

# UBS Philanthropy Compass



# Foreword



**Silvia Bastante de Unverhau**  
Head of Philanthropy Advisory

Dear reader,

There is no single true path to philanthropy; it is as individual and unique as every person, driven by their passions, skills and ambitions for society. What is common to all, though, are the questions that guide philanthropists and which they ask themselves along the way.

We are proud to provide you with the UBS Philanthropy Compass. This companion asks the key questions any philanthropist should consider to shape their philanthropy. It guides you through them in a logical sequence intended to trigger and structure thinking, whether you are new to the field or a seasoned philanthropist reviewing previous assumptions. We have designed this handbook as a working tool, a discussion starter, which ultimately can help individuals and organizations find their own answers.

We produced this handbook with our partners FSG and Cass Business School in 2011. In our experience of advising UHNW clients all around the world, the handbook truly unfolds its full potential when brought to life by a qualified philanthropy advisor who can tailor its content to an individual's needs and circumstances and enrich it with examples and essential insights. Indeed we have found over the last few years, this material has proved essential for our clients time and time again.

As a bank that has been widely recognized as a global reference for UHNW philanthropy our commitment to the sector extends beyond advisory. We believe we have a duty to contribute to the development of the philanthropic and social sectors overall, so that together we can have a larger positive impact in our societies. We therefore believe it is important to share this handbook with the wider philanthropic community.

We believe this handbook can be valuable to different kinds of people:

- You may be a philanthropist: in which case it can serve as your companion on the fascinating journey of developing your philanthropy
- You may be a philanthropy advisor: in which case we encourage you to use this handbook as a tool in your practice and share it widely with those whom you advise
- You may work in other capacities within the philanthropic or social sectors: in which case we hope you can use this handbook to revisit some of the assumptions of your organization and lead to productive debate

The UBS Philanthropy Compass has played a very important role in assisting our clients to realize their philanthropic aspirations. We hope by the same token that you will find it an invaluable guide to inform your work and help you reach your objectives.

A handwritten signature in black ink, appearing to read 'Silvia Bastante de Unverhau', written in a cursive style.

# Contents

## **Section 1 – How to create change?**

How is philanthropy changing the world? How can you act and what considerations should you take on board as regard resources, risks and rewards? Take the time to discover and immerse yourself in philanthropy.

Chapter 1	Embracing philanthropy .....	Page 11
-----------	------------------------------	---------

## **Section 2 – How to plan your philanthropy?**

Planning is the foundation of your engagement to create positive change. This is the stage where you will shape your very own, personal philanthropic vision, approach and strategy.

The decisions you take at this stage will form the basis of your giving, which you can review or adapt as your experience grows.

Chapter 2	Forming your vision .....	Page 19
Chapter 3	Deciding on your approach .....	Page 25
Chapter 4	Developing a strategy .....	Page 31

## **Section 3 – How to implement your philanthropy?**

Once you have answered the fundamental questions of what you will focus on, you will need to address how to best implement your philanthropy.

From identifying and selecting projects for funding, to evaluating them, from choosing a vehicle for your giving, to staffing, governing and financing it, the UBS Philanthropy Compass will ensure you ask yourself the right questions at every step.

Chapter 5	Identifying and assessing opportunities .....	Page 39
Chapter 6	Learning from evaluation .....	Page 45
Chapter 7	Choosing a philanthropic vehicle .....	Page 53
Chapter 8	Foundation governance and staffing .....	Page 59
Chapter 9	Philanthropy and your assets .....	Page 65

## **Section 4 – How to engage with others?**

You may want to share your philanthropy with others in order to expand your reach or to access additional expertise and experience. Engaging with others will open these doors. It is also the opportunity for you to spread your enthusiasm for the causes you support. Both towards your family and towards others.

Chapter 10	Philanthropy and your family .....	Page 73
Chapter 11	Networks and partnerships .....	Page 79

# Introduction to the UBS Philanthropy Compass

The UBS Philanthropy Compass is structured around four key questions:

- How to create change?
- How to plan your philanthropy?
- How to implement your philanthropy?
- How to engage with others?

For each you will find individual chapters covering the key aspects of the issues at hand. The chapters build on each other and together they cover all the steps of building your personal philanthropy.

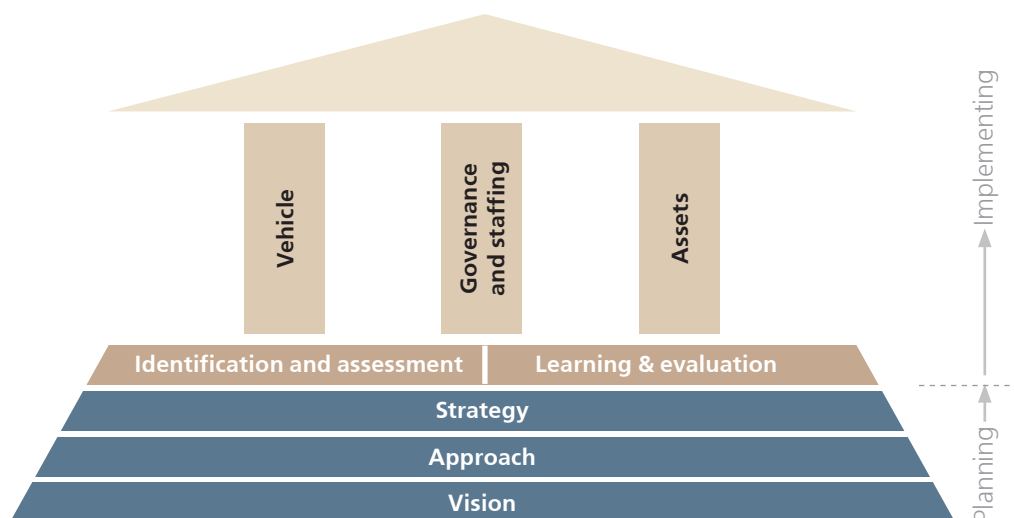
Whether you are just starting out or running a long-standing foundation, philanthropy is iterative. It is natural to query and review the basis on which yours is run.

This enables you to:

- Adapt your philanthropy to a changing environment
- Improve your operations to optimize your impact
- Stay true to your initial vision

The UBS Philanthropy Compass will take you step by step through the key questions that will shape your philanthropy. It will guide you through the questions in a structured manner to help you find your very own answers, whether you are new to the field, or a seasoned philanthropist reviewing previous assumptions.

The building blocks of your philanthropy can be pictured as follows:



*Section 1*

# How to create change?

Chapter 1 Embracing philanthropy ..... Page 11



*Chapter 1*  
Embracing philanthropy

# The *value* of philanthropy

## Definition

The origin of the word philanthropy is *philanthropia* which means love for mankind in Greek. Beyond the simple act of being charitable, modern philanthropy implies a strong desire to understand and resolve issues, and a strong personal commitment to imparting positive change.

## Value

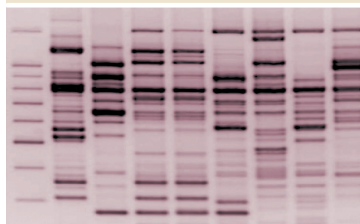
- When risks need to be taken in proving concepts, that government or industry can later bring to scale, philanthropists can shoulder them
- When political or business interests ignore or aggravate an issue, philanthropy can step in and play a critical role
- When funds need to be made available quickly in the face of disaster, philanthropy can lead the charge

## How does philanthropy make a difference?

Philanthropy has played an instrumental role in shaping progress around the world and still does. A few examples of important breakthroughs triggered by philanthropy are featured below.

The UBS Philanthropy Compass not only introduces you to many more examples but also to the tools and best practices that can lead you to success in your own philanthropy.

**Without philanthropy** all of our genes could have become private patents.



As the Human Genome Project progressed in the US, the Wellcome Trust suggested a much larger sequencing effort should be embarked upon in the UK. In 1992 the Trust awarded a grant to fund the UK effort to map the human genome. From the start, the Trust insisted that the philanthropic nature of its funding meant that patents related to the human genome had to stay in the public domain. In this way, philanthropy was able to create a public good out of a critical scientific breakthrough, one with critical positive long-term implications for the development of genetic therapies.

**Source:** [www.wellcome.ac.uk/About-us/Policy/Policy-and-position-statements/WTD002751.htm](http://www.wellcome.ac.uk/About-us/Policy/Policy-and-position-statements/WTD002751.htm)

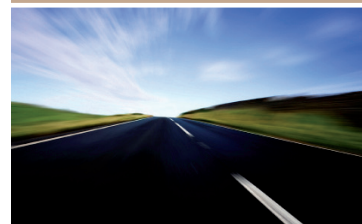
With an investment of \$400,000 a year, one man helped **change the lives** of 3 million people.



“Why, when so many people were benefiting from microfinance worldwide, was so little of it taking place in the Middle East?” once wondered real estate developer Bob Pattillo. He began to ask himself what infrastructure was missing and realized that there was a severe lack of basic tools in the region; most notably little microfinance literature had been translated into Arabic. So Pattillo paid for translation, and nurtured the growth and development of the lone microfinance coordinating organization in the region. In seven years, and with an annual expenditure of only \$400,000, he helped the number of Arab microfinance borrowers grow from 40,000 to 3 million.

**Source:** FSG

**Dedication and persistence** led one philanthropist to preserve the lives of countless drivers to this day.



Prior to the 1950s, white lines were only painted in the middle of roads. Industrial chemist Dr. John Dorr postulated that at night and during bad weather, drivers hugged the central lines causing frequent accidents. He believed that lines should instead be painted on the shoulder of the road. Dorr managed to convince the local Highway Commissioner to let him test his hypothesis. The tests proved successful in reducing accidents dramatically. Dorr then campaigned to get the lines adopted nationally. A few years after this initial breakthrough the shoulder line gained universal acceptance thus transforming road safety around the world.

**Source:** The Foundation: A Great American Secret; How Private Wealth is Changing the World, Joel L. Fleischman



# How does philanthropy *shape the world?*

The success stories presented have one thing in common: a vision and drive to make things happen. Equally important are the different approaches to philanthropy in these stories.

- In the case of the human genome project it was going to take an influx of funds from philanthropy to make it happen and to ensure that results stayed in the public domain.
- In Bob Patillo's case, he realized that the best way to contribute was not to fund a microfinance NGO but instead to contribute tools, knowledge, and networks to help the sector develop.

- Finally, John Dorr realized that a campaign approach, backed by scientific evidence, and targeted at the right decision makers, would trigger the change he wanted to see.

These experiences tell us that philanthropy is a multi-faceted concept that can be shaped by each and every philanthropist to fit the needs of the issue and his or her personal engagement preferences. While philanthropic approaches are fluid, it can be helpful to think about them in three ways: adding resources, building capacity and campaigning for change. These approaches are not mutually exclusive and in most cases more than one approach can be used.

## Adding resources

**What's it about?** Providing resources to existing actors successfully working on an issue.

**What can I do?** Provide financial or in-kind donations; lead fundraising activity; create new sources of funds.

**When is this mode best used?** When strong organizations are already running effective programs, but need additional resources to expand, extend or replicate their work, for example:

- Jackie Chan donated 1 million yuan (\$150,000) through his foundation to support teacher training on safety in China
- Warren Buffett decided to donate \$31 billion to the Bill & Melinda Gates Foundation over several years to support their activities enhancing global healthcare and reducing poverty

## Building capacity

**What's it about?** Expanding the capacity of actors to make progress on issues.

**What can I do?** Develop the organizational capacity of actors through providing networking opportunities, or support for infrastructure, knowledge development, or supporting general operating costs.

**When is this mode best used?** When the problem and potential solutions are well understood, but there are few actors capable of acting on them meaningfully, for example:

- Pierre Omidyar, founder of eBay, has supported skills training for nearly 500 social entrepreneurs around the world
- The Aga Khan Development Network supports the expansion of health infrastructure in Afghanistan

## Campaigning for change

**What's it about?** Mobilizing many actors and resources to address the root cause of an issue, and in doing so imparting significant and lasting social change.

**What can I do?** Convene actors and build consensus; support research; advocate policy change; use varied financial resources (grants and investing).

**When is this mode best used?** When the issue is complex and intractable, solutions are not well understood, and many different actors need to work together in order to get results, for example:

- Evelyn Lauder was the driving force behind the now ubiquitous pink ribbon campaign to create breast cancer awareness
- Edna Ruth Byler is credited with starting and spreading the "fair trade" movement after a visit to Puerto Rico in 1946

# What does it mean *to become a philanthropist?*

Whether a philanthropist decides to add resources, build capacity, campaign directly for change, or all of the above, he or she will need to consider resources, as well as rewards and risks. These vary greatly

depending on the topic and approach. However, there are some common themes to think about when embarking on a philanthropic journey.

## Resources

Philanthropy is by no means limited to giving money. Gifts of time, real estate, art, knowledge, business assets, among others, are just as useful and more so in many cases. However, it is always important to ask yourself: can the recipient handle your gift?

Engaging in philanthropy does not always need to be resource-intensive either. Giving can be a one-time activity with limited personal involvement that nonetheless has great impact. Alternatively, philanthropists can invest large amounts of resources in order to lead a movement that can transform society.

There is an important role for any type or quantity of resource in shaping the world: the key is to find the niche that fits you.



## Rewards

The biggest reward in philanthropy is more often than not the impact one has on an issue. Depending on the approach chosen, the timeline and magnitude of the impact of philanthropy can vary based on the scope and type of engagement. For example:

- Buying beds for a hospital so that it can serve more patients has a direct, and often immediate impact on those served.
- Supporting a university to create a nurse training program to increase the number of medical staff has a longer timeline for impact, but once achieved, benefits thousands of lives.
- Advocating better healthcare policies in a country could have an impact horizon of five or more years, but improves millions of lives.

Every philanthropist should consider his or her own reward expectations when formulating their philanthropic approach.

*“Every dollar makes a difference. And that’s true whether it’s Warren Buffett’s remarkable \$31 billion pledge to the Gates Foundation, or my late father’s \$25 check to the NAACP.”*

Michael Bloomberg

## Risks

Philanthropy is not risk-free. First, there is a risk of failure: sometimes even the best projects fail and some can even unwittingly make things worse. However, often failures lead to lessons about what does and doesn’t work, and indeed philanthropy lends itself very well to taking and learning from risks. It is also important to note that donors can risk damaging their reputation if funding is inadvertently channelled to illicit or even illegal causes. The greater a philanthropist’s commitment or involvement, the bigger these risks get. To mitigate them, it is important to conduct thorough due diligence on potential recipients and partners. Further, clear objective-setting, monitoring, evaluation and learning activities are key ways to mitigate the risk of failure.



# The *three approaches* to philanthropy

Philanthropy can have many dimensions, which means that the aspiring philanthropist can choose the form and approach that works for him or her. These different forms of engagement can be fluid. The table below provides an overview of the characteristics often associated with each philanthropic

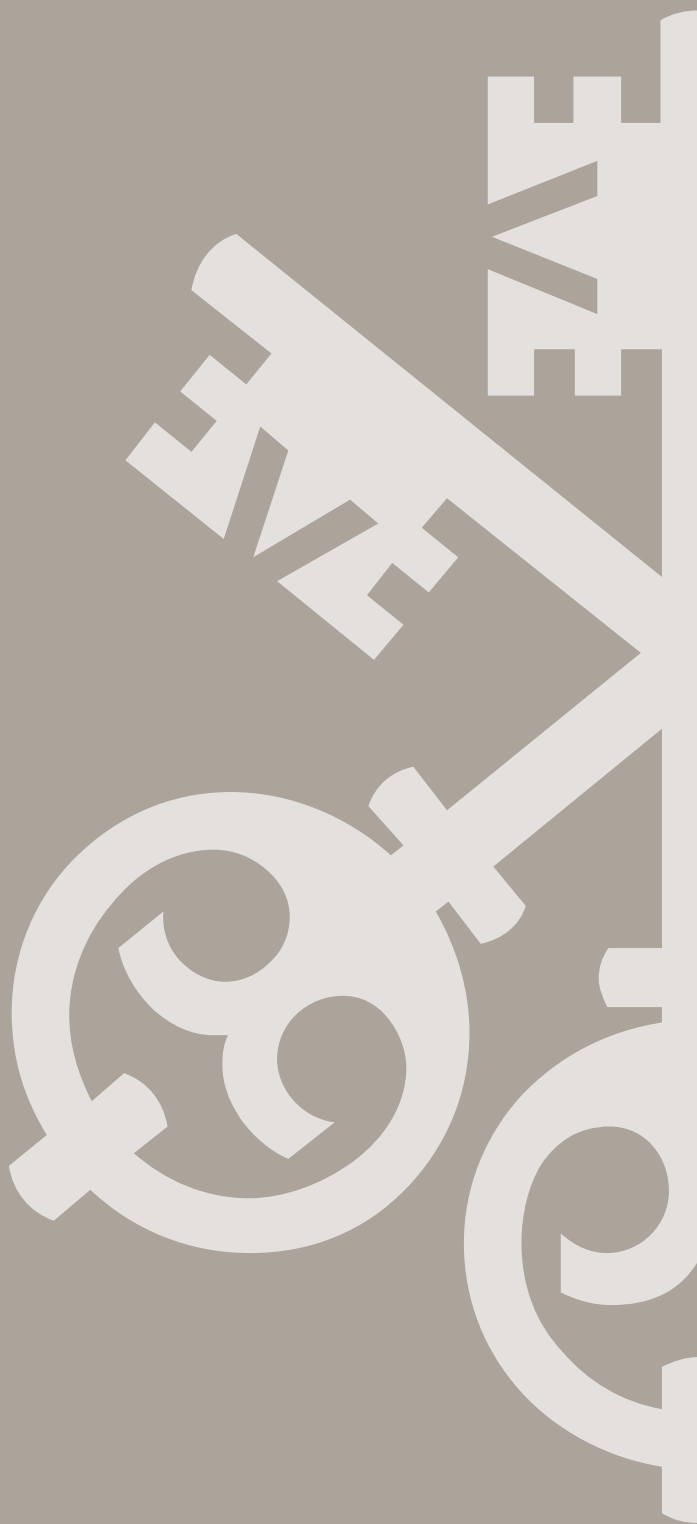
approach, rather than a prescriptive model for activity, and philanthropists may choose different approaches for different issues they are addressing. Further, over the course of their philanthropic lifecycles, philanthropists will typically use these approaches simultaneously.

What is the approach?	When is it appropriate?	Vehicles for impact: what gets funded?	Systems and structures: which are needed?
<b>Adding resources</b>	<ul style="list-style-type: none"> <li>When strong organizations are already running effective programs, but need additional resources to expand, extend or replicate their work</li> </ul>	<ul style="list-style-type: none"> <li>Personal giving to existing non-profits</li> <li>This giving can occur directly, or through intermediaries such as foundations or NGOs</li> </ul>	<ul style="list-style-type: none"> <li>Little structure required for smaller donations</li> <li>Screening systems and due diligence required for larger or numerous donations</li> <li>Creating one's own foundation is not always the right choice</li> </ul>
<b>Building capacity</b>	<ul style="list-style-type: none"> <li>When the problem and potential solutions are well understood, but there are few actors capable of acting on them meaningfully</li> </ul>	<ul style="list-style-type: none"> <li>Providing organizations with direct funding for their capacity building needs</li> <li>Funding third party organizations that provide capacity building or networking services to others</li> </ul>	<ul style="list-style-type: none"> <li>Requires experts and program staff</li> <li>More complex measurement and evaluation systems may be needed</li> </ul>
<b>Campaigning for change</b>	<ul style="list-style-type: none"> <li>When the issue is complex and intractable, solutions are not well understood, and many different actors need to work together in order to get results</li> </ul>	<ul style="list-style-type: none"> <li>Positioning oneself as leader in the field and thus funding one's own campaign, and organizations that are part of the campaign</li> <li>Funding organizations that conduct advocacy, research, or convening</li> </ul>	<ul style="list-style-type: none"> <li>High-profile and credible program leadership required</li> <li>Ongoing review of strategy key to evaluate processes</li> <li>Collaborative platforms (e.g. public-private partnerships) may be developed or strengthened</li> </ul>

## *Section 2*

# How to plan your philanthropy?

Chapter 2	Forming your vision .....	Page 19
Chapter 3	Deciding on your approach .....	Page 25
Chapter 4	Developing a strategy .....	Page 31



*Chapter 2*  
**Forming your vision**

# What is a *vision* and why do I need one?

## Definition

A vision describes what you want the world to look like. It is both idealistic and long term, and serves as an inspiration and motivation for driving your philanthropic endeavors.

## Value

- It defines what success for your philanthropy looks like
- It signals to others what your philanthropy is trying to achieve in an easy-to-understand way
- It helps you focus your philanthropic activities on what is most important to you
- It serves as a starting point for all future philanthropic activities and decisions

## So what do you want to achieve?

The opportunities for philanthropy are limitless. In almost every field of human activity, thoughtful and focused giving can make life better. Faced with such a wide range of possibilities, even the most clear-sighted philanthropist, the most financially comfortable individual could be forgiven for hesitating before answering the question: what do I want to achieve?

You may already have a detailed vision of what you want to achieve through your philanthropy. Your desire to engage may be based on a particular experience, on an affinity to a country or a specific community or it may stem from your wish to continue to use your professional expertise in a social context. All this will help you to find a starting point and narrow down what you want to achieve.

From there, this chapter will help guide you through a process of self-reflection by drawing on your motivations and experiences, and your skills and resources to decide what issue you want to focus on, whom you want to help and where you want to act.

This process is one that can be very personal, often evoking difficult memories or experiences. It is one that also takes time in order to gain clarity on your motives and expectations, as well as to acquire the knowledge that allows you to make tangible, informed, decisions.



Forming your vision is the most crucial step for your philanthropy, because it will lay the foundation for all further activities. So take your time and ask as many questions as possible, of yourself as well as of others.

# Understanding your *philanthropic impulse*

For many people, philanthropy is an intensely emotional, even spiritual act – something we do, not because we must, but because we choose to. So,

naturally, the starting point for building a vision is to look within, asking yourself what the source of your passion is, and what you can best contribute.



## Motivations and experiences – What is the source of your passion?

Have you seen an opportunity that is under-funded or ignored?

Have you encountered a pressing social or environmental issue in your business?

Do you have strong convictions (e.g. religious, moral)?

Are you looking for a means to bring your family together around a common project?

Have you had a profound personal experience such as having a sick friend or relative, or an eye-opening travel experience?

Has someone inspired you to create a lasting legacy?

Has an event, such as a natural disaster or emergency, triggered your desire to help?



## Skills and resources – What can you best contribute?

Do you have experience, expertise or knowledge which can be applied to a social or environmental issue?

What resources can you contribute to your philanthropic endeavors, such as cash, real estate, art, goods, or time?

Do you want to involve business resources, such as employees, customers, suppliers etc.?

Do you have networks and relationships that can help further your philanthropic ambitions?

As you work through these questions (or similar ones of your own) you should start to be able to build a picture of what drives you and what you might be well placed to support. This understanding will help you make an informed choice about your philanthropic vision.

In particular, it will make your philanthropy truly yours, growing your contribution beyond the financial. Building on your motivations will ensure that subsequent results match your expectations, thus creating the positive feedback that encourages most philanthropists to engage more and more over time.



# Choosing *a focus*

Armed with an understanding of your motives for engaging in philanthropy and of what you can contribute beyond your ability to fund, it is time to decide on the focus of your action.

Keep in mind that your focus may change over time as your understanding of the cause you are addressing and your exposure to philanthropy increase. So how does one find out the future focus of philanthropic activities? You need to answer three questions.

## What

The theme or topic you will engage on and more specifically, the cause you want to address

## Where

The geographic footprint of your interventions

## Whom

The beneficiaries of your philanthropic activities

### Whom will you help?

- **Age group**, e.g. children, youth, adults, elderly
- **Gender**, e.g. women/girls
- **Populations**, e.g. rural, immigrant, ethnic or religious communities
- **Socioeconomic communities**, e.g. the destitute, budding entrepreneurs, small business owners

### What issue will you focus on?

- Make progress on a **health** issue
- Address **environmental** concerns
- Promote **social justice**
- Expand **education** opportunities
- Support **arts and culture**
- Provide **disaster relief**
- Increase **social welfare**



### Where will you act?

- **At home or abroad?**
- **At what level?**  
Global, regional, country, community

## The importance of being specific

The narrower your focus is, the easier it will be for you to define a mission and concrete philanthropic goals. Being specific about what you will focus on, where you will act, and whom you will help has two benefits. First, it increases your chances of success by concentrating your efforts on something that is achievable. Second, it makes it easier to determine the activities needed to get there, as well as how to measure progress. Generally speaking, being broad in one area should be complemented by a narrow focus in another. For example: I want to improve primary education (narrow) for all children (broad) in a specific district of Zambia (narrow).

# Defining your vision

Your vision will be of central importance to your philanthropic journey. It is a concise description of an enduring purpose, not contingent on current conditions, capable of infinite fulfillment and not to be confused with your mission which is more narrow and tactical.

Your vision statement will be crucial for explaining and sharing with others what you are doing. It is the written manifestation of your intentions and enables you to check constantly if you are staying true to your course. The best vision statements make a bold, clear-sighted statement about how things should be, while leaving room for innovation and evolution in how to achieve it. They are generally:

**Aspirational** – describing how things should be, rather than as they are

**Focused** – setting out the “what,” “where,” and “whom” that will anchor efforts

**Concise** – summing up intentions in a crisp and understandable way

**Memorable** – catching the attention of potential partners, and inspiring their actions

The overall vision you set for yourself will be closely related to your mission. The main difference between both is that the mission is more concrete, possibly with a set time frame and an indication of how you will act.

What? Where? Whom?	Example of vision statement	Example of organization
<p><b>What:</b> Rights  <b>Where:</b> India  <b>Whom:</b> Children</p>	<p><i>“A child-friendly nation that guarantees the rights and protection of all children.”</i></p>	<p><b>Childline India Foundation</b></p>
<p><b>What:</b> HIV &amp; AIDS  <b>Where:</b> South Africa  <b>Whom:</b> Community-based health and development programs</p>	<p><i>“To be the leading organization supporting community-based primary healthcare and development programs responding to the challenges of the HIV and AIDS epidemic in South Africa.”</i></p>	<p><b>Aids Foundation of South Africa</b></p>
<p><b>What:</b> Homelessness  <b>Where:</b> Global  <b>Whom:</b> Marginalized youth and adults</p>	<p><i>“Preventing homelessness through sustained solutions that improve the economic and social well-being of the most marginalized youth and adults.”</i></p>	<p><b>Oak Foundation</b></p>

## What is your vision?

Knowing what your motives and resources are as well as where you would like to focus them is all you need to start drafting your first vision statement. It will remain a working document for a long time, indeed, it will drive the entire planning of your philanthropy. So don't rush it, and keep in mind that a vision statement is never fundamentally right or wrong. It represents your choice!

*Chapter 3*  
Deciding on your approach

# What *philanthropic approach* is right for you?

## Definition

An approach describes the role you want to play in your chosen cause, based on the level of commitment, ambition and ownership you are willing to take on.

## Value

- It helps you clarify the kind of philanthropist you want to be
- It provides guidance for charting your philanthropic course, in particular developing a strategy
- It allows you to focus on your strengths, and thus maximize your effectiveness
- It acts as a filter to help you decide which opportunities are more (or less) appropriate

## What approach fits best your vision?

A vision is the essential first step in your philanthropic journey. It sets out where you will focus your energy and resources. However, there are numerous ways you could achieve it. Choosing the approach you want to take – what kind of philanthropist do you want to be? – provides a filter that will enable you to develop a strategy that matches your preferences. Only if the right approach is selected will your experience of philanthropy be a satisfactory one. In order to determine the best approach to achieve your vision you first need a clear hypothesis of what is the specific issue you are trying to solve. You should ask yourself what are the underlying causes for this problem, and what are other contributing factors. For example: You may observe that school children in your home town are not proficient in reading. You may hypothesise this is

due to lack of teacher training, poor infrastructure, lack of books and other materials, or something very different such as that children do not have breakfast before coming to school and therefore are not ready to learn, or that parents at home are not reading to their children and setting an example. Two factors are important – one is do not simply make assumptions, investigate, read and speak to your intended beneficiaries or organizations who work with them to try to understand the reasons. Secondly, be aware that whatever you chose as your hypothesis as to which are the most important and contributing factors, it is just a hypothesis to be proven or disproven as you get on with supporting this work. This hypothesis should inform the approach you would take.

In general, there are three basic approaches you could adopt as a philanthropist. However, it is important to note that they are not mutually exclusive and most likely you will adopt a combination of two or more approaches depending on your objectives. The balance between them may also change over time.



Furthermore, the more you learn about the field you are working in you may revise the hypothesis you had about the specific issue you are trying to solve, or you may move to addressing other related issues, which in turn will lead you to revise your approach.

## Your approach

### Adding resources

Providing resources to existing actors successfully working on an issue.

### Building capacity

Expanding the capacity of actors to make progress on an issue.

### Campaigning for change

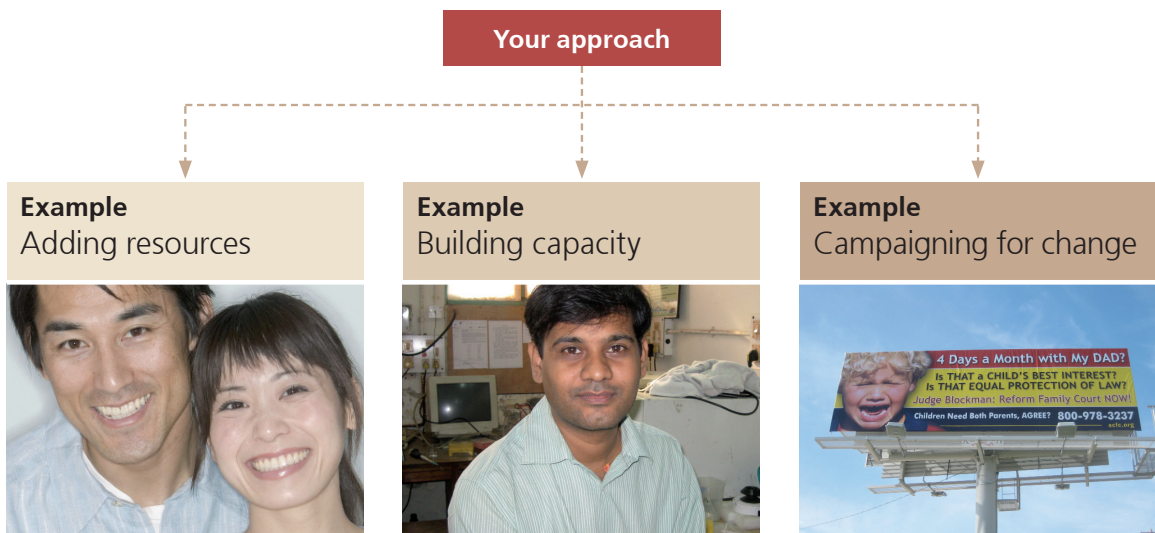
Mobilizing many actors and resources to address the root cause of an issue.

# One vision – *three different* approaches

The approach you choose has important implications for what you end up doing with your philanthropic work. The examples below illustrate how three philanthropists share the same vision, but pursue it with different approaches.

None of the approaches are right or wrong, stronger or weaker. All three philanthropists have chosen approaches that fit with their understanding of the issue, as well as their personal capabilities and preferences.

*Vision: “All children in my home town are able to read proficiently and enjoy reading by the age of nine.”*



The Lees hypothesized that if they got more children into after-school and summer reading camps, literacy levels would improve. They learnt from the local community foundation, that though the expertise exists, the biggest barrier they face is lack of funding to expand the programs and reach more children. The Lees know the local community foundation has expert staff on literacy, so they create a donor-advised fund dedicated to literacy and let the community foundation’s staff direct their grants to the best programs. They rely on the community foundation to manage the investment of the fund and evaluate the progress of the grant recipients.

Mr. Patel is committed to ensuring that literacy levels in his town improve. His parents were teachers, and he believes in the link between strong teachers and student learning. Mr. Patel further checked this assumption by speaking to local experts on the topic. He thus decides to work with local colleges to reinforce teacher training, especially on literacy. He wants to honor his parents in this process and creates a foundation in their name. The foundation provides 3-year funding to colleges to strengthen their teacher training programs. He likes to see his funding in action so he regularly visits the colleges supported by the foundation to talk to the trainee teacher, learn what curriculum changes are working well, and where further improvement is needed.

Mrs. Schmidt previously read in the newspaper that only 20% of parents in her town read to their children. She consults some key studies that actually show the positive impact that parents reading to their children has and realizes that her experience and her network of professionals could make a difference. She works with her friends to develop a media campaign aimed at getting more parents to read to their children. She asks the local TV station to donate free air time to the campaign. One year later, she asks the newspaper to repeat their analysis and learns that now 40% of parents in the town read to their children. She decides to convene the mayors of five surrounding towns to tell them about her successful campaign so they can adopt it.

# Personal preferences for key considerations

Mark your preferences for each of the questions on the continuum:

**Your personal preferences**

Hands-off ← **Personal engagement** → Hands-on

Only monetary ← **Breadth of resources** → Time, networks, experience

Moderate ← **Resources available** → High

Anonymous ← **Visibility** → Publicly visible

**Preferences about your philanthropy**

Independent ← **Collaboration** → Network player

Singular focus ← **Concentration of efforts** → Diverse interests

Proven methods ← **Innovation / risk appetite** → Highly experimental

Long ← **Time to impact / commitment to effort** → Short

Thinking about your personal preferences for the considerations above will give you an indication of which approach suits you best. The approaches are fluid, and you can use several simultaneously as your philanthropy evolves. Some general characteristics of the three approaches can be:

Adding resources	Building capacity	Campaigning for change
<ul style="list-style-type: none"> <li>– Making only monetary contributions</li> <li>– Having a singular focus</li> <li>– Having the option of making shorter term commitment</li> </ul>	<ul style="list-style-type: none"> <li>– Making contributions of time, networks and experience</li> <li>– Being publicly visible</li> <li>– Focusing efforts on more diverse issues and organizations</li> </ul>	<ul style="list-style-type: none"> <li>– Being publicly visible</li> <li>– Relying on networks</li> <li>– Making long term effort</li> </ul>

## The nature of your cause

Your preferences are important yet they are not the only factor that should influence what you decide to do. A common mistake is to assume that because you want to act in a certain way, it is the right thing to do. One or the other approach may not always be appropriate, and you might need to step outside your comfort zone in order to take on an issue. It is therefore important to invest some time in understanding the nature of your chosen cause, to make sure that what you want to do matches what is needed.

## Additional questions to address

By selecting a vision and approach you have made important progress on narrowing down what you want to do in your philanthropic work. There are still many decisions to be made in order to translate these into action:

**Strategy:** Which of the specific needs and opportunities within your area of interest will you address with your philanthropy? And which strategy will you pursue to reach your goals?

**Identification and assessment:** What projects should you fund? How can you find the right people and organizations? And how should you assess them?

**Learning and evaluation:** How will you know if you are moving in the right direction? How will you track your progress and measure the impact that your philanthropy is having?

**Vehicle:** Will you need to create your own foundation? What other philanthropic structures are available and how do you choose the right one for your goal(s)?

**Governance and staffing:** Do you need to hire staff to achieve your vision? And if so, how many do you need and where can you find them?

**Assets:** How can you leverage all your assets, whether liquid or fixed, to maximize the impact of your philanthropy?

*Chapter 4*  
Developing a strategy



# What is a *strategy* and why is it valuable?

## Definition

A strategy sets out what needs to happen for your goals to be reached, how those actions fit together, and where you will act.

## Value

- It helps you focus on your goals, set priorities, and make choices between competing options
- It gives you a basis to choose whom to work with and which opportunities to support
- It allows you to recognize success when you see it
- It helps you learn from your philanthropy and improve what you do

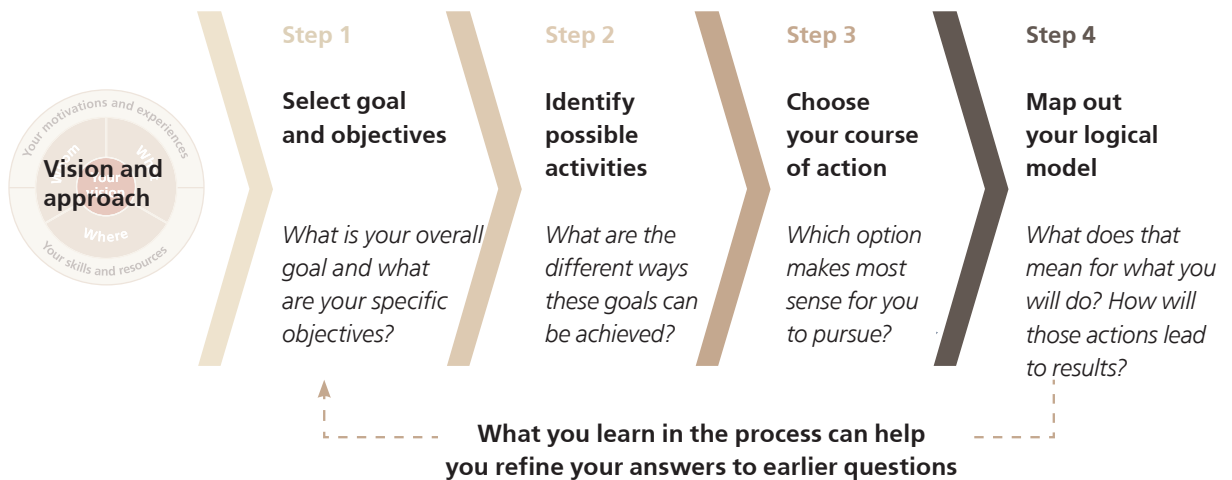
## What logic will your philanthropy follow?

Up to now, you have been asking yourself questions about what kind of philanthropist you want to be: what, whom and where do you want to focus on? What approach do you want to take, what are your time horizons and risk profile?

Developing a strategy builds on this through four steps that distill the types of activities and the partners that will help you achieve the vision you have articu-

lated for yourself. It is an iterative process – answering later questions will help you better understand earlier ones.

Following this process will help you avoid a common mistake of using the resources at hand to define your philanthropy. As the saying goes “To a man with a hammer every problem looks like a nail.”



# Key questions for developing your strategy

You can build your strategy by answering a handful of targeted questions at each stage of the process. The questions to ask at each step are listed on the top half of the page, while the bottom half illustrates them with a worked example of a philanthropist who

wants to improve job opportunities for women in Maharashtra, India.

In your effort to answer these questions, you will have your first close encounter with the challenges

## Step 1

### Select goal and objectives

- What is your hypothesis of what is the specific issue you are trying to solve (used to develop your approach)?
- Based on your vision, what are your objectives? What exactly is it that you want to achieve?
- What impact do you want to have on these priorities? Which specific goals do you want to achieve?

## Step 2

### Identify possible activities

- What will it take to solve the issues you have identified? What are the different ways that the issues could be addressed? What changes would need to take place?
- What are the available options to bring about these changes? What has worked well in the past?
- What resources are needed to carry out the necessary activities?
- Who else is working on this? Are there gaps which have not been addressed by other players?
- Are there opportunities for collaboration?

### Example

- A philanthropist's vision is to improve job opportunities for women in Maharashtra, India
- Realizing that this vision is too broad to build a strategy around, she conducts some high-level research and learns that while there are many job opportunities, women don't always have the necessary skills to qualify
- She formulates a narrower mission statement: "Increase the percentage of women attending vocational schools"
- In order to make her mission measurable, she decides on a specific goal: "Increase the percentage of women enrolled in the three largest vocational training schools by 30% in 5 years"

### Example

- She interviews local experts in Maharashtra to learn about available options for making progress against her goal:
  - Offer scholarships to women attending vocational schools
  - Work with banks to develop tailored financial aid products
  - Ensure secondary schools offer a better link to vocational schools
  - Develop an awareness campaign about vocational schools targeted at women
  - Build a new vocational school just for women
- After she has mapped out all of these options, she finds out where there are gaps (scholarships and financial aid)

and characteristics, as well as the science and facts behind the cause you want to address. This may require a lot of work and you should make use of as much external help as you can. When working through your strategy, do not hesitate to refer back

to the personal preferences that drove you to select a particular philanthropic approach. On each choice of activity or course of action, your final decision should be in alignment with your approach.

### Step 3

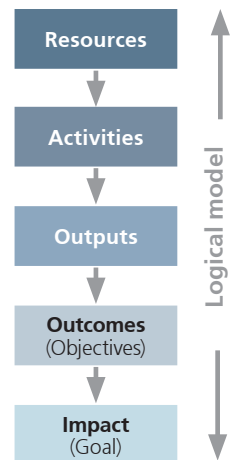
#### Choose your course of action

- Which of the various options identified in step 2 best fit your philanthropic approach?
- What can you be most helpful with, given your resources, networks and expertise?
- What activities will you pursue?
- Whom should you collaborate with? How can you build on what others are doing?

### Step 4

#### Map your logical model

There are many competing names for what we call “logical model”, for example “logical framework” or “logical chain”. The model includes a planning phase in which you set your goal and objectives and plan your activities. Those will be supported by the resources you can contribute. Thereafter in an evaluation phase you can look at your outputs (i.e. the results of your activities), the outcomes (which are your desired objectives) and the impact (your desired goal).



#### Example

- Reflecting on her personal philanthropic preferences and her resources she realizes that she doesn't have the desire to build a new institution, doesn't have the know-how to support an awareness campaign and doesn't have the time to work with secondary schools
- With her financial sector background, she does however have knowledge and understanding of scholarships and financial aid
- She decides to partner with a local bank to develop an innovative financing product that combines a scholarship provided by her and loans provided by the bank
- For women who successfully complete their vocational studies, the philanthropist will pay 25% of the loan

#### Example

*Resources:*  
USD 250,000  
Financial expertise

*Activities:*  
Work with vocational schools to publicize training opportunities for women  
  
Work with local banks to provide scholarships to eligible women

*Outputs:*  
Number of women who apply for the scholarships  
  
Number of women who successfully enroll and complete the training thanks to the scholarships

*Objectives / Outcomes:*  
Increase in the percentage of women getting the skills they need to compete in the local job market

*Goal / Impact:*  
Improved job opportunities and economic participation of women

## Practical considerations



### **Start with the end goal**

A common mistake in philanthropy is to identify activities to support, and only then look for an issue to apply them to – risking a misaligned strategy that fails to realize your vision. To avoid this mistake start with a clear goal, and then reflect on the best way to achieve it.



### **Iterate**

On many issues, the “right” strategy may not be obvious or even known. Each of the four steps to develop a strategy will help you learn more about your cause. You may need to go through the process several times before you have a feasible strategy which you feel comfortable with.



### **Involve stakeholders**

To succeed, your philanthropy must touch others’ lives. Whether they are hospital patients or visitors to a gallery, beneficiaries will often have unique insights on how to have an impact. Asking for their advice and input will be invaluable in helping you to decide on your focus.



### **Note your assumptions**

Developing a strategy does not require being able to predict the future; however, it does mean making assumptions. Where possible, these should draw on evidence about what works. It is important to note them explicitly, so that you can update them as you learn.



## Get started on developing your strategy

Building a strategy may be the first time you will have to delve into the cause you have chosen, and build your own knowledge on the topic. In order to do this, you will need to identify sources of information as well as the right partners for advice and exchange. The questions and points below serve as a starting point in this process.

### **Where will you find information about your chosen cause?**

- Potential information sources could include:
- Friends and contacts who work in the field
  - External advisors
  - Non-profit / foundation annual reports
  - Academic experts
  - Conferences

### **Whom will you involve in developing your strategy?**

- Potential stakeholders to involve could include:
- The intended beneficiaries of your philanthropy (e.g. parents and children)
  - Practitioners (e.g. teachers)
  - Experts
  - Peer philanthropists
  - Civic / business / political leaders

## *Section 3*

# How to implement your philanthropy?

Chapter 5	Identifying and assessing opportunities .....	Page 39
Chapter 6	Learning from evaluation .....	Page 45
Chapter 7	Choosing a philanthropic vehicle .....	Page 53
Chapter 8	Foundation governance and staffing .....	Page 59
Chapter 9	Philanthropy and your assets .....	Page 65



*Chapter 5*  
**Identifying and assessing opportunities**

# Whom should I support and where do I start?

## Definition

An identification and selection process is what enables you to make smart, systematic decisions about whom to support and how, thus translating your vision and strategy into concrete activity.

## Value

- It allows you to identify the partners best suited to carry forward your vision and goals
- It helps potential partners understand whether and how to get in touch with you
- It provides you with a clear, systematic way of choosing between different opportunities
- It gives you a basis to assess the potential risks and benefits of the options available to you
- It enables you to focus your time on the most promising options

## How to find opportunities?

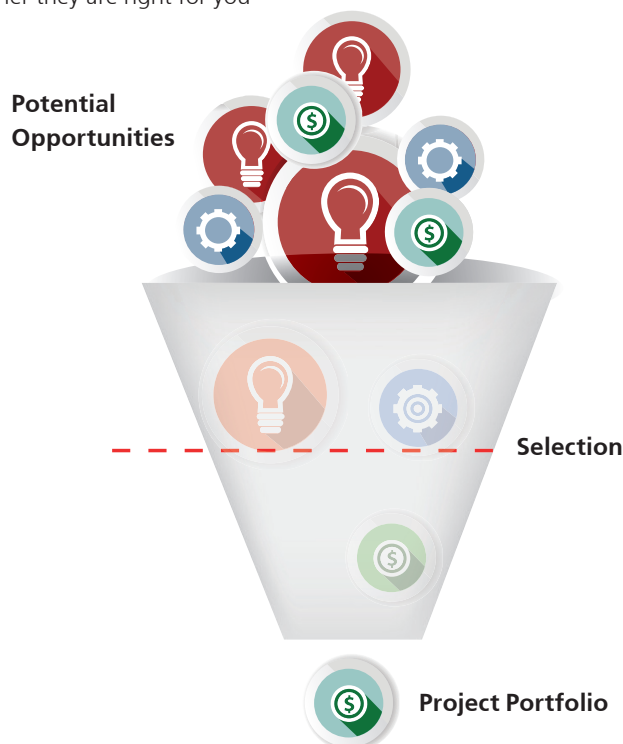
Having reflected on your vision, on an approach and a strategy for your philanthropy, the next step is to identify concrete opportunities and partners with whom you can work.

This process involves two key components:

- Finding potential opportunities and partners
- Assessing whether they are right for you

This chapter explores these components, along with practical considerations to take on board.

While personal recommendations may be part of the ultimate decision to support an initiative, you should have a project identification and selection process in place before deciding.





# Finding the right partners and opportunities

This is the first step of your philanthropy and the most crucial one in ensuring future impact and satisfaction. How you find partners or opportunities will depend on whether you are active in a field where

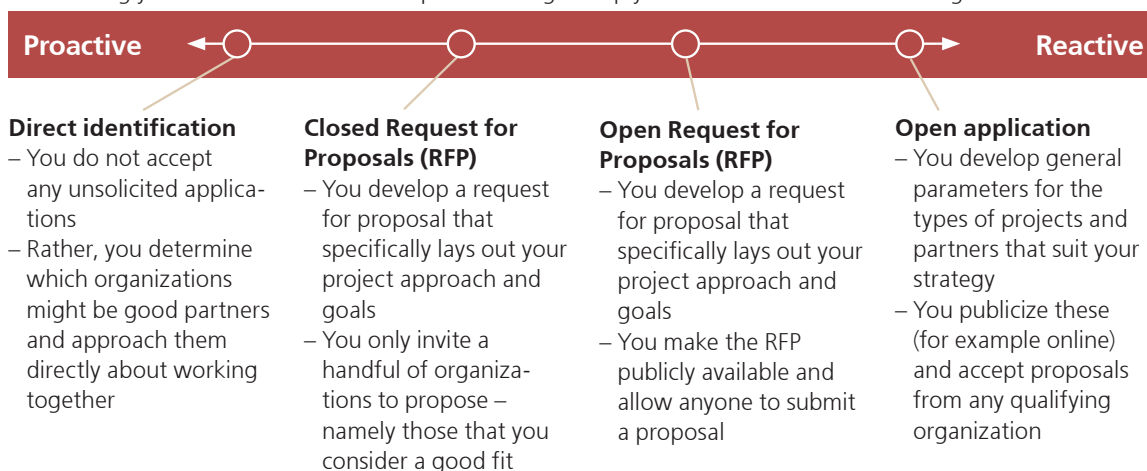
many organizations operate, or in one where there are few. Different processes will need to be put in place depending on your situation.

## Selecting your search process

Mark your answers for each of the questions on the continuum. Once done for all questions, identify the center of gravity of your answers. This should help you identify how you will find your future partners or opportunities to fund.

Very well	← How well do you know the issue? →	Very little
Yes	← Do you know organizations working on your cause? →	No
Only a few	← How many of these are there? →	Very many
Yes	← Are you clear with what projects to achieve your goal? →	No
Yes	← Do you have a clear idea of the issue you address? →	No
Few and/or large projects	← What project portfolio are you aiming for? →	Many and/or small projects

Considering your answers to the above questions might help you choose one of the following models.



## More than one approach

These methods may be used individually or in combination – for example by having an open application process for concept notes or pre-proposals, and then inviting only promising candidates to submit a full bid. In some countries direct identification of organizations will be possible as the sector is well structured and organized, while in others you may need to rely on an open application process.

# Assessing projects and organizations

Whether you pursue a proactive or reactive approach, you will need criteria for assessing the potential fit of a partner or project. In the proactive mode, you will need to do this before you start your search. In the reactive mode you will have to do this after proposals arrive.

There are many criteria you can develop. One helpful way to organize them is along the following two dimensions:

## Does the project align with your vision?

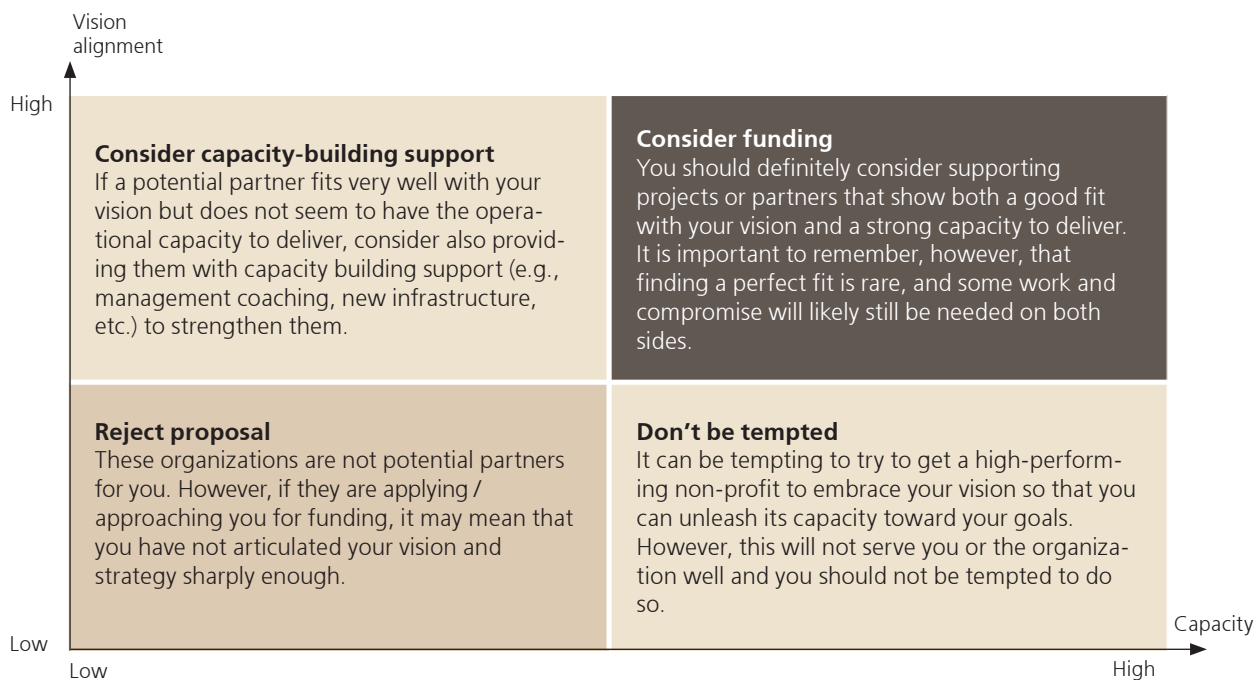
- Does it share your focus? (what, where, whom)
- Does it align closely with your strategy?

- Does it fit well with your other activities?
- How well planned is the application? Does it address all the questions you asked? Does it gloss over difficult questions?

## Does the partner have the capacity to deliver on the project goal?

- Does it have a track record of delivering similar work?
- Does it have the financial, human and technical capacity to reach the project goal?
- Does the management team seem capable and effective?








Potential projects might then fall into the following four categories:



## At what stage do I get involved with an opportunity?

If you think about the development of initiatives you support as a continuum, it's possible to make a decision to support at any point on this continuum. Generally the closer to completion a potential initiative is, the fewer unknowns you are likely to encounter and the more certain you can be of a positive outcome. The earlier on in an initiative's lifecycle you fund, the more uncertainty you face (especially over costs). However there will be more opportunity for influence on the content and project design. Thus, you need to weigh these issues or have your decisions tied to milestones in the project's development (specific conditions that must be fulfilled before agreeing to fund).

## Practical considerations

	<b>Consider the burden on you</b> Both proactive and reactive identification processes can impose a considerable burden – whether they entail mapping the available options or sifting through multiple proposals. It is important to ensure you have appropriate time and support.
	<b>Consider the burden on partners</b> Due diligence and application processes can stretch potential partners. Try to minimize the burden on them by only asking for information you need, and focusing detailed requests on high-potential applicants.
	<b>Consider the signaling effect</b> Whether you intend it or not, a public Request For Proposal can draw attention to your philanthropy and your chosen cause(s). If you do not desire this, then you may want to steer more towards a proactive approach.
	<b>Balance risk and opportunity</b> There is always a risk that either a project will not lead to results, or that the potential partner will be unable to execute it. You should balance these risks against the potential impact if the effort is successful.
	<b>Don't set arbitrary funding horizons</b> It can be tempting to dictate fixed funding durations. However, you may not know at the outset how long real impact might take. Be open to multi-year funding, but contingent on milestones.
	<b>Avoid unreasonable demands</b> Depending on its stage of development, the information available about an opportunity can vary. It may be difficult, for example, to predict future funding needs for a highly innovative project. Periodic reviews can help manage such risks.
	<b>Consider your exit from the start</b> It is highly likely that, at some point, your support will end. To avoid undoing your good work, it is important to consider at the due diligence/assessment stage how to handle your exit and how progress will be sustained beyond your grant.

## The first steps to finding partners and opportunities

Reflect on the right approach for you to find partners and opportunities to fund. Also start to think about what criteria you will use in your assessment of these, and consider if and how to share them. It could be helpful to read through RFPs from organizations active in similar fields to yours.

*Chapter 6*  
**Learning from evaluation**

# How to *learn* from *evaluation*?

## Definition

Evaluation is a way of systematically gathering and reviewing information in order to learn. It means asking smart, timely questions about your philanthropic work in order to understand and increase your impact.

## Value

- It allows you to understand more about the issue you seek to address
- It allows you to check whether your approach is having an impact
- It enables you to be more effective in how you act
- It helps you understand how to replicate and scale your successful initiatives
- It can demonstrate your credibility to other funders, government and society
- It can provide supporting evidence for policy or advocacy work

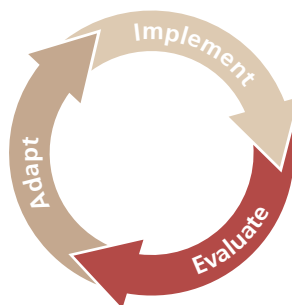
## Where does learning fit into your other activities?

Learning is a continuous cycle of activity that runs throughout your philanthropy. By constantly adapting and improving what you do, you can increase the impact you achieve through your philanthropy and get results more quickly. The cycle has three different stages: implement, evaluate and adapt. Evaluation and learning is a crucial element of any non-profit work which affords the best opportunities for

improvement, even for those already active for many years.

Working through this chapter will set you on your way, on what should be an exciting opportunity for your philanthropy to evolve. What you evaluate and what you are able to learn is highly dependent on what activities you run and the type of organization you have built up.

**3. Adapt** how you work based on what you learn by adjusting your efforts to increase their impact, sharing lessons to help advance the field, and demonstrating the value of your work to influence policy and attract other funders.



**1. Implement** your philanthropy in an informed way, drawing on what you and others have learned about your cause and how to address it.

**2. Evaluate** what is working (and why), how are you progressing towards your goals, and whether the assumptions you made in your strategy are still true.

# When, what and how to evaluate?

It is always a good idea to at least make cursory enquiries to ensure resources have been used as intended, and to see how you might better engage with your partners. In fact there are many reasons for evaluating your efforts and many of them do not depend on the size of your undertaking. Listed below are both the benefits of evaluation as well as the questions you should ask in order to know if they would apply for you.

## Identifying reasons for evaluation

Read through the benefits of an evaluation and answer the corresponding questions. Should you answer “Yes” to any of them you should consider conducting a more in-depth evaluation of your initiative or program.

Benefit	Question	Yes	No
Innovative efforts are unlikely to be perfect first time around. Evaluation can help you and others refine and strengthen your work over time.	<i>Is there anything innovative about your work?</i>	<input type="checkbox"/>	<input type="checkbox"/>
What you learn “on the job” could offer vital new evidence about how an issue works, and how best to address it, advancing the whole field.	<i>Could the issue or potential solutions be better understood?</i>	<input type="checkbox"/>	<input type="checkbox"/>
Tracking progress and challenges allows you to make informed decisions (e.g. renewing multi-year funding or adapting your work plan).	<i>Are you involved in a multi-step initiative? Is there more than one decision point?</i>	<input type="checkbox"/>	<input type="checkbox"/>
If you are the largest donor, others may look to you to make sure that project-wide lessons are captured, and progress is documented.	<i>Are you a lead supporter or funder of the initiative or program?</i>	<input type="checkbox"/>	<input type="checkbox"/>
Understanding what works is key to scaling efforts effectively. You may also need to demonstrate success in your project to attract other partners.	<i>Is there the potential for the work to be replicated or scaled by you or others?</i>	<input type="checkbox"/>	<input type="checkbox"/>

Depending on what you need to know (i.e. your reason for evaluating), different questions may be appropriate. These are rooted in the logical model which forms the backbone of your philanthropic strategy.

## When and what should you evaluate?

For each of the three types of results: outputs, outcomes and impact you can identify indicators and means of verification.

	Outputs	Outcomes	Impact
	<ul style="list-style-type: none"> <li>– Increased number of women who apply for the scholarships</li> <li>– Increased number of women who successfully complete the training</li> </ul>	<ul style="list-style-type: none"> <li>– Increased number of women getting a quality education</li> <li>– New opportunities for women through education</li> </ul>	Improved job opportunities and economic participation of women
<b>Indicators</b>	Number of women completing the vocational training course	<ul style="list-style-type: none"> <li>– Results of graduating exam</li> <li>– Assessment by women graduates of how this course opens up new opportunities</li> </ul>	Increased percentage of women participating in the workforce
<b>Means of verification</b>	Records from the vocational school	<ul style="list-style-type: none"> <li>– Exam results from the vocational schools</li> <li>– Targeted interviews with women graduates</li> </ul>	Regional data published by the government

# Developing and *learning* from an evaluation

Now that you have reflected on both the need as well as the different types of evaluation the table below can help you structure your thoughts around your philanthropy.

	Monitoring activities	Tracking progress towards objectives	Understanding impact
<b>Do I always need to do this? When is it appropriate?</b>	Monitoring is appropriate when you mandate someone else to act, through a grant, partnership request or similar (almost always)	Evaluating progress is appropriate if you are pursuing or funding a multi-step process	Impact evaluation is appropriate if your philanthropy seeks to initiate or change something (e.g. proving an innovation, a pilot study, or that a project is representative)
<b>What type of questions should I ask?</b>	<ul style="list-style-type: none"> <li>– Are partners doing what they said they would do?</li> <li>– Are things costing much more or much less than planned? Why?</li> <li>– What does that mean for the workplan?</li> </ul>	<ul style="list-style-type: none"> <li>– Are things going according to plan?</li> <li>– Are you getting the results you hoped for?</li> <li>– Why, or why not?</li> <li>– How should you adapt or improve your way of working?</li> </ul>	<ul style="list-style-type: none"> <li>– Do the outcomes you are achieving seem to be having the desired effect?</li> <li>– Are your theory of change assumptions correct?</li> <li>– How should you adapt or improve your strategy?</li> </ul>
<b>Why do I need to know?</b>	To ensure that your resources are used efficiently, as you intended	To see whether things are unfolding as planned, and if you need to make changes to achieve your intended outcomes	To refine your strategy and theory of change, and to validate your work, so that others can build on it
<b>Where do I find the information? (means of verification)</b>	<ul style="list-style-type: none"> <li>– Regular reports from partners/grantees</li> <li>– A simple, standardized process (e.g. quarterly report, regular phone call, etc.) may be appropriate</li> </ul>	<ul style="list-style-type: none"> <li>– Regular reports from partners/grantees</li> <li>– Periodic questions to beneficiaries and/or other stakeholders</li> <li>– Some questions will need to be tailored to the specific initiative</li> </ul>	<ul style="list-style-type: none"> <li>– Data collected via an evaluator – may be commissioned by you or by another organization</li> <li>– Will include information from partners/grantees, other stakeholders and third parties</li> <li>– Where appropriate, a baseline should be set at the start of an initiative</li> </ul>
<b>What do I do with answers when I get them?</b>	<ul style="list-style-type: none"> <li>– Guard against corruption</li> <li>– Demonstrate compliance with local laws</li> <li>– Ensure your money/other resources is being used wisely</li> </ul>	<ul style="list-style-type: none"> <li>– Work with partners to improve implementation</li> <li>– Focus resources on the most promising activities</li> <li>– Share process lessons with the field</li> </ul>	<ul style="list-style-type: none"> <li>– Refine your strategy and identify new opportunities</li> <li>– Demonstrate value to other donors and policymakers</li> <li>– Share lessons</li> </ul>

# Some *key aspects to consider* when planning your evaluation

## **Focus on outcomes**

It is very important to not only focus your evaluation on the output of your activities but to at least also evaluate your objectives and the outcome you have achieved. If you only measure your outputs, you might not really see the actual result of your project. For example the fact that women have completed the vocational training course might not be enough to achieve the goal of improving the job opportunities for women in a certain region.

## **Timing matters**

It is also important to understand that in order to see changes at the level of outcomes and impact a longer time period may be required. Usually the outputs can be seen as soon as the project is finished, but for example in the case of women's vocational training, whether or not the training has helped them in the workforce is probably only evident at least six months after they have completed the training.

## **Be creative**

In some cases finding indicators for certain behavioral changes, particularly in the area of civil and political rights, can be more challenging than for other more direct socio-economic improvements. For example a project to ensure the human rights of prisoners in jail by training prison wardens. The perfect indicator for success would be the number of inmates who did not get mistreated thanks to the project. However, this would be almost impossible to assess. An alternative would be to run reports through selected interviews by inmates of how treatment has improved in the few months following the project, and self-reports by prison wardens of what they believe they have learnt in the course and how they apply it. This could also be verified by an external observer visiting the prison at regular intervals. In general, one has to be creative with indicators and has to find those that are a good measure of success and at the same time relatively easy to verify.

## **Less is more**

A small number of key measures generally provides sufficient insight. Having a complicated system with multiple indicators and a huge burden of collecting information for means of verification does not necessarily yield better results. At worst if the system designed is too complex, at some point people will stop bothering to collect the data. Collecting the information also takes time and effort which could be devoted to other activities, so striking a balance is

crucial. One good question to ask yourself is if we were moving the needle on this topic, what would the world look like? What things would we be able to observe? This approach usually guides you to a few meaningful measures.

## **Qualitative can be as good as quantitative**

Most evaluations try to focus on hard quantitative data. In many cases qualitative data or even anecdotal evidence is good enough to demonstrate that things are improving. For example when you ask an NGO how do they know if they have a good reputation, not every employee will be able to quote a study they conducted to measure their reputation, but many would point to the fact that when they talk about the NGO they work for, most people respond with a positive association. This can be considered anecdotal evidence, and in many cases that can be enough to prove a point.

## **Contributing to results is usually enough**







Seeking causal attribution between your activities and specific outcomes may be desirable, but it is not always feasible and usually costly. In many cases knowing that your project contributed to a certain cause together with many others should be enough. In any case in some instances it is almost impossible to know for sure. For example, you may work on the project to improve women's participation in the workforce, and it could be that an economic boom in the country leads to greater opportunities for women. So even without the vocational training project more women would have entered the workforce. Or it could be that because of the project more women were ready to take advantage of the opportunities related to the economic boom. Pinpointing the exact contribution would be difficult and very costly and this endeavor may outweigh its benefits.

## **Consider institutional effectiveness**

Many organizations only focus on evaluating their projects or programs. Another angle is to also evaluate the institutional effectiveness. So knowing what you achieved is not enough. Having a clear idea of how you went about and achieved the results is also valuable. For example on the institutional effectiveness side a foundation could look at what is the state of relationships with different stakeholders including the grantees they support, the reputation of the foundation, how efficiently they managed their operations, etc. It is important to find measures that are meaningful to the particular organization.



## Practical considerations

	<b>Define clear objectives</b> Without knowing what you want to achieve there is no way to know how close you are to your objectives – or even if you are headed in the right direction.
	<b>Only ask if it is worth finding out the answer</b> For learning and evaluation to be worthwhile and cost-effective, the amount spent on asking a question should not exceed the value of knowing its answer.
	<b>Be cooperative rather than adversarial</b> Learning should be done with partners and grantees. As such the resources used get more value for money. This ensures that partners also benefit, and may improve cooperation.
	<b>Give partners the flexibility to innovate</b> It is important to hold partners accountable for outcomes. Being overly prescriptive about how to achieve them can stifle innovation and reduce the likelihood of success.
	<b>Tell partners in advance what you want to know</b> It may be tempting to keep partners “on their toes” by asking surprise questions. However, this limits their ability to find the right information in good time, and undermines the trust relationship needed for successful cooperation.
	<b>Share successes and lessons learned</b> The purpose of evaluation at some level is always to learn. The more philanthropists and the organizations they support are willing to share this learning with others, the more we can all benefit and use scarce resources efficiently.

## Launching into an evaluation

As you get started, decide if you need to do evaluation, for what purpose, and start formulating the questions you would need answers to.

*Chapter 7*  
Choosing a philanthropic vehicle

# What is a *philanthropic vehicle*, why choose one?

## Definition

A philanthropic vehicle is a legal and organizational home for your philanthropy. A foundation is one well-known type of vehicle; however, many other options are available.

## Value

- It gives organization and structure to your philanthropy
- It enables you to manage the legal and financial aspects of your engagement in an efficient manner
- It provides a platform for you to assemble the relevant expertise to realize your vision and implement your strategy
- It can allow you to continue your philanthropy beyond your lifetime
- It offers you the opportunity to tailor your level of involvement

## What vehicle is best for your philanthropy?

When reflecting on the right vehicle for you, it is helpful to look inwards at your personal requirements and preferences, and outwards at what is most suited to your vision and strategy.

Very often a foundation might seem the most obvious choice but starting philanthropy by setting

up a foundation is like starting a family by buying a house. It might be the right vehicle, or it may well not be. Gaining a first philanthropic experience using different vehicles is a great way to build your own experience and learn about your needs and whether they justify creating a foundation.

### Exploring your personal preferences

1. Your level of interest in personally tracking the progress of your philanthropy
2. Your appetite for carrying administrative responsibility and costs
3. Your tax, family governance and succession requirements
4. The time horizon of your philanthropy
5. Your desired degree of flexibility

### Exploring what's right for your strategy

1. Level of capacity available for meeting your philanthropic goals
2. Degree to which publicly attaching your name would be beneficial to your goals
3. Existence of accessible knowledge around what works
4. Need for coordinated action
5. Ease of identifying the right opportunities to support

# Choosing your philanthropic vehicle

One will often be tempted to create a foundation through which to carry out philanthropic work. However, a foundation may not always be the right solution. In general a foundation can be defined as: "asset-based and purpose-driven [vehicles]. They have no members or shareholders and are separately constituted non-profit bodies. Foundations focus on

areas ranging from the environment, social services, health and education, to science, research, arts and culture. They have an established and reliable income source, which allows them to plan and carry out work over a longer term than many other institutions such as governments and companies." (European Foundation Centre)

## What is the best structure for you?

Mark your answers for each of the questions on the continuum. Once done for all questions identify the center of gravity of your answers. Are you more to the right, the middle or more to the left? Are there questions of particular importance for you that should be weighted higher?

### Exploring your personal preferences

Not very, prefer flexibility	<input style="width: 95%; border: 1px solid black;" type="text" value="How certain are you of what you want to do?"/>	Committed to specific issue(s)
Not significantly	<input style="width: 95%; border: 1px solid black;" type="text" value="How involved do you want to be in the organization?"/>	Quite significantly
No	<input style="width: 95%; border: 1px solid black;" type="text" value="Do you want your philanthropy to outlive you?"/>	Yes
No	<input style="width: 95%; border: 1px solid black;" type="text" value="Would making your name public strengthen your strategy?"/>	Yes
Prefer to outsource	<input style="width: 95%; border: 1px solid black;" type="text" value="How involved do you want to be in administration?"/>	Willing and able to carry them
Smaller, ongoing write-offs	<input style="width: 95%; border: 1px solid black;" type="text" value="What are your tax requirements?"/>	Large, one time write-off

### Exploring what's right for your strategy

A lot – proved and well-understood solutions exist	<input style="width: 95%; border: 1px solid black;" type="text" value="How much knowledge exists in this field?"/>	Little – new research and experimentation likely required
Not really – will fund independent single projects	<input style="width: 95%; border: 1px solid black;" type="text" value="Does your strategy require coordinated efforts?"/>	Definitely – will develop cohesive program areas
Yes	<input style="width: 95%; border: 1px solid black;" type="text" value="Are there enough strong, capable actors in this field?"/>	No – may have to engage in capacity-building
Yes – will support mostly well-known existing efforts	<input style="width: 95%; border: 1px solid black;" type="text" value="Will finding partners and projects be straightforward?"/>	No – may need to start and even operate your own projects

# What *alternatives* to foundations are there?

Having considered your answers to the questions posed earlier you may choose a specific model from not needing a vehicle at all to actually building a bespoke new vehicle and setting up a foundation. The table below lists some common giving vehicles

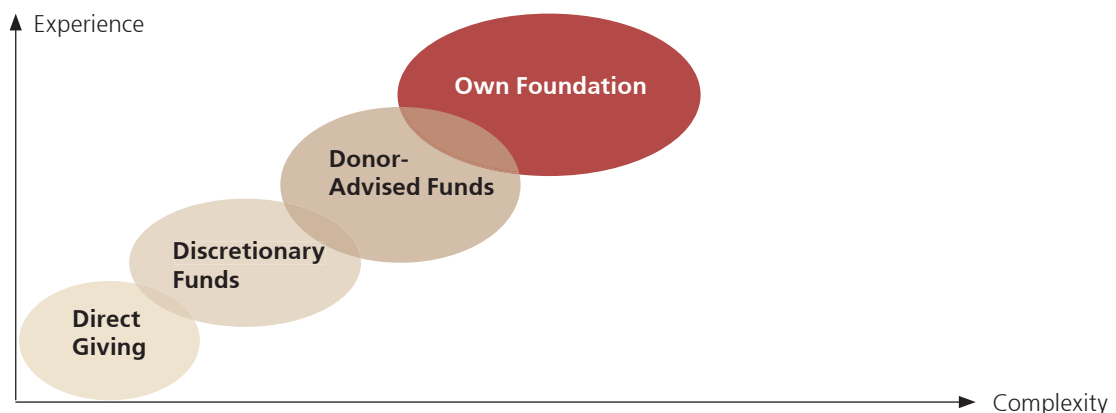
and explores their key benefits for both you and your philanthropy. The graphic explains how your choice of vehicle can change over time as you grow more knowledgeable and more involved in your philanthropy.

	Direct Giving	Discretionary Funds	Donor-Advised Funds (DAF)
Definition	<ul style="list-style-type: none"> <li>– Donor provides monetary support directly to charities on a case by case, gift by gift basis</li> </ul>	<ul style="list-style-type: none"> <li>– Donor creates a permanent fund to carry out her or his charitable intentions, and a grants committee makes the funding decisions</li> </ul>	<ul style="list-style-type: none"> <li>– Donor makes an irrevocable contribution of personal assets to a charity and thereafter recommends how, when, and to which causes income and principal from the account is distributed</li> </ul>
Considerations for your personal preferences	<ul style="list-style-type: none"> <li>– Donor retains control over grant-making as well as asset investment decisions</li> <li>– No ongoing administrative costs</li> <li>– Potential tax write-offs</li> </ul>	<ul style="list-style-type: none"> <li>– Donor has less control over grant-making decisions</li> <li>– Low administrative costs</li> <li>– Potential tax write-offs</li> </ul>	<ul style="list-style-type: none"> <li>– Donor decides which grantees to fund</li> <li>– Low administrative costs</li> <li>– Potential tax write-off</li> <li>– Family member involvement possible</li> </ul>
Considerations for your strategy	<ul style="list-style-type: none"> <li>– Most direct route when supporting already existing capacity</li> <li>– Case by case project funding allows for flexibility</li> </ul>	<ul style="list-style-type: none"> <li>– Knowledge and expertise provided by grants committee and / or program staff</li> <li>– Applicable when supporting already existing capacity</li> </ul>	<ul style="list-style-type: none"> <li>– Funding existing projects through coordinated grants possible</li> <li>– Professional advisors offer knowledge and expertise</li> <li>– Donor can name her or his DAF to help put a spotlight on the cause</li> </ul>






## Adapting your vehicle to your own philanthropic development

The right operating model for your philanthropy may change as you scale up your efforts and your activities become more complex or ambitious. Therefore do not

be afraid to start small and be open to changing vehicle as your needs evolve.



## Practical considerations

	<b>Consider cross-border giving</b> Donations to foreign beneficiaries involve multiple jurisdictions and can be a complicated matter. Transnational giving networks can help ensure transparent and tax effective giving.
	<b>Realize that vehicles are not mutually exclusive</b> Your philanthropy can but does not have to be restricted to one single vehicle. The important thing is to identify the right one(s) for your strategy.
	<b>Avoid duplication</b> In order to avoid unnecessary duplication and to ensure the most efficient use of your resources, check that your are not creating a structure that already exists.
	<b>Be aware that a vehicle changes your relationship to your assets</b> By creating or using a vehicle, you can change the legal relationship with your assets. Tax or other benefits linked to assets dedicated to a cause might impose constraints which mean those assets may no longer be available for other purposes.
	<b>Consult a legal and fiscal advisor</b> Both legal and tax implications of your chosen vehicle vary according to the jurisdiction. Consulting an expert on these issues will help you better understand the regulatory environment and make an informed decision.

## Understanding all your options

The complete list of available philanthropic vehicles is long, and varies according to the jurisdiction. The examples presented here illustrate the principal types, but you should check with a local expert to determine the options available locally as well as in relation to the focus you have chosen.

## Take the first step

Make contact with a recognized legal and/or tax expert who knows the philanthropic sector and can advise you on the various vehicles which might be available in the relevant legal jurisdiction to pursue your philanthropy. Remember, every country will have different rules and regulations.

*Chapter 8*  
Foundation governance and staffing

# How to *govern* and *staff* a foundation?

## Definition

A board is a voluntary body that has a legal duty to oversee how a foundation is run and is a key element of governance. Staff are (paid) employees who manage and implement activities in order to realize the foundation's vision and goals.

## Value

- **A board provides legally-mandated oversight for a foundation**
- **The right board and staff can extend your capacity to pursue your vision, and increase your effectiveness in doing so**
- **The right board and staff can share the workload and reduce risk in your philanthropic activities**
- **Choosing the right staff and board is particularly important if you want your philanthropy to continue beyond your lifetime, or if your personal involvement is limited**

## Building the right organization

If you decide that setting up a foundation is the best way to structure your philanthropy, you will need to consider how to put together a board (a legal requirement in many jurisdictions) and what staff you will

need. These decisions are of critical importance as they will result in embedding your philanthropy into a larger, potentially public network as well as ongoing operational costs and management responsibilities.

### What is a board? Why is a board needed?

A board's core functions can be summarized as:

- Mission oversight: ensuring that the activities of the foundation contribute to its mission
- Fiduciary oversight: ensuring that endowments are invested well, and the operation is run efficiently

A board may also get involved in implementing your vision (advice, advocacy, grant decisions, etc.). This depends on the nature of your philanthropy.

A board is compulsory in most jurisdictions. In addition you can have other bodies to provide advice such as an advisory board or a technical committee.

### Why might staff be needed?

There are two basic types of staff:

- Administrative staff handle day-to-day operations (e.g., processing grant applications, taking board minutes, or fulfilling legal reporting requirements)
- Program staff help implement your philanthropic vision (e.g., evaluating grantees, managing projects, etc.)

Not all foundations need administrative and program staff – some may not need either – to achieve their vision and goals. Be aware that some jurisdictions may have legal requirements on staffing.

## Ensuring legal support

The legal requirements for creating a foundation – and for the role and composition of a board and staff – vary according to the jurisdiction, and can be complex. Before you start, it is important to seek specialist legal advice from someone with local expertise.



# What *kind of organization* do you need?

The kind of board and staff you should involve if you consider setting up a foundation depend on two key dimensions: how much capacity, and what expertise

you will need to implement your strategy, beyond what you already have access to.

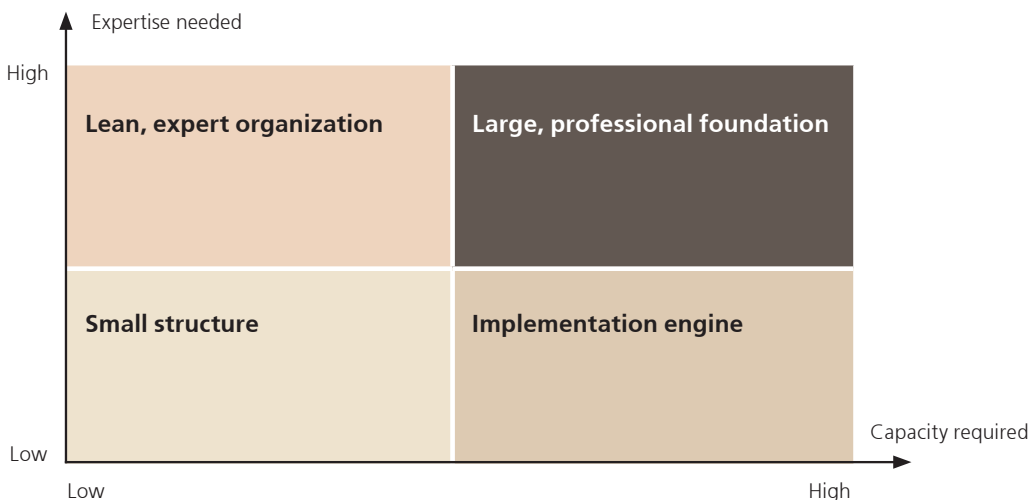
## Identify your needs

Positioning yourself on the continuums below vis-à-vis these questions should provide you with an indication of which vehicle could be right for you.



## Investigate which vehicle is best for you

Depending on the amount of work anticipated and the needs for expertise you have identified, position yourself on the diagram below for an indication of what could be the optimum vehicle for you.



# Implications of your governance and staffing model

The roles played by you, staff and board and the resources you will need to invest to build up a foundation vary, depending on which model is right for you. As previously mentioned, once you set up a foundation, the funds you contribute to it are no longer

“yours,” thus you will want to think carefully about the model you select in helping steward these funds toward impact. You can build one of four types of foundations as detailed in the table.

	Small structure	Lean, expert organization	Implementation engine	Large professional foundation
Your role	– Founder	– Central role in operations – Seek advice widely within and outside foundation	– CEO role – Highly involved in decision-making, with staff support	– Oversee direction – Day-to-day decisions delegated to staff
Board role	– Small board – Focuses on basic legal / fiduciary duties only	– Medium-sized board – Provides expert advice and guidance	– Small board – Focuses on organizational efficiency and effectiveness	– Larger board – Provides access to networks – Champions programs externally
Staff role	– Small administrative staff – Informal structure – Possibly no full-time staff at all	– Small staff – Mostly networking / board facilitation support	– Administrative / managerial roles (e.g. selection support, legal reporting, etc.)	– Larger staff – Includes expert program officer / advocacy roles
Resource need	– Low administrative costs – Limited effort to recruit expert board	– Low administrative costs – Some time/effort required to recruit expert board	– Medium-high administrative costs – Some time/effort needed to recruit managerial staff and board	– High administrative costs – Significant time / effort required to recruit expert staff and board

	The Morgan Foundation <sup>1</sup>	The Staying Alive Foundation <sup>2</sup>	The Broad Foundation <sup>3</sup>	The Ford Foundation <sup>4</sup>
Example	1 Manager plus 4 Advisory Board Members (from the family)	6 staff plus 10 highly connected Board Members	2 Founders actively drive the foundation, supported by staff of 16 and Board of 14	88 “Grantmakers”, 1 President, 8 Vice Presidents, 12 high-profile Board Members

## Sense check

As you are coming to a conclusion on the amount of governance and staff support you will build for your philanthropy it might make sense to check one last time if your conclusion could be an indication that there is an alternative, potentially easier and less costly way of getting the support required or what other implications result from your governance and staff needs.

Could a donor-advised fund also meet your needs?

Do you know the people whom you need to join the board?

Does the foundation need to hire its own staff, or can some of the work be outsourced?

Do your resources match the scale of the task you are taking on?








<sup>1</sup> [www.morganfamilyfdn.org/governan.html](http://www.morganfamilyfdn.org/governan.html)

<sup>2</sup> [foundation.staying-alive.org/en/about](http://foundation.staying-alive.org/en/about)

<sup>3</sup> [www.broadfoundation.org/foundation\\_report.html](http://www.broadfoundation.org/foundation_report.html)

<sup>4</sup> [www.fordfoundation.org/about-us/leadership](http://www.fordfoundation.org/about-us/leadership) and [www.fordfoundation.org/about-us/grant-makers](http://www.fordfoundation.org/about-us/grant-makers)

## Practical considerations

	<b>Create and follow role descriptions</b> Board members are most effective when given specific, defined roles that are adhered to. Agreeing on expectations ensures that tasks are efficiently executed.
	<b>Set up a diverse board</b> A diverse board (in terms of cultural background, gender, professional experience, relevant expertise) is a reservoir of ideas and innovation. Setting a (renewable) fixed term for the board – e.g., 3 or 5 years – gives an opportunity to periodically reassess its composition, and to make changes as necessary. Make sure to identify potential conflicts of interests.
	<b>Determine the board's strategic role at the outset</b> Board members will be informed and may have strong opinions on where and how to act. However in order to avoid the risk of being blown off-course by an overenthusiastic board a clear, articulated strategy is important.
	<b>Hire staff with the right level of qualifications</b> It may be tempting to hire a respected expert to head the foundation. However, if his/her role is mostly administrative (e.g., models A and C), this is a recipe for frustration and disappointment on both sides.
	<b>Hire a manager you trust and connect with</b> It is easy to underestimate how engaged in the foundation you will want to be, even if you take a more hands-off role. Therefore, working together with a manager that shares your vision, whom you trust and relate well to personally, is essential.
	<b>Compensate staff appropriately</b> It is natural to want to devote as much of your resources as you can to your philanthropy. However, to deliver effectively on your vision, the foundation will have to invest in order to attract well-qualified, high-caliber staff.
	<b>Consider outsourcing activities</b> It is not always necessary to hire a new employee just because a job needs doing. If the role is time-limited or self-contained, it may be more efficient to bring in an external partner.

## Family involvement

Bringing family members onto a board can be an important way of involving them in your philanthropy. This should ideally be part of a wider decision about whether you want to engage in philanthropy as an individual or as a family (refer to chapter 10). Hiring family members as staff might ask for additional considerations. If you hire family member as staff you should ensure that they are well qualified for the role.

## Running costs

It is important to run an efficient operation, but you should also invest enough in staff and infrastructure to be able to deliver effectively on your goals. Some philanthropists set thresholds for running costs (e.g., 5% or 10% of annual spend). These can be useful to trigger further enquiry, but should not be applied arbitrarily; it is more important to ensure you have the tools and staff required.

*Chapter 9*  
**Philanthropy and your assets**

# How to *align* assets and philanthropy?

## Definition

Your assets are everything you hold, both financial and real assets, which can be used to further your philanthropy beyond making traditional grants.

## Value

- **Managing your assets by aligning your investment and asset management strategy with your philanthropic strategy offers you the opportunity to increase the reach of your philanthropy**
- **How you gift and allocate your assets to the people and organizations you support can fundamentally change and grow the impact you are having**
- **How to manage and employ them to maximize the impact of your philanthropy goes well beyond maximizing financial returns**

## How are your assets and your philanthropy related?

Up until now you may have considered making grants to others, or funding your own activities as the mainstay of your philanthropy. Beyond investing for maximum return there is much more that your assets can do for your philanthropy. By reviewing your own asset management strategy, not only to see how it aligns with your philanthropic goals, but also by looking at ways you can give differently, new opportunities for imparting positive change on people's lives will open

up. Aligning your assets with your philanthropy also means considering how appropriate a donation is in relation to the needs of the recipients, or how the different forms your financial support takes can positively influence beneficiaries.

The following examples illustrate how managing and spending your assets in alignment with your philanthropy will grow your reach and impact.

### Your spending policy must follow your philanthropic strategy

Client A is committed to building and running a school in her city for 10 years, before it is taken over by the city council. The costs of building and running the school will vary annually. Her asset manager made sure that her investments generate the income and liquidity required to meet her financial commitments over this period.

### Your philanthropic vision can guide your choice of investments

Client B has a vision of a world where all children have access to education. She has decided to divest herself from all companies that employ child labor directly or through subcontractors. Through a proprietary portfolio screening process the client's bank helped her align her investments with her values, vision and the need to generate a return.

### Your philanthropic vision can guide your asset management

The foundation set up by Client C believes in giving children a brighter future by providing economic security for their families. The foundation's bank developed a thematic investment solution that helped invest USD 25 million from the foundation's endowment in small and medium-sized enterprises to create livelihoods for African farmers while generating market rate returns.

### Your philanthropic strategy can call for different types of giving

Client D wants to support the development of small enterprises in his community by building capacity. In addition to grants to the local university to offer business skill training, his bank helped shape a 0% loan to a local trade association to build a business park.

# Balancing investment and philanthropic goals

As you consider aligning your investment and philanthropic objectives you will always have to balance all components of your asset management strategy such that you achieve the ultimate objectives of:

- preserving your capital
- generating income to meet your philanthropic commitments
- ensuring liquidity at the right time

These objectives are enabled through strong investment guidelines that are defined in your investment strategy.



<b>Capital preservation</b>	<p><b>Does your current asset management strategy preserve your capital to meet the needs of your philanthropic activities, i.e. with respect to inflation, lifespan or spending down of your assets?</b></p> <p>The lifespan of your philanthropic commitment directly influences the need to protect your capital from inflation.</p>
<b>Spending policy</b>	<p><b>Will your investments enable you to finance your philanthropic commitments, present and future?</b></p> <p>Your assets must generate enough income to meet the spending needs which are determined by your philanthropic strategy.</p>
<b>Liquidity needs</b>	<p><b>Will you have the right liquidity, at the right time, in order to meet your philanthropic commitments?</b></p> <p>While the spending policy focuses on how much money you will need for your philanthropy, you must also ensure you have the liquidity at hand to meet your commitments.</p>
<b>Asset allocation</b>	<p><b>Does your current asset allocation converge with your philanthropic objectives?</b></p> <p>The investments you make should not be in contradiction to your vision. Consider values-based investments (impact investments or social impact and charity bonds) that do not compromise on performance and also contribute to your philanthropic goals.</p>
<b>Risk oversight</b>	<p><b>Does someone have a centralized view of all your investments?</b></p> <p>Ensuring oversight of the aggregated risks of your investments when they are managed by more than one asset manager is essential. Centralized oversight also enables you to monitor the extent to which your investments contribute to your philanthropy.</p>
<b>Governance</b>	<p><b>Do you have the right governance to enable and encourage exchange and alignment between your asset management and the management of your philanthropy?</b></p> <p>Coordination between those overseeing the planning for your investments and those planning your philanthropy is the best way to guarantee that asset management takes place with your philanthropy requirements in mind.</p>

## Should I create an endowment?

Creating an endowment means giving a legal personality to your assets. This is a structuring question with key practical considerations very much unrelated to your asset management and linked to the form given to your philanthropy, for example, if you decide to create a foundation.

Creating an endowment does give out a strong signal of commitment to a cause. However it should be considered in relation to:

- Your liability in the management of the endowment
- The ownership and governance of the endowed assets: How implicated do you want to be in managing and controlling the assets? How are you planning your succession? Is the ability to change mission important to you?
- The tax implications this may have

# How to give and spend?

Beyond the traditional grant there are other ways you can support your grantees which might be better suited to the needs you are trying to address, to your philanthropic ambitions or to your resources.

Often, an investment instead of a grant can trigger a completely different mind set on the recipients' side and help avoid dependence on donations. For example, investing into a recipient instead of making a

donation creates a strong commitment on his/her side towards the investor. Private equity investments allow the philanthropists to actively engage with the recipient. Loans and investments might also help you mobilize capital from sources that would not be available for grant-making activities.

The decision how you provide funds should be part of designing your strategy.

## **Traditional grant:**

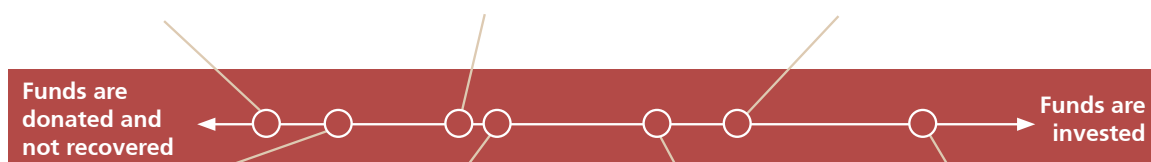
*A non-repayable financial award to support an individual or organization including in-kind donations.*

## **Challenger grants:**

*Funds which are awarded under the condition that additional funds are raised by the grantee.*

## **Loans:**

*Making loans to institutions or individuals, including microfinance, social bonds.*



## **Endowment grants:**

*Grants that create an endowment to support an activity or cause over the long term.*

## **Repayable grants:**

*Grants that may be repaid in part or in whole if recipient reaches or misses certain milestones (often commercial).*

## **Underwriting:**

*Provision of guarantees to cover the risks linked to a grantee's activity or to enable access to market financing.*

## **Investments:**

*Making investments in social enterprises as a means of supporting their development, or through innovative financial instruments such as social investment funds.*







The area of social investing is developing rapidly. While there is clear evidence that social impact and financial profits are not mutually exclusive, social investors will nevertheless find themselves challenged in many ways when investing for impact. Investments can be very long-term, minimum investments can be substantial and the measurement of social impact can be difficult.

Investors should be very clear upfront about their motives and expectations to ensure a satisfactory investing experience. That said the sector is experiencing very rapid growth thus increasing the chance that, eventually, each social investor finds the investment opportunity that matches his needs and preferences.

## **i** Real assets can also make a difference

Your assets are not just bonds, cash or stocks. Don't forget about art, buildings and intellectual property which you can also gift or loan to organizations that share your philanthropic objectives. Not all organizations will be able to manage and make the most out of these gifts. Indeed some will also not want to receive gifts other than cash. Do not be afraid to sell the assets you are considering to gift and give the proceeds to your chosen organization or project.

## Practical considerations

	<b>Find the right asset manager</b> Your asset manager must be in a position to understand the challenges he will need to address in managing your assets, and should also understand your philanthropic objectives.
	<b>Make provisions for long-term commitments</b> Ensure your spending needs incorporate the provisions you need to make for long-term commitments. Do not make open-ended financial commitments.
	<b>Consider tax implications</b> Remember that your gift may have tax implications for yourself as well as your grantees. These need to be taken on board, particularly for the grantees as taxation may reduce the value of a donation, or have implications on income generation. Also, if you make social or traditional investments through a philanthropic body that is receiving tax benefits there might be constraints and limitations to how much income these can generate, or the type of investment that can be made.
	<b>Ensure that the grantee can handle your gift</b> Make sure that your grantees have the appropriate resources or knowledge to manage your gift as you intend. Be aware that they might need extra support to acquire this capacity and ensure that there are provisions in place in this respect. Furthermore, the area of social investments is still relatively new and not many organizations might be ready for it, nevertheless it is worth considering.
	<b>Factor in upkeep and maintenance</b> Remember, certain assets will require upkeep and maintenance in the long run. You will need to consider whether the donor or grantee shall cover these costs. Another question to ask yourself is also whether you expect the assets to generate their own income for this purpose.
	<b>Consider the impact of partial funding</b> When you are not providing all the funding for a specific project be attentive to where the remaining funding will come from. Will the grantee be able to secure this additional funding and will the conditions set by other funders be compatible with your own?

## Get started with some simple actions

The following simple actions will set you on the road to aligning your assets and your philanthropy

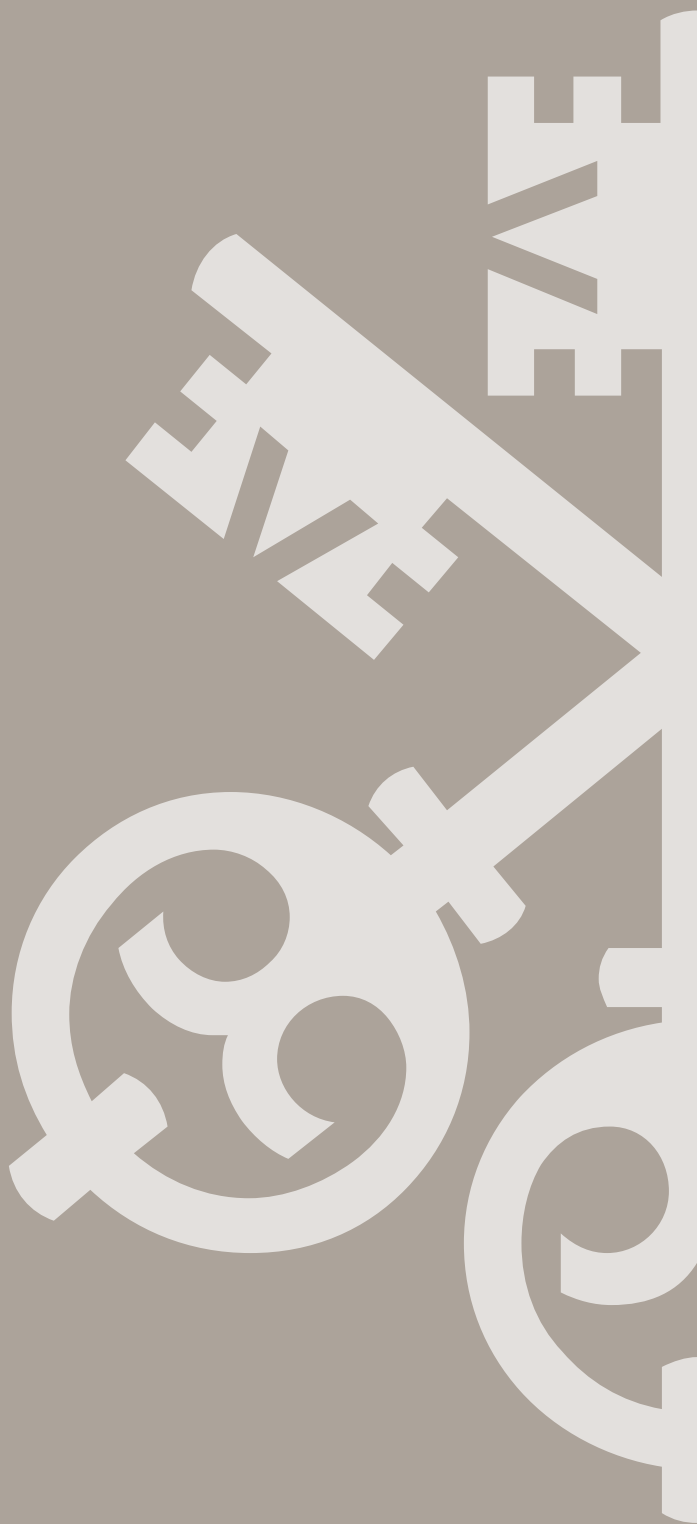
- Review your current asset management. A portfolio screening will allow you to review the sustainability of your investments and identify any conflicts with your philanthropic ambitions.
- Think about how you can better make use of your assets to support your philanthropy. Engage your current asset manager in this process by asking him for investment opportunities that yield both financial and social impact.
- Check if all your requirements can be met by a single asset manager or if new ones can open opportunities to services and products that will complement your philanthropy.



## *Section 4*

# How to engage with others?

Chapter 10	Philanthropy and your family .....	Page 73
Chapter 11	Networks and partnerships .....	Page 79



*Chapter 10*  
**Philanthropy and your family**

# Family philanthropy

## Definition

Many philanthropists choose to carry out their philanthropy together with their family. Family philanthropy is not a special type of philanthropy, but a way of bringing together family members around a philanthropic project.

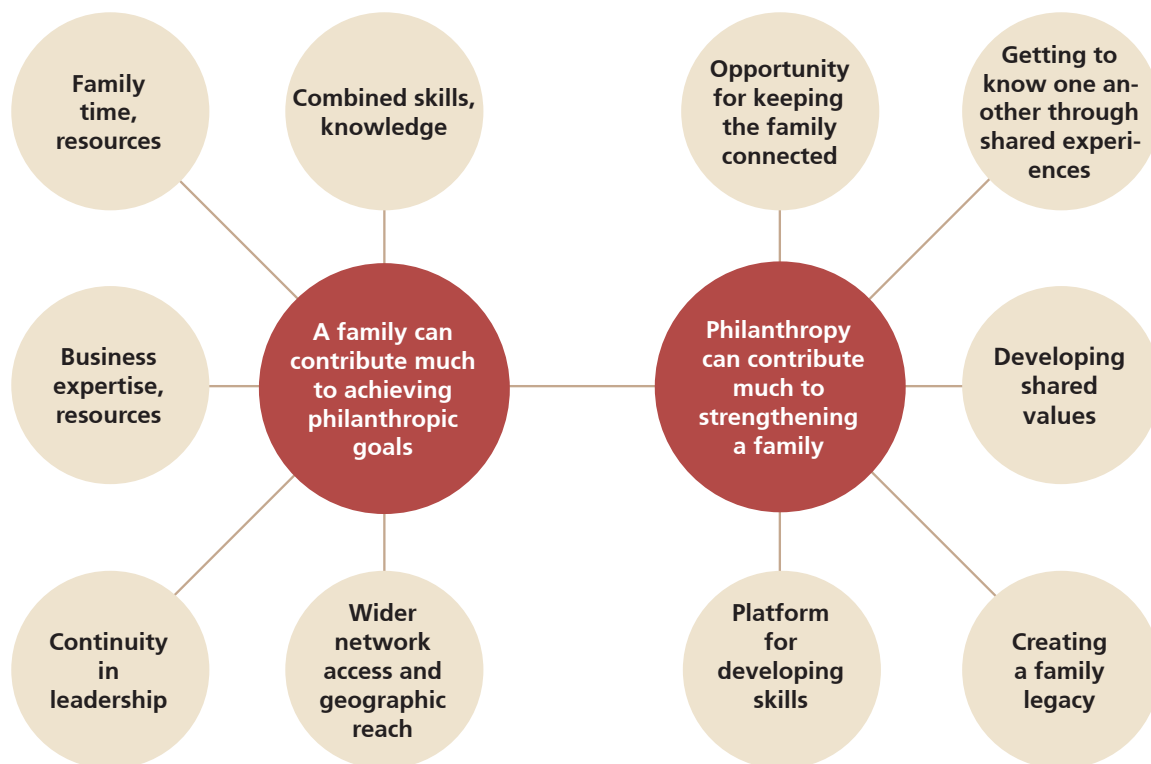
## Value

- It is an opportunity to bring family members together and bridge generations
- It is a way of sharing and demonstrating values and mobilizing additional resources
- It can provide a platform for developing the skills, interests and abilities of the next generations
- It can help to further establish your family's name and create a legacy

## Why and when would you choose family philanthropy?

As you move on to plan your philanthropy, you may want to consider sharing this journey with those closest to you. In addition to bringing your family together, sharing philanthropy with your family provides an opportunity to make the most of the many different skills family members can bring to the table: their time, interests, commitment, expertise, and even perhaps extra funds. Family philanthropy is a special way of

sharing interests and developing joint activities within the family. Done right it will generate benefits for the family as well as individual members. Yet, at the same time it remains a very personal affair and hence requires very thorough planning and execution in order to align interests and preferences within a family. The illustration below provides an overview of what a family brings and earns from engaging in philanthropy.



# How *family* philanthropy differs

As opposed to conventional philanthropy, working with your family will bring about different sets of challenges and considerations to take on board at various stages of developing your project. These will be linked to whether or not all family members are involved, who is involved and their degree of involvement. Simply put they will be a conse-

quence of aligning different personal goals and preferences.

These challenges will arise at each step of your philanthropic project from planning through to operation.

## Important questions you need to answer

Engaging in philanthropy with family members also means being sensitive about communication and relationships and being clear on the following:

<b>Who</b>	Which family members to involve in the philanthropy, at what stage?
<b>Role</b>	What role to assign to family members: formal or informal? Should they be trustees, co-donors, co-funders? Should they be volunteers or paid managers?
<b>Funding</b>	What will be the source and scale of funding for the philanthropy: personal wealth, family business, co-funding with other family members, fundraising?

<b>Planning</b>	<b>Defining a focus and vision</b> Family members may have different ideas and different levels of interest in doing philanthropy. You may have to consider developing an accommodating vision for the family philanthropy to be as inclusive as possible.	
	<b>Deciding on an approach and strategy</b> The various interests of family members might require you to envision conducting your philanthropic work through more than one approach and strategy.	
	<b>Operational management</b> Family philanthropy also means finding a role for family members in managing the philanthropic project/undertaking. The challenge is to reconcile members' enthusiasm for philanthropy while ensuring the right expertise is at hand.	
<b>Implementing</b>	<b>Vehicle, governance and funding</b> The vehicle and in particular the governance chosen for your family philanthropy should be able to accommodate younger generations and allow them to bring their own vision.  In allocating funding for philanthropic projects you would do well to manage expectations and ensure openness and fairness on this matter.	<b>Assets</b> The issue of funding and which assets to dedicate to the philanthropic undertaking is one where conflict often occurs in families.

# Getting *started*

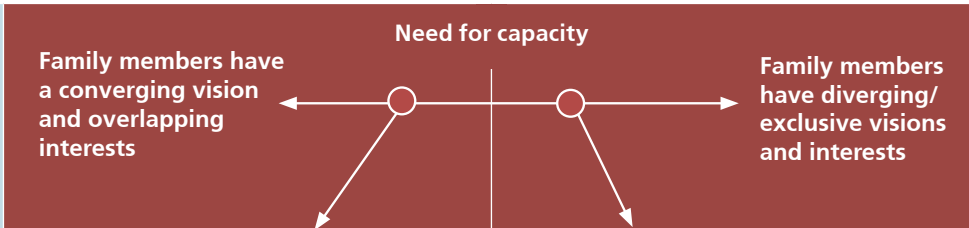
Having considered the various elements of your philanthropic work where special consideration should be taken when engaging with your family,

an understanding of the family environment within which you will engage in philanthropy, and its implications, is an important step.

## Why and when would you choose family philanthropy?

Understanding the interests and preferences of family members, and the degree to which these overlap, will enable you to set the best foundations for your







family's philanthropic ambitions. Where do you and your family members stand?

Ground work	Understanding family members' motivations	<p style="text-align: center;"><b>Need for capacity</b></p>  <div style="display: flex; justify-content: space-between; padding: 0 10px;"> <div data-bbox="368 733 615 842"> <p><b>Family members have a converging vision and overlapping interests</b></p> </div> <div data-bbox="1082 733 1272 842"> <p><b>Family members have diverging/exclusive visions and interests</b></p> </div> </div>	
Planning your philanthropy	<p><b>Defining a focus and vision</b></p> <ul style="list-style-type: none"> <li>– How narrow can you make the family vision while still accommodating family interests?</li> <li>– Will it be possible to incorporate the interests of future members?</li> </ul>	<ul style="list-style-type: none"> <li>– Is there an overarching theme, geography, or red thread with which everyone can identify? Is there a smallest common denominator?</li> </ul> <p><i>If not, you would do well to consider running different initiatives, each with their focus and vision.</i></p>	
	<p><b>Deciding on an approach and strategy</b></p> <ul style="list-style-type: none"> <li>– Are you able to ensure the buy-in of all family members on the approach and strategy for the philanthropic undertaking?</li> </ul> <p><i>You can set small pots of money aside for members to pursue their own interests.</i></p> <ul style="list-style-type: none"> <li>– Are all family members able and willing to show the same level of commitment?</li> </ul>		<ul style="list-style-type: none"> <li>– You will have to develop a different approach and strategy for the projects of different family members.</li> <li>– Are you sure the relevant family members are willing to commit the time and effort this process requires? Would there be opportunities for synergies?</li> </ul>
Implementing your philanthropy	<p><b>Operational management</b></p> <ul style="list-style-type: none"> <li>– Are there enough opportunities for family members to share experiences and learn from the philanthropic engagement?</li> </ul> <p><i>Ensuring that younger generations “learn the ropes” of the family’s philanthropic work is important, in particular if they eventually take over this work. In addition, allowing experiences to be shared between family members makes the philanthropic engagement all the more enriching and rewarding.</i></p>		
	<p><b>Vehicle and governance</b></p> <ul style="list-style-type: none"> <li>– What is the type of structure that is most appropriate to the family’s ambitions?</li> <li>– What role will family members play in the governance of this(ese) structure(s)?</li> </ul> <p><i>You may need to create more than one vehicle in the long run. You should also ensure to strike a proper balance between family members’ enthusiasm and the need for external experts to ensure the proper knowledge and expertise is on hand to govern your philanthropy.</i></p>		
	<p><b>Assets</b></p> <ul style="list-style-type: none"> <li>– How will the financial burden of funding the family’s philanthropic work be shared between members, between generations?</li> </ul> <p><i>It is important that financial decisions are taken openly and that, as much as possible, they are fair to all the family members, including those that do not or cannot take part.</i></p>		

## Practical considerations

Setting up family philanthropy, particularly through a foundation, brings special rewards but also some extra challenges. The earlier these are anticipated in the planning, the better. While in most cases family

philanthropy is an activity handed down through the generations, younger family members may well begin a passion that spreads towards older generations.

	<b>Ensure a common agreement</b> It is important to ensure, from the start, a common agreement within the family on approach, amounts, and philanthropic vehicles to be used.
	<b>Be aware of the opportunity costs</b> Everyone involved should understand that a philanthropic commitment requires dedicating resources that will not be available for other purposes.
	<b>Involve a neutral advisor</b> It might be helpful to involve someone trusted and neutral to facilitate family philanthropy discussions and agreements. Indeed, different family members may bring strong and passionate ideas of their own to your philanthropy, and this can be a source of strength but also of tensions.
	<b>Leave scope for individuals</b> Different philanthropic solutions will suit different families: the pursuit of a single united vision and plan may not be the best approach where individuals' interests vary widely, and it may be important to leave scope for individuals to pursue alternative options and agendas.
	<b>Build a legacy of philanthropy</b> For families that have chosen the foundation route for their philanthropy, planning for succession within the foundation will need to be addressed from the start.
	<b>Set up succession arrangements</b> Transitions from one generation or set of board members to another can bring challenges of their own to the conduct of your philanthropy, because family patterns, ideas and commitments can change over time; it may be important to anticipate this and set up some succession arrangements to manage this process in a way with which you are comfortable.

## Bringing in the family

Start testing the idea of philanthropy with family members. Try to understand their interest in engaging on social causes. Find potential allies to start building interest within the family. Keep in mind that there are various ways to engage as a family in philanthropy. Potential starting points include:

- Identifying opportunities for charitable engagement. Volunteering as well as agreeing to smaller donations as a family can be a good start and provide rewarding first hand experiences.
- Consider taking the family on a site visit to provide for a tangible understanding of the causes and possible social interventions. Various organizations are happy to help organize such visits and they don't need to be far or dangerous.
- Plan for a family philanthropy workshop with the help of an experienced moderator. Such workshops allow family members to share their passions and ideas, as well as discuss various options about how to engage, thus creating excitement.

*Chapter 11*  
Networks and partnerships



# How can *networks and partnerships* help me achieve my goals?

## Definition

Philanthropic networks and partnerships range from loose associations of philanthropists to formal groups of funders working together in areas of common interest.

## Value

- They provide opportunities to meet like-minded people and organizations and can enable you to learn from the efforts of others
- They connect you to philanthropists with complementary experience
- They can help to increase the amount of resources dedicated to your cause
- They enable you to work in concert with others on specific issues

## Philanthropy doesn't have to be an isolated undertaking

In chapter 5 we thoroughly discussed the issues related to finding the right partners and assessing suitable projects and organizations to get involved in. Also after having established those cooperation opportunities networking should remain an integral part of your philanthropy. As we have stated earlier, sharing your journey with others can be very rewarding. This could of course include your family, but you can also broaden your circle further to include like-minded philanthropists and foundations both at home and abroad.

Networking with your peers can help you learn from them and find answers to some of the questions you

will face in your work such as: What works and doesn't? Which are good organizations in your field? What is new in your field?

Partnering with your peers can involve funding specific projects, or developing a comprehensive joint platform for collective action on a complex social issue.

As you partner with like-minded organizations and build networks around these partnerships, opportunities will invariably arise for you to: learn, fund jointly with others, and act collectively, as presented in the examples below.

Learn	Fund jointly	Act collectively
<p>The platform Synergos brings together more than 250 philanthropists working in the area of global poverty and injustice and enables learning and collaboration through workshops, learning visits, and conferences.</p>	<p>The Funders Collaborative for Children in Malawi is a joint effort of four funders to help children in Malawi to grow up free from the crushing burden of HIV and AIDS.</p>	<p>The European Programme for Integration and Migration (EPIM), sponsored by a network of 12 foundations, is a comprehensive platform of projects, capacity building and advocacy around integration and migration in Europe.</p>

# When and why to *network* or *partner*?



## Reaching a decision

You should decide on your own if and when engaging with peers makes sense. Here are some questions that will help you to focus, on the one hand, on whether or not you should consider developing or engaging in networks to pursue your objectives and

on the other, whether working with partners would be an asset.

A "Yes" answer to one or more of the questions below would indicate that networking and or building partnerships could be interesting for you.

		Yes	No
<b>Should you network?</b>	Do you want to share your philanthropy journey with like-minded peers? Are there other philanthropists working on your chosen issue that you could learn from?	<input type="checkbox"/>	<input type="checkbox"/>
	Are there other philanthropists working in your geographical area of focus that you could learn from?	<input type="checkbox"/>	<input type="checkbox"/>
	Could you benefit from learning more about best practices related to your chosen philanthropic approach?	<input type="checkbox"/>	<input type="checkbox"/>
	Have you discovered promising practices, key success factors or traps to avoid through your philanthropic work that others could benefit from?	<input type="checkbox"/>	<input type="checkbox"/>
<b>Should you partner?</b>	Can you really achieve your vision alone or would more minds and funds be beneficial?	<input type="checkbox"/>	<input type="checkbox"/>
	Are there specific skills and experiences that would benefit your cause, but that you can't contribute yourself?	<input type="checkbox"/>	<input type="checkbox"/>
	Could you increase your impact by sharing decision-making power (and credit) with others?	<input type="checkbox"/>	<input type="checkbox"/>
	Might more voices and actors behind your cause enhance its credibility and influence with important stakeholders?	<input type="checkbox"/>	<input type="checkbox"/>
	Could partnering with other philanthropists help you bring a successful initiative to scale?	<input type="checkbox"/>	<input type="checkbox"/>

*"The practice of charity will bind us – will bind all men in one great brotherhood."*

**Conrad Hilton ,  
founder of the Hilton  
Hotels chain**

*"There are two ways of spreading light – to be the candle or the mirror that reflects it."*

**Edith Wharton ,  
Pulitzer Prize-winning  
novelist**

*"By coming together as a collaborative, we aim to harness our resources and the various skills of local organizations and the local government."*

**Anne Aslett, Elton John AIDS  
Foundation**

# What different *models exist?*

There are many ways to segment philanthropic networks and partnerships. The table below gives a basic idea of the types of models one can encounter, when they might be useful, and what the benefits are to the philanthropist.

A key value of philanthropy resides in its diversity. Many more options exist than presented below, however, these provide basic solid information on getting started in developing your networks and partnerships.

	What?	When?	Why?	
Learn ↑ Fund jointly ↓ Act collectively	<b>Philanthropic associations</b> These exist around the world both at the continent and country level. Typically based on a membership model, these associations convene their members at conferences and other learning events to discuss a variety of philanthropic topics.	Useful at any point, but especially helpful as you're starting your efforts	<ul style="list-style-type: none"> <li>– To network with peers</li> <li>– To learn about trends in your region</li> <li>– To find potential partners</li> <li>– To share lessons with others</li> </ul>	Network ↑ Partner ↓
	<b>Knowledge exchange networks</b> These types of networks focus on specific aspects of philanthropy, for example venture philanthropy.	If you want to learn more about a specific approach	<ul style="list-style-type: none"> <li>– To strengthen your craft as a philanthropist</li> </ul>	
	<b>Affinity groups</b> These groups, often hosted by regional philanthropic associations, coalesce around certain issues, for example HIV/AIDS. Members meet regularly to exchange lessons learned or co-sponsor research.	Once you've chosen your focus areas	<ul style="list-style-type: none"> <li>– To learn from others working on the same issue</li> <li>– To identify potential partners</li> </ul>	
	<b>Funding partnerships</b> These partnerships refer to two or more philanthropists and / or foundations pooling their resources for a specific project or set of projects.	If specific projects would benefit from more resources, or your own are insufficient	<ul style="list-style-type: none"> <li>– To increase the amount of funding going to specific projects</li> </ul>	
	<b>Thematic initiatives</b> These partnerships go beyond just funding a project together to tackling an entire issue area in a concerted way, including projects, capacity building and advocacy.	If your vision is to solve a particularly complex, challenging problem at scale	<ul style="list-style-type: none"> <li>– Complex social problems can't be solved in isolation – they require a well-resourced, multi-faceted approach</li> </ul>	

## Practical considerations

✓	<b>Plan for joint action</b> If you decide to join forces on an issue, you will need a common vision of success, (what are we trying to achieve?), a clear delineation of activities (who will contribute what?), and a commitment to continuous learning.
✓	<b>Take the time to build trust</b> If you're considering working with others, realize that just like with other relationships, mutual trust is critical, but can take time to develop. Don't expect a co-funding relationship to emerge after just one conversation. Be patient but persistent.
✓	<b>Be flexible</b> If you're going to address your philanthropic goals with other funders, all the actors involved will have to be open to adapting their way of operating. Be conscious of this going into such relationships.
✓	<b>Be open to shared learning</b> Networking with like-minded philanthropists is not a passive activity. Be deliberate and open to sharing what you're learning, and what you'd like to learn from others, so that you can get the most out of interactions.

## Getting started

There are hundreds of philanthropic networks you can plug into around the world. A good place to start can be one of the options listed below.



### International networks

Worldwide Initiatives for Grantmaker Support (WINGS)  
[www.wingsweb.org](http://www.wingsweb.org)  
Synergos  
[www.synergos.org](http://www.synergos.org)

This publication is for your information only and is not intended as an offer, or a solicitation of an offer, to buy or sell any product or other specific service. Although all information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, no representation or warranty, express or implied, is made to its accuracy or completeness. All information and opinions indicated are subject to change without notice. UBS retains the right to change the range of services, the products and the prices at any time without prior notice. Certain services and products are subject to legal provisions and cannot therefore be offered worldwide on an unrestricted basis. Except where explicitly stated, UBS does not provide legal or tax advice and this publication does not constitute such advice. UBS strongly recommends to all persons considering philanthropic activities to obtain appropriate independent legal, tax and other professional advice. This publication may not be reproduced or distributed without the prior authority of UBS.

© UBS 2014. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

UBS AG  
Philanthropy Advisory  
Paradeplatz 6  
8098 Zurich  
Switzerland  
Tel. +41-44-234 83 30  
[www.ubs.com/philanthropy](http://www.ubs.com/philanthropy)

In partnership with:

