

**WHAT KIND OF SOCIETY DO WE WANT  
TO BUILD? THE ART OF THE POSSIBLE**

**THIS ISSUE: EXAMPLES OF THE  
WAY FORWARD**

**THE FINAL ISSUE OF A FOUR-PART SERIES**



**POWER AND NEUTRALITY: AN ADVISOR'S ROLE IN PHILANTHROPY AND SOCIETY**



**WHAT SPACE FOR PHILANTHROPY IN COVID-19 TIMES?**



**BUILDING BACK BETTER: WHY THE SDGS ARE MORE  
IMPORTANT THAN EVER**

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The purpose of the magazine is to share information about philanthropy and social impact investment in a domestic and international context. We welcome articles, letters and other forms of contribution to philanthropy in Philanthropy Impact Magazine, and we reserve the right to amend them.

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## BUILDING A THRIVING PHILANTHROPIC AND SOCIAL IMPACT ECOSYSTEM

RENNIE HOARE - WWW.HOARESBANK.CO.UK

As these special magazine editions have shown, the answers to “What type of society do we want to build?” are many and various. Each contributor has different goals and priorities, and each article employs deep expertise to explain what we need to achieve. This represents the reality of our current situation. We live in societies where, unfortunately, there are numerous issues to address.

We need a network of passionate advocates to bring about change in specific areas where they have deep insight. This ‘ecosystem’ approach has a far better chance of finding lasting success than trying to decide whose vision of society takes ultimate precedence.

The complex answer may put some people off. With multiple viewpoints and no single, harmonised objective, we can all too easily freeze into inactivity. This, however, would be entirely the wrong response; instead we should look at the common tools available to build this thriving ecosystem.

First, we need to look at the most effective ways of bringing money into the philanthropy sector; without catalytic, risk-taking capital, it will be far harder to bring about change. Professional advisors play an important role. Advisors trained in discussing philanthropy have clients who give 17 times more than if there were no discussion. Philanthropists are usually keen to unlock additional funding, and if they are looking for one of the most effective leverage points, they should seek out organisations that help build this kind of advisor training.

We also need to look at really harnessing the potential of impact investing. No matter what kind of society we are trying to build, we are going to be hamstrung if, within charitable vehicles, we keep on investing into instruments that are causing large amounts of damage. In the worst-case scenario, a foundation with a large investment portfolio could outweigh the good done through their grant giving with the damage done by their investments. However, it’s not just about avoiding harm; we can do far better than that. Standard practice needs to shift in the direction of ‘total portfolio impact’, where both investments and grant giving are making an intentional positive impact. As investment portfolios train their sights on solving some of the world’s most pressing problems, a lot more capital is being brought to assist this systemic change.

Finally, we need to bring in the organisations that fund the foundations. The move from looking at grants alone to looking at vehicle-level impact is part of a broader shift to better understanding of the financial supply chain. Purposeful businesses play a huge part in this. Firms with a measurable purpose, who are looking to contribute positively to the way society operates, are a very powerful force.

Once we have a situation where all the resources at our disposal are set up to address, and solve, the big challenges, we will have mobilised far greater levels of capital and influence. With the entire financial supply chain directed towards change, we can make sure that individual areas of specialism receive the funding and support they so clearly need. Unlocking philanthropic capital, harnessing investment pools and championing purposeful businesses are the tools, available to all, that can build a better society.



**RENNIE HOARE - PARTNER & HEAD OF PHILANTHROPY, C. HOARE & CO.**

Rennie joined C. Hoare & Co. in 2016 and was invited to join the partnership in 2018. The six partners are all 11th generation descendants of the bank’s founder and carry unlimited liability.

Rennie is also Head of Philanthropy, leading what is done by the family, the bank and customers to support charitable giving and social impact projects. This includes the bank’s donor-advised fund, The Master Charitable Trust.

Rennie came to C. Hoare & Co. from T. Rowe Price where he was responsible for relationships with institutional investment consultants in the UK and Europe. Before that, he spent time at Threadneedle and at Guinness Asset Management. He graduated from the University of York with a BA (Hons) in Politics and holds the Investment Management Certificate.

Rennie is a trustee for both Philanthropy Impact and the David Nott Foundation and particularly enjoys his mentoring of the next generation of philanthropists.



# POWER AND NEUTRALITY: AN ADVISOR'S ROLE IN PHILANTHROPY AND SOCIETY

ALANA PETRASKE - WWW.WITHERSWORLDWIDE.COM

## 2020: disruption and reset

**M**oments of disruption often seem to hit the 'reset' button for many people. Whether it's the disruption of realising wealth — selling a business or inheriting, for instance — or the crisis of losing a loved one, disruption can lead us to examine our lives, to reassess.

2020 has redefined disruption. The global pandemic has disrupted the very fabric of our lives. It stopped many of us in our tracks professionally. It locked us down at home — alone, or juggling homeschooling and work. It stopped so much of our culture, from live music, to sports, to movies, to weddings and other family gatherings. It even paused taxes, though it certainly didn't pause death. COVID brought technology to the fore across society. It asked us to balance safety with economic security. It showed up in stark relief the inequalities we already knew were present and taught us things we already knew about our politicians.

The needless and horrifying deaths of George Floyd and Breonna Taylor then ushered in a renewed focus on racial justice. This latest iteration of the movement for Black lives has already outpaced the Civil Rights movement of the 1960s in relation to public support across races, economic strata and countries around the world.

As we turn the corner into the last quarter of 2020, the moment is ripe for reflection on who we want to be in this moment and how we can rebuild better to create the society we want to live in.

## NEUTRALITY AND THE PROFESSIONAL ADVISOR

For many legal/tax, investment and accounting advisors in the philanthropy space, neutrality is a cornerstone of advice. We aim to support clients in their philanthropy regardless of which cause they support, from religions we may not personally espouse to causes that may seem less urgent to us than others. Neutrality of *motivation* is also key for many advisors — though they are fairly rare, most of us have met at least one client driven more by status than by a genuine desire to give help. And neutrality of *mode* is relevant for some of us. While strategic giving has become a gold standard, some clients may prefer the sense of flexibility and freedom that ad hoc and responsive giving may bring.

At a minimum, we don't need to share our client's mission or values to help them give tax-efficiently or pursue charitable projects lawfully. And while the study of donor motivation is fascinating, a philanthropist chasing the 'halo effect' is still parting with money they might otherwise have retained for personal use. If one encourages giving as a principle, surely this giving still 'counts'? Likewise, a philanthropist lacking in strategy is still parting with their cash.

Cause, motivation and mode neutrality can have the unintended consequence of encouraging an advisor to self-censor to a high degree, however. In the interests of not alienating a client, or causing them to feel second-guessed, we may keep even some strongly held views on giving to ourselves.



ALANA PETRASKE

Of course, other advisors may feel less bound to cause neutrality. ‘Pure philanthropy’ advisors, who can be invaluable in helping individual and foundation clients develop or refine a giving strategy, are by definition involved in the question of which grantees to support, and may therefore feel freer in this regard. A pure philanthropy advisor may also have agreed in their scope of work or brief to help a funder choose ways to be more strategic, so neutrality of mode may not be so relevant.

## RESET: REFLECTING ON THE SOCIETY WE WANT

My own moment of reflection and reset came early in the COVID crisis. I returned from some business travel in early March and promptly locked down. We watched with deep foreboding as the crisis escalated in Asia and Europe, knowing the situation in New York, where I am now based, was set to be serious. It was immediately clear that the virus, and the economic fallout from it, would have a disastrous impact on non-profits and our most vulnerable communities. In addition to the pressure on service provision and fundraising events, volatile financial markets threatened the sense of sufficiency that underpins most individual giving, and alarmed foundation boards.

In a departure from my usual position of neutrality of mode, I spoke out early about the importance of continuing to give, and of giving more than planned where possible. I suggested that now was the time to consider spending capital (assuming no legal restriction), and to consider whether foundation perpetuity was indeed the best default setting. While balancing long-term provision against current need is a legitimate element of fiduciary planning, it seemed clear that operating charities would simply fail without intervention.

I also felt flexibility around reporting was warranted, and that provision of unrestricted funding should be considered even by funders who tended

to prefer project funding. I knew there would be a rise in demand for charitable interventions and services (food banks, shelters), at precisely the moment fundraising became precarious. This was less controversial but I did have some conversations with other advisors who perhaps felt this simply was not my business, unless asked.

As these ideas were coalescing in mid-March, a foundation client sought advice about whether they could depart from the board’s existing grant policy and current spending plan to give significantly more to existing grantees and to give to COVID-responsive funds, including grantees within their legal purposes, but outside their usual ambit. Speaking to the foundation chair (who was also the principal funder), I felt keenly that funders, like everyone in March 2020, were feeling their way in the dark. This client’s view of the ‘right’ approach to the pressure on the sector and the responsibility of wealth accorded with mine, so it was easy to ‘unmute’ my views and have a free discussion beyond the fairly simple legal and tax issues involved.

I later published an article on philanthropy and racial justice in a non-specialist publication. We had already surpassed 100 consecutive days of public protests of systemic racism and I had just read the truly outrageous results of a [study by Bridgespan and Echoing Green](#) showing the chronic underfunding of black-led non-profits. I received some comments that I was dragging philanthropy into the race debate, and others were more hostile or dismissive. I began to recognise that professional neutrality had a role to play in inhibiting dialogue and maintaining the status quo, and that at times, we as advisors were hiding behind it.

Rebuilding better after this 2020 reset is an exciting prospect. Within the many ways society can be improved, I’d like to see advisors reflect on neutrality and in particular whether this concept has expanded beyond its proper bounds to become something of a shield.



*“IN ADDITION TO THE PRESSURE ON SERVICE PROVISION AND FUNDRAISING EVENTS, VOLATILE FINANCIAL MARKETS THREATENED THE SENSE OF SUFFICIENCY THAT UNDERPINS MOST INDIVIDUAL GIVING, AND ALARMED FOUNDATION BOARDS.”*

### ALANA PETRASKE – PARTNER, WITHERS WORLDWIDE

Alana is a partner in the Charities & Philanthropy team at Withers. She advises both donors and non-profits on a wide range of legal, fiscal and regulatory issues. Her practice focuses on tax-efficient giving by corporate and individual donors, including advising on the structuring of philanthropic giving vehicles, donor-advised funds, venture philanthropy, social investment and a range of operational matters. Alana was selected by the Society of Trusts and Estates Practitioners as the People’s Choice – Trusted Advisor of the Year at the 2019/20 Private Client Awards.

Alana also focuses on international issues facing both donors and charities, including cross-border giving and jurisdiction choice, overseas operations, UK regulation and recognition of foreign organisations, and the establishment of ‘dual qualified’ charity structures which enable tax-efficient giving in the US and the UK.

In addition, Alana has a particular focus on family giving, including the challenges and rewards of succession and collaborative giving, and prenuptial and post-separation issues.

# WHAT SPACE FOR PHILANTHROPY IN COVID-19 TIMES?

ROLF ALTER AND TIMO UNGER - WWW.MAECENATA.EU

Philanthropies must seize the opportunity to evaluate their current strategies in light of the pandemic and take action to develop a resilient and coherent strategy for the future



**W**ith COVID-19 likely to stay longer than we might have thought, the space for philanthropy within society is in motion. On the demand side, the need for support of typical grantee groups is rising steeply and impacting on previous giving and engagement patterns. Although many philanthropic institutions on the supply side are demonstrating responsiveness, philanthropic endowments will not remain unaffected by the ensuing economic crisis. As elsewhere, the philanthropic sector's existing tensions and complexities have been revealed under the pressure of COVID-19. Way before the pandemic struck, philanthropy had come under criticism for its lack of transparency and accountability in many parts of the world. Taken together, do these factors indicate necessarily a shrinking space for philanthropy within society, or are there strategies to emerge and build from, reinforced by the current pandemic period?

We would argue that philanthropy should seize the opportunity to evaluate the scope and fit of their current strategies in light of the pandemic and take action for change. To develop a resilient and coherent strategy for future philanthropy, a joint learning process among leading players in philanthropy around three focal points is proposed as a promising way forward.

Across the Organisation for Economic Co-operation and Development (OECD) and beyond, the coronavirus has had severe effects on typical grantee groups, i.e. beneficiaries in the fields of health care, service provision and culture. Ranging from overstressed medical staff, to students and teachers, to actors, musicians and artists alike, the demand for short- and especially medium-term

philanthropic support is high and rising. Given the serious implications for economic growth and social development, a well-defined response to existing and newly emerging beneficiaries appears to be more important than ever.

The coronavirus pandemic delivers evidence of philanthropy being ready and equipped to contribute its fair share to society at times when government capacity is already stretched. In many cases, they and their reliable onsite networks are adapting to the emergency. In particular, when top-down government interventions were unable to deliver, philanthropies provided good and quick help. Their responses varied from tried and tested procedures to courageous and experimental actions. Examples range from investing in manufacturing capacities for a variety of potential vaccines to developing comprehensive national testing plans or taking out bonds to jack up funding without drawing on endowments. Against the background of a shrinking global economy, however, philanthropies' capacities are less likely to dovetail with such actions in the medium term.

Criticisms of the diverse practices of philanthropy itself – articulated way before the advent of COVID-19 – are becoming more obvious. Arguments include the charge of irresponsible accumulation of wealth and the concomitant inordinate source of power. Likewise, critics are not getting tired of articulating a lack of standards such as accountability or transparency in the light of tax exemptions. The serious exposure to pressures from the public to increase their endowments is just the latest example of ongoing precursors to restrictions on the independence and autonomy of the philanthropic sector. Thus, the current



ROLF ALTER



TIMO UNGER



*"IN MANY CASES, IT SEEMS THAT PHILANTHROPIES' STRATEGIC APPROACHES FOCUS ON PRIORITISING GRANT-MAKING EFFORTS."*

challenges to philanthropy revealed by COVID-19 are only part of a bigger challenge associated with long-standing criticism of philanthropic practice.

Indications exist that a number of philanthropies are in fact aligning their giving and engagement strategies to the COVID-19 profile. In many cases, it seems that philanthropies' strategic approaches focus on prioritising grant-making efforts. Given the latest increase in those in need, and the decrease in philanthropies' financial resources that is very likely to happen, a reallocation of financial and sometimes personnel capacities seems appropriate. Nonetheless, this will not be sufficient to counter long-standing criticism and negate pending measures. A resilient and coherent strategy for philanthropy during and post-pandemic needs to address the emerging imbalances and pending measures alike.

Recent exchanges and conversations with executives of philanthropic institutions reveal three focal points when looking at resilient and worthwhile strategies:

1. Responding better to public utility by listening more carefully to beneficiaries' voices and empowering existing support infrastructure
2. Fostering dialogue between actors in philanthropy and government to pave the way for further collaboration, specifically to scale up philanthropic action
3. Earning trust as a licence to operate for philanthropy in view of the present and previous growing public scrutiny

As a starting point to develop a shared strategy for future philanthropy, a joint learning process among leading actors in philanthropy could be promising.

Public utility, dialogue and trust are, of course, not only key features of future philanthropy. Given the current serious implications for economic growth and social development, they are also guiding principles for mid- and post-corona societies overall. That is to say, that civil society and business must embrace the same principles that favour open, fair and inclusive societies.

To sum up, as beneficiaries' demand for support is rising with the pandemic, the supply of philanthropic endowments is not likely to keep pace. Although first insights deliver evidence of philanthropy finding strategies to cope with the crisis where government capacity is already stretched, measures addressing the criticism of diverse practices within philanthropy itself – articulated way before COVID-19 – are still pending, thus leaving the space for philanthropy within society imbalanced. Against, some current ideas of pandemic-only driven responses, it has been argued that a resilient and coherent strategy for philanthropy during and after the pandemic needs to be directed at the current mismatch of demand and supply and ongoing measures alike. On the basis of three focal points – public utility, dialogue and trust – a joint learning process among leading actors of philanthropy has been proposed to initiate a shared strategy for future philanthropy being conducive to open, fair and inclusive societies. The

Maecenata Foundation, an independent think tank for philanthropy and civil society, proposes Philanthropy.Insight as an approach to face this challenge. It is ready for implementation (see [https://www.maecenata.eu/wp-content/uploads/2020/09/MO-31-Philanthropy\\_insight.pdf](https://www.maecenata.eu/wp-content/uploads/2020/09/MO-31-Philanthropy_insight.pdf) for details).

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*“AS WE ENTER THE DECADE OF ACTION, 2020, WITH JUST 10 YEARS TO ACHIEVE THE SDGS BY 2030, MANY ORGANISATIONS ARE MODIFYING THEIR ALLIANCES AND STRATEGIES TO ACHIEVE THE SDGS WHILE TACKLING THE CHALLENGES POSED BY THE PANDEMIC.”*

DONT LET  
ANOTHER  
DECADE  
SLIP BY  
TAKE ACTION

# BUILDING BACK BETTER: WHY THE SDGS ARE MORE IMPORTANT THAN EVER

DARSHITA GILLIES AND SIANNE HALDANE - WWW.MAANCH.COM

Engaging with a universally accepted framework to achieve tangible goals and standards is something that can be understood and adopted by investors, businesses and not-for-profits alike

**T**he 2020 pandemic is not the first of its kind in history. However the coronavirus pandemic marks itself as significant in its distortion of time in the modern age. The hyper-elastic sense of uncertainty with no imminent slowing of the virus comes with its own cost that goes beyond the 3 per cent plunge in global GDP due to lockdowns. Cancer referrals disrupted, schools shut down, domestic abuse increased and reports even flag up a possible reversal of progress on the sustainable development goals (SDGs).

So, while there is an new willingness to engage with the matters of inequality since George Floyd's death, the reductions in CO<sub>2</sub> emissions due to the COVID-related economic slumps and travel bans are not enough to achieve the SDGs goal by 2030. In the words of UN Chief António Guterres, *“We will not fight climate change with a virus.”* Economic growth needs to be accountable for the environmental and social costs it incurs in the process of generating profits. In short, the opportunity ahead lies in modelling net impact of all stages of economic operations.

The #BUILDBACKBETTER campaign repurposes the original message at the Sendai Framework for Disaster Management agreed upon at the UNGA 2015 as a call for action in the current times. It takes

stock of previous progress, for example, the UK committing to reaching net zero by 2050. The aim is to drive real systemic change primarily through business coalitions across countries and sectors. The core of this agenda, ‘Leave no one behind’, now includes key dimensions of supply chain resilience and innovation through sustained behavioural changes.

As we enter the decade of action, 2020, with just 10 years to achieve the SDGs by 2030, many organisations are modifying their alliances and strategies to achieve the SDGs while tackling the challenges posed by the pandemic.

Engaging the business community and fund managers in this collaborative effort brings with it two immediate benefits:

## 1) Scaling for good

To be able to reach the ambitious targets set out by the SDGs, we need to unlock more capital as well as shift to a stakeholder-led economy, benefitting all and not just shareholders. The B-Corp movement is a strong proponent of this, which aims to bring together a ‘community of leaders’ as a response to the increasing need for businesses to embrace ‘stakeholder primacy’ and be a force for good.



DARSHITA GILLIES



SIANNE HALDANE

Currently, 95 per cent of the B-Corp certified companies are small or mid-scale, and for it to be a defining element in making capitalism more conscious, multinationals and large corporations need to be won over. Currently, 50,000 businesses use the B Impact assessment standards, with leading brands like Procter and Gamble, Nestle, Gap and Coca Cola having B Corp subsidiaries.

Corporate leaders who adopt the B-Corp template are making a commitment to transparency by adopting a set of good practices that cover environmental, social and governance criteria (all in the context of the UN SDGs) and are willing to articulate the impact of their business. This has built immense goodwill, attracting the best of talent and investors, of which Unilever is a great example.

## 2) Sustainable funding

Moving towards a strategic and systemic approach, and exploring co-funding, we can build resilience. Another great example of this is aligning business goals with a broader mission that has an authentic fit with a business. Take for example, [Trafigura Foundation](#), founded by global commodity trader Trafigura. The Foundation defined its mission as to provide long-term funding and expertise to vulnerable communities around the world to improve their socio-economic conditions. Its secondary objective is to change employees' world views. Since 2015, Trafigura has focused on two themes that are simultaneously of material interest to the related company and thus affect employees and corporate decision-makers: a) fair and sustainable employment, and b) clean and safe supply chains.

Donor Advised Funds (DAFs) are cited as one of the key players in the ecosystem of the COVID-19 recovery process. DAFs definitely emerge as potentially significant donors to bridge the gap between the haves, have nots and have much mores. As per a recent report by the Charities Aid Foundation (CAF), DAFs are growing each year in the UK with over £574 million in 2018 contributing over £360 million to charities in the same year. The two key

suggestions from these findings are: a) build a more robust, expanded and sophisticated architecture for facilitating capital flows, b) tap into the \$30 trillion wealth transfer in the coming decade by blending impact investing, social investment and responsible investing with grants, stretching out across geographies. These steps will aid in the efficient and effective flow of the blocked capital to strengthen the system of philanthropy.

## IMPACT IS THE 'IN' THING

According to the World Federation of Exchanges reports, COVID-19 erased more than \$18 trillion from global markets. However, on the upside, the markets have behaved differently and investment priorities have also shifted. Sustainable investments have weathered well and ESG criteria are gaining importance given [new EU requirements](#) for more transparent reporting on these factors. In fact, in the opening weeks of global bear markets following the spread of COVID-19, according to a report in the Financial Times, June 2020, most ESG funds outperformed their benchmarks.

To remain competitive and sustainable in the long term, [companies need to ensure they create a net positive societal impact](#) across all of their business products, services, operations, core capabilities and activities; as well as acknowledging harmful practices and finding strategies to realign them or phase them out. Microsoft, Unilever, IKEA being useful examples. IKEA developed strategies to make their furniture more sustainable by breaking down to components that can be recycled and repackaged, as well as committing to neutralise their carbon impact, whilst still keeping their products affordable and ensuring their employees are working in a fair and inclusive environment. Driving this purposeful approach requires buy-in from the executive team as well as a bottom up cultural transformation.

These new drivers are just some of the ways in which the ecosystem players are tapping into a more holistic approach to achieving SDG impact.

## DARSHITA GILLIES – FOUNDER & CEO, MAANCH

Listed among the 100 Most Influential in UK-India Relationships, Darshita is Founder & CEO of Maanch – a multi-award winning global impact convergence platform connecting high impact organisations, philanthropic and impact capital providers, investors and corporates, and linking global progress on SDGs. Her aim is to leverage the power of emerging technologies to address the complex business and societal challenges we face in a more sustainable, conscious and strategic way. Her experience builds on and blends three facets: 'Finance', 'Technology' and 'Planetary Sustainability'. With a professional background as a Chartered Accountant, Investment Banker, Executive Coach, Impact Investing and FinTech/ Blockchain Specialist, Darshita also serves on boards of for profit and non-profit organisations.

## SIANNE HALDANE – CHIEF IMPACT OFFICER, MAANCH

Sianne is Chief Impact Officer at Maanch, working with Maanch's stakeholders to ensure that they get excited about their impact and are able to understand and articulate how they are truly driving change. Her purpose is to drive us all towards achieving the SDGs together. Her experience as a solicitor has spanned across CSR advising and working with family offices, as well as a career shift to the not-for-profit world, working in philanthropy and strategic partnerships. Sianne also sits on the STEP Global Philanthropy Advisors Steering Group Committee and she is a Trustee and Advisor to not-for-profits and funders.



## MEASURING IMPACT AND WHY THE SDGS ARE CRUCIAL

One of the challenges for fund managers is to develop a due diligence method for ethical funds and finding the right mix of delivery partners. There are a number of frameworks, and often investors look for the same rigour as is applied to financial evaluation. This exercise requires a deep examination of the business, developing a strategy, much like a theory of change and KPI setting. We saw recently from the Boo-Hoo retailer example how when this exercise is not authentically undertaken, things can go wrong.

This is where the UN SDGs come in, creating a framework to achieve tangible goals and standards that can be understood and adopted by investors, businesses and not-for-profits to really align their activities in the geographies that they have a presence in.

For instance, SDG-linked bonds, or outcome-based financial arrangements that directly tie to a company's core strategy, or to outcomes of a social programme are part of the larger gamut of offerings being developed by market players to align better to the Agenda2030 in financing and driving change.

One example is ENEL — an Italian energy house recently issuing the first SDG-linked bonds. Goldman Sachs and UBS have recently served as social impact bond funders, too. The success of these forms of innovative finance should help bring more traditional investors on board.

## INTEGRATING IMPACT

Integrating impact and creating a purpose-led culture is no longer just for elite family offices and businesses and is becoming a more dynamic part of our culture. This is being driven by a more engaged and informed society. Also, the SDGs offer a great opportunity to adopt and engage with this universally accepted framework. If we choose to do this, we have a real opportunity to build back better.

*"INTEGRATING IMPACT AND CREATING A PURPOSE-LED CULTURE IS NO LONGER JUST FOR ELITE FAMILY OFFICES AND BUSINESSES AND IS BECOMING A MORE DYNAMIC PART OF OUR CULTURE."*

*“CRISES BRING ISSUES BUT ALSO OPPORTUNITIES THAT CAN SHAPE NEW VIRTUOUS MODELS, ADDRESSING AT LEAST SOME OF THESE ISSUES AND DEVELOPING SOLUTIONS THAT ARE TRANSFORMATIVE AND ENTREPRENEURIAL.”*



# THE FOUNDATION-OWNED COMPANY MODEL: THE PATH TO BUILD TOMORROW'S SOCIETY BY UNIFYING LONG-TERMISM AND PHILANTHROPIC IMPACT

DELPHINE BOTTGE - WWW.PURPOSELAWYERS.CH

There is a little-known model of governance – though it has existed for decades – which allows long-term economic performance while contributing to general interest: the foundation-owned company

**W**ithin a very short period of time, the worldwide pandemic triggered by the novel coronavirus has not only claimed numerous lives but also caused significant economic and societal consequences we shall have to cope with for a long period of time. The size of the shock is shaping the deepest crisis for over a century. We are expecting an unprecedented loss of employment and bankruptcies.

The philanthropy sector is not being spared. This crisis is expected to trigger loss of income for non-profit organisations and jeopardise the very existence of many of them throughout the world (£6.4bn loss of income for UK charities over the next six months, according to research in July by Pro Bono Economics; € 1.4bn for French associations, according to Philippe Jahshan, chair of Le Mouvement associatif; at least CA\$9.5bn for Canadian NPOs, according to Imagine Canada, etc.).

Crises bring issues but also opportunities that can shape new virtuous models, addressing at least some of these issues and developing solutions that are transformative and entrepreneurial. More than

ever, to face the upcoming challenges, we shall break down the barriers between philanthropy, finance and business, and integrate the concept of long-term ownership. Business should no longer be aimed at short-term profit-maximisation for shareholders, but be considered as a force for common good, integrating the interests of all stakeholders (employees, customers, suppliers, local communities, NGOs, etc) and aligning strategy with the UN Sustainable Development Goals (SDGs). There is a little-known model of governance – though it has existed for decades and is deeply appropriate in our current times – which allows long-term economic performance while substantially contributing to general interest: the foundation-owned company.

Such foundations, according to [Prophil research](#) in 2015, most often have a double purpose:

- Economic: ensuring the founder's vision and the longevity of the company; protecting it from hostile takeovers, delocalisation and market fluctuations, based on a stable ownership which allows long-term strategy and management.



DELPHINE BOTTGE

- **Philanthropic:** financing general interest projects (culture, health, education, research etc.) by using the dividends received as a shareholder of the company, in compliance with its statutes prescribed by the founder.

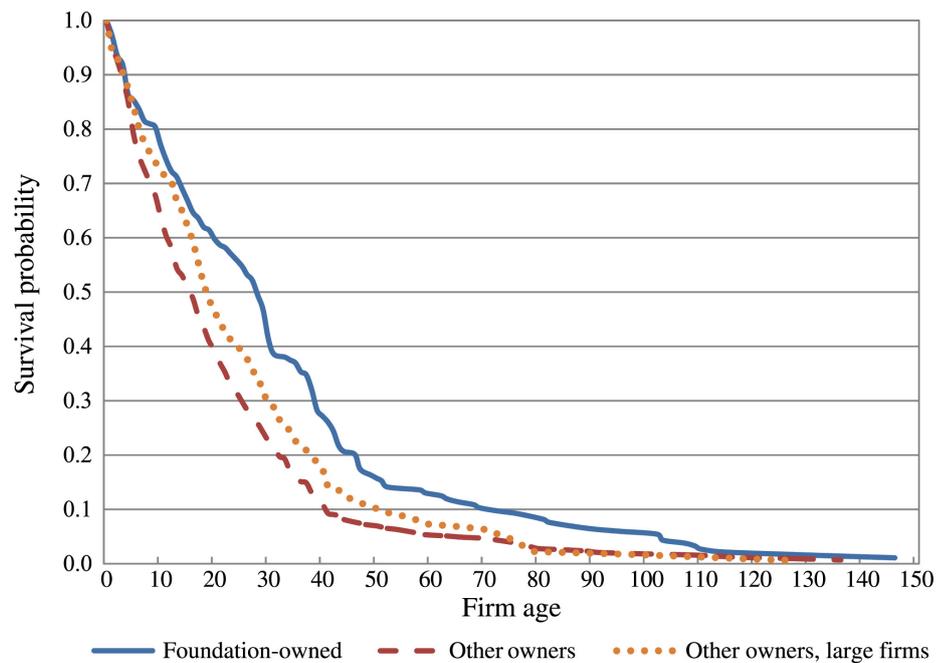
Novo Nordisk, Ikea, Bosch, Lego, Tata, Pierre Fabre and thousands of other companies worldwide, both large and small, are partly or completely owned by foundations. Such structuration is common in Northern Europe. There are nearly 1,000 foundation-owned companies in Germany, 1,000 in Sweden and 1,350 in Denmark, where companies owned by foundations account for 20 per cent of GDP. I identified more than 120 of them in Switzerland, including major companies like Rolex and Victorinox. In France, this model appeared within the last decade and has begun to flourish with the creation of the De Facto community (European Movement in favour of Foundation-owned companies). A mere handful have been identified in the UK.

Foundation-owned firms appear to have a stabilising influence on both employment levels and the local economies in which they operate. Like other foundations, they are formally governed by their statutes, which define their governance and purpose, the most common ones being combined: ensure the perpetuation of the company, act for the benefit of the employees and support general interest causes.

Legally, shareholder foundations are sustainable with most often an obligation to preserve their endowment (i.e. the company). As a unique or at least relevant shareholder, they influence the operation of the company and take part in strategic decisions. In his 2003 research into Danish Industrial Foundations, Professor Steen Thompsen, of the Copenhagen Business School noticed that, *“all else being equal, a foundation-owned firm would be less likely to renege on implicit contracts with employees or other firms because it values the extra profits less highly. Foundation charters indicate that they often make special provisions regarding the use of high ethical standards in business conduct, including for the welfare of employees or for product quality.”*

Shareholder foundations play a significant role in philanthropy in the communities in which they operate. Using perceived dividends directly for donations multiplies the philanthropic short-term outcome while, in the meantime, reinvestment in the company leads in the long run to a stronger capital base, which has a positive long-term effect on donations.

**“FOUNDATION-OWNED FIRMS APPEAR TO HAVE A STABILISING INFLUENCE ON BOTH EMPLOYMENT LEVELS AND THE LOCAL ECONOMIES IN WHICH THEY OPERATE.”**



A study by Steen Thompsen, Thomas Poulsen, Christa Borstling and Johan Kuhn shows that foundation-owned companies have a longer lifecycle than others:

Examining this Kaplan-Meier survival curves graph, they conclude that:

- *“The probability of surviving beyond 40 years is 30 percent for foundation-owned firms and 10 percent for other firms. The survival probability is always higher for foundation-owned firms.”*
- *“Foundation-owned firms have higher survival rates even after the first 30 years. Among the non-foundation-owned firms, 80 per cent of the remaining population at age 30 is gone at age 60, while only 30 per cent of the foundation-owned population at age 30 is gone at age 60.”*



*“WOULD A FOUNDATION BE PARTICULARLY GOOD AT REACTING QUICKLY, DECISIVELY AND CREATIVELY TO ACUTE BUSINESS SITUATIONS?”*

Therefore, we could assume that during times like an economic downturn or a financial crisis, foundation-owned companies could better leverage their resources to maintain their activities and be more resilient. Foundation ownership might, however, be a challenge for such a structure as crises typically require fast and decisive decision-making. Would a foundation be particularly good at reacting quickly, decisively and creatively to acute business situations?

Thompson analysed the performance of Danish foundation-owned companies, between 2008 and 2010, and concluded that they are as efficient as traditional investor-owned family enterprises.

Professor Arthur Gauthier, of ESSEC, interviewing Virginie Seghers, of Prophil, recently, gave examples of resilience throughout the 2008 crisis outside Norway, like Bosch in Germany, held by a foundation up to 92 per cent since 1964, which avoided mass redundancies in 2008, and increased its turnover by 24 per cent in 2010, while keeping a strong philanthropic action throughout its shareholder foundation.

Professor Isaac Getz, of ESCP, and team learning specialist Laurent Marbacher explained how Handelsbanken, a major foundation-owned bank in Sweden, served its clients during spring 2020 and maintained profitability at a level that is among the highest in the sector. Its stock price has been multiplied by 1.9 million since 1900, representing the largest increase worldwide during this period.

Policymakers, business owners and managers interested in promoting long-term governance models should therefore reconsider the role of ownership structure and draw on this model of foundations with the ambition of transcending the usual capitalistic schemes, acting as a lever for the transformation of companies and addressing more substantially some of the issues we have to face today and tomorrow: both developing sustainability, employment security, labour standards, product quality within companies and ensuring financial resources for philanthropic action. This raises the question of whether and how foundation-ownership should be facilitated in countries like the US and UK where this model is currently scarce.

### **DELPHINE BOTTGE – FOUNDING PARTNER, PURPOSE LAWYERS**

Delphine Bottge, lawyer at the Geneva Bar, has specialised in philanthropy law for more than 15 years and founded Purpose Lawyers in 2020. She advises on legal structures for general interest projects (incorporation of foundations, associations and hybrid structures profit / non-profit) and on the legal framework of such projects (donation agreements, public-private partnerships, governance). She also accompanies donors, foundations and companies in their strategy, based on a long-term vision, sits on several boards of foundations and conducts training and conferences.

As an Academic Fellow of the Centre for Philanthropy of Geneva University, she is currently conducting research on the topic of foundation-owned companies and gives lectures on the governance of foundations.

# A RAPID RESPONSE: THE PURSUIT OF COLLABORATION

NICOLA JOHNSON - WWW.STEWARDSHIP.ORG.UK

Creating spaces and facilitating conversations around effective, impactful and innovative philanthropy will be key to rebuilding and re-imagining what's to come

**A**s the old Jewish proverb says: “An intelligent heart acquires knowledge, and the ear of the wise seeks knowledge.” Never has knowledge, access to information and the wise, guiding hand of the advisor been more important, as we continue to navigate our way through what remains of the pandemic and towards a new future. What comes next will be largely dictated by our ability to apply the knowledge acquired in those early days of the virus, and the profound and rapid changes that affected the way in which many have approached their philanthropy.

Some of the questions we have been asking ourselves include: how do we support the free flow of philanthropic resource as efficiently and diligently as possible? How do we move with agility and innovation to maximise the opportunities that have arisen in the last few months? How do we encourage brave and bold measures for our clients in an environment that now demands them? These are big questions, and it seems that the whole world of philanthropy is asking them.

There have been tremendous acts of collective generosity throughout the crisis, the [National Emergency Trust](#), CAF's [Coronavirus Emergency Fund](#) and our own [Rapid Response Fund](#) to name a few, and there are many lessons to be learned from this as we all step out of battle stations and into recuperation.

As the recovery unfolds, the new world that we imagine is one where abundant generosity of the individual meets innovation through collaboration and provides greatest impact.

It has been said that “philanthropy should be taking much bigger risks than business. If these are easy problems, business and government can come in and solve them”. While the entrepreneurial nature of this comment is commendable, perhaps there is another way to look at it.



Collaboration between individuals, governments and business must surely yield a greater impact than just one of these areas alone. Indeed, there has been a specific call from UK government for philanthropists to do just that.

Danny Kruger, the MP charged with reviewing the role of civil society in the recovery from COVID, said: “Increasingly we are looking at more innovative models, crowdfunding for civic projects, getting people to buy community shares in a local asset that is then owned by the community, match funding or match trading, where if you support your social enterprise there is a scheme where the government will back it with money as well.”

He went on to say: “So there are ways public policy can support both philanthropy, and a more entrepreneurial social enterprise approach to supporting the sector.”

This is a crucial piece of the puzzle. As public policy moves to meet the needs of the epidemic, there may be more opportunities for philanthropists to give generously, efficiently, and even with return, to enable further activity and recovery.



NICOLA JOHNSON

It also presents advisors with a similar opportunity, enhancing the aim of making generosity as simple as possible while finding effective ways for clients to pursue their philanthropic goals.

Donor Advised Funds (DAFs) are becoming a popular vehicle of giving in the UK as they offer tax benefits, cost savings, reduction of the administrative burden and, perhaps most importantly, the maximising of gift potential to those receiving grants. Every pound in a DAF will be used charitably, so it's an attractive alternative to the more traditional grant-making charitable trusts or foundations. According to [the NPT 2019 UK Donor Advised Fund Report](#), contributions to funds increased by £522 million — a 9 per cent increase compared with the previous year's contributions. DAFs represent around 5.2 per cent of total individual giving in the UK, offering a growing area of opportunity in the generosity sector.

When the individual donor is presented with the opportunity to let go of the administrative burden of managing a charitable entity and given the space to think creatively about their philanthropy, amazing things can happen.

It's these kind of learnings that should be taken into the 'new normal'. But following the crisis response, we have seen another new opportunity for the future emerge. In letting go of the model of a charitable trust, while releasing the legal and compliance burdens, clients were hungry for something else that may not be present within a traditional DAF structure; the counsel and wisdom of a board.

The sharing of expertise, dissenting opinion and wisdom and joy of collective decision-making was in danger of being lost. On reflection, and in consultation with those who were finding their relational capacity waning, a new principle began to form for us: that none of this had to be done alone, and in fact it was more effective (and more enjoyable) when done together.

To answer the complex needs of those who would like to respond well to crisis situations as they arise, as well as their

longer-term strategic giving, the idea of a 'Donor Advisory Board' developed aiming at mitigating the absence of the charitable board structure.

Sitting alongside a DAF, this would act as an informal group meeting to advise a donor on the use of their fund, meaning that the role of advisor changes significantly from providing one-to-one expertise and instead facilitating a wider conversation around giving and strategy. It's an opportunity to encourage 'collaborative innovation', a well-known tool in start-up culture.

In welcoming in new voices, suggestions for recipients' projects or social investment opportunities may be more free-flowing than before. A range of trusted voices throughout the process and expanding out of networks can only mean that big issues could be solved faster and the once individualised world of philanthropic giving is opened enough for collaborative effort to become more viable.

It also means our role as advisor has changed. We are still a trusted voice for the donor, but also responsible for finding those opportunities among recipients which will be most impactful. The information being presented at the moment isn't always sufficient for a donor to make an informed decision. A report out recently from the [Third Sector](#) indicates that:

*"...there are three main barriers to philanthropists or funders using evidence, which are inadequate knowledge transfer and difficulties accessing evidence, challenges in understanding the evidence and insufficient resources."*

Creating a structure to sit alongside the traditional DAF model, like a DAB, may begin to help answer some of these needs without a complete overhaul of the impact reporting system for the charitable sector. Knowledge transfer can be gained both from the advisor and from the board; accessing evidence can be overcome by the administrators of a DAF; and distillation of the evidence can be done before a donor even considers a grant.

We are looking into a future that will be better served working together. Creating spaces and facilitating conversations around effective, impactful and innovative philanthropy will be key to rebuilding and re-imagining what's to come.

## NICOLA JOHNSON - CHIEF PHILANTHROPY OFFICER, STEWARDSHIP

Nicola is a member of the Leadership Team at Stewardship and has led Stewardship's major donor activities since 2010, having joined Stewardship in 2006. Twelve months ago, she created Stewardship's first specialist Philanthropy Services team and under her leadership, in the first year of operation, the Philanthropy Services team has been selected as a finalist in the STEP Private Client Award for Philanthropy Team of the Year. Nicola manages the team overseeing charitable funds of £130m on behalf of 600 clients and in addition to our Philanthropy Services, also has responsibility for Corporate and Legacy giving and is a trained facilitator of Generosity Path's 'Journey of Generosity' retreat.



# IMPACT INVESTING IN THE MIDDLE EAST AND NORTH AFRICA

JANA ELKOVA

While the impact investment industry is growing globally, MENA countries are falling behind. And while social entrepreneurs in the region are becoming ever more creative and flexible in the face of adversity, the survival of their innovative and valuable solutions is at risk

Over the past decades, the world has improved. Poverty has decreased as have rates of malnourishment, child mortality, HIV/AIDS, and tuberculosis, to name but a few. Education and employment rates also improved, and the number of democracies increased. The world has grown more caring about its natural surroundings; environmental issues such as climate change and biodiversity loss are increasingly taking centre-stage. People and corporations have been more conscious about the impact of their choices and actions. The definition of capitalism has started shifting from purely “profit for the few” (i.e. shareholder capitalism) to a more inclusive approach of “benefit for all” (i.e. stakeholder capitalism). Previous exclusive and elitist models have made way for greater social inclusion and democratisation of access.

Yet, COVID-19 has put many of these positive developments at risk. Witness, for example, the setbacks to employment, education, economic growth, gender empowerment and human well-being. These circumstances have called for more rapid and robust solutions, hence putting social impact investment under greater focus. This year, interest in sustainable investing has grown exponentially, to the extent that it is becoming mainstream. This development is being met with great excitement as it holds a potential to build a better future.

However, not everywhere. While globally, the impact investing industry has experienced 20 per cent growth, with more than 200 impact investment funds (OECD), the Middle East and

North Africa (MENA) “is currently one of the least active regions for social impact investment.”

The reason for this is not an absence of capital or a limited culture of giving. United Arab Emirates, based on the foreign policy principles of its founder President, the late Sheikh Zayed bin Sultan Al Nahyan, exceeded United Nations’s ODA/GNI target of 0.7 per cent for six consecutive years and is considered among the top 10 largest donors worldwide.

Economic, social and environmental challenges in the region are also plentiful. According to the [Sustainable Development Report 2020](#) published on June 30, MENA countries received a red score in more than 60 per cent of the 17 SDGs. Youth unemployment, obesity, mental health, humanitarian disasters, undernourishment, air pollution, freshwater scarcity, CO<sub>2</sub> emissions, agricultural production, and participation of females in the labour force are among the most pressing ones.

There have been numerous initiatives taking place in the region to address and close these gaps. A significant one came from Expo 2020 Dubai’s innovation and partnership programme called Expo Live. In addition to Expo 2020 Dubai being the first World Expo to be held in the Middle East, Africa and South Asia, it is also the first time this mega-event, in its 168-year history, has launched an initiative that funds, scales and promotes sustainable innovative solutions addressing social, environmental and humanitarian challenges.



JANA ELKOVA

In three years, Expo Live's Innovation Impact Grant Programme received 11,000+ innovative solutions from 184 countries out of which it has funded and promoted 142 social enterprises from 176 countries. Most of the social enterprises are early stage ones, commercialising their innovative prototypes, witnessing first positive impact and then scaling it. With the COVID-19 setback, survival of these valuable solutions is at a huge risk. This adversity has prompted the social entrepreneurs to become even more creative, more flexible, better at pivoting and navigating through new and unknown landscapes. And so they have.

**"MENA COUNTRIES NEED TO START REMOVING THE BARRIERS TO IMPACT INVESTING REPRESENTED BY A LACK OF KNOWLEDGE, A SENSE OF APPREHENSION AND A COMMON MISCONCEPTION ABOUT RISK AND RETURNS, AS STATED IN THE STANDARD CHARTERED SUSTAINABLE INVESTING REVIEW 2020."**

As the spread of coronavirus grew so did people's levels of stress and anxiety. Shezlong, a telehealth app based in Egypt — the first online mental health practice in MENA, allowing patients to connect to licensed therapists virtually — came quickly to the rescue. Its founder, Ahmed Abu ElHaz responded to the new phenomena by focusing the company's specialisation on helping people cope with mental health issues brought about by the pandemic. Since March 2020, Shezlong has offered 150,000+ free sessions to help the most vulnerable people in Egypt to cope with depression, OCD or to help those suffering from "pseudo coronavirus" where people are convinced they have COVID-19 although they do not. In addition, Shezlong has reported a 31 per cent increase in the number of clients using the service, and a 27 per cent increase in therapists on the platform; having 1.5+ million beneficiaries connected with

350+ doctors. It has since become the number one platform in online Arabic psychotherapy worldwide, improving the mental health of the society and building a pioneering global solution.

In addition, GetBEE, a UAE-based tech startup, has had a surge of clients during the COVID pandemic. GetBEE is a business-to-business solution that helps experts (lawyers; healthcare providers; online tutors and coaches, etc.) provide their services digitally to clients around the world. Dubai Health Care City, which clusters 100+ healthcare providers, used GetBEE's platform to pivot and facilitate live medical consultations and remote patient monitoring (RPM), as well as connecting patients through tools such as video conferencing. Ranya Saadawi, Head of Grant Management at Expo Live, added that GetBEE's business model and business support extends globally: "GetBEE's ethos is to help startups grow and reach their impact, by powering their technology. With digital connectivity now being at the forefront for business to run both on the back and front-end, GetBEE offers business support and services to businesses and SMEs in Europe, North Africa, and Latin America."

To propel such solutions even further, however, new innovative funding methods need to be in place. Hence the call for acceleration of impact investing. By adopting social impact investing more systematically and at an accelerated pace, MENA countries could increase efficiency of national economies while materially and meaningfully addressing social and environmental issues.

MENA countries need to start removing the barriers to impact investing represented by a lack of knowledge, a sense of apprehension and a common misconception about risk and returns, as stated in the Standard Chartered Sustainable Investing Review 2020. They need to include impact investing in their national strategies, allocate budgets, develop detailed plans and mobilise resources for creating an enabling environment, whether that is through regulation, policies, awareness, capacity building, financial intermediaries or capital flows.

A strong global trend, imminent need and potential of impact investing to create a better society is supported by OECD's statement that "a shortage of financial intermediaries coupled with the lack of awareness about social impact investment means that the growth of the market has been limited to date, but there is potential for future growth."

Dr Shaun Vorster, a regional expert in environmental sustainability and social impact, stresses the long-term vision as we focus on a short-term reset: "Billions of dollars are currently flowing into the post-COVID recovery across the world. The unprecedented fiscal and monetary stimulus will shape economies and societies for decades to come. We will squander this once-in-a-generation opportunity if we do not use this historic reset to reimagine and fundamentally reform the relationship between people, nature and business. While we focus on short-term recovery, let's keep our eye firmly on the long term, namely the three overriding challenges facing humanity: achieving net zero emissions / carbon neutrality by 2050; ensuring no more species loss after 2030, and decisively addressing inequality / inequity in society through the SDGs."

### **JANA ELKOVA – HEAD OF INNOVATION IMPACT PROGRAMME & LEGACY, EXPO 2020 DUBAI**

Jana Elkova has led Expo 2020 Dubai's US\$100m Innovation Impact Grant Programme – Expo Live – which funds and promotes innovations addressing UN SDGs, across all sectors and countries. She managed selection and grant award of 142 social enterprises out of 11,000+ applications from 184 countries. Jana conducted field evaluations and provision of technical assistance to impact projects in Asia, Africa and Europe. Prior to this, Jana headed evaluation of development projects in the Western Region of Abu Dhabi. She brings her strategy and innovation expertise from her roles at Dubai Holding and Dubai World – organisations leading growth and diversification of Dubai's economy. She possesses an MBA (Belgium), MA in Social Sciences (Slovakia) and BA in Communication (Canada). Jana is from the Slovak Republic and has lived and worked in the United Arab Emirates for the past 15 years.

“THE GLOBAL ALLIANCE FOR BANKING ON VALUES (GABV) IS A NETWORK OF BANKING LEADERS FROM AROUND THE WORLD COMMITTED TO COLLABORATION AND ADVANCING POSITIVE CHANGE IN THE BANKING SECTOR.”



# HOW VALUES-BASED BANKING CAN HELP US BUILD A BETTER SOCIETY

MARK HOWLAND - WWW.CHARITYBANK.ORG

Values-based banks don't just avoid doing harm, they actively use finance to do good. It can't solve everything, but banking can fulfil a core social purpose

In the current climate, people are becoming increasingly aware of the interdependence of the real economy, social cohesion and our natural eco-system — something that Charity Bank and other values-based banks have long understood. As we recover and rebuild from the impact of COVID-19, values-based banks have an opportunity to demonstrate an alternative approach to banking, while contributing to the solutions that the global community is yearning for, and becoming a reference point for others along the way.

Values-based banks can be defined as those with a mission to use finance to deliver sustainable economic, social and environmental development, with a focus on helping individuals fulfil their potential and building stronger communities. There is a growing base of evidence that shows values-based banks are outperforming large banks, not only in terms of social and environmental impact, but also in terms of financial strength and performance.

The Global Alliance for Banking on Values (GABV) is a network of banking leaders from around the world committed to collaboration and advancing positive change in the banking sector. It is comprised of 63 financial institutions and 16 strategic partners, serving more than 70 million customers, and together holding over US\$210 billion of assets under management and supported by more than 77,000 co-workers. Below, we explore some

of the principles behind values-based banking, and illustrate with examples of GABV members that are making a positive and sustainable difference to the world around them.

## HUMANS AT THE CENTRE

For values-based banks, business decisions start by identifying a human need to be met, and then establishing how to meet that need in a way that is sustainable from an environmental, social and economic perspective, including sustainable profitability for the bank. We are deeply connected to and genuinely care about the people we work with, the communities we serve and the products and services we provide. We believe this is essential if we are to rebuild and strengthen the social fabric of our society.

Bank Australia, for example, is a customer-owned bank that seeks to make banking work for both the economic benefit of its customers-shareholders and for the betterment of their local communities. Customer ownership and accountability impacts on every aspect of the bank's activities. This includes reinvesting profits with the aim to deliver better quality services, competitive interest rates and a range of projects intended to create stronger and more resilient communities. Their approach aims to deliver better results for everyone, both socially and financially.



MARK HOWLAND

## LONG-TERM PERSPECTIVE

Values-based banks adopt a long-term viewpoint that strengthens both the bank's and its clients' resilience in the face of external disruptions. As COVID-19 has shown, charities and social enterprises need to have sustainable and diverse income streams as well as sufficient reserves in place to see them through lean periods. To deliver solutions to deep-rooted social and environmental issues, we need strong and sustainable organisations delivering consistent results over the long-term.

**"VALUES-BASED BANKS MAINTAIN A HIGH DEGREE OF TRANSPARENCY AND INCLUSIVENESS IN GOVERNANCE AND REPORTING."**

Banca Etica in Italy was founded in 1999 to connect enterprising social organisations with savers that want their money to be used in a more transparent and responsible way. In common with other values-based banks, Banca Etica is aligned to the values and missions of the many organisations that it supports. Due to its long-term perspective and sustainable approach, Banca Etica was one of many value-based banks (including Charity Bank) that actually grew both its deposits and lending activity during the 2008 banking crisis, whilst many mainstream providers withdrew from the market.

## MORE THAN AN ETHICAL OPTION

Values-based banks don't just avoid doing harm, they actively use finance to do good. We believe 'ethical' is simply what everyone should be doing. After all, if it's not 'ethical', it's 'unethical', right? If we are to address the multitude of social problems facing society and the large financial challenges facing the social sector then it's not enough to simply be 'ethical'; we need to be 'intentional' in our desire to create positive social change and direct our savings and investments

to where they are most needed. Values-based banks go much further – offering savers and investors the chance to take control of their money's impact and put their money where their values are. Changing the way that people think about their money and how it is used is integral to the value-based banking model and mission.

Alternative Bank Switzerland is a pioneer in social and ecological banking that aims "to further the common good and to protect people and nature through its business activities so that the world remains worth living in". Its products reflect this and include, for example, Property Rating to assess the sustainability of buildings, while its investment advice is aimed at people who want their money to be purposefully directed towards projects that have a positive impact.

## UNLOCKING GREATER SUMS

The leverage that the banking model offers enables values-based banks to direct much larger sums towards social good than would otherwise be possible. For Charity Bank this means that for every £1m of capital (equity and subordinated debt) invested in the bank, we can raise around £7m of savings and thereby make around £8m of social loans. And, as these loans are repaid, the proceeds are re-lent, thereby perpetuating the social impact that they enable.

According to research and analysis published earlier this year by the Charity Finance Group and the Chartered Institute of Fundraising, the coronavirus pandemic will result in a £12.4bn loss of income for UK charities over the next year. Charitable trusts and foundations have quite rightly been praised for their prompt response in delivering emergency funding to the social sector. However, grant funding alone will not be sufficient to fill the enormous income gap that exists. We believe that complimentary social investment can extend the reach and impact of grant funding, strengthening the social sector and putting larger sums of long-term renewable funding to work for the common good.

## TRANSPARENCY AND MEASURING WHAT MATTERS

Values-based banks maintain a high degree of transparency and inclusiveness in governance and reporting. In this context, inclusiveness means an active relationship with a bank's extended stakeholder community: not only shareholders but also borrowers and savers, employees and local communities. It also means a growing focus on measuring the social impact of our investments and their effectiveness. We are in the 'impact' business and as such it is vital that we can show the difference our loans and related support are making.

## CONCLUSION

Values-based banking is a global movement represented by a diverse range of socially-oriented banks positioned to drive positive economic, social and environmental impact through their activities and by influencing how the wider finance industry can serve human needs and the real economy. While these may seem to be lofty goals, values-based banking starts with the individual, is inclusive and is rooted within the communities it serves. It does not promise short-term fixes or claim to be the sole answer but is focused on banking fulfilling a core social purpose.

### MARK HOWLAND – DIRECTOR OF MARKETING AND COMMUNICATIONS, CHARITY BANK

Mark's role is focused on raising awareness of how loans, savings and investments can be a powerful force for good. He has created and implemented marketing and communications strategies for Charity Bank for the past 17 years, as the bank has grown from a £6m pilot fund to a £250m impact-driven bank. His experience includes communications consultancy to the National Council for Persons with Disabilities in Kenya and volunteering in different capacities for social sector organisations.

# COULD A POST-COVID WORLD FINALLY HERALD THE BIG SOCIETY?

KATE PARKINSON - WWW.BDBPITMANS.COM

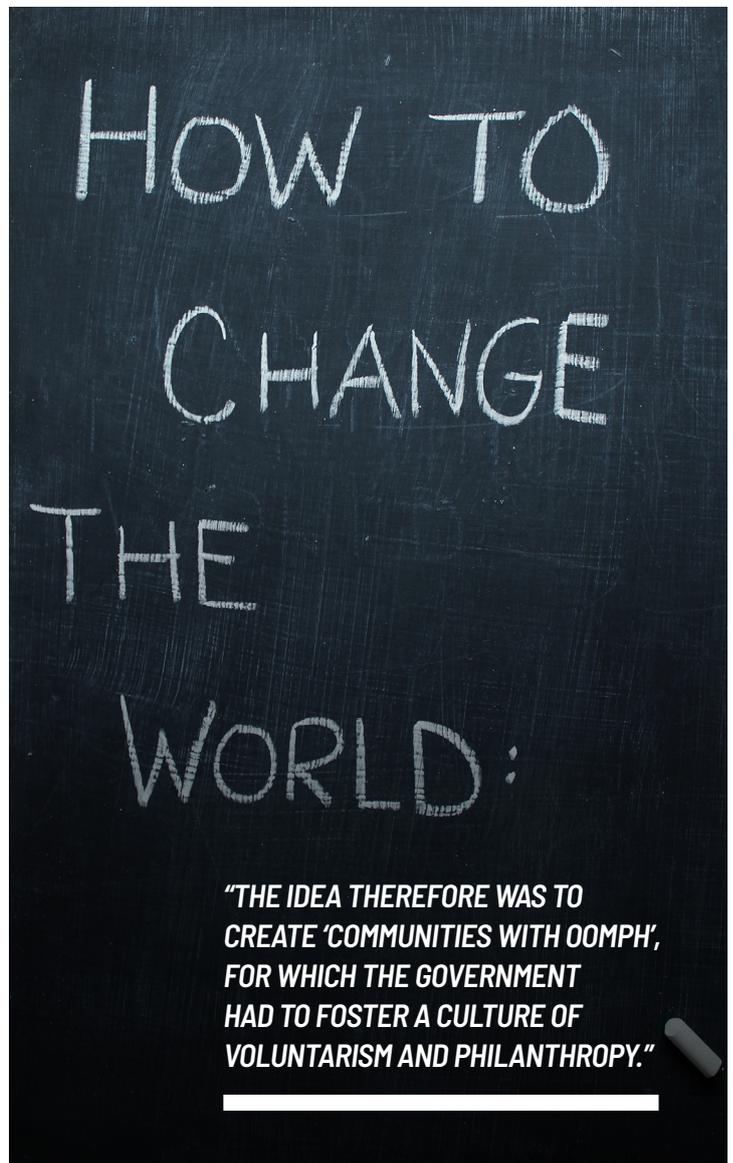
The county continues to face uncertain times, which will put civic society under increasing pressure, but the real test will be whether we can keep our community spirit in tact?

**T**his year's lockdown brought with it a community spirit that many likened to the war effort. A collective sense of purpose which necessitated neighbours helping one other and which saw the whole country supporting key workers and front-line services, be that financially or otherwise. This purest form of philanthropy, caring for your fellow man, is the spirited approach which David Cameron looked to inspire in the launch of the Big Society — but where that failed a decade ago, a post-COVID world might offer the conditions which could motivate a more hands-on civic society.

## PHILANTHROPY IN THE COMMUNITY DURING LOCKDOWN

The early stage of lockdown saw many people moved to general philanthropic acts through initiatives such as food packages for the elderly, clapping on a Thursday for NHS staff, rainbows and messages of support in windows — community spirit was high. Plus, because most people were at home more than they had had chance to be previously, many had more time to think about and support their neighbours. The result was a sense of community that many consider to have been a positive addition to our lives; at a time when there has been so much uncertainty, this collective sense of belonging has comforted many, not least the vulnerable, self-isolating through necessity.

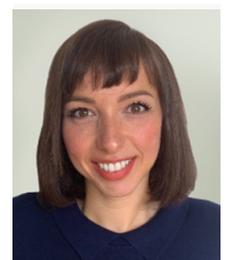
The positives of shared experience therefore brought communities together (albeit socially distantly); those who had little in common now had a hugely impactful common enemy to rally against, which in turn facilitated social cohesion. The findings of the NIHR Applied Research Collaboration (ARC) West study entitled: “The Apart but not Alone study” supports this; of the sample of people they questioned during April, many felt more involved in their community. Interestingly, the report



also found that community support was more expansive and organised more quickly than state-run measures, showing that civic society exists, lying dormant to be engaged when required.

## BIG SOCIETY FIRST TIME ROUND

These real life examples of community spirit, and the ensuing sense of commonweal, were the aspiration of David Cameron's Big Society. Launched in 2010, on the back of the Conservatives' manifesto promise, the overarching premise was the paring back of government's involvement in local communities, to be picked up instead by empowered grassroots groups who could better assess their need, away from Whitehall. The idea therefore was to create “communities with oomph”, for which the government had to foster a culture of voluntarism and philanthropy.



KATE PARKINSON

The downfall was that this push for greater civic society came as austerity began to bite, when the government was trying to make cuts to public services on the back of the 2008/09 financial crisis. As a result, the government was accused of seeking to artificially impose philanthropic values on communities because of the squeeze it was placing on public services and household incomes.

When the government launched the Big Society, Eric Pickles was perhaps ill-advised to state: “Even at a time when money is tight it is still possible to find different ways of delivering. It is unashamedly about getting more for less”, and it is this approach which likely meant the movement gained little traction.

## COULD IT WORK NOW?

However, it is not to say that the country is averse to the idea of a Big Society. As the ARC West study found, the community response was quickly engaged, and the last six months have certainly shown us that the British sense of philanthropy is alive and well. So what is different this time?

First, the state has played a huge part in this crisis, with support measures unseen since war time. Whether or not you agree with the approach or the politics, this large state intervention in our daily lives will have helped facilitate a collective sense of purpose across the country, underpinning a push towards cohesive communities. On top of this, whilst the state has had to consider points of national importance, communities have seemingly been willing to step in to play their part, to rally around the most vulnerable and to publicly demonstrate their support and thanks for a stretched welfare state. Differently to 2010, therefore, there has been a willingness to set aside the individual when times are tough, all in the name of protecting the vulnerable and our NHS.

However, most importantly, this sense of civic responsibility has been brought about through necessity and through a genuine common cause, rather than artificially to try and support a shrinking public purse. Whilst the

effect on communities has not been equal — with some urban communities finding restrictions more difficult, for example — the pandemic still affects us all. As [Rhodri Davies of the Charities Aid Foundation identifies](#), asking people who are unaffected by an issue to help those who are, is not universally motivating; however, our current predicament is not about “giving to them” but about “supporting and being part of us”.

*“THE COUNTRY CONTINUES TO FACE UNCERTAIN TIMES, BE THAT ECONOMICALLY OR BECAUSE OF VARYING DEGREES OF ONGOING LOCKDOWN.”*

## WHERE DO WE GO FROM HERE?

As the lockdown eased, the collective sense of solidarity faded with it.

“There’s a risk that past divides are re-emerging as society starts to re-open,” explained [Jill Rutter](#), of the [Together](#) campaign. “The shared experience of lockdown made many people feel more connected to their neighbours and local community. Now that sense of togetherness is starting to fray”.

In looking to the future, a post-COVID world might offer the country the chance to continue on this path towards a ‘big society’. No matter where you sit on the political spectrum, more cohesive communities are something which it would be hard to argue against, particularly when, as a nation, we are also concerned about mental health and loneliness. The country continues to face uncertain times, be that economically or because of varying degrees of ongoing lockdown. This will certainly put civic society to the test, either because of further stretched household incomes or lockdown fatigue. However, we hope that community spirit remains intact and that a post-COVID world supports a continued push towards a collective desire to promote the welfare of others.



### KATE PARKINSON – SENIOR ASSOCIATE, BDB PITMANS

Kate Parkinson is a Senior Associate at BDB Pitmans and is an experienced charity lawyer. She is a charity trustee, has volunteered with charities throughout her life, and has been in-house counsel at a large national charity. She advises charities and not-for-profits from inception, right through their onward compliance and regulatory concerns, to their winding up or merger. This includes guiding organisations in constitutional and governance matters, as well as providing fundraising and grant-making advice. Kate also advises individuals on their philanthropic aspirations. Kate is a member of the Charity Law Association's Executive Committee.

# PERSPECTIVE: WHY COMMUNITIES AND CHARITIES NEED PHILANTHROPISTS AND FUNDERS TO HAND OVER **POWER AND TRUST** THE NON-PROFIT SECTOR NOW MORE THAN EVER

PRIMROSE NANCHANI MANYALO - WWW.RESTLESSDEVELOPMENT.ORG

There's a relationship between the trust given with unrestricted funding and how effectively communities and charities are able to use it to achieve a just and sustainable world

work at youth-powered NGO Restless Development, where we support the journey of a young person to become a leader in tackling whatever challenges they identify in their community. Most recently, when coronavirus began to spread globally, we listened to the young people, communities and CSOs we work with and pivoted our programmes to respond as needed.

At the same time, international development organisations have had their funding streams hit hard, not only with the cancellation of fundraising events and the knock-on effect of philanthropists facing an economic recession, but with existing funders asking us to reduce our programme budgets or pulling their funding from programmes entirely to redeploy elsewhere.

While this heralds a difficult time for NGOs and the people we work with in communities, the gap in funding opens up an opportunity for philanthropists to fill in a much more effective way — by handing over a lot more power alongside the funding.

## TIME TO TRUST

All of us, charities and philanthropists alike, are facing more demands on us now than ever, so I understand that it is a difficult time to hand over control and give more power and flexibility to those in need of funding, but now is the time when it has never been needed more.

Some of the coronavirus responses being funded have shown how effective this kind of work can be when funders give those leading development work the power and flexibility to respond to communities'

specific needs. For instance Halimatu, one of our volunteers in Sierra Leone, was delivering information about preventing the spread, including social distancing and hand-washing training, but when listening to community members she found they had limited access to hand-washing facilities. Halimatu learnt how to set up tippy taps (a hands-free way to wash hands) and then worked with the local health officer and community members to get the resources needed to set them up around their community together.

This flexibility helps us be much more effective, but it is sometimes a careful balance for us, between the community's needs and priorities, and the priorities of funders. When NGOs design programmes based around community feedback, this doesn't always neatly match up with the funding priorities and predefined impact that a funder has, but often communities know the solutions to their problems better than a donor might.

For example, in a certain community, women may be getting water from a source that is a long distance away from their village. A funder may come to this community, identify this as a problem and build a water source closer to the village, but the women may continue going to the source further away simply because that's the only time they have to talk, to connect and to share their stories with each other. If those women, rather than the funders, are put in the position to define the problems they face and the appropriate solutions, they can be much more effective. I think just really listening intentionally and consulting and trusting can do a lot in terms of funders getting it right.



PRIMROSE NANCHANI MANYALO

With and For Girls are a great example of how to get this right. They are a collaboration of funders who know that girls can be agents of change, and they operate as a participatory fund by, and for, adolescent girls. They have been drawing attention to how coronavirus is impacting girls' rights by providing a platform for girl leaders at the grassroots level to share how they've been uniquely affected by the pandemic.

## CO-CREATING SOLUTIONS

To support communities and charities to build back better, philanthropy can be most effective and most sustainable if it trusts that communities are able to determine the solutions themselves. In order to really empower a community in the long term, they need to be really given power. Really listening to communities and actively consulting will have a more lasting impact compared to scenarios where communities are given predetermined impact. The most effective alternative here is to co-create solutions, asking what you and the community can contribute to the answer together.

There are so many different ways that philanthropists can support charities and NGOs to build back better: strengthening participatory approaches by funding organisations that put community voices at the centre of their work, consulting end users to make decisions about funding priorities and long-term, flexible unrestricted funding are all ways that give community voices power and trust. Smaller grassroots organisations are likely to be most vulnerable to the economic impact of the pandemic but may be the most embedded in their communities and most effective at creating impact; those organisations must be supported to sustain themselves as they are some of the most crucial to rebuilding communities in the coronavirus recovery.

## MONEY IS POWER

Money is power, and when we think about how money is used we have to think about using that power to be just and accountable. Working for an NGO, if I look at the ways in which money has been given to us, we have been able to



achieve more when money has been given in unrestricted ways and with the power to take full responsibility for it.

*"MONEY IS POWER, AND WHEN WE THINK ABOUT HOW MONEY IS USED WE HAVE TO THINK ABOUT USING THAT POWER TO BE JUST AND ACCOUNTABLE."*

We've managed to become innovative, more accessible and to deepen the quality of work we're doing, as it means there are more resources with which to achieve our mission and objectives holistically. There's a relationship between the trust given with unrestricted funding and how effectively we are able to use it to achieve a just and sustainable world.

## FLEXIBILITY IS KEY

If philanthropists are committed to the cause of 'building back better' in the aftermath of the pandemic, I would ask them to really trust the non-profit sector, trust communities, and in our case trust young people in communities who will be identifying and leading the change needed. Flexibility from donors has never been more important to us than now, and where it has been given we have been able to do great things.

### PRIMROSE NANCHANI MANYALO - GLOBAL CAMPAIGNS AND NETWORKS MANAGER, RESTLESS DEVELOPMENT

Primrose Manyalo is the Global Networks Building Manager at Restless Development. Primrose is part of the Global External Engagement Team, working to support the Global Youth Power Campaign, The Development Alternative and our Youth Collective. She also manages the Zimbabwean Amplify Change Network, testing and modelling how Restless Development builds youth networks that lead to sustainable development in depth and in scale. She has over nine years experience at operational and strategic level focusing on civic participation, policy shaping and practice, governance, human rights, sexual and reproductive health rights and livelihoods development.

# IN PURSUIT OF AFRICAN-LED PHILANTHROPY

DILYS WINTERKORN - WWW.YOUTHFUTUREFOUNDATION.ORG

The COVID-19 pandemic offers an exceptional lens through which to examine the opportunities of African and African Diaspora-led philanthropy and development

**F**oreign aid has long managed Africa's development progress, however the money required to meet the Sustainable Development Goals remains elusive – with less than half of the \$6 trillion in annual financing estimated to be needed having been pledged. COVID-19 is witnessing the international donor community hold back on funding international causes in favour of funding domestic responses to the pandemic. Some view this as a tragedy for the continent. However, this presents an opportunity for Africa's growing private philanthropists, who are increasingly investing inwardly towards our own solutions.

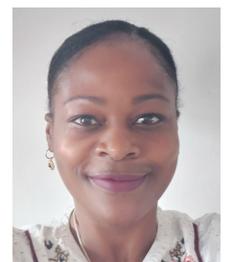
On the African continent, five of the African billionaires on the Forbes 2018 list have created sizeable philanthropic foundations with broad geographical scopes, aiming to foster development and leadership across the African continent. Before COVID-19, the African Grantmakers Network 2014 report estimated that US\$7 billion was given every year by Africa's high net worth individuals. The Forbes list of the 40 richest Africans showed that 22 had philanthropic initiatives that involved them or their families.

In recent years, there has been a shift towards a more formalised structure of giving, which has resulted in the formation of several African philanthropic associations, such as the Africa Grantmakers' Affinity Group, the African Philanthropy Forum, and The Centre on African Philanthropy and Social Investment (CAPSI). The first African Philanthropic Forum showed the emergence of philanthropic foundations across Africa, especially in South Africa, Kenya, Ghana, Nigeria and Egypt. This emerging and growing philanthropic sector is just a part of a larger, entrenched and more complex international development and aid system of players and practices on the continent.

Unless the 54 countries on the continent – each with its own context, traditions of giving and unique contemporary challenges – develop locally-driven,



*"BEFORE COVID-19, THE AFRICAN GRANTMAKERS NETWORK 2014 REPORT ESTIMATED THAT US\$7 BILLION WAS GIVEN EVERY YEAR BY AFRICA'S HIGH NET WORTH INDIVIDUALS."*



DILYS WINTERKORN

community-based philanthropic models, some of these new patterns of giving may not change the lives of the poor in the long run. [Halima Mahomed](#), philanthropy adviser at [Trust Africa](#), in an Alliance magazine [article](#) describes how a much larger and more prevalent form of African/African diaspora philanthropy has “been largely ignored or deemed inconsequential to mainstream philanthropy. Slowly this is changing, and new narratives are emerging that reflect systems, practices, traditions and mechanisms of giving that have long played a fundamental role in Africa.” Is African / African diaspora philanthropy challenging mainstream development? Will private philanthropy reflect the systems, practices, traditions and mechanisms that have long impeded growth on the continent?

**“THE CONTINUED OUTPOURING OF FINANCIAL AND IN-KIND PLEDGES IS WITNESSING A NUMBER OF PHILANTHROPIC INVESTMENTS FROM AFRICAN/AFRICAN DIASPORA PHILANTHROPISTS.”**

COVID-19 is seeing many African/African Diaspora philanthropists mobilising and being mobilised from across the world. The pandemic offers an exceptional lens through which to examine the opportunities of African and Diaspora-led philanthropy and development.

## COVID-19: MOBILISING AFRICAN PRIVATE PHILANTHROPY

The [COVID-19 in Africa report](#) by the [Mo Ibrahim Foundation](#) identifies “an urgent need to act on the lessons learned from the Ebola outbreak in 2015 and address the specific weaknesses of Africa’s health structures to improve health systems, and citizens’ access to them, and more generally strengthen data and statistical capacity.”

The continued outpouring of financial and in-kind pledges is witnessing a number of philanthropic investments from African/African Diaspora Philanthropists. [Strive Masiyiwa](#) has invested in resourcing and coordinating COVID-19 supplies across Southern Africa. [The Jack Ma and Alibaba Foundation](#) have distributed rounds of PPE kits and supplies to the [Africa Center for Disease Control and Prevention](#). The third-round included 4.6 million masks, 500,000 swabs and test kits, 300 ventilators, 200,000 sets of protective clothing, 200,000 face shields, 2,000 temperature guns, 100 body temperature scanners, and 500,000 pairs of gloves.

In Uganda, [The Sarrai Group](#) donated food, 10,000 litres of sanitisers, 20,000kg of sugar, 10,000kg of laundry bar soap and 10,000kg of baking flour worth approximately US\$80k, to the government’s COVID-19 National Task Force. Ghana’s [Otumfuo Osei Tutu II Charity Foundation](#) has developed its COVID-19 Recovery and Resilience Programme in partnership with The MasterCard Foundation. Working with governments on the continent, [Nigerian philanthropist Tony Elumelu](#) donated the equivalent of US\$14 million to the COVID-19 response across 20 African countries. The funds will cover the provision of relief supplies, and health infrastructure, including a medical centre with ICU facilities in Nigeria. Nigeria also intends to use some of these funds to conduct more research on COVID-19 through the Nigerian Centre for Disease Control.

Overall, the picture is one in which private philanthropy is playing a growing role in Africa relative to official development assistance — a trend that is also playing out in other regions of the world. Although private philanthropy in development currently remains relatively low compared to official development assistance, it has become a major partner in specific sectors such as agriculture, education and health.

The impact of the global pandemic makes for an uncertain picture. However, a story of African/African Diaspora wealth empowering African development in the 21st century is starting to emerge and is being told.

### DILYS WINTERKORN – HEAD OF GRANTS, YOUTH FUTURES FOUNDATION

Dilys heads the development and delivery of Youth Future Foundation’s grant-making programmes. She has built her career working with charities and philanthropists in the UK and overseas. In this time, she has led philanthropic partnerships, multi-country grant programmes, and facilitated community-led development initiatives. Dilys is reading for a PhD in African Philanthropy at SOAS, University of London.

“A SURVEY BY THE INSTITUTE OF FUNDRAISING SUGGESTS THAT, BY THE END OF 2020, 91 PER CENT OF THE 168,000 REGISTERED CHARITIES IN ENGLAND AND WALES WILL HAVE THEIR CASH-FLOW DISRUPTED.”



# FISCAL SPONSORSHIP: ROOM FOR GROWTH

ELIZABETH CHATALAS BENOÎT AND SITA SCHUTT - WWW.PROSPEROWORLD.ORG.UK

The fiscal sponsorship model is a powerful tool that increases capacity while reducing costs and should be more widely used

“Catastrophes bring out the best in people,” writes author Rutger Bregman in his latest book *Humankind: A Hopeful History*. The many acts of kindness and co-operation we have witnessed as a result of COVID-19 have also been accompanied by another aspect of ‘best’: the inventiveness and creativity that people manifest when they need to survive.

The charitable sector, as we well know, has been hard hit by the pandemic. A [survey by the Institute of Fundraising](#) suggests that, by the end of 2020, 91 per cent of the 168,000 registered charities in England and Wales will have their cash-flow disrupted. Can the model of fiscal sponsorship help to boost charities facing closure, whilst also breathing life into nascent charitable projects emerging to meet new needs?

Widely used in the United States for over 50 years — primarily to facilitate giving to start-up charities and for cross-border philanthropy — the fiscal sponsorship model exists here in the UK and Europe but is little-known and under-utilised.

## WHAT EXACTLY IS FISCAL SPONSORSHIP?

Fiscal sponsorship typically refers to the practice of a registered charity sharing its legal status with a qualified, non-registered charitable project in order to facilitate philanthropic giving. This

service is usually done on a fee-based contractual agreement and the sponsored organisation is vetted and approved by its fiscal sponsor before receiving funds. Donors can thereby easily make tax-efficient donations to a charitable project of their choice, anywhere in the world, as long as the charitable project has been accepted by a fiscal sponsor.

To be clear, fiscal sponsorship isn’t a philanthropic giving vehicle such as a Donor Advised Fund (DAF). Fiscal sponsorship is, in essence, a philanthropic receiving mechanism for non-registered charitable organisations (e.g. international, CICs or nascent projects).

While a DAF’s benefits include tax-efficiency, anonymity and the reduction of administrative burden by being under the auspices of a charitable sponsor that administers the account; a fiscally sponsored organisation also benefits from the alleviation of the administrative and governance issues involved with running a charity. The fiscal sponsor takes the risk with its sponsored charitable projects, pre-approving and managing the flow of grants, assessing donors as much as the projects themselves, and ensuring that the expenditures of donations comply with regulations. DAFs and fiscal sponsorship share the same goal — to facilitate philanthropy and to fortify the third sector.

**Let’s look at an example.**



ELIZABETH CHATALAS BENOÎT



SITA SCHUTT

Charity N is registered in Denmark. They wish to raise funds in the UK, to send to their Danish foundation that is funding the building of schools in Nepal. They apply to one of the UK charities offering fiscal sponsorship status and are accepted once their charitable aims have been verified and due diligence has been completed. They can then receive donations from UK donors, including the 25 per cent Gift Aid, via their fiscal sponsor. The advantage for the Danish foundation is that they can fundraise in the UK, can access Gift Aid from tax-paying donors and do not have to pay for the administrative costs of setting up a UK charity, or for the time involved in dealing with the paperwork.

The advantage for the donors supporting Charity N, is that they can claim tax benefits and have peace of mind. The fiscal sponsor is accountable to the Charity Commission for how the donations are spent. In other words, it is the fiscal sponsor's job to check that the schools in Nepal really are being built and to regularly inspect the Danish foundation's financial records.

For Charity N, fiscal sponsorship reduces its administrative cost while increasing its donations. This model works for non-constituted charitable projects, CICs and charities operating overseas with or without their own registration.

## TWO COMMON STRUCTURES

There are six main models of fiscal sponsorship, but the two most common structures are the comprehensive model and the pre-approved grant model.

In a comprehensive fiscal sponsorship structure, the fiscal sponsor owns the sponsored charitable project and has oversight of its legal, financial, administrative and programmatic activities. The sponsored entity is a direct project of the fiscal sponsor and there is no legal or corporate distinction between them. For example, the fiscal sponsor will pay invoices on behalf of its sponsored charitable project.

In a pre-approved grant relationship, such as the Danish illustration above, the sponsoring organisation re-grants donations to the sponsored organisation.

**"THE ADVANTAGE FOR THE DONORS SUPPORTING CHARITY N, IS THAT THEY CAN CLAIM TAX BENEFITS AND HAVE PEACE OF MIND."**

The sponsored entity is effectively a grantee of the fiscal sponsor. The fiscal sponsor verifies and assumes responsibility for monitoring how the donation is spent by the sponsored organisation.

In the UK, there are a handful of fiscal sponsors each providing a slightly different service for which they also charge a range fees. Here are some examples:

**Transnational Giving Europe (TGE)** is a partnership of European Foundations whose mission is to grow effective cross-border philanthropy in Europe. The Charities Aid Foundation (CAF) is their UK partner.

**UK Toremet Ltd** is able to grant and re-grant funds to qualifying programmes where activities would be seen as charitable under UK law. They currently support charitable programmes in the UK, US, Israel and certain other countries around the world. Prism The Gift Fund's Collective Funds offer a comprehensive fiscal sponsorship model for groups and individuals raising over £25,000 per year. The Collective Fund model is aimed at those who are beginning their charitable journey and do not have registered status elsewhere.

**Chapel and York's Family of Foundations** is a partnership of international foundations enabling cross-border giving, legal advice and fundraising training to its fiscal sponsees.

**Prospero World's 'Charity Adoption Programme'** provides a support programme to its fiscal sponsor beneficiaries, including digital campaigns, event production, network benefits and fundraising strategies. Adopted Charities must be legally constituted as an entity, either in the UK or internationally.

As philanthropists, it is important to be familiar with the fiscal sponsorship model (and its variations) in order to understand a funding request from a charity with a fiscal sponsor relationship. As champions of the charitable sector, we should recognise that fiscal sponsorship increases capacity while reducing costs and should be more widely used.

Now, more than ever, we need to consider expedient, transparent, cost-effective, tax-efficient, capacity-building solutions that bolster the third sector. The fiscal sponsorship model is a powerful tool that could energise and revolutionise the evolution of the charity sector. This is particularly so, not only in the time of the COVID-19 pandemic, but as we approach Brexit, when cross-border schemes such as the Finance Act 2010 that extended UK tax reliefs to qualifying European charities, will presumably come to an end.

### ELIZABETH CHATALAS BENOÎT - CONSULTANT, PROSPERO WORLD

Originally from Oregon, Elizabeth is a London-based consultant with Prospero World - a philanthropic advisory consultancy and charity that empowers change through education, collaboration and action. Elizabeth manages Prospero's donor- advised fund accounts and events. She has created fund development infrastructures for high-profile American 501(c)(3) organisations and start-ups working in the fields of women's leadership, social justice, the arts and environment.

### SITA SCHUTT - FOUNDER, PROSPERO WORLD

Sita founded Prospero in 2007 in response to a growing interest in a donor recommendation service for international charitable work. Her international experience includes researching and assessing development projects in Thailand, Africa, India, the Philippines, Cambodia and Burma (Myanmar). Sita's special interest is in the Arts and Development. She has also recently launched the Supabrella, a sustainable, plastic-free umbrella. Sita is a trustee of Pan Intercultural Arts.

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**Tax Advisor, Global Tax Firm**



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- Who are professional advisors and what motivates them? How can you as a fundraiser work together with them to help meet their clients' needs?
- What is the spectrum of advisors and what are their roles?
- Managing expectations of fundraisers.
- What internal and external challenges do fundraisers face in this process?
- How can we make the fundraising sector more innovative and a space for collaboration not just competition?

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