovative charities with the expertise of senior business leaders - announced that it is expanding outside England. Through its replication programme Pilotlight aims to establish an office in Scotland by summer 2007 and in Wales, which will also serve the West Country, in 2008.

The project, which is 50% funded by The Big Lottery, has started with a three-month consultation period. The objective is to establish the size of the market in Scotland for business members and charities, and to understand which elements of the Pilotlight model might be adapted to meet the needs of the Scottish community.

Deborah Green, previously Assistant Director at Pilotlight, has been appointed to the newly created role of Development Director and will lead the project until a Scottish Director and staff team can be recruited. Pilotlight welcomes input into its consultation process. Individuals or organisations wishing to contribute information or advice should contact Deborah at 020 7396 7414 or pilotlight@pilotlight.org.uk.

Pilotlight brings together senior business people willing to volunteer their skills for a few hours a month, and innovative small charities that can benefit from business expertise in order to become sustainable and grow. Pilotlight currently works with about 40 charities and 160 business members in and around London. For further information about Pilotlight, please visit www.pilotlight.org.uk.

Venturesome piloting individual accounts

By Susan Mackenzie

Venturesome, the social investment initiative of the Charities Aid Foundation (CAF), is piloting a scheme to recruit new investors. The pilot, which will last until summer 2007, will allow CAF clients to donate amounts of £10,000 or more to the Venturesome Investment Fund. Investors will receive a bi-annual email report on how and where their monies have been used.

To date, six individuals have supported Venturesome, in amounts of £100,000 to £1m, alongside CAF and several grant-making foundations. Previously, participation in Venturesome was open only to individuals with £100,000 or more to invest.

John Kingston, Director of Venturesome, commented: "We want to raise awareness of different ways of using money to achieve social impact - in this case through Venturesome." Venturesome provides risk capital and financial advice to small- and medium-sized charities and other social enterprises. Over £6.3 million has been committed to 100 charities since its launch in 2002, of which £2.9 million has already been recycled.

For more information about Venturesome, visit www.cafonline.org/venturesome, or contact Paul Cheng at 020 7832 3056.

Private equity firm boosts social entrepreneurs

By Nicola Hill

Private equity firm Permira has joined forces with Community Action Network (CAN), a social enterprise network, to provide capital growth and strategic advice to young businesses. Permira will provide £683,800 for the two-year project, called Breakthrough, which will be run by CAN with volunteer support from Permira staff. In bringing together non-profit organisations with the public and private sectors, Breakthrough aims to boost the long-term growth of social enterprises by stimulating new, entrepreneurial ways to tackle social problems.

Adele Blakebrough, chief executive of CAN, said social enterprises need to be more business-like to succeed and should embrace private-sector methods. To date, three organisations have been accepted on to the scheme - Green-Works, an office furniture recycling company, Law For All, an organisation providing legal advice, and volunteering organisation TimeBank. For more information, visit www.can-online.org.uk.

New bank to invest unclaimed assets

By Nicola Hill

Charities could receive a huge boost of several hundred million pounds if a bank is set up to invest unclaimed assets in the sector. This is the key recommendation of the Commission on Unclaimed Assets. In a consultation paper released in July, it suggests creating a social investment bank to generate investment in disadvantaged communities.

The Commission, chaired by Sir Ronald Cohen, proposes using unclaimed assets held in banks and building societies to fund voluntary and community organisations. The "Social Investment Bank" will apply the financial rigour of the private sector to community organisations, and would offer a broad range of flexible financial products, including development grants, bonds and other securities, loans and credit enhancement.

The Commission's final report, to be published before the 2007 Budget, will detail a series of technical and regulatory mechanisms to ensure a thorough auditing process of dormant accounts and a rigorous campaign to reunite account holders with their unclaimed assets. For more information about the Commission, visit www.unclaimedassets.org.uk.

New centre for social investment launched

By Susan Mackenzie

A new academic centre for social investment has been established at the University of Heidelberg in Germany. Founded on 1st July 2006, the Heidelberg Center for Social Investment is being led by Academic Director Dr. Helmut Anheier and Managing Director Volker Then. Dr Anheier is formerly Director of the Center for Civil Society at the UCLA School of Public Affairs and co-author of the recently published book, *Creative Philanthropy*. The Centre will offer a Master's and PhD programme, as well as executive education and a summer academy. The major objectives of the Centre are to:

1. "Improve the theoretical and practical understanding of social investment, philanthropy, civil society, and social economy institutions;
2. Inform policy-making relating to social investment and relevant institutions at local, regional, national and international levels;

3. Build managerial and governance capacity in the field of social investment, and foster leadership and organisational effectiveness; and
4. Monitor major developments affecting social investment in relation to markets and government institutions generally, and in reference to philanthropy and civil society institutions in particular."

The Centre is supported by the Robert Bosch Foundation, Fritz Thyssen Foundation, German Bank Foundation and Hertie Foundation. For more information, visit www.csi.uni-heidelberg.de.

Call for more help with CITR

By Nicola Hill

The Community Investment Tax Relief (CITR) scheme will come under the scrutiny of a new group set up by the Community Development Finance Association. The Government's scheme provides tax incentives on savings and investments provided by community development finance institutions (CDFIs).

The group, which includes representatives from the Department of Trade and Industry and the Treasury, will look at how the CITR can be made more flexible. One of the areas will be reducing the restrictions on how money can be both raised and loaned through CDFIs. It will also look at how to encourage social enterprises and voluntary and community organisations to take out loans, for example, by allaying fears among trustees about their potential liabilities. For more information, visit www.cdfa.org.uk.

First UK charity issues bonds

By Nicola Hill

The Wellcome Trust has become the first UK charity to release investment bonds. The issue received an Aaa/AAA bond credit rating, representing the highest credit rating available. The proceeds of the issue will be used for investments that, over the long term, will enable the Trust to fund a wide range of scientific and medical research.

Dr Mark Walport, director of the Wellcome Trust, said: "The Aaa/AAA rating will give us the financial flexibility to access additional long-term funding for the Trust." The Trust currently holds over £12 billion of investment assets, and spends over £450m per year on research and other activities. For more information about the The Wellcome Trust, visit www.wellcome.ac.uk.

End discrimination against foreign charities

By Laura McCaffrey

The European Commission has sent the UK a formal request to end discrimination against foreign charities. The UK allows tax relief for gifts to charities, but only if they are established in the UK. Charities in other EU member states are excluded from the relief and the Commission considers this discrimination contrary to EU law. If the UK Government does not reply satisfactorily to the Commission's request within two months, the Commission may refer the matter to the European Court of Justice.

The Charities' Tax Reform Group (CTRG) is co-ordinating the sector's responses on this issue and is liaising directly with officials in the European Commission. The UK Government has previously indicated that, if it is forced to extend the UK's charity tax reliefs to overseas charities, it might instead withdraw them for UK charities. The CTRG says it will work closely with the sector on this matter and would

welcome any comments and input from other groups or organisations. For more information or to provide feedback, contact CTRG at rob.hailey@centrallobby.com.

Impetus Trust funds youth skills charity

By Susan Mackenzie

Impetus Trust, the UK's first general venture philanthropy fund, is to fund The Keyfund Federation, a provider of skill development programmes for youth across the North East. Of the total £250,000 funding - which will occur over five years - Impetus will provide £100,000, with The Trust for Education, based in Leeds, contributing £50,000. The remaining £100,000 is expected to be funded by other co-investors. Impetus also will provide management and capacity building support. As part of the due diligence, strategy consultancy OC&C, an Impetus corporate Associate, completed a sector and competition analysis for Keyfund valued at £90,000.

Keyfund Chief Executive Hannah Eyres commented, "We are delighted about the new partnership with Impetus. I feel it will not only bring stability to our organisation, but the expertise and investment we will receive will help ensure our success". For more information about Impetus Trust, visit www.impetus.org.uk.

New Director for UnLtd Ventures

By Nicola Hill

Sarah Dodds has taken over from Peter Kenyon as the new Director of UnLtd Ventures, the consultancy division of the UnLtd - the Foundation for Social Entrepreneurs. Prior to joining UnLtd, Dodds ran her own consultancy, providing management expertise to a range of clients, including BAA, Cable & Wireless and Crisis, where she acted as interim director of Learning and Skills in 2005. She also worked for Accenture and has an MBA from INSEAD.

John Rafferty, UnLtd chief executive, said: "I am confident that under her guidance, UnLtd Ventures will become an increasingly significant part of UnLtd and of the wider social entrepreneurship sector."

UnLtd Ventures provides hands-on consultancy support to some of the UK's most promising social entrepreneurs. These are individuals who have already established successful social organisations and who now want to grow or replicate their operations. For more information, visit www.unltd.org.uk.

Charity Awards commend grant-makers

By David Emerson

Although the UK may not celebrate philanthropy as exuberantly or explicitly as do some countries, nonetheless there are the annual Charity Awards, and within these the category for grant-making, which is often an opportunity to observe some innovative practices by established foundations. This year's awards, held in June, recognised the potential rewards of a more proactive role, linked in with a commitment to longer-term funding.

The winner was the Nationwide Foundation for its New Generation Initiative addressing the issue of parenting. With a larger than usual donation of £7m from its benefactor the Nationwide Building Society, it decided to launch a long-term project to address a specific issue and reflect feedback received from previous grant recipients. The chosen theme was parenting, because at the time this was not high on the government agenda, yet its repercussions spread far and wide. The

initiative provides core, flexible, long-term funding for five charities - the foundation having identified how these charities could work together without being a drain on each other's resources.

Highly commended was the Northern Rock Foundation's seven-year Domestic Abuse Initiative. The Foundation, concerned that its grant-making was failing to get to the root of the problem, invited statutory and voluntary organisations to tender for funding to run services based on its own model, providing rapid-response advocacy services for victims and children, and professional intervention with perpetrators. It takes a co-ordinated approach, ensuring that participating organisations share information and skills. For the foundation it was a completely new approach to commission a specific project with others.

But especially rewarding was the winner of the Effectiveness Award for overall most effective charity, from all those nominated in all countries. This went to the London Bombings Relief Fund, which was set up as an immediate response to the London bombings on 7 July 2005. It had to work quickly to distribute substantial donations in the face of high levels of media attention. Now coming to the end of its short life, the Fund also offers practical learning for other trusts and foundations thinking of spending out (or down) over a short timescale.

Further details about the Charity Awards are available at www.charityawards.co.uk.

Cherie Blair offers help to Russian charities

By Laura McCaffrey

Cherie Blair has offered legal assistance to Russian human rights groups to challenge a disputed new law. The law, which came into force earlier this year, requires all non-government organisations in Russia to re-register and forbids them from using foreign money for political activities. Mr. Putin has said the groups sometimes serve as a cover for foreign intelligence activities and should not be allowed to influence Russian politics.

The charities say the law has created onerous new filing responsibilities and appears to provide a pretext for banning groups seen as a political threat. Ms Blair told a group of Russian charities that British lawyers could take the issue to the European Court of Human Rights.

EVENTS & PROGRAMMES

The Philanthropy Workshop: New ways of giving away

By Coco Ferguson

4-9 June 2006, London

In June the Institute for Philanthropy welcomed The Philanthropy Workshop (TPW) to its new home. Dr Salvatore LaSpada, who took over from Hilary Browne-Wilkinson as the Institute's new Chief Executive in April, led TPW for several years at the Rockefeller Foundation in New York, building it into an international programme with over 100 alumni, which has been replicated in Silicon Valley and Argentina. Over the coming months, the Institute will be using TPW's rigorous and renowned methodologies for a variety of new donor advice programmes and donor networks.

TPW aims to equip donors with the knowledge, skills and networks to be strategic and effective philanthropists in any given field. Participants commit themselves to three week-long modules in the UK, New York and a developing-world country, where they take part in skills building sessions, visit organisations and network with TPW alumni. For this year's UK module we were joined by ten participants from the UK, Germany, Canada and the US, and by over twenty alumni from all over the world.

After a two-day retreat in the Gloucestershire village of Painswick, where they focussed heavily on skills building in the area of strategy, new participants returned to London to join alumni for three busy days of site visits and presentations by leaders in the UK's non-profit sector. Subjects ranged from issues as diverse as board governance and crafting mission statements, to social enterprise and the challenges charities face when developing earned income streams.

We were very pleased to partner with New Philanthropy Capital to construct a 'living case study' day around their recent report, *Home Truths*, which focuses on asylum and refugee issues in the UK. Visits to three of their recommended charities - Asylum Aid, The Medical Foundation for Victims of Torture and Education Action International - introduced complementary but very different approaches to an increasingly important social issue. TPW does not encourage funders to support any particular cause or organisation, but it does seek to train participants to examine social issues from their root causes and to focus and structure their donations in ways that best enable the organisations they fund to succeed.

Another aim of TPW is to provide a forum for the best new thinking in philanthropy: in this module we focused on the subject of 'transferring innovations across borders'. Several speakers, including TPW alumni, shared their own experiences of how to transfer a good idea from one country to a new context, and how to implement a project with global reach.

The final part of the London module introduced participants to TPW's Funders Collaboratives, where members come together to learn about an issue, examine the organisational landscape and pool funds for collective grant-making.

These collaboratives grew out of the interests of TPW alumni, were incubated by staff at the Institute for Philanthropy and are now managed by TPW alumni themselves. To date, TPW has produced four Funders Collaboratives:

- The MexFund, which looks into the intersection of public health and poverty in rural Mexico;

- The Youth Justice Funding Collaborative, which is a partnership between philanthropists and non-profit leaders/activists who together are working to eliminate inequities in the U.S. juvenile justice system;
- The Pluralism Fund, whose mission is to promote pluralism, tolerance and respect for the rights of all, particularly women, through its support of local human rights organisations in Pakistan and Iran; and
- The TPW Energy Collaborative, which supports the development of better energy services to people living in developing countries and funds sustainable energy projects in the developing world.

This year our developing world module will be held in Ghana from 12th-17th November, where we will be joined by this year's participants and alumni to visit organisations and projects in the capital city of Accra and in the Ashanti region.

For more information about TPW, visit www.tpw.org.uk. For more information about the Institute for Philanthropy, visit www.instituteforphilanthropy.org.uk.

Coco Ferguson is Associate Director for Programmes at the Institute for Philanthropy.

Institute of Fundraising 2006 Annual Convention: Inspiration for fundraisers

By Megan Pacey

10-12 July 2006, London

'Inspiration for fundraisers' was the theme of this year's Institute of Fundraising's National Convention 2006, which attracted a record-breaking 2,500 delegates over its three-day run. Now in its 17th year, the convention offered delegates a choice of over 150 sessions, looking at the full range of fundraising activity, from community to corporate to personal development.

The Convention was opened by Jean-Michel Piedagnel, UK Executive Director, Medecins Sans Frontieres, who drew on his own experience, explaining his fundraising philosophy and challenging current fundraising practices.

One of the themes was legacy giving. Sally Roff, an experienced fundraiser, and Janet Wickens from Cats Protection revealed that one third of the UK population are over 50 years of age, and argued that - with many active, engaged citizens (70% of individuals over 55 voted at last general election) who own 80% of their wealth - now is the ideal time to invest in legacy fundraising. They asked fundraisers to think backwards!

Another popular topic was the giving habits of major donors and ways to attract them. Convention speakers looked beyond the UK, to trends in philanthropy in Europe and beyond. Some sessions focussed on Europe while others looked at the habits of American donors, pointing out that there are fewer differences than one might imagine between UK donors and their counterparts across the pond. Commonalities include a passionate interest in the cause, a belief that their gift will make a difference, as well as a strong relationship with charity representatives and volunteers.

The Convention provides a unique opportunity for fundraisers in charities, arts, health and education organisations across the UK to benefit from multiple training and networking opportunities. Next year the convention will take place 9th-11th July.

Megan Pacey is Director of Policy and Campaigns at the Institute of Fundraising.

NEW RESOURCES

New Toolkit helps foundations navigate social investment

PRIME Toolkit: Primer for Responsible Investment Management of Endowments was published in August by the Ballagio Forum for Sustainable Development and Eurosif, in cooperation with the European Foundation Centre (EFC). The toolkit, a useful resource for trustees, surveys current practice and offers guidance on the array of social investment opportunities available to foundations, from equity screening to programme-related investment. The PRIME Toolkit can be downloaded free at www.bfsd.org.

Its publication coincides with a report by *Alliance* magazine (September 2006) on foundation investment managers' attitudes to social investment, which concludes that "The central message that emerges...is that it's not their role as advisers to encourage social investment; it's up to the foundations themselves to start this particular ball rolling." Read the article at www.allavida.org/alliance/sep06p.html.

New fundraising guide for cultural organisations

Cultural Giving: Successful donor development for arts and heritage organisations, the new book by Theresa Lloyd, author of *Why Rich People Give* and Founder Director of *Philanthropy UK*, will be published in October 2006.

Drawing on the expertise and experiences of leading development directors and consultants from a wide range of art forms, size of organisation and geographical spread, the book offers cultural organisations inspirational ideas on how to improve their fundraising from individual donors. Also included is advice on such vital topics such as Board development, data protection, research, tax and wealth screening. Detailed case studies bring to life the best practice and practical advice.

The book is aimed at chief executives and trustees as well as the fundraising staff of cultural organisations. Says Vernon Ellis, Chairman of English National Opera, "There are many lessons in the book for all of us who care about the future of cultural organisations and want to secure the future for the artistic endeavours we love, whether as artists, managers, trustees or supporters."

The book is part funded by Arts and Business, The Monument Trust and the Institute of Fundraising. *Cultural Giving* will be available from the Directory of Social Change for £15. To pre-order, visit www.dsc.org.uk.

New study on promoting diaspora philanthropy

Engaging Diasporas: how governments and development agencies can support Diaspora involvement in the development of origin countries, a new study published by Oxfam Novib, analyses how governments and development agencies have implemented 'migrants and development' policies to promote the engagement of diasporas and their members in the development of countries of origin. Written by Hein de Haas, the report focuses on the Netherlands, the United Kingdom, France and other European countries. The author concludes that in general, it would be a mistake to assume that diaspora groups and their members should be taught how to "do" development. The study is available online at www.eldis.org/cf/search/disp/docdisplay.cfm?doc=DOC10738&resource=f1.

WHAT'S NEW IN SOCIAL INVESTMENT?

A brief round-up of developments in the social investment world

Prepared by the UK Social Investment Forum (UKSIF)

The Commission on Unclaimed Assets unveils plans for social investment bank. The government-backed Commission has unveiled plans to set up a social investment bank to distribute to good causes the estimated £40m of assets currently lying dormant in British bank accounts. See separate article in this issue. www.unclaimedassets.org.uk.

ShareGift invests £100,000 in Charity Bank. ShareGift, the share donation charity, has invested some of its reserves in Charity Bank in order to provide money for hundreds of UK charities. See profile of ShareGift in this issue. www.charitybank.org.

Charity Bank announces exceptional growth. Charity Bank has announced exceptional growth in its lending following the rise in its deposits in 2005. It has agreed loans worth over £50m to more than 500 enterprising charitable organisations across the UK. www.charitybank.org.

Bridges Community Ventures raises £33m towards second fund. Bridges, the UK's first community development venture capital company, announced in June that it has raised £33m and has achieved a first closing of its second fund, Bridges Community Development Ventures Fund II. Further closes are anticipated through 2006. www.bridgesventures.com.

CDFA works to increase supply and demand for CITR. Over the next six months, the Community Development Finance Association (CDFA) will take a proactive approach to increasing demand for the Community Investment Tax Relief (CITR) amongst CDFIs and supporting the supply of investment through CITR. This will include helping CDFIs develop investment strategies. In addition the CDFA has established a working group on design issues (see separate article in this issue). To participate or for more information, contact Sarah at s.mcgeehan@cdfa.org.uk.

Investing in Pembrokeshire Society publishes community lottery pack. The Investing in Pembrokeshire Society which runs Pembrokeshire Lottery has published a comprehensive resource pack, containing everything an organisation needs to set up and run a lottery. The idea generates a £90,000-£100,000 net profit for the Society every year which is then lent as interest free loans to local SMEs for job creation projects. For more details contact Naomi Joseph at enquiries@pembrokeshirelottery.co.uk.

John Kingston outlines crucial role of social investment. In an article in *Third Sector* (7 July 2006) John Kingston, founder director of Venturesome argued that the litmus test for providers of social investment is whether they can help use a limited resource (money) to help achieve more social impact. www.thirdsector.co.uk.

Hastoe Housing Association to issue Rural Housing Bond. To help fund six affordable rural housing projects (34 homes) in the West Country, Hastoe Housing Association is proposing to issue a 10-year bond of just under £2m. The bond issue is the result of the recent rejection by the Housing Corporation for Social Housing Grants, owing to budget limitations, for funding of some of the Association's projects in rural areas. For details contact Robin Keyte at robin@towersoftaunton.co.uk.

Two events for charities on Responsible Investment. Both events are organised by the EIRIS/UKSIF Charity Project. For details please contact sam.collin@eiris.org.

- Responsible Investment approaches to non-equity investments: An introduction for charity trustees. Friday 15th September, 2.30 to 4.30. Hosted by Rathbones.
- The Responsible Investment Approaches of Common Investment Funds and Other Pooled Funds: A guide for charity trustees. Tuesday 24th October, 2.30 to 4.30. Hosted by CCLA Investment Management.

If you require further information on these stories or have a social investment news item, please contact Adam Ognall, UKSIF Member Secretary, at adam.ognall@uksif.org.

CAUSE & EFFECT

Exploring issues in impact evaluation

This new regular column, which premiered in June, explores issues civil society organisations and their funders face in assessing impact. It is not a practical 'how-to' guide - there is already much of this literature - but, rather, addresses broader themes and challenges of impact evaluation. Through these articles, we aim to share learning and promote a dialogue about how we as funders and social investors evaluate our work - how we define and measure 'success' - and, importantly, how we can most effectively support those people and organisations on the front lines in achieving our mutual objectives. We welcome and encourage your thoughts, as well as ideas for future topics. Please send feedback to editor@philanthropyuk.org.

It would have happened anyway: Credible stories of change

By Jeremy Nicholls

If we added up all the outputs and outcomes that are being reported by charities, the problems of the world should have been sorted out a long time ago. But they're not. Despite ongoing 'successes' in achieving and exceeding output objectives, the problems aren't going away. Sometimes they are getting worse. In the first article in this series, I looked at attribution of achievements between organisations, which is one source of potential double counting, in that several organisations might be reporting the same results against the same stakeholder group.

However there are other risks of over-claiming the impact of an organisation. First, it is possible, even probable, that if the organisation didn't exist, some of the people it works to help would have found other routes to achieving the same goals. Second, it is possible that there is another organisation that also helps people to achieve the same goal, and whose efforts are displaced by your organisation. Displacement occurs when a stakeholder would have achieved the same results with a different organisation, and so the total benefit doesn't change, but rather is just moved from one organisation to another - and thus is 'displaced'. Just as for attribution, this issue changes when you look at it from the stakeholder's point of view.

For example, one of your beneficiaries may have increased their self confidence as a result of participating in your programme. However, had your programme not existed, they might have, say, continued volunteering, through which they also would have increased their self confidence. Therefore, for this particular individual and outcome, your organisation has merely displaced another: the outcome would have happened anyway.

Uniquely different

Ask an organisation if it has any competition, and you often will be told that it doesn't: no one produces exactly the same mix of services and processes as they do or for the same price - or perhaps that their initial market research found that other providers didn't provide services that addressed beneficiary needs in quite the same way. However, being 'unique' does not mean that there are no alternatives. As in the example above, beneficiaries may still achieve the same outcome objective, but through (sometimes completely) different means.

Moreover, telling a credible story about an organisation's impact requires it to estimate the extent to which its impacts would have happened anyway (sometimes called 'deadweight') by reference to a benchmark, or the baseline.

As an illustration, I return to the example I used in the first column: a Tomorrow's People's project in Merseyside called Getting Out to Work, which helps ex-offenders obtain sustainable employment. In an evaluation of this project, it was clear that, even in the absence of Tomorrow's People and other support organisations, some ex-offenders would find other routes to gaining employment. But would the job last as long? Would it be as well paid? Would it take longer to find? Arguing that the uniqueness of your participants or your service means that there is no valid benchmark against which to measure yourself just means that you will over-claim your impact.

Imprecisely right

These are difficult questions, and often the answers can only be estimated. For example, determining the proportion of beneficiaries who would have found work may be possible by looking at employment data for a similar group.

Some people may be uncomfortable with using estimates - concerns include the risk that estimates will be inaccurate or that the source of the estimate relates to people who are very different from your beneficiaries. However, focusing on data accuracy alone may mean that the story you are telling is less complete. If the objective is a credible story about your impact (which results from your outputs and outcomes), then it is possible that a story about *accurate outputs* is less credible than a story about *estimated outcomes* and impact, particularly if the basis for the estimates is clearly stated. It is better to be imprecisely right than precisely wrong. If you measure only your outputs, then at best you can make only a very general claim or aspiration about the link between these outputs and their outcomes and impact: 'Well, we can't measure impact but look at all our outputs - we must be doing good'.

It also will be necessary to decide how far to go with your assumptions. Estimating the number of people who would have found work anyway could be supplemented by estimates of differences in pay or in how long the job would last or how long it would take to find. Judging how far to go will depend on available sources of information, on what difference more refined calculations make to the final estimated impact, and whether the story maintains clarity.

Proxies

In order to estimate impact it often will be necessary to make use of proxies. Proxies are measures that are used in place of the real data. For example, if you are projecting outcomes for beneficiaries - either because your programme is new or because you have not previously tracked beneficiaries' outcomes over time - the real data on what would have happened anyway would require a time machine. Since this is not possible we have to use a proxy for this. Again, people can be uncomfortable using proxies, and yet we use them every day. Money for example is a proxy for the things it buys: the value we gain from things is imperfectly captured by monetary price and yet it is the estimate we use.

The best proxy will represent the largest amount of data for the most similar group of people for the most similar timescale (which is why monetary prices are effective). This may be population wide data - often although not exclusively available from government or public sources - or it may be data gained from other organisations for small numbers of people. This suggests that there may be trade offs to be made between different possible sources, although more than one source can be used.

One word of warning is that it is possible to spend a very long time looking for proxy data, only to find it doesn't exist. Put a time limit on the search.

In our example of Getting Out to Work, the benchmark would be the average rate at which ex-offenders access employment. Population wide data was only available for the rate at which unemployed people of the same gender, age and geography gained employment, but government data did not reliably distinguish ex-offenders from the broader population, and no data was available for other organisations that

worked exclusively with ex-offenders, as these organisations generally did not track beneficiaries once they left the programme. Not perfect, but better than claiming that none of the ex-offenders would have found work without Tomorrow's People's support.

If the organisation has been working for several years, it may also be possible to support a comparison with other organisations or other groups of people with historical trends and explore any changes in trends that follow the investment. Changes in trends that are not matched by similar changes within the benchmark groups give credence to the claim that the change is caused by the intervention and not by external factors.

Time horizon

Thinking about time brings us to the question of how long the impact will last - and for how long the organisation can credibly claim that the benefit is the result of its intervention. The longer the time horizon, the more chance that other factors will need to be taken into account. Does the benefit from helping someone to find a job last forever? The longer the timescale of the benefits you claim, the greater the need to refine estimates of 'deadweight': for how long it would have taken people to get a job through other routes, or for long they will stay in employment or not re-offend. As time increases, so will estimates of 'deadweight', which ultimately will approach 100%. The timescale before this happens will depend on a variety of factors, but regardless it is likely to be finite.

Making choices about stakeholders views, attribution and estimates of impact all will require subjective decisions by the organisation. Potentially these can result in a better story about impact and a better management system to help the organisation improve. Nevertheless, how these subjective choices are made will be critical to maintaining credibility, which is the subject of the next article in this series.

Jeremy Nicholls is a founder and director of the Cat's Pyjamas, which runs programmes to help businesses identify opportunities for managing a triple bottom line. He also is an Associate of the new economics foundation (nef), where he supports nef's work on the development of social return on investment, and is a founding member of the European Social Return on Investment Network. Jeremy can be reached at Jeremy.nicholls@usa-is.co.uk.

PUBLICATION REVIEWS AND NOTICES

The Newsletter's Reviews and Notices column covers the growing body of literature on philanthropy. Review copies of new and forthcoming titles, including PDF documents and hardcopy publications, should be sent to Beth Breeze, Publications Editor, Philanthropy UK Newsletter, c/o 11 Willowby Gardens, Rainham, Kent ME8 8TB, UK, or reviews@philanthropyuk.org. Feedback and suggestions welcome!

REVIEWS

Creative Philanthropy: Towards a New Philanthropy for the Twenty-First Century Helmut K Anheier and Diana Leat

Oxford: Routledge 2006. 288pp, paperback. ISBN 9-780-415-37091-2. www.routledge.com, £24.99. Also available in hardback: ISBN 9-780-415-37090-5, £80.00.

By Anthony Tomei

Leat and Anheier are authors with a mission. They have a vision of what foundations can achieve and they are critical of the great majority of foundations who, they say, fall short of fulfilling this potential. The purpose of the book is not simply to explain their views, but also to encourage foundations to change and improve. My guess is that for most readers the book will succeed more in the first than the second.

The authors describe three models of philanthropy that are currently prevalent: 'charity' (in which the foundation supports various kinds of service provision, usually in the voluntary sector); 'scientific' (in which the foundation promotes social planning and reform, for example through the funding of pilot projects); and 'new-scientific' (in which the foundation takes the role of investor and social entrepreneur). They argue that none of these works sufficiently as a justification for the role of foundations, first because in a modern society there are other institutions that can fill these roles equally well if not better, and second because they do not take advantage of the characteristics that are unique to foundations.

Their own vision is one in which the foundation takes the role of 'conductor and enabler' (or 'convenor', to use Luc Tayart de Borms' elegant term). Foundations (of whatever size) should "concentrate on doing those things that only they have the potential to do better than other institutions". They should act as innovators, change-agents and contributors to pluralism, using their wealth, stability, connections, status and above all their independence to support long-term changes of policy and practice in ways that are unavailable to other organisations.

According to Leat and Anheier, "... the only justification for independence from government and market accountability (as distinct from transparency) is their potential to be a source of innovation - and, we would add, creativity - that is unconstrained by short term market forces and political - electoral considerations, and that in the aggregate contributes to greater pluralism". With the important exception of the second word ("only"), this is a statement I agree with. I will return to that "only" at the end of this review.

"Creativity" and "innovation", the authors point out, are not synonymous and the first does not necessarily lead to the second. Creativity is about having new ideas, while innovation is about putting them into practice, a process of "implementation" and "diffusion". Drawing on the literature of innovation in the commercial sector they explore some of the characteristics that lead organisations to be both creative and innovative. Prominent among these are entrepreneurship,

the capacity to work at the margins of established institutions and ideas, and an appetite for uncertainty and controversy.

Here is an intriguing and fundamental paradox. The very conditions that give foundations their advantage, in particular their financial stability and freedom from external constraints, are precisely those one would expect to militate against the spirit of competition and entrepreneurship that leads to creativity and innovation. So why is it that some foundations are able to work creatively, and to build on that creativity to produce effective innovations, while the great majority do not?

This interesting question lies at the heart of Leat and Anheier's thesis, so it is disappointing to find that the remainder of the book offers little in the way of illumination. The second, and longest, section of the book consists of case studies of foundations that are considered to be acting creatively. The rationale for the choice of case studies is not explained, and the studies themselves are essentially descriptions of the programmes of the featured foundations, along with information about their methods of operation. An analysis that drew out the main features of the case studies in a comparative way, with the detail left to appendices, might have been better.

It would also have been interesting to have included some case studies of foundations that do not operate in the creative way advocated by the authors. If the purpose is to improve practice it is surely as important to understand what gets in the way of those that don't succeed as to read about the achievements of those that do. Here again a comparative approach would have been helpful.

That leads me to my main concern about the book, which is that the authors have overcooked their criticisms of current practice. The blurb on the back cover tells us, excitingly, that "Philanthropy is experiencing a crisis", while the text throughout is peppered with references to such things as the "rising crescendo of challenges to the roles and practices of foundations". The message is that foundations are under attack, and therefore in a position where they are being forced to justify their existence. No evidence is offered to support these propositions and, while they may resonate in the USA, they do not ring true for the UK, where foundations are on the whole regarded benevolently.

In the UK this is likely to be counterproductive. As the authors are well aware, foundations are insulated from many of the external pressures that force change on other institutions. It will need better evidence and stronger arguments to convince people to move in the direction that Leat and Anheier would like to see. Indeed, being told off for not fulfilling their potential may simply reinforce the opposite view in some cases. Being contrarian is, after all, one of the characteristics of foundations that the authors admire. Tackling this may need subtler approaches.

Which brings me back to that "only". Leat and Anheier have done a great service in setting out their vision in a such clear and detailed way. But much as I like their vision I am left uneasy by an argument that leads to a uniquely correct prescription. Would the world be a better place if all foundations worked "creatively" and none were left to make grants to small voluntary organisations doing good works of a traditional kind? Pluralism is always going to be the essence of a sector whose defining characteristic is the independence of its members. Part of any future agenda must surely be to develop a model that treats this as a cause for celebration and not as a weakness.

Anthony Tomei is Director of the Nuffield Foundation, but writes here in a personal capacity.

Philanthropy, Patronage and Civil Society: Experiences from Germany, Great Britain and North America

Thomas Adam (editor)

Bloomington and Indianapolis: Indiana University Press, 2004. 228pp, hardback.

ISBN 0-253-34313-5. www.iupress.indiana.edu, US\$37.95.

By Amanda Delew

Not exactly light reading: this book consists of a series of essays based on presentations and discussions at a conference on 'Philanthropy, Patronage and Urban Politics: Transatlantic Transfers between Europe and North America in the Nineteenth and Early Twentieth Centuries', which was held at the University of Toronto in May 2001.

There are ten essays in the book, each highlighting a different aspect of philanthropy. Most focus on a specific moment in time, or follow a specific theme to illustrate an argument. The suggestion is that a study of these early examples of philanthropy will help re-assess current approaches to how philanthropy and philanthropists are perceived and offer a fresh perspective on how existing attitudes to charity have been formed.

I found two particular benefits in reading this book. The first is that it reminded me of the complex roots to charitable giving and civic participation. As a fundraiser I exist to engage donors in supporting projects, and it was both entertaining and enlightening to read about the late nineteenth century efforts of JP Morgan, who helped establish the Metropolitan Museum in New York and was part of the "status revolution" (where purchasing high value items such as works of art allowed newly wealthy individuals to distinguish themselves from the 'conformity' of the establishment), or the dogged determination of Hans Winderstein who battled the cultural exclusivity of Leipzig for many years to establish an orchestra for the masses in 1896. The second benefit was in starting to see a historical context for some of today's debates. As Susannah Morris, author of 'Changing Perceptions of Philanthropy in the Voluntary Housing Field in Nineteenth and Early Twentieth Century London', explains, "The social, economic and political relations which surrounded the historical development of the sector explain variations in the scale and scope of civil society between groups of nations today."

The book helps to demonstrate how determined individuals - often with their social circle or peers - can help to change and influence the attitudes of the state towards an important social issue. One of the most interesting essays focuses on 'Self Help and Philanthropy - the Emergence of Cooperatives in Britain, Germany, the United States and Canada from Mid-Nineteenth to Mid-Twentieth Century'. Written by Brett Fairbairn, the essay covers a huge span of time as well as large parts of the globe. Fairbairn shows how the origins of co-operatives in England quickly spread across a number of other countries and played an important role in "popular social and economic reform". The examples used in the essay demonstrate how the lines between philanthropy and self-help are extremely blurred, for as the author says, "The meaning of actions depends on their construction and perception."

Another essay which offered a fresh perspective to a jaded fundraiser was one written by Eckhardt Fuchs and Dieter Hoffman, called 'Philanthropy and Science in Wilhelmine Germany'. This explores the involvement of philanthropy in the establishment of important research centres in the years leading up to the First World War. It charts the growth of various institutions dedicated to developing new ideas within the rigid German state. Much of the growth was driven by the generosity of wealthy Jewish donors attempting to "assist in their assimilation and integration into German society". This essay raises some interesting questions about the potential for philanthropy to further integration and to support exclusion, a message that is repeated throughout the book with examples of immigrants and newly wealthy traders using their wealth and support for charities to help them break down the barriers into the ruling class or establishment of their city.

The book remains slightly unfulfilling as the esoteric focus of the ten essays and the uncompromising use of academic terms and approaches makes it hard work to unearth the more exciting personal stories which bring it to life. However, I recommend it to anyone wondering about the validity of fundraising, as it positions philanthropy at the heart of many of the most exciting and important changes within society in the late nineteenth and early twentieth centuries.

Amanda Delew is Director of Solid Management.

Christianity and Social Service in Modern Britain: The Disinherited Spirit

Frank Prochaska

Oxford: Oxford University Press, 2006. 228pp, hardback. ISBN 0-19-928792-9. www.oup.com, £35.

By Beth Breeze

Frank Prochaska continues to prove the value of keeping one's object of study at a distance, as this Yale-based academic has produced yet another fascinating insight into the history of British charitable endeavour. The author's aim is to examine the importance of Christianity as an inspiration for political and social behaviour in the nineteenth century and the forces that undermined both religion and philanthropy in the twentieth century.

The book begins by painting a vivid picture of life in Britain in the 1800s, when charity visitors outnumbered civil servants, religious-based voluntary associations were part of the daily lives of millions of people and the public rarely saw a government official apart from the post office clerk. In charting the decline of Christian philanthropic activity, Prochaska essentially offers a 'crowding out' theory - that government funding, especially of schools and hospitals, led to decreased voluntary support for such public benefit activity. However the analysis is more subtle, noting also the impact of material culture and personal preferences, such as the cinema, wireless and sport offering more diverting ways to spend Sundays.

It is always worth reading what this learned academic has to say about British charity and philanthropy, and every reader will find something new and stimulating between these pages.

NOTICES

Venture Philanthropy: the evolution of high engagement philanthropy in Europe **Rob John**

Oxford: Skoll Centre, June 2006. 44pp, pdf. Download freely available at www.sbs.ox.ac.uk/NR/rdonlyres/69066DA9-9E94-473D-B1CF-6848BA000343/1916/SID188_Skollwhitepaperv3RobJohn.pdf.

Summary: Venture philanthropy provides a blend of performance-based development finance and professional services to social purpose organisations (SPOs) - helping them expand their social impact. This is a high-engagement, partnership approach analogous to the practices of venture capital in building the commercial value of companies.

In its modern form, venture philanthropy developed significantly in the US in the mid 1990s, took hold in the UK from 2002 and is now expanding into continental Europe. Although not without its sceptics, venture philanthropy has the potential to contribute to developing a more responsive and diverse capital market for the social sector. Its focus on building organisational capacity in entrepreneurial social purpose organisations and matching appropriate finance with strategic business-like advice makes it a distinctive provider of capital.

Venture philanthropy in Europe has strong links to the private equity and venture capital community, giving it opportunities to influence the corporate social responsibility of a set of major players in Europe's financial services industry.

Several new venture philanthropy funds have been established by philanthropists with successful careers in private equity.

Europe's transitional countries, in Central and Eastern Europe, the Baltic States and former Soviet Union, have under-capacitated social sectors and widespread, unmet social needs. Venture philanthropy may have a particularly valuable role to play in helping build stronger civil society institutions in these countries.

As a relatively young industry, venture philanthropy faces many challenges - including communicating and marketing what it does, developing a menu of financial instruments and advisory services, measuring performance and social impact, and collaborating with complementary capital providers such as foundations.

This working paper is the first in a series which explores the expansion of high-engagement philanthropy in Europe.

Strategic Giving: The Art and Science of Philanthropy

Peter Frumkin

Chicago: The University of Chicago Press, 2006. 448pp, cloth. ISBN 0-226-26626-5.

<http://press.uchicago.edu>, US\$39.

The philanthropic landscape is changing dramatically as a new generation of wealthy donors seeks to leave its mark on the public sphere. Peter Frumkin reveals in *Strategic Giving* why these donors could benefit from having a comprehensive plan to guide their giving. With this thoughtful and timely book, he provides a much-needed framework to understand and develop this kind of philanthropic strategy.

After listening for years to scores of individual and institutional funders discuss the challenges of giving wisely, Frumkin argues here that contemporary philanthropy requires a thorough rethinking of its underlying logic. Philanthropy should be seen, he contends, as both a powerful way to meet public needs and a meaningful way to express private beliefs and commitments. He demonstrates that finding a way to simultaneously fulfill both of these functions is crucial to the survival of philanthropy and its potential to support pluralism in society. He goes on to identify five essential elements donors should consider when developing a philanthropic strategy: the vehicle through which giving will flow, the way impact will be achieved, the level of engagement and profile sought, the time frame for giving, and the underlying purpose of the gift. Frumkin's point is that donors must understand strategic giving as the integration of these five critical dimensions to giving.

Essential reading for donors, researchers, and anyone involved with the world of philanthropy, *Strategic Giving* provides a new basis for understanding philanthropic effectiveness and a promising new way for philanthropy to achieve the legitimacy that has at times eluded it.

Globalization, Philanthropy and Civil Society: Toward a new political culture in the twenty first century

Soma Hewa & Darwin Stapleton (editors)

Guildford: Springer, 2006. 236pp, hardcover. ISBN 0-387-26148-6. www.springer.com/uk, £56.

From the publisher: Many philanthropic organisations work on a global level and have been participants in the spread of globalisation. This book specifically deals with the role of philanthropy in past and present globalisations, and the contributors explore the scope and degree of the relationships between globalisation, philanthropy and civil society.

Taking Philanthropy Seriously: Beyond noble intentions to responsible giving
William Damon & Susan Verducci (editors)

Indiana: Indiana University Press, November 2006. 264pp, cloth. ISBN 0-253-34772-5.
www.iupress.indiana.edu, \$60.

From the publisher: Many acts of charitable giving fail in their stated goals, and some are actually harmful. In *Taking Philanthropy Seriously* the authors explain why this state of affairs exists. They outline solutions, ranging from those that equip philanthropists to do good work to those that build a domain of philanthropic knowledge, ethical codes and best practice. Attention is also given to considering recipients' needs, frustrations and hopes for support. Philanthropic leaders disclose instances of both good and compromised work, show how ethical concerns are secondary to 'success' in philanthropy, and reveal strategies to promote effective and ethical conduct.

Handbook of the Economics of Giving, Altruism and Reciprocity, volume 2
S. Kolm and Jean Mercier Ythier (editors)

Oxford: Elsevier, 2006. 752pp, hardcover. ISBN 0-444-52145-3. www.elsevier.com, £78.

From the publisher: This *Handbook* provides a comprehensive set of reviews of literature on the economics of non-market voluntary transfers. The foundations of the field are reviewed first, with a sequence of chapters that present the hard core of the theoretical and empirical analysis of giving, reciprocity and altruism in economics, examining their relations with the viewpoints of moral philosophy, psychology and socio-biology, sociology and economic anthropology. Second, a comprehensive set of applications are considered of all the aspects of society where non-market voluntary transfers are significant: family and intergenerational transfers; charity and charitable institutions; the non-profit economy; interpersonal relations in the workplace; the Welfare State; and international aid.

The Nonprofit Sector: A Research handbook, second edition
Walter W Powell and Richard Steinberg (editors)

New Haven: Yale University Press, October 2006. 672pp, cloth. ISBN 0300109032.
<http://yalepress.yale.edu/yupbooks>, US\$65.

The second edition of *The Nonprofit Sector* provides a novel, comprehensive, multi-disciplinary survey of non-profit organisations and their role and function in society, and it also examines the nature of philanthropic behaviours. Each of the 27 all-new, commissioned chapters is written to stand on its own. The contributors - prominent scholars in their respective fields - address the history and scope of non-profit activities in the US and abroad, the relations of non-profits to the marketplace, government-non-profit issues, key activities of non-profits, aspects of giving to and joining non-profits, and non-profit mission and governance.

Home truths, Adult refugees and asylum seekers: A guide for donors and funders
Sarah Sandford and Tris Lumley

London: New Philanthropy Capital, 2006. 64pp, paperback (also available as a downloadable pdf). ISBN 0-9548836-9-1. www.philanthropycapital.org, £22.50.

Home truths highlights the failings in the current asylum system. It also draws attention to the barriers faced by refugees and asylum seekers to integrating and having a good quality of life in the UK. Charities play a vital role in addressing these and other issues, and *Home truths* identifies a host of effective charities for private donors to support.

INFLUENTIAL READING

In this new feature, Philanthropy UK invites influential people from the philanthropy sector to tell us what books have most inspired and shaped their approach to philanthropy.

Influential reader: Julia Unwin

Our inaugural 'influential reader' is Julia Unwin, former charity commissioner and, from January 2007, the new director of the Joseph Rowntree Foundation.

Julia says:

It is mainly novels that have shaped me, more than worthy 'how to' books.

1. My first choice is *The Mayor of Casterbridge* by Thomas Hardy which, like many nineteenth century novels, left me with an abiding horror of the corrosive and damaging power of philanthropy, and an understanding about the way in which charity, applied in the wrong way, can damage both the donor and the beneficiary.
2. *Cry the Beloved Country* by Alan Paton radicalised me about poverty and race, but also about the power of individuals to change the world.
3. And much more recently, *Wasted Lives* by the sociologist Zygmunt Bauman, which is the best analysis of what we do to the dispossessed, reminds me how urgent it is to find solutions, not just short-term responses.

MEDIA ROUND-UP

Recent press coverage of philanthropy

By Laura McCaffrey

- Susan Mackenzie, interim director of *Philanthropy UK*, outlined a change in attitudes towards philanthropy in an opinion piece for the *Sunday Express* ("We've found gift of giving", 2 July 2006). She said: "We are on the cusp of a sea change in charitable giving in the UK", noting that there is a shift in the profile of the wealthiest people in the UK, from inherited wealth to self-made millionaires. "The newly wealthy, however they made their money, want to give something back to the community in the same way that their American counterparts do."
- An article in the *Independent* ("How to give it all away to the most deserving cause", 1 July 2006) highlights how Warren Buffett's donation inspired action star Jackie Chan to pledge half of his fortune to good causes. It encourages people to think about a giving strategy and quotes David Emerson, chief executive of the Association of Charitable Foundations: "[Your giving strategy] should clearly articulate what causes you want to support and how you will support them...You need a decision process and giving criteria." The article also references *A Guide to Giving*, the handbook for philanthropists published by *Philanthropy UK*, with examples of how to give to charity without breaking the bank, such as through payroll giving, Gift Aid and giving shares. http://money.independent.co.uk/personal_finance/invest_save/article1150871.ece
- In a comment article in *The Times* ("Why it's rich to attack Gates", 22 June 2006), Camilla Cavendish takes a swipe at the mean-spiritedness of the British in attacking wealthy Americans such as Bill Gates and Sandy Weill for their philanthropy - and the business success that enables it. "When confronted with American largesse, the British tend to fall back on three face-savers: they're richer than us; they get more generous tax breaks; and they're social climbing," she says. While there are elements of truth in these views, she argues, it does not explain why Americans give three times more to charity as a proportion of GDP than British people. Nor does it make acceptable the fact that just 2% of British people support charities through payroll giving, as opposed to 35% of Americans. However, there is a new generation emerging in London who seem to be more comfortable with American-style giving, she concludes, citing the example set by Sir Peter Lampl of the Sutton Trust - "one of a new breed of entrepreneurial philanthropists who have got rich quite young and who work almost as hard at making their money work for charity ... as they did at making it in the first place." www.timesonline.co.uk/article/0,,23729-2236944.html
- In an interview for the *Guardian* ("Money matters", 5 July 2006), the new chief executive of the Institute of Philanthropy, Salvatore LaSpada, says his task is to infuse Britain's richest people with the "joy of giving". LaSpada's vision is for philanthropy to spearhead a new form of public-private partnership where philanthropists work as groundbreakers, funding innovative initiatives that government can learn from and disseminate using publicly accountable funds. He says: "We need to inspire the givers with how that money will be used and show them the value of their contribution on the ground." <http://society.guardian.co.uk/societyguardian/story/0,,1812318,00.html>
- An article in the May-June 2006 issue of *Charity Times* ("It's all in the planning") examines different ways of giving in the US, such as through gift annuities, but says that the UK Government is wary of introducing such schemes because of the fear of abuse of the system by tax evaders. Theresa Lloyd, author of *Why Rich People Give*, published by *Philanthropy UK*, commented: "The fact is, all the

evidence in the US points to this being a hugely successful mechanism for raising money from people with middling levels of wealth."

- Reporting on Warren Buffett's gift of \$31 billion to the Bill & Melinda Gates Foundation, the *Economist* coins a new term, 'Billanthropy' (29 June 2006). The article analyses the philosophy behind American philanthropy: "To foreign observers, American capitalism looks ruthless. It creates great fortunes, and also great inequality. Yet there is an unwritten contract at its heart: that the winners shall use some of their wealth to compensate the losers." The article also points out the pitfalls of eponymous foundations that outlive their founders, and calls on givers to, "...if your aim is to be a truly philanthropic philanthropist, spend your money fast: do as much good as you can when you're alive, and let posterity go hang."
- The *Financial Times* (19 June 2006) reported that banker Sandy Weill plans to give away his \$1.4 billion before he dies. Weill stepped down as Chairman of Citibank, the largest bank in the world, in April. He says his decision, which was announced shortly after Bill Gates stepped down as executive Chairman of Microsoft, is based on a "deal I've made with God". http://www.efinancialnews.com/index.cfm?page=archive_search&contentid=1045178618&uid=9606-5006-702214-605307.

