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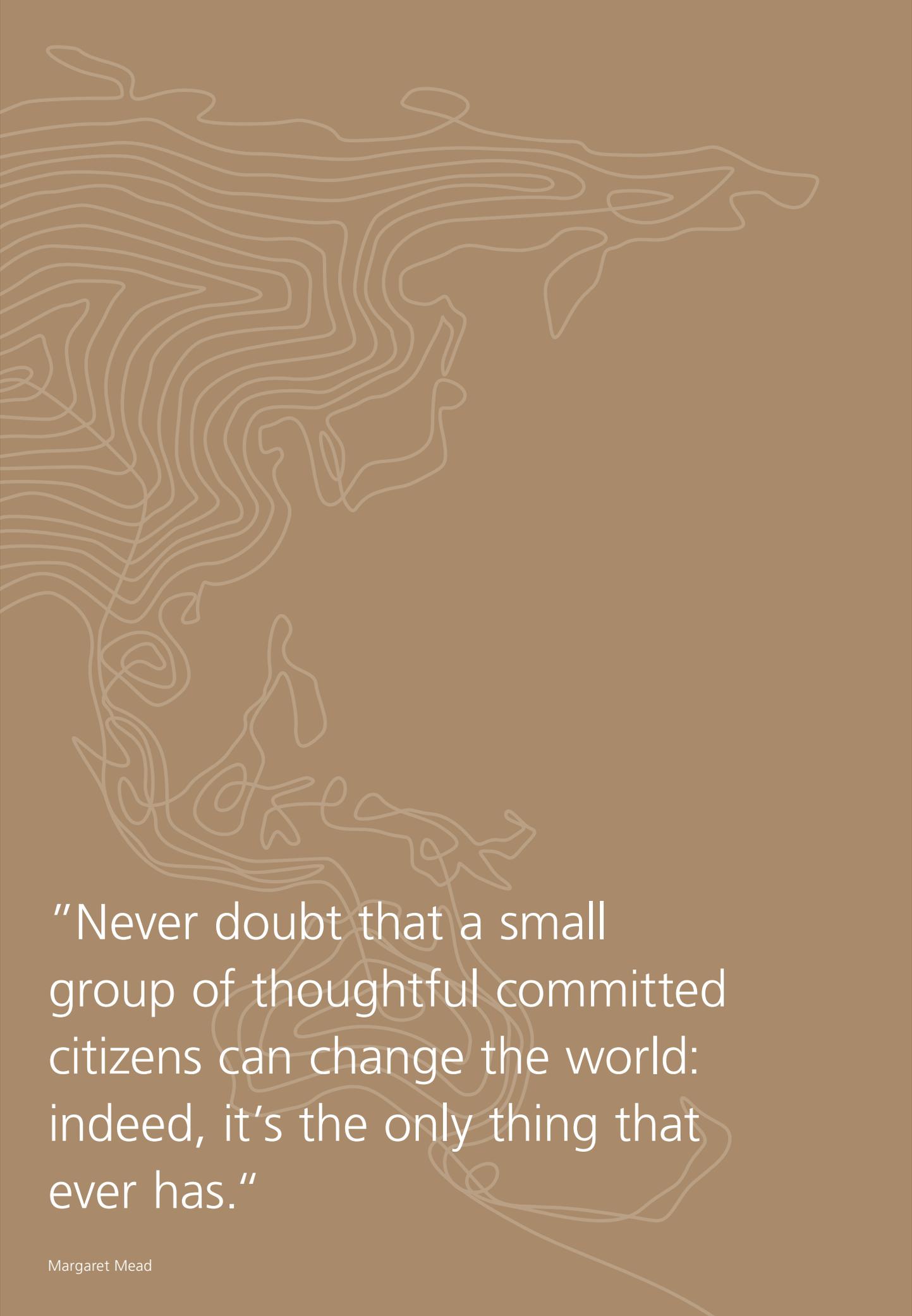
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VALUES WORTH SHARING

# Guide to Strategic Philanthropy

Doing good, well



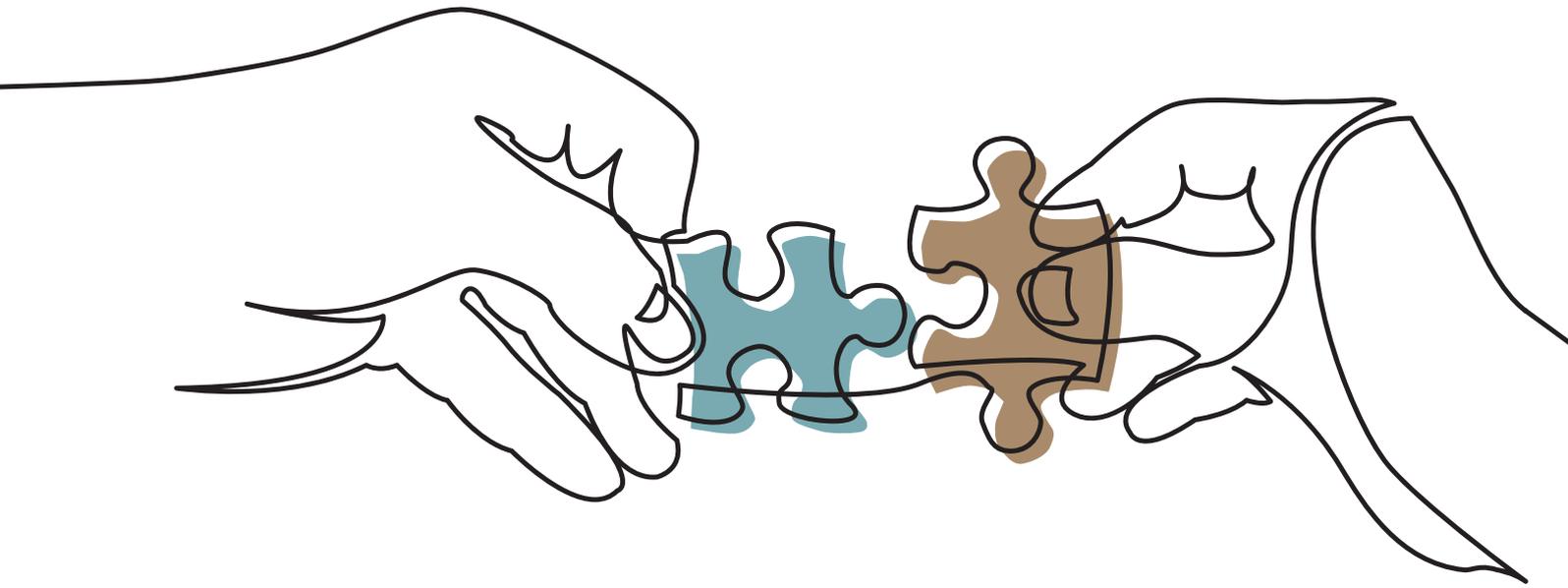


“Never doubt that a small group of thoughtful committed citizens can change the world: indeed, it’s the only thing that ever has.”

Margaret Mead

# Contents

Foreword by H.S.H. Prince Max von und zu Liechtenstein	5
Introduction	6
<b>1. Motivations and your philanthropy</b>	<b>9</b>
1.1. Consider your reason for giving	9
1.2. Explore your motivations	9
1.3. Identify your family's core values and involvement	12
1.4. Explore your added value	17
1.5. Find your philanthropic focus	22
1.6. Develop a philanthropic vision and mission statement	24
1.7. Structure your giving	27
1.8. Move from charitable giving towards strategic philanthropy	29
<b>2. A framework for strategic philanthropy</b>	<b>31</b>
2.1. Step 1 – Your added value	32
2.2. Step 2 – Understand the root causes	32
2.3. Step 3 – Understand the system	35
2.4. Step 4 – Landscape analysis	39
2.5. Step 5 – Theory of change	41
2.6. Step 6 – Design and implement	46
2.7. Step 7 – Assessing impact	63
2.8. Step 8 – Seeking systems change	67
<b>3. Framing, scale and leverage</b>	<b>69</b>
3.1. Adopt existing frames for your philanthropy	69
3.2. Consider approaches to scale	73
3.3. Leverage your philanthropy	74
<b>4. Philanthropic leadership and influence</b>	<b>81</b>
4.1. Consider your power and privilege	81
4.2. Involve your family	82
4.3. Align your family business with your philanthropy	85
4.4. Align your investment portfolio with your philanthropy	85
4.5. Seek advice and build your expertise	86
4.6. Grow as a philanthropic leader	90
Conclusion	91
Notes	92



## Foreword by H.S.H. Prince Max von und zu Liechtenstein

Dear Reader

The pursuit of broader engagement and value creation through business, politics and philanthropy has made an important contribution to the successful development of the Liechtenstein Princely Family over the last 900 years.

The rationale and need for philanthropic engagement are greater today than ever. With environmental threats reaching unprecedented levels and social polarization increasing in many parts of the world, the urgency to take action is growing. As governments struggle to address global challenges and wealth concentration increases, wealthy families have a growing responsibility to engage and show leadership. And while the primary motivation and purpose of philanthropy must be to contribute to the healthier development of society and the planet, philanthropic engagement also helps to better understand global challenges, facilitates self-reflection and a positive perspective on life, and can assist wealthy and influential families in remaining grounded and reducing their sense of entitlement.

However, engaging philanthropically in an effective way is not easy, as the areas and methods of engagement must evolve with the changing societal and environmental pressure points and with the myriad of new solutions. Aligning philanthropic activities with the broader context of the philanthropists' business portfolio can add further complexity, but can also increase overall impact.

The Liechtenstein Princely Family has consciously anchored the largest part of its philanthropic activities within LGT, thereby benefiting from LGT's broad network and expertise. As a family, we have also been fortunate to partner with other philanthropists and to have a dedicated team of experts to help us along the way. We see LGT's role as an advisor to many

families as an opportunity for us to align with our clients in their social investment portfolios and philanthropy.

And we seek to catalyze positive synergies by



partnering up with more philanthropists and working with our clients who are looking to have a broader impact with their wealth.

I would like to thank all the philanthropists who have shared their journeys with our team, and all the organizations whose experience and expertise has gone into shaping the advice in this Guide. We look forward to continuing to work with you in the future.

H.S.H. Prince Max von und zu Liechtenstein  
Chairman LGT

## Introduction

LGT's Guide to Strategic Philanthropy is designed for anyone who wants to use their resources to have a positive impact in the world. You may already be giving financially, investing in line with your values or volunteering at organizations you have come across through friends or travel, or that have impacted you and your family. You may have accumulated or inherited wealth and want to use some of it to do good. You may be at an inflection point, such as selling a business or your children leaving home, which leaves you with more free time. Or perhaps you have reached a personal milestone, or are looking at the world or an issue you care about and want it to be different, better, less unjust or more equitable.

This Guide is written for philanthropists and is designed to support you on your philanthropic journey, whether you are just starting out, refreshing your approach, engaging new family members in your giving or seeking to leverage your impact after many decades.

We aim to help you identify causes you care about, add value and have the most impact you can with the resources at your disposal. We want to encourage you to be bold and brave without causing harm, to focus and to develop confidence, skills and expertise. We hope this guide will help you move beyond reactive giving, which leaves you unsure if you have made a difference, towards proactive problem solving, strategic programming and, hopefully, sustainable and scalable strategic interventions. Ultimately, we want you to become a leader in your chosen philanthropic field who is comfortable having difficult conversations, confident about making decisions and willing to become a philanthropic leader and advocate, thus encouraging and inspiring others to do more and better.

This Guide is cause-neutral. Philanthropists choose the issues and the organizations they support for good and often personal reasons. You are influenced by your life and family experience,

by your religious, spiritual, political and moral beliefs. You may want to give where you think the need is greatest, where you feel you can have the biggest impact, or can get the best social and environmental return. There is no right or wrong way to make these choices, what is important is that your philanthropy feels right for you and your family.

Over the four chapters in this Guide, we share our experience of social and environmental impact gained from working with philanthropic leaders and families, non-profit organizations, social enterprises, communities, multilateral agencies and governments across 70 countries. We share a simple strategic framework developed by Philanthropy Insight (Pi) to help you identify your philanthropic goals and values, implement your philanthropy effectively and, ultimately, have more impact on the causes you care about. We have experienced successes and failures, learned lessons about what works and what doesn't, engaged with various different approaches and had the privilege of exploring wide-ranging strategies for social and environmental change with multiple stakeholders. We are motivated to help you achieve more impact with your giving, and to find joy in your philanthropy.

In Chapter 1 we start by encouraging you to focus on what you can bring into your philanthropy; we want you to consider your motivations and values, explore your philanthropic focus and aspirations, and we highlight some of the different ways you can structure and manage your giving.

In Chapter 2 we explore how social and environmental change occurs through the lens of a strategic philanthropy framework, the importance of understanding root causes and the system within which the problem you seek to address happens, and the many different approaches you can use to achieve change. We also touch on measuring and evaluating your impact and focus on learning and supporting systems change.

In Chapter 3 we consider some philanthropic frames and approaches that can help you make your interventions sustainable and scalable. We also explore some of the different ways you can bring leverage to increase the positive impact on the issues you care about.

And in Chapter 4 we consider more advanced ways in which you can grow and use your leadership and influence to involve your family and align your business and investments with your philanthropic aspirations.

This Guide includes case studies from peer philanthropists who have kindly agreed to share their lessons, experiences and their own philanthropic journeys. We also provide exercises and tools, techniques and tips. And we make recommendations about additional reading material, if you wish to dive deeper into particular issues and tools.

We hope this Guide helps you to increase the impact of your philanthropy, and that whatever your focus area, you are able to contribute to making our world more socially just and sustainable.



Jo Ensor  
Founder and CEO of Pi  
(Philanthropy Insight)



Nina Hoas  
Head of  
LGT Philanthropy Advisory



"If you're in the luckiest 1% of humanity, you owe it to the rest of humanity to think about the other 99%."

Warren Buffet

# 1. Motivations and your philanthropy

## 1.1. Consider your reason for giving

You, your family and foundation (if you have one) are unique. Your philanthropy is likely to be unique too. People decide to be philanthropic for different reasons. You may have recently inherited your wealth, you may have sold an asset, you may have been motivated to do something by an emotionally moving encounter or situation, or you may feel lucky for your wealth and privilege, and now want to do something great for society. Often, people choose to focus on their philanthropy at an inflection point in their life, when they have both the time and the financial resources to deploy.

Some philanthropists look back over many years of giving across multiple themes and issue areas and question their impact. They want to find a more strategic way to give that has a better chance of having a sustainable impact. After decades of giving, some philanthropists seek ways to become more catalytic, or take big bets in an effort to make a permanent change.

Wherever you are on your philanthropic journey, working to achieve social or environmental change can be challenging, and unless you have some prior experience or professional support, knowing where to start may be daunting.

As you start out, engage family or refresh your strategy, pause to reflect on why you want to give.

## 1.2. Explore your motivations

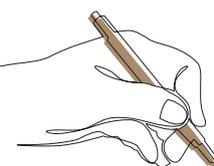
The first step toward strategic philanthropy is to decide on your motivations, values, areas of interest and your added value. These will define the approach you take. Clarifying this will help keep you focused as you get more involved in what can feel like quite complex problems. Without this direction, it is easy to become overwhelmed by the number and type of opportunities you could support, and it may become hard to say no to potential requests for support. Clearly articulating your values and beliefs also gives clarity to everyone with a stake in making decisions on your behalf, now and in the future.

Spend time alone (or with family members if you choose to involve them) to consider what you really care about. In smaller families, your philanthropy strategy may be a discussion between one or two family members, which will be easier to align than in larger families with multiple generations and different values and areas of interest. There are many tools, some of which we share with you in this guide, to help you with these discussions and decisions. There are also different ways to organize your philanthropy and to acknowledge different areas of interest and approaches.

“We make a living by what we get,  
but we make a life by what we give.”

Winston Churchill

Start by considering why you want to give and what motivates you. You may want to consider the following questions:



### Explore your motivations

Please consider the questions below and think about your motivations.

- What first motivated you to give? Was it a person or a situation from your past, or a transitional moment or experience?
- What motivates you to give now? Do your moral, spiritual, political or religious beliefs shape your thinking?
- Do you use your head or your heart when you think about giving, or both? Are you comfortable with this?
- Do you feel angry about an issue and want it to change, or emotionally drawn towards a group of people or a place?
- What do you hope to gain from your giving?
- What would you like to change in the world, or to be different, or to keep?
- What brings you joy in life?
- What do you most want to learn or understand?



## Matt Damon and Gary White – Finding our purpose

We chose to focus on water for its potential to transform lives. Although the impact of securing reliable access to safe water is truly incalculable, the stories we hear from people who have experienced this can help shed light on the enormity of both the need and the drive people have for securing water and sanitation. Here are a couple of examples.

A breakthrough moment for me, Gary, was when I was meeting with a woman in India. She was probably about 80 years old, and she had lived on this rocky hillside. She would have to wait for the cover of night to walk down by the river to defecate. So she had installed a toilet. I asked her how she was able to pay for it. She said she had taken out a loan. When she told me how much her payments were, I did the math, and realized she was paying 125% interest on a loan because she needed that toilet so badly.

The very first water collection I, Matt, ever went on was with a 14-year-old girl in rural Zambia. I walked with the girl and a translator to get water for her home. Along the

way, I asked her about her plans, and she said she was going to go to Lusaka and become a nurse. It wasn't until I left that I realized if someone had not had the foresight to sink the bore well a mile from her house, she would be spending much of her day collecting water for her family. She wouldn't be in school and the dream of being a nurse would be out of reach.

Together and through our organizations, Water.org and WaterEquity, we have reached over 36 million people with safe water and sanitation access, but we will not be satisfied until everyone, everywhere has access to water and a sanitary toilet.

# Tsitsi Masiyiwa – My family and my focus

My philanthropic focus and purpose stem from a deep faith and my experiences during a heart-wrenching period in my life.

I married a very energetic and inquisitive entrepreneur. My husband decided to take the government to court for a business operating license, and when I asked him, "How long is this legal battle going to take? Because I don't think it is a smart idea to sue the government!", he promised me that it would take three months. Well, it took five years! Those five years were both mentally and physically exhausting, and the most difficult part of my personal journey. Added to that, we lived through the HIV/AIDS epidemic in Zimbabwe. I lost an aunt whom I loved very dearly, and thereafter all nine of her children, one after the other.

I did a lot of soul-searching and began to reflect on the question, "If we were to have this business, what would we do with the money that we would make?" We decided to support children who had lost their parents to HIV/AIDS by personally funding their education.

My motivation was really a combination of what I had lost and the pain that I saw first-hand. In the short term, I found a way to channel my grief by helping children who had been orphaned by HIV/AIDS. Now we work across education, global health, rural transformation and disaster relief and preparedness, investing in human capital development to build thriving communities in Africa.

Today, I'm living a better life than I could have ever imagined, with a loving husband and wonderful children and finding joy in doing the most rewarding work – giving young people a platform to fulfil their God-given purpose in Zimbabwe and beyond.

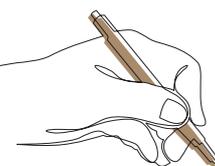


### 1.3. Identify your family's core values and involvement

Your values and those of your family should be central to your philanthropy. You can also think relatively early on about how to involve your family. Start off by identifying the values that are most important to you, so you can align your philanthropy with them. Your values will form the prism through which you make decisions, prioritize, engage with partners and conduct activities. Deep personal values often change little over time, so be confident about what is important to you, and bring these values with you into your philanthropy. You may choose to align your philanthropy with your own personal values, or with a family member's values, to honor the wealth generator, for example. Or you may want to align philanthropic values with the family business that has generated your wealth. Or a combination of the two.

"I wanted to give my children enough money so that they would feel they could do anything, but not so much they could do nothing."

Warren Buffett



#### Identify your family's core values (1)

Please think about your core values by considering the questions below.

- What values are important to you and your family?
- What values have your family and other role models passed on to you?
- Are any other values important, for example those of the wealth generator, other family members or a family business?
- If you want to involve your children, are there values that would encourage or hinder their engagement?
- How have your values influenced your giving in the past?
- Would you prefer to spend down your philanthropic assets in your lifetime, or to give in perpetuity and engage your family, or others, after your death? If you have a longer-term vision for your giving, does this impact your values?

#### Identify your family's core values (2)

Please write your top core values using the list below or by adding your own.

Accessibility	Accountability	Authenticity
Collaboration	Community	Consciousness
Courage	Creativity	Diversity
Dignity	Discipline	Effectiveness
Empowerment	Education	Entrepreneurial
Equality	Fairness	Freedom
Faith	Family	Fun
Growth	Gender	Health
Happiness	Harmony	Humility
Independence	Innovation	Integrity
Inclusivity	Joy	Justice
Kindness	Leadership	Love
Loyalty	Partnership	Peace
Resourcefulness	Respect	Spirituality
Security	Simplicity	Social mobility
Safety	Tradition	Well-being

**My top three values are:**

- 1.
- 2.
- 3.



## Elie Horn – Identifying core values and beliefs

When I signed the Giving Pledge, I reconfirmed a commitment I had made to myself long before, which was to give away 60% of all my possessions for the social good.

I had asked my family when to make these gifts, and they all agreed with me that this should be done while living. I followed in the footsteps of my father, who passed away when I was in my early 40s and had gifted 100% of what he owned to charitable causes.

Giving is part of life and part of my family's values. Some of my beliefs comes from religion and society. But today, my ambition is mainly to do good for society through work and honesty.

I'm a businessman, and working is something I have been good at since a very early age. When I was 20 years old, I owned nothing, but by the age of 29, I had made millions of dollars, which would perhaps be equivalent to some hundred million dollars today. Having made a vast fortune very quickly and at a very young age, it was truly the giving that defined money's value for me. I don't believe in material things. I invest my money, but only for the social good.

And I try to bring others onboard to do the same. In fact, for every dollar I give to a cause, I plan for additional money to be donated by others.

I believe that if you have money, you should give it with your best ability, and always push to do more. For my part, I do this with a strong conviction that I have tried to do my best to give meaning to the mission of my life in this world.

In addition to identifying values, some philanthropists wonder when the best time is to engage their family. Involving your family in your giving can foster shared values, help develop a legacy and enhance relationships. It can be very rewarding for you and for future generations to engage with and build on your charitable giving. There is no right or wrong time to involve your family or your children.

Some philanthropists engage children in discussions about values and causes from an early age. You may want to consider giving pre-teen and teenage children a small allowance to start to identify and give to certain causes. Some families will encourage their older children to learn more about the family's philanthropy and to develop leadership skills by joining family foundation boards, which is similar to taking on a role in the family business. Many families feel that having an understanding of giving back helps to balance the power and privilege that comes with inheriting wealth. Some family members may show more interest and inclination for philanthropy than others – and it is likely not to be something that can be forced, but an interest that grows over time.

When setting up your philanthropy, consider whether you hope to give during your lifetime or pass on your giving to the next generation. If you opt for the latter, try to design your giving in a way that will enable this. Giving while living is an approach to philanthropy embraced by Chuck Feeney, the founder of Atlantic Philanthropies, whereby philanthropists give their fortune, skills and time during their lifetime. The motivation in this case is to have an impact and focus on solving today's problems rather than spending comparatively less via a foundation endowed in perpetuity. Foundations and philanthropists that have this approach are said to be "spend-down", meaning that their money should all be spent within a certain period. Many well-known philanthropists, such as Warren Buffet, Bill and Melinda Gates and Jack Ma, have adopted this approach.

You can involve your family in many ways: as volunteers or salaried staff at your foundation, for example, conducting research or with responsibility for a particular program of activities; as co-decision makers; or as members of the family foundation's board. If you intend to give in perpetuity, then your family may also be your successors and involving them early on is a sensible way to develop their skills, understanding and expertise.

There are many philanthropy education programs available for philanthropists and their families as you start your giving journey. Seeking support with this process can be a good way to learn the basics of strategic philanthropy as a family, alongside peers.

"I cannot think of a more personally rewarding and appropriate use of wealth than to give whilst one is living – to personally devote oneself to meaningful efforts to improve the human condition."

Chuck Feeney

## Nataly Davidai – Giving as a family

My family has been involved in volunteering and modest philanthropy for generations. But despite our hands-on approach, our work was scattered.

This began to change in 2006, when I was providing legal assistance in northern Israel to civilians suffering from the second Lebanon war. My experience inspired my parents to help improve public health in vulnerable areas of Israel. The family decided to support the Baruch Padeh Medical Center. The family then also created a scholarship fund for post-doctoral students. With the mission to advance the shortcomings of the Israeli public health system, the scholarships prioritize specializations that do not sufficiently exist in Israel such as heart transplant, emergency and infant surgery. We also invest in infrastructure and human capital to mitigate the public health inequities within Israel.

My brothers and I take part in all the projects. I am on the committee that decides where the scholarship money goes. We also spend time discussing and refining our values as a family. Every couple of years, we talk about these things in conjunction with succession planning, which my brother and I have always been part of. We were encouraged to volunteer from a young age and as we grew older, we urged our parents to structure the family's philanthropy and volunteering in a more strategic way to increase impact. It is important to our family that the coming generations carry on the philanthropic legacy.



If we feel passionate about something, it is important for us to try it out first and then discuss whether or not it worked. I personally believe that you need to work and get to know the people you intend to serve before you give away funds. As my dad says: "If you are passionate about something, do it and be willing to deal with the consequences."

## Mira Al Busaidi – Engaging in the family’s philanthropy as a member of the next generation

Philanthropy has always been important to my family, and through family conversations I learned early on that this had been a key priority for my late grandfather in our country, Oman.

I found that I also had a passion to engage, and started to get involved in my family’s foundation at the age of 21. I wanted to truly understand the operational side of it and learned from scratch how the foundation worked, also immersing myself in all its various activities. Back then, our family’s foundation was “fire-fighting” emerging issues in a multitude of areas.

Together with my brother, who shared the same vision as me of moving away from addressing issues in this way, we decided to learn from experts in the field and to engage consultants to develop a new strategy for the family’s foundation with a view to adopting long-term sustainable solutions within a few selected focus areas. Being quite young and with limited experience in the space, we decided to use this as a learning opportunity. For family members entering the foundation today, the process is different, as there are now lessons to be learned from, for example, my own experience. I am currently an executive director at the foundation, in charge of all strategic decisions and monitoring our activities.

In general, I believe that we – the next generation – have different ideas when engaging in philanthropy compared to previous generations, whether it be with regard to focus

areas or approaches. But I find that to be successful, it is important that all family members from different generations find a middle ground and agree on a common vision. And that is what we ultimately did.

I would encourage the next generation to join conferences, network and learn from like-minded individuals. I have personally learned a lot from meeting people from similar backgrounds who are or have been on similar journeys.



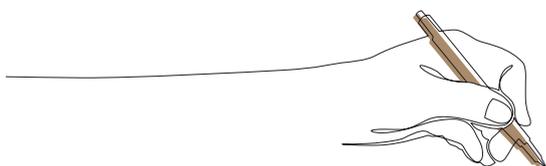
### 1.4. Explore your added value

The amount of resources you can invest, the time you have available to spend on your philanthropy and your risk appetite all shape your philanthropic interventions.

Financial resources are obviously important and should shape the scale of your philanthropic ambition. You will not be able to solve global poverty with a couple of million dollars, so be ambitious but also realistic. The level of your financial resources alone does not guarantee effectiveness. Not all strategic philanthropists have huge budgets, but they add value in other ways, such as by bringing their talent, skill sets, expertise, experience and their networks. In Chapter 4 we will also explore how you can further leverage your philanthropy, for example, by aligning your assets and investments with your values.

#### a) Your personal assets

You can add value to your giving in many ways that go beyond the financial resources. The most effective philanthropists bring their skills, expertise, experience, networks and communities. They may align their philanthropy in some way with their business (Chapter 4.3.) or their hobbies, and they will leverage these



#### Your personal assets

Create a list of the personal assets you can bring to your philanthropy considering the list below.

- Skills/expertise
- Professional and/or personal experience
- Networks and communities
- Reputation
- Family business focus
- Financial resources
- Time
- Passion
- Other resources

“There are lots of resources each of us can pull from our safes to share with others – time, attention, knowledge, patience, creativity, talent, effort, humor, compassion. And sure enough, something greater rises up every time we give.”

MacKenzie Scott

non-financial assets to reach their philanthropic goals. They may also be likely to align their investment strategies with their philanthropy (Chapter 4.4.) and in some cases, feel comfortable using their personal status or reputation as a platform to advance their philanthropic goals. Similarly, many get involved in encouraging others to become more philanthropic. It is helpful to make a list of all the potential added value you could bring to your philanthropy, both as you start out, and as you begin to feel more confident with your philanthropic practice.

#### b) Your time

Your availability in terms of time will also shape your philanthropic interventions. Some philanthropists balance their giving with other work and family commitments, some hire staff to support them and some choose to work full time on their philanthropy, as they would a career. How much time you and your family members have available should influence your choice of intervention and can shape the structure of your philanthropic giving and the extent to which you make decisions versus delegating them to someone else, such as a partner organization, a grantee or foundation staff.



## Björn Ulvaeus – Bringing my experience in music to my philanthropy

In the 1970s, when Benny Andersson and I were writing songs for our band ABBA, the music industry looked fundamentally different. The competition was not as fierce as today and songwriters were rewarded equitably thanks to royalties from their records. This fair distribution gave us the time and the creative freedom to focus on our best songs.

If we had written “Dancing Queen” today, you might not ever have heard it. It could have been just another “stream” among hundreds of thousands of songs uploaded to streaming services every week. What I see is that songwriters today are not valued as much as their songs are, and royalties are redistributed unequally. The digital era has created a new reality where it’s harder for creators to survive on their profession.

But music is a vital part of peoples’ lives. So, I was confronted with the question of why music creators, who have such an important role in our societies, often know so little about the inner workings of the industry and their rights? Today it is far more complex to be a music creator than it was for us a few decades back.

As a songwriter, musician and artist myself, I know how extremely important it is that creators learn what intellectual property rights they have and what data pertaining to their IP they need in order to work efficiently. So, together with two other prominent creators, Max Martin and Niclas Molinder, I founded Music Rights Awareness to increase knowledge about intellectual property rights for creators worldwide. Together, we joined forces with the UN agency the World Intellectual Property Organization (WIPO) to form the WIPO for Creators consortium. The goal is to raise awareness and increase knowledge of creators’ rights and related management practices, ensuring recognition and fair rewards for all creators regardless of their geographical, cultural or economic conditions.

## Frederik Paulsen – Combining values, passion and time

I have four main philanthropic areas that I support financially and through hands-on involvement.

The first is socio-economic development, culture and language heritage on the North Frisian Island Föhr, which is where my father's family originates from. The second is empowering women in Bhutan through income-generating activities, something I've been focusing on for the past 20 years. The third is reversing the trend of negative population growth in Russia, where I've gifted non-commercial fertility clinics. And my fourth area is the polar region and the climate change affecting it.

I support numerous initiatives there, including Arctic and Antarctic research and explorations. This year, I will start to reward action-oriented scientific initiatives that can reverse the dramatic effects of climate change.

I dedicate two-thirds of my time to philanthropy. I take responsibility for these initiatives, and I am fully dedicated to seeing them realize their full potential. My experience enables me to contribute more than just financially, including from organizational leadership to networks and structure. For small, cause-oriented organizations to be effective, they need a strong internal structure and processes, as well as a good understanding of the problem they are trying to solve. I often take time to help the organizations I support financially to further develop these frameworks and build impactful collaborations and partnerships.

The big question is whether you can turn your values, and the causes you are passionate about, into impactful philanthropy. It is important to ask yourself: "Do I want to be actively involved in my philanthropy, or do I want to let somebody else do the 'work'?" Never underestimate the time required to be fully engaged, especially if you are like me, passionate and immersed in more than just one cause. If you want to walk this journey, my advice is to chart the path and direction in advance.



**c) Your passion**

Consider what will bring you the most joy. Choose an issue or area you are passionate about and that brings you a sense of purpose and pleasure, despite the sometimes painful nature of the problems philanthropists seek to address. A level of passion for a cause will help you engage for the long term. Your philanthropy should never feel like a chore, or you will want to avoid it. So, seek areas of interest and approaches that appeal to you.

**d) Your philanthropic budget**

How you will divide up your overall philanthropy pot is impacted by many decisions. Having a three-to-five-year budget that is aligned with your strategy is advisable, and it is sensible to allocate a meaningful and appropriate amount thereof to your main area of philanthropic focus. Your philanthropic ambition (or goals) should be in line with your level of resources.

There is no right or wrong way to do this. Some families will, for example, devote 70% of their annual philanthropy budget to a primary focus area, with the remainder shared across other issues, and/or family members' interests. Some foundations have staff and administration costs to cover. Some foundations will vary their annual giving based on the availability of funds, on need or on a strategic decision, for example, to invest in a "big bet" at a moment in time they consider a tipping point for their issue. Some foundations are set up to exist in perpetuity, while others are to be spent down within a set timeframe.

As you think about how to allocate your resources, consider the following factors that help you determine your philanthropic budget:

- Overall funding portfolio

How much can you afford to give every year? How many resources are needed to achieve impact in the areas you have chosen? Are you intending to grow your philanthropic budget over time, to spend down or to give in perpetuity? Are you spending your philanthropic capital on grantmaking to organizations that can help you achieve your goals, or are you hiring staff to build your own programs? (Make a conscious decision about whether you want to become operational, don't let it happen by accident.)

- Investment returns

If you have endowed (Chapter 1.7.) or invested your philanthropic assets, how much philanthropic capital can be expected each year? As well as making grants, are you able to move your investments into areas that support your philanthropy – such as impact investing with a climate lens? Consider your investment philosophy.

- Time frame

How long do you want to give? Do you want to spend all your philanthropic capital in your lifetime, or over a specific period of time, or do you want your giving to continue after your death? If you are spending in perpetuity, what does this mean for succession in terms of a management body or a potential member of the next generation taking over? If responsibility is to be handed down to future generations, then for how many generations? And what implications does managing your philanthropic assets, vision, mission and governance have?

Once you have a budget, consider how you will allocate it:

- Grants and programs

Ideally, you will have a rolling three-to-five-year budget that establishes how you want to allocate the philanthropic spend between different programs during that time. Think about whether there is a big bet you wish to take. Consider the exit from the program, when this might happen and how it would impact your funding allocations.

- Flexibility to step in/up

By allowing some flexibility, you can increase your ability to respond to a moment in time when need might suddenly be very great, or there is a catalytic opportunity. Financial decisions should be influenced by the changing external environment as well as internal.

- Operational and administrative costs

Try not to be in a position where you are spending your time on activities that you could delegate to others. Free up your time so you can focus your expertise on where you can make the biggest difference. Where appropriate, hire skilled staff such as a CEO and budget for these costs. Don't let admin-

istration costs, or overhead, be your measure of an organization's effectiveness. It is a misconception that lower overhead means more impact. An organization that does not pay for effective people who bring experience and ideas that are scalable and impactful may not be the most efficient. Overheads can vary from as little as 5% to up to 30% depending on various factors like the nature of the work and the stage or scale of the operations. Extend this same flexibility to your grantees, rather than setting an arbitrary cap.

#### e) Your risk appetite

Assessing your risk appetite will help you consider your comfort level with philanthropic risk. Entrepreneurs or philanthropists who happily embrace risk are likely to be more interested in piloting or testing new initiatives or investing in start-up social enterprises that have ambitious strategies but no track record (Chapter 2.6.f).

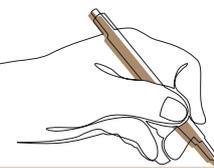
Those less comfortable with risk may prefer to replicate initiatives they know work, or to fund organizations they are familiar with, for example, interventions that work closely with communities and have more tangible human outcomes (Chapter 2.6.a).

If you have less need for immediate results, you may find yourself drawn to advocacy initiatives or policy change (Chapter 2.6.c), which could take many years, but if successful, can benefit large numbers of people.

You may also want to consider reputational risk and your willingness to be public about your philanthropy. With time and growing confidence, philanthropists often become more willing to speak out about the issues they work on because they know they have a unique ability to raise awareness of their issues with key stakeholders, and are willing to take the risk of losing their anonymity to do so.

#### Additional reading

Open Road Alliance. (2020, 15 July).  
*Risk Management for Philanthropy, a Tool Kit.*



#### Your risk appetite

Please write a personal or family risk profile considering the following questions.

- Do you have a high or low risk approach, for example, to your financial investment?
- Does this translate into your philanthropic giving?
- Do you seek immediate results from your giving? Or are you comfortable backing initiatives that may take several years and/or have less guaranteed outcomes?
- How much control do you want over your giving? How much reporting do you expect to receive from partners, for example?
- How willing are you to be public about your philanthropy, and could this better help you achieve your philanthropic goals and/or encourage others?
- Is there any reputational risk for you or your philanthropy?

#### My/our philanthropic risk profile is

#### Examples of risk profiles

As an entrepreneur, I am comfortable with piloting new initiatives and taking risks with my investments and grants. I set aside 30% of my portfolio as risk capital and 30% as grants for pilot programs. I engage where I have a good understanding of the issue, a proposal backed up with evidence and a trusted relationship with the organization or CEO. I am comfortable with limited reporting while approaches are being tested and recognize some might fail. Once an approach has been tested, I hand over to other philanthropists to scale. I am comfortable using my name and I proactively share philanthropic data and results in the public domain so others can use this to make more evidence-based decisions in their grantmaking and impact investing.

Our family is private and our grantmaking is mostly anonymous. As we try to bring more family members into the foundation, regular and transparent reporting from grantees is important to us, as is giving in our local area, so that we can "see" the impact that is taking place. For the time being, we prefer to work with a few organizations that we know well and continue to build relationships with them. At this stage in our giving journey, we would prefer to give grants to proven approaches, and to support them in replicating and scaling with experienced organizations. We may feel better able to take more risk as we learn more about our issue (education) and mature as a foundation. We will re-evaluate this risk profile when we assess our first phase of programming and refresh our strategy in three years' time.

### 1.5. Find your philanthropic focus

One of the most important decisions you can make to increase your effectiveness is to focus on a small number of philanthropic areas. Understanding the issue you want to fund and getting to know the landscape and stakeholders will enable you to be smarter about how you fund and how to best invest the time you have in achieving change. It's important to choose an area that interests you and that you will enjoy working on. Identifying an issue you care about is, along with identifying your values, an important initial step in your philanthropy journey.

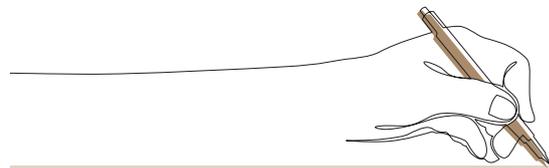
For some philanthropists this is easy. They might feel very passionate about something such as education for girls or protecting the ocean. Or they might be very angry about an issue, such as gender inequality or food waste, and therefore know very quickly which area they want to focus on. For others, however, focusing on an issue can be challenging; they may be seeking to maximize the impact they have and struggling to choose between different areas. Perhaps they want to have research and data to back up their decision but find it hard to know when they have enough data, or they have a number of family members with differing areas of interest and values and are struggling to reach a compromise that can still achieve impact. It is very important not to spread yourself or your financial resources too thin. By focusing, you will ensure learning builds expertise across the wider giving portfolio, and ultimately, you will have more impact.

“My theme for philanthropy is the same approach I used with technology: to find a need and fill it.”

An Wang

It is worth taking some time to identify and explore an issue you care about. You might even choose to fund a few different issues to start with, making small grants to each over a year or two before settling on one focus, one issue or one approach that feels right.

This exercise helps you identify your core philanthropic themes or issues. From the following issue areas, choose the three that most interest you, or that you feel are most important. Alternatively, add your own. Please note these are not an exhaustive list, just examples for you to consider. For more on the UN's Sustainable Development Goals, see Chapter 3.1.



#### Finding your philanthropic focus

Please identify your philanthropic focus and interest areas using the lists below.

##### UN Sustainable Development Goals

1. No Poverty
2. Zero Hunger
3. Good Health and Well-being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation and Infrastructure
10. Reduced Inequalities
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
14. Life Below Water
15. Life on Land
16. Peace, Justice and Strong Institutions
17. Partnerships for the Goals

##### Other areas

- Animal welfare
- Civil rights/civil liberties
- Criminal justice
- Cultural heritage
- Disaster relief
- Democracy
- Elderly/aging
- Faith-based initiatives
- Free speech
- Housing/shelter
- Investigative journalism/documentary filmmaking
- Media/communications
- Museums/history
- Refugees
- Science/data and technology
- Social entrepreneurship/business/finance
- Social innovation
- Spirituality/mindfulness
- Visual arts/performing arts

#### My top three interest areas are:

- 1.
- 2.
- 3.



## Ivana Tykač – Finding my focus

When I was younger, I believed I could change the world from the ground up. Today I know that's almost impossible. But I could never forgive myself for not trying to change at least certain aspects, where I am able and allowed to.

When I was considering how best to contribute to the world around me, I recalled a part of my own life. I do not like to remember it, like most people who try to delete all the bad experiences from their memory. So it took me some time to recall how I felt, and the situation I was placed in when I broke up with my first husband. I believe that everything bad is good for something, however, and this experience helped me to bring something positive to society. I began to examine the issues I had been faced with in more detail, and was horrified at how many women face similar situations, how many women have existential problems because of the irresponsibility of their former partners, and the inability or slow pace of bureaucracy and dedicated bodies in supporting single mothers in need. Women who are put through the worst situations, without any chance of defending themselves from the violence or ignorance

of former partners who, for example, are not contributing financially to raising the children or are "beyond the reach" of laws and the authorities.

It is for these women and their families – in particular the children – that I decided to do my part for society. Having faced this disparity myself, I wanted to make a difference for other women and children experiencing similar situations. That is why, together with my husband, I founded the organization Women for Women in 2012, which today has helped not only hundreds of women, but also dozens of men and thousands of children in the Czech Republic.

You may decide to provide sustained funding to a single focus area that lasts for several years or decades. Some families may fund several focus areas, reflecting the different interests of individual family members. With a larger philanthropic budget, you can fund several focus areas – as long as you have the capacity to learn about each area, find aligned and effective organizations, build partnerships and ensure you dedicate enough time and resources to each focus area to be effective. Others may identify more with an approach than an issue, and adopt the same approach across multiple areas, such as investing in social entrepreneurs across many different issue areas, or funding investigative journalism as a tool to influence policy. (For more on approaches, see Chapter 2.6.)

One key element when selecting a focus area is finding out what already exists in that area and what other foundations or NGOs are doing so as not to duplicate these efforts. You should only start a new initiative if you cannot find an existing organization that is already working in that area that you could help make more impactful. We expand on this point in the framework under Step 4 Landscape analysis in Chapter 2.4.

#### Additional reading

Rockefeller Philanthropy Advisors. (2012, 23 April). *Finding Your Focus in Philanthropy*.

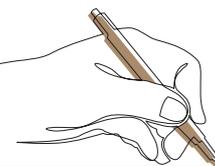
### 1.6. Develop a philanthropic vision and mission statement

Once you have identified your values and areas of interest, you are ready to start to define your philanthropic vision and mission statement.

The vision statement focuses on tomorrow and what your philanthropy or foundation wants to become. The mission statement focuses on today and what your philanthropy or foundation does. While foundations commonly use mission and vision statements interchangeably, it is important to have both.

#### a) Drafting your vision statement

Your vision is an aspirational description of what you want to achieve in the medium to long term. It's the destination, the aspiration you are working towards. It should provide a picture of your preferred future, so all your stakeholders feel your enduring, deep and inspiring purpose. It should be fairly easy to draft.



#### Your vision statement

Please think about your vision statement considering the following questions.

- What are my/our shared beliefs and values and what vision do we (as a family) have in common?
- Is there anything that particularly distinguishes us from other families (where we live, where or how we created our wealth)?
- Why are we creating this foundation and what do we hope to accomplish?
- What would the world look like if we were truly successful, so much so that we could stop pursuing our work?

**Please draft your philanthropic vision statement**

#### Examples of philanthropic vision statements

**The Hummingbird Foundation** envisages a world that is free from the abuse of human rights, specifically in the form of human trafficking.

**The Lego Foundation** aims to build a future in which learning through play empowers children to become creative, engaged, lifelong learners.

**The Small Foundation** works to end extreme poverty in Sub-Saharan Africa by 2030.

**The Tsao Foundation's** vision is of an inclusive society for all ages that optimizes the opportunities in longevity and strengthens inter-generational solidarity.

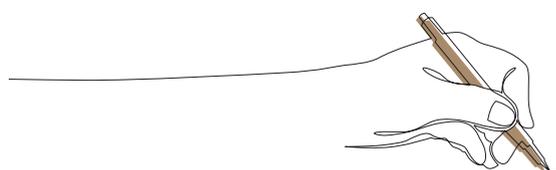
#### b) Drafting your mission statement

Your philanthropic mission defines how you are going to achieve your vision. It defines how you work, gives all who are interested an idea of why you established your philanthropy and serves as a short- and long-term planning tool for measuring your philanthropic progress over time. Articulating your mission statement is an important step in managing your philanthropy effectively, and in forming a family foundation.

The mission is usually broad and gives a flavor of the foundation's values and interests. It might honor donor intent, reflect the shared values of the family and their aims for the organization and give you an identity. Mission statements should be defined specifically enough to provide focus, and flexibly enough to evolve as new generations assess changing needs and bring their own philanthropic and family objectives to the foundation.

A mission statement can be harder to draft than a vision statement, especially if you are involving family members, or are at the beginning of your journey. Don't worry if it takes you some time, just start by writing words and phrases that feel important to you. You can keep honing your mission until it feels right and you feel ready to share it externally. At this stage, your mission may only be a rough idea of what you want to do, but you can adapt and strengthen it as you go through the strategic framework described in the following chapters.

A clear mission is important. Without one, you are likely to end up reacting to problems and opportunities as they arise, rather than setting and implementing a clear course of action, being proactive, strategic, and ultimately, impactful.



### Your mission statement

When drafting a mission statement, you might find the 5Ps People, Places, Problems, Pathways and Philosophies helpful.

- **People** – Who are you doing this for? Can you define the population and their unique circumstances?  
E.g.: We support education for disadvantaged young people, particularly girls, who are at risk of dropping out of school.
- **Places** – Where will you focus: geographically, or on a specific type of location?
- **Problems** – What causes or issues do you want to address with your philanthropy? You might choose to start by defining the problem.  
E.g.: Despite a global commitment to universal primary education, 130 million girls remain out of school. We support education...
- **Pathways** – How are you going to work? Is there a particular approach or solution?  
E.g.: By supporting local community-based organizations working with parents, encouraging state governments to invest in teacher training and gender-appropriate learning environments and exploring the possibility for using technological solutions.
- **Philosophies** – Which values are driving you; can you use these to define your view of how the world should be? Do you have a broader viewpoint on how the world works or should work?  
E.g.: Everyone should enjoy equal opportunities, regardless of gender, race or religion.

Also note that the choice of words is important, only use words that reflect your values, and make every word count.

**Please draft your philanthropic mission statement**

### Examples of philanthropic mission statements

**The Laudes Foundation** is responding to the dual crises of inequality and climate change by supporting brave, innovative efforts that inspire and challenge industry to harness its power for good. Providing our partners with philanthropic capital, expertise and connections, we work collectively with and through specific industries to help catalyze systems change. At the same time, we work across sectors, influencing finance and capital markets to move towards a new economy that values all people and nature. These two strategies are designed to help accelerate the existing movement towards a climate-positive and inclusive economy.

**LGT Venture Philanthropy's** mission is to improve the quality of life of disadvantaged people, contribute to healthy ecosystems and build resilient, inclusive and prosperous communities. We realize this mission through an entrepreneurial venture philanthropy approach: We deploy philanthropic growth capital to organizations and companies with effective, innovative and scalable solutions to social and environmental challenges, primarily in Sub-Saharan Africa and Asia.

**The Kiawah Trust** exists to help improve the lives of vulnerable and disadvantaged young people. The main focus is empowering adolescent girls from poor communities in India in five ways: helping them marry later, stay in school longer, learn about sexual and reproductive health, gain vocational skills and develop personal agency.

**The Oak Foundation** commits its resources to address issues of global social and environmental concern, particularly those that have a major impact on the lives of the disadvantaged. We adhere to six funding principles. These include funding initiatives that: focus on the root causes of problems; are replicable either within a sector or across geographical locations; include plans for long-term sustainability; have secured co-funding; strive to collaborate with like-minded organizations; and value the participation of people (including children) and communities.

## Ayşen Özyeğin – Finding my vision and mission

My engagement in philanthropy began in the early 1980s in the fields of education and health in Turkey. I became aware of emerging science demonstrating the importance of quality stimuli during preschool years on children’s cognitive, social, emotional and physical development. But back then, less than 5% of five- to six-year-old children had access to preschool care and education in Turkey.

My close friends, professors Bekman and Kağıtçıbaşı, as well as other distinguished researchers, had been testing a low-cost early childhood education program at Bosphorus University in Istanbul. They trained mothers of five- to six-year-old children to become their first educators, as an alternative to center-based preschool education. The randomized control study of this intervention demonstrated

significant impact in children’s cognitive and psychosocial development and in mothers’ knowledge and attitudes in positive childrearing methods as well as their engagement with their child’s schooling and development.

The program they had developed was low-cost and high impact. I was excited by the evidence and wanted children and their mothers across Turkey to benefit. I founded the Mother Child Education Foundation (ACEV) in 1993 with a vision to expand this proven intervention across the country. I was already convinced of the transformative power of education but was now committed to ensuring that children have a fair start in life through this program.

ACEV has grown beyond my imagination over the past three decades and has become an influential organization globally; we’ve reached over 1.5 million children and parents in 15 countries.

My goal for the near future is to expand the web and mobile-based delivery of our programs to support all underprivileged children and families. For the more distant future, I long for a world where all children have access to quality early care and education regardless of their circumstances or background and hope that one day, we will no longer need ACEV!



### 1.7. Structure your giving

There are different ways to put a structure around your giving. It's important to evaluate the options available to you based on your individual circumstances and needs. Important factors to consider when choosing a structure are not only the financial and personal resources you are willing to dedicate to your philanthropy, but also the involvement of family members, succession and the time horizon.

In order to find the most suitable solution, it is recommended that you work together with others such as wealth planning advisors who know your situation and can walk you through the advantages and disadvantages of the different options. The experts and advisors you collaborate with should be aware of your philanthropic work and your domicile and tax residence, as your options may differ depending on country-specific circumstances.

Two of the most widely used structures for philanthropic giving are private foundations and donor-advised funds (DAFs), which in some countries are also called donor-advised foundations or umbrella foundations. However, depending on the nature of your giving, a number of other structures can also be considered. If you are mainly opting for market-based interventions that may also generate financial returns (equity, debt, convertible loans, impact investments), then a company structure might be better suited, as it could give you more flexibility than a charitable foundation. Another possibility is a charitable corporation. This vehicle is used in Germany, for example.

Laws, regulations and requirements for foundations, DAFs and charitable corporations differ between jurisdictions. Looking into your options and considering alternatives from a financial, administrative, legal and philanthropic point of view is strongly recommended when structuring your giving. You can, of course, also give without a formal structure around your philanthropy.

#### a) Private foundation

A foundation is an independent vehicle with an own legal personality. The most common foundations for philanthropy are those classified by a country's supervisory authority as "charitable" or "common-benefit", which are set up permanently, or with a time-limit, to fulfill one or more charitable purposes.

Some countries, such as Liechtenstein, have different types of foundations. In the Principality, foundations can be used for purely private-benefit purposes (e.g. covering costs of education, learning, equipment and support) or for purely common-benefit purposes (e.g. supporting charitable, artistic, scientific or social work), or they can be used for partly private-benefit and partly common-benefit purposes.

Setting up a foundation has the advantage that the founder can give it a very personal shape and form, and freely define its vision and mission as well as make decisions regarding the board, governance, management and staffing. Because its vision is set, and due to its permanent nature, a foundation also gives a sense of stability and long-term commitment.

A foundation requires good planning, management and time in order to become a meaningful philanthropic vehicle. A minimum amount of resources are required to set it up, while additional resources are needed for project management, accounting and annual reporting to authorities, for example. Succession planning must also be thought through in detail, especially if the foundation is set up for perpetuity.

In most cases, a foundation must by law have a board. The purpose of such boards is to provide direction with regard to the long-term vision and to have oversight of the foundation's strategic plans and operations. A board will also ensure that the foundation has the human and financial resources it needs to be effective. Each board member should have a clearly defined role and decision-making rights, be well prepared for board meetings and be open to engaging in high quality dialog and debate.

Depending on the jurisdiction, there may be specific criteria regarding the composition of a foundation board (e.g. a certain number of nationals). However, as a general rule, the following composition should be considered:

- Five to seven members, including the chair
- At least 50% women, and members of different ages and backgrounds
- Members should have a strong commitment to the foundation and its cause

**b) Donor Advised Fund (DAF)**

A DAF is a philanthropic vehicle set up by a third party. It is a fund underneath a pre-existing charitable structure, such as a charitable foundation with a very broad purpose. A DAF is an alternative to setting up a foundation.

While a foundation has its own legal personality, is set up in accordance with local laws and is officially registered with relevant authorities, a DAF is established on a contractual basis between the umbrella structure and the individual donor or group of donors. The contract allows the donor to determine the name of the fund, its purpose, its decision-making body and its successors. It can also have its own name, website and mission.

In most jurisdictions, if the underlying structure is set up for charitable purposes, a DAF can enjoy similar benefits as a charitable foundation, apart from having a board. It can also be shut or re-directed more easily, for example, you could start out with a DAF and then repurpose it to a stand-alone foundation (in some jurisdictions this also works vice versa). It may also be more cost efficient, as administration costs, for example, are often shared between all funds within the umbrella structure. In addition, the overarching structure may provide certain comfort in succession planning.

**c) Charitable corporation**

Not setting up a charitable foundation or a DAF may have advantages in cases where flexibility to use market-based approaches, among others, is more important than receiving a tax exemption on giving. For example, when Facebook founder Mark Zuckerberg and his wife Priscilla Chan set up the charitable Chan Zuckerberg Initiative with an investment of 99% of the couple's wealth from their Facebook shares over their lifetime, it was not in the form of a charitable trust or a private

foundation but a limited liability company, which is therefore not a tax-exempt organization. As an LLC, the organization has more flexibility in how it addresses its goals and can, for instance, invest in for-profit start-up companies and spend money on advocacy initiatives and lobbying.

In some jurisdictions, however, there may be tax benefits pertaining to the financial profits generated. In Germany, for instance, limited liability companies that pursue a charitable, benevolent or ecclesiastical purpose, often referred to as non-profit GmbHs or Stiftungs-GmbHs, have enjoyed great popularity for a number of years. Such companies can be recognized by the lower-case "g" in front of the legal form designation (gGmbH). They are frequently used at the intersection of non- and for-profit philanthropic activities. To date, this has often been the case in the health sector as well as in education and training.

For each of the three structures outlined in this chapter, focus is sometimes placed on creating sustainable sources of financing to fund a family's philanthropy with a view to reducing the dependency on the family or external donations over time. One way to do this is to establish an "endowment fund" with the donated capital. The endowment itself is a way to preserve capital by investing it according to the foundation's investment policy in various instruments that generate financial returns. Income generated from the endowment capital is used to fund the foundation's charitable activities.

Universities, churches, hospitals and many foundations have set up endowments to live in perpetuity. Harvard University, for instance, has one of the largest endowments in the world, created by multiple donations, while foundations such as IKEA Foundation are established with the founder's company shares.

Some foundations allow for spending down of the initial “endowment fund”, meaning they also use a certain part of the endowed capital for philanthropic purposes. This contrasts with foundations that from the outset are set up as “spend down”, or in other words, those that have a defined period of time to spend down all their assets, including any investment income earned in that time frame.

### 1.8. Move from charitable giving towards strategic philanthropy

Having identified your motivations, values, areas of interest and the ways you and your family can add value beyond your financial contributions, you are now ready to develop a strategy for your giving. The chart below summarizes some of the characteristics of each type of giving.

#### Additional reading

Buchanan, P. (2019). *Giving Done Right*. Public Affairs.

Dogson, M. & Gann, D. (2020). *Philanthropy, Innovation and Entrepreneurship: An Introduction*. Palgrave Pivot.

Gates, B. (2007, 7 June). *Harvard Commencement Speech*.

The Ford Foundation & Walker, D. (2015, 1 October). *Toward a new gospel of wealth*.

Charitable giving	Strategic philanthropy
Focuses on the effects of the problem, or the symptoms	Addresses the root causes of the problem
Short-term fixes	Longer-term solutions
May be service provision	Limited service provision, seeks sustainable social change
Reactive, responds to requests	Proactive, builds on best practice, identifies and fills gaps
May create dependent communities	Creates empowered, independent communities
Impulsive, emotional, often temporary	Thoughtful, planned, strategic (heart and head)
Unfocused, hard to say no	Focused, increasingly expert
May just involve check-writing, and/or funding one or two organizations	A portfolio of strategic, planned interventions seeking to achieve sustainable transformation
Understanding of impact is limited, as evaluation and analysis is limited	Measurement of outcomes, evaluation of impact, lessons learned and shared
Provides for (gives to) those meant to benefit	Actively engages, empowers and builds capacity of the communities meant to benefit
Has no end	Designed to be sustainable, to create a shift in the system, beyond dependence on private capital
May do harm – who knows?	Proactively seeks to do no harm



“Philanthropy is not about money. It’s about using whatever resources you have at your fingertips and applying them to improving the world.”

## 2. A framework for strategic philanthropy

Having narrowed down your values and areas of interest and drafted your philanthropy vision and mission, it is now time to focus on what you are going to do and develop a philanthropic strategy.

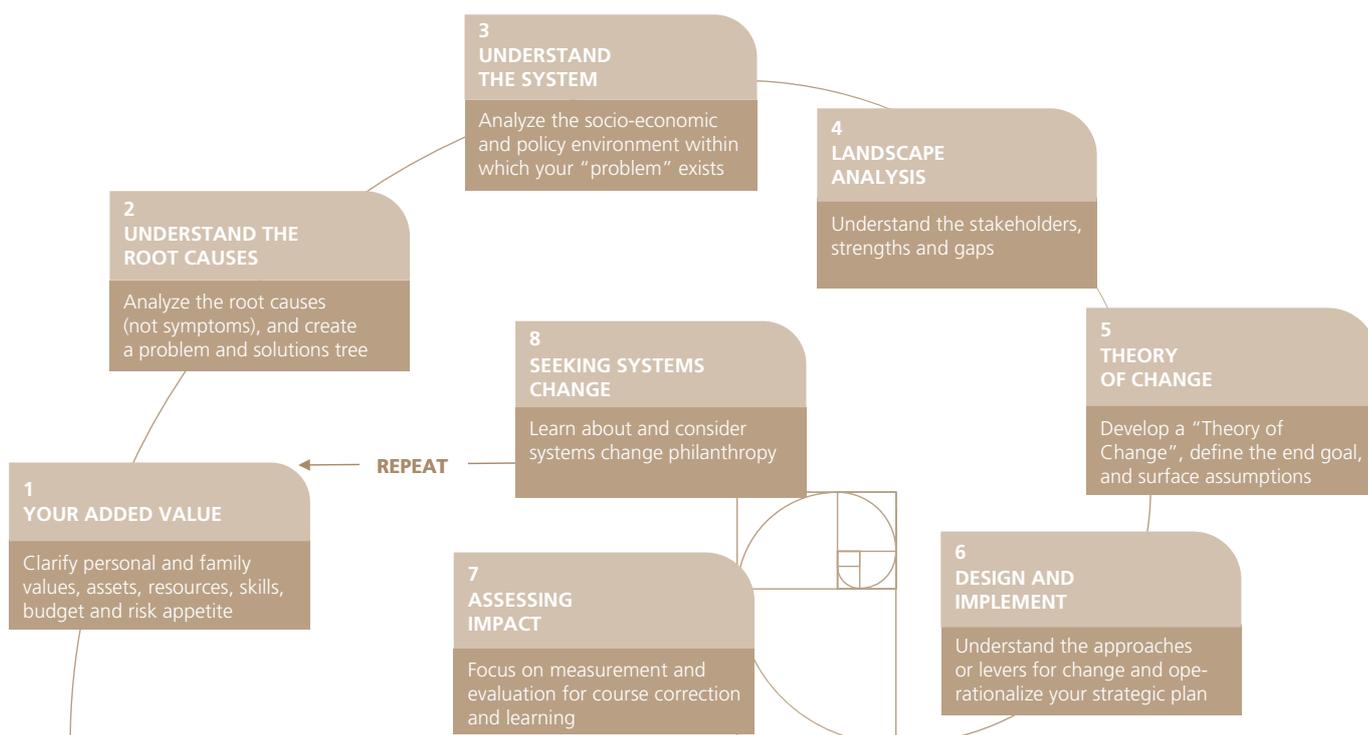
You are likely to have a broad understanding of the area you want to work in. You may have read about it, you may have spoken with friends or organizations that work to address the problem, or you may already have made some grants in the past. Invest time in learning about the issue before you dive in so that you can be smart about what you fund and direct your time and resources at interventions that will make the most difference.

This chapter will help you understand how social and environmental change takes place. With Philanthropy Insight's (Pi) Strategic Philanthropy Framework we will help you explore and articulate how to achieve positive change and impact

with your philanthropic resources in eight simple steps. In the previous chapter you identified your core values and beliefs as well as your added value (including personal assets, risk appetite, time, passion and philanthropic budget), started to identify a focus area or a problem to solve and drafted your vision and mission statements. Having done this, you have completed the first step – which is to consider what you will bring into your philanthropy.

These eight steps are iterative in nature. For example, completing a landscape analysis (Step 4) and developing your theory of change (Step 5) may lead you to re-draft your philanthropic mission. As you measure and evaluate your philanthropy (Step 7), you should develop a better understanding of what is working well and can refine your theory of change. Strategies are not set in stone, you course-correct as you go along, adapting and refining as you learn what works.

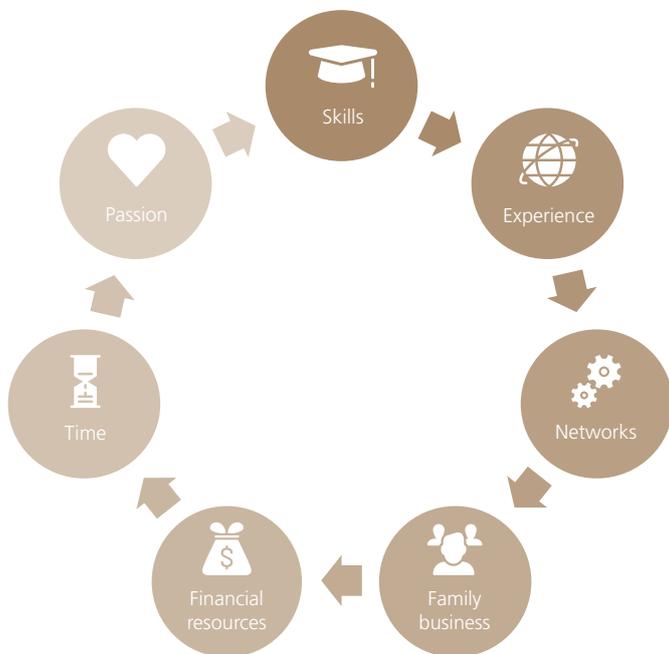
### 8-Step Strategic Philanthropy Framework



### 2.1. Step 1 – Your added value

Having understood your added value, articulated a draft vision and mission statement and identified a focus area (Chapter 1), you are ready to think about the problem you want to address. Don't be tempted to jump to organizations or imagining solutions yet. One of the most important ways to increase the impact of your philanthropy is to make sure you are addressing the root causes of the problem, filling gaps and remaining open to possible solutions.

**You, your family and your philanthropy are unique**



### 2.2. Step 2 – Understand the root causes

One of the single most important things you can do to enhance the effectiveness of your philanthropy is to better understand the problem and ensure your efforts are directed towards the root causes of the problem rather than the symptoms. To do this, spend time exploring what causes the problem you want to address. Focusing on prevention of the problem, rather than a cure, is one of the most important ways to increase the impact of your philanthropy.

Try to avoid assuming your own solution without having studied it carefully and learning from others. Many philanthropy projects have failed, often due to well-meaning donors using their

own world view to impose a solution on a community or culture they don't fully understand. This might be because of naivety or ego, or an eagerness to do good but no time to understand what will really make a difference, what has succeeded or failed in the past or how the difference will be sustained. At best, this results in wasted philanthropic capital, at worst, it could do harm. There is no need to reinvent the wheel. You can learn much from what others already working in the space have chosen to do or not do. Going through the landscape analysis described in Step 4 will be very helpful.

Understanding the root causes also helps you to narrow down or focus your interventions. For example, from an interest in education, you can narrow down the age, geography and gender of the group you'd like to support, and focus on girls' education in India. Or from the climate crisis, you could narrow your focus to reducing food waste within a particular food system.

#### Example of a root cause problem analysis

Food banks are being relied upon more and more by poorer families in affluent countries with well-developed social services. You may feel strongly about wanting to support food-insecure families. Food banks are a good solution, often delivered entirely by the local community and worthy of support. But why does the food bank exist, why are families in affluent countries finding themselves dependent on food banks and what can be done to change this? Is there a pattern to the need for free food? Is it seasonal, is it a trend, is it due to a rising cost of food? And if so, why are these things happening? Or is it to do with the cost of travel to the food, or lower incomes, and why? Is it caused by a change in government policy, such as a reduction in social service payments, or free school meals, or a minimum wage that doesn't support living costs? Without understanding why growing numbers of families depend on food banks and addressing these root causes, you might find yourself needing to fund food banks indefinitely. At worst, rather than reducing the numbers of people unable to afford food, inequality would continue to grow despite the intervention and food banks would become an accepted norm that is continually funded by private capital.

In the UK, for example, a campaign encouraging employers to pay a living wage rather than the minimum wage is in part an effort to ensure wages cover the basic cost of food in cities. Many food banks also provide support to families to break free of the cycle of poverty, so they don't need to rely on free food in the future.

### a) Tools to help your problem analysis

One tool that might help you analyze the root cause of the problem is a problem tree. This can provide an overview of all the known causes of an identified problem, with the root causes grouped together within the root system.

For example, root causes may be related to cultural issues, economics or policies. It is helpful to try and group similar root causes together in order to consider how they might best be addressed. Particular groups of causes can be tackled with complementary projects, vastly different root causes may be too much to address with one intervention, and one root cause that remains unaddressed might cause all other interventions to fail.

This is particularly important in planning a community engagement or behavioral change project. Understanding the root causes helps reveal the complexity of life as well as the interconnections, and will help you decide how and where to intervene.

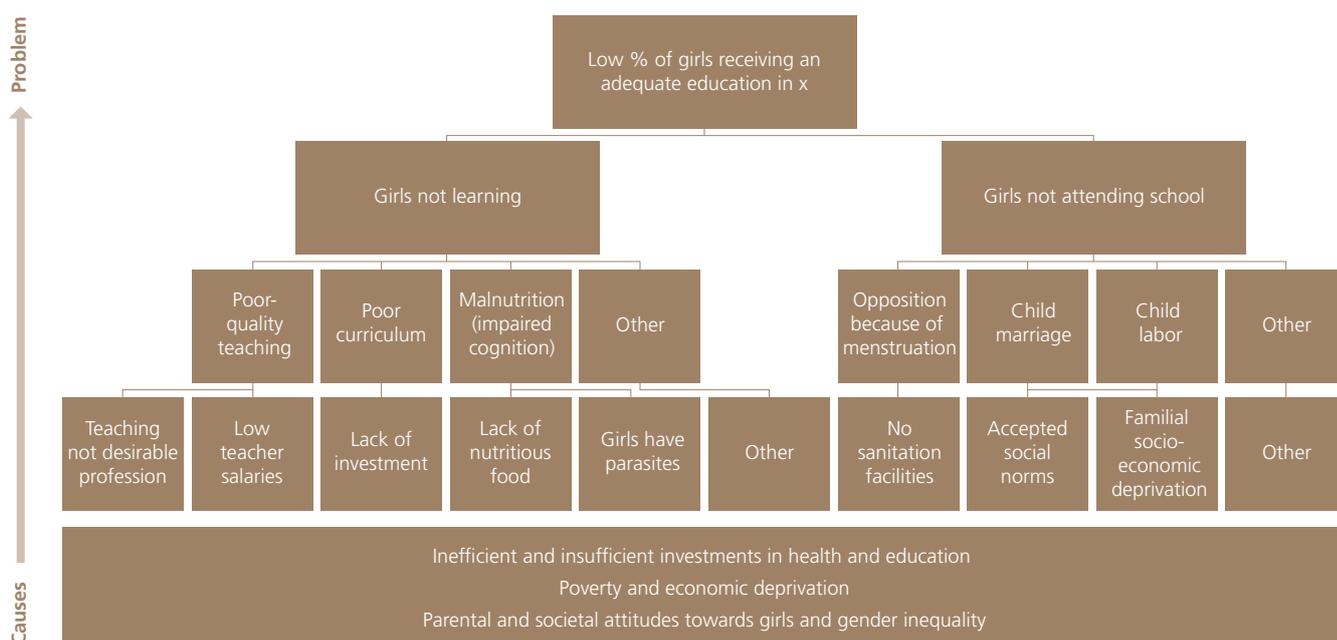
Once you have drafted a problem analysis or tree, ask yourself why over and over again, and ask other people too. Ask the organizations you want to work with, ask other funders and

if possible, ask the people who are impacted by the problem. Make sure the problem statement describes what really concerns you about the problem and that your statement is evidence based and accurate.

Depending on funding, time and relevance, you may not be able to tackle all the causes. However, if all the causes cannot be overcome by a project, or complementary projects, it is important to identify whether one of the causes is more influential than others in solving a problem. Considering that this will help you to identify gaps, narrow your focus towards something you feel a real affinity with and prioritize an area where you can achieve the greatest impact.

Once you have a strong understanding of the root causes of your problem, you are better able to consider how or where to intervene, and you can do more research on what interventions already exist and what is working and what is not. You can also identify gaps and decide where you can make a measurable difference and whom you might want to partner with (see Step 4 on landscape analysis).

#### Example – Problem tree



**b) Draft your problem statement**

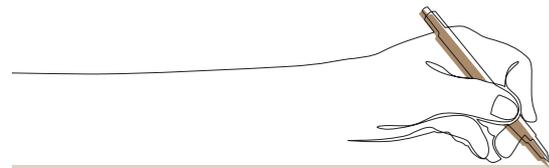
Familiarize yourself with your issue area and try and refine your problem statement. Focus on an area of the problem where you believe you can create or support the most change. Also, be mindful of which intervention areas might be crucial for change. Taking the education example, if cultural resistance to girls attending school is found to be a dominant factor but this is not tackled, it is likely to significantly limit impact no matter how effective you might be at improving the quality of the teaching. Try narrowing down your focus to a particular demographic, area and theme, and summarize the problem in one to two sentences.

Once you have honed in on a problem you want to address, consider it from as many angles as possible, including who you will work with. The group you are supporting could include institutions, individuals, local leaders or others, and the people you intend to help, such as women, children, etc. You might want to consider objective factors, such as age, location, education, personal histories as well as subjective factors, such as knowledge, attitudes and behaviors.

**c) A tool to help you hypothesize solutions**

A problem tree and your problem statement usually involve writing the problem in a negative form (e.g. lack of knowledge, lack of income, etc.). Reversing the problem by replacing negative statements with positive ones helps you consider the change you would like to see and the effects or outcomes that you hope

to achieve if your philanthropic intervention is successful. These are framed as the desired outcomes and related opportunities. A solution tree is a tool that can help you hypothesize a range of projects or interventions that could help to solve your problem.



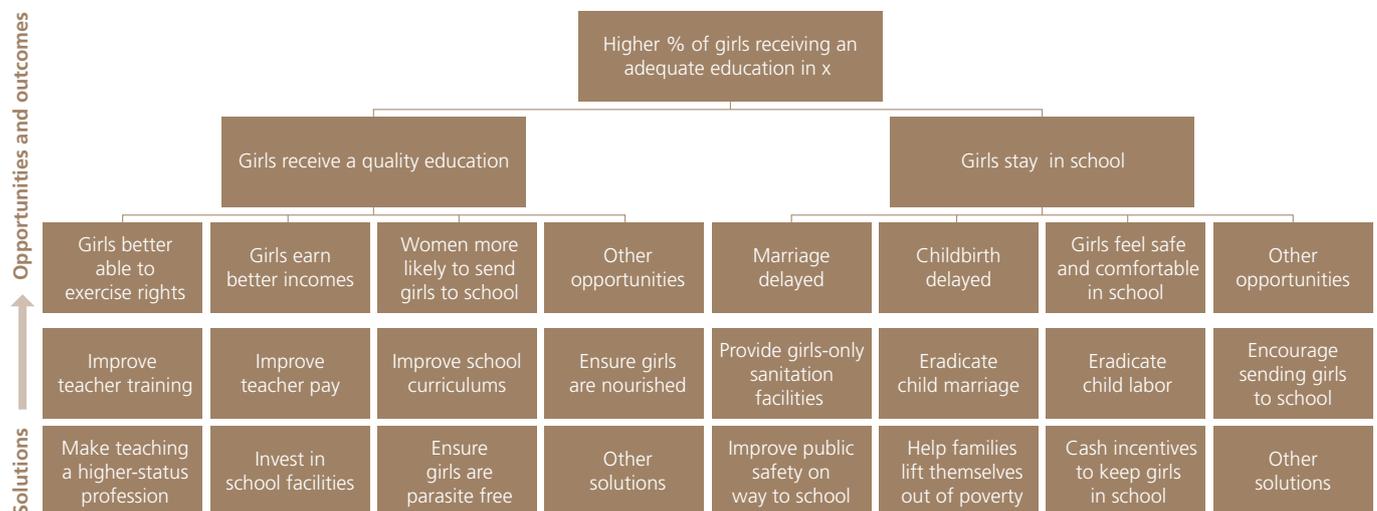
**Problem statement**

Please think about your problem statement considering the questions below.

- Who is affected by the problem?
- Can you identify who you intend to support? And an intended place?
- What are the consequences of the problem?
- Who is perpetuating the problem (institutions, policy, individuals, cultural norms, state or non-state organizations, etc.)?
- What is standing in the way of change?
- Where are the opportunities to create change?
- Who else is trying to create change and what are the gaps?

**The problem I seek to address is**

**Example – Solutions tree**



### Example of a problem statement

Adolescent girls from poor families in India are exponentially more likely to drop out of school than adolescent boys living in the same families and region. Once girls have dropped out of school, they are more likely to marry early, have children early and live in lower income households. The number of girls dropping out of school early has increased by 20% since the COVID-19 pandemic.

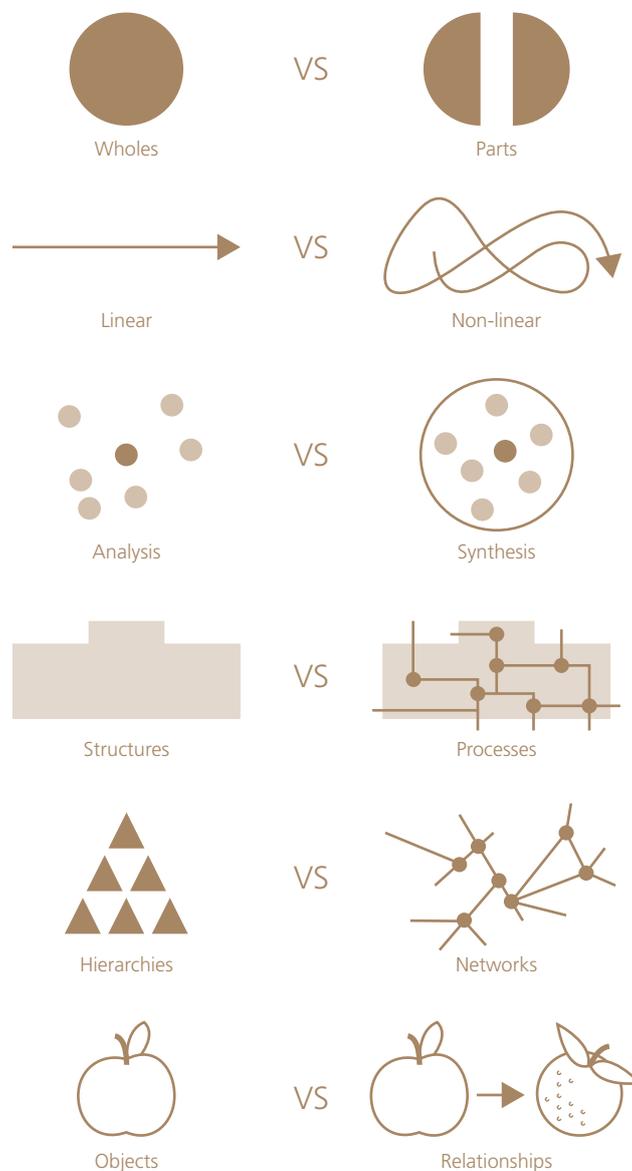
### 2.3. Step 3 – Understand the system

Systems thinking is the process of understanding how things, regarded as systems, influence one another within a whole. It requires a shift in mindset, away from linear to circular. The fundamental principle of this shift is that everything is interconnected. An example of this in nature would be an ecosystem where various elements such as air, water, movement, plants and animals work together to survive or perish. By thinking in systems, you can understand the balancing and reinforcing processes that cause behaviors to change. For example, you can better understand the processes that might cause the system to collapse or maintain its equilibrium. A systems approach encourages you to consider processes and behaviors as interrelated and dynamic, and understand the whole and the parts at the same time, along with the relationships and the connections that make up the dynamics of the whole. The goal is to help you best address the root cause of the problem, understand interconnectivity and choose the most sustainable interventions.

“Making systems work is the great task of my generation of physicians and scientists. But I would go further and say that making systems work – whether in healthcare, education, climate change, making a pathway out of poverty – is the great task of our generation as a whole.”

Atul Gawande

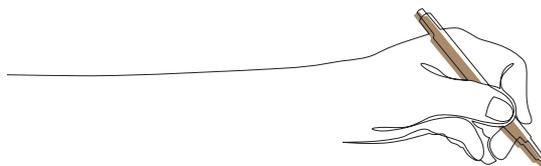
### Tools of a system thinker



Medium. (2017, 7 September). Tools of a System Thinker.

Thinking about systems encourages you to consider and understand all the root causes of social and environmental problems, which are often intractable and embedded in cause-and-effect complexity. Changing a system fundamentally alters the components and structures that cause the system to behave in a certain way. Changing it permanently, for the better, can lead to sustainable social change. In Step 8 you will learn more about seeking systems change.

As you look at your issue or problem, try to consider the nature of the system within which it occurs, and the processes, networks and relationships between individuals, groups and institutions. Also consider the community, policy and economic influences that affect your issue.



### Understand the system

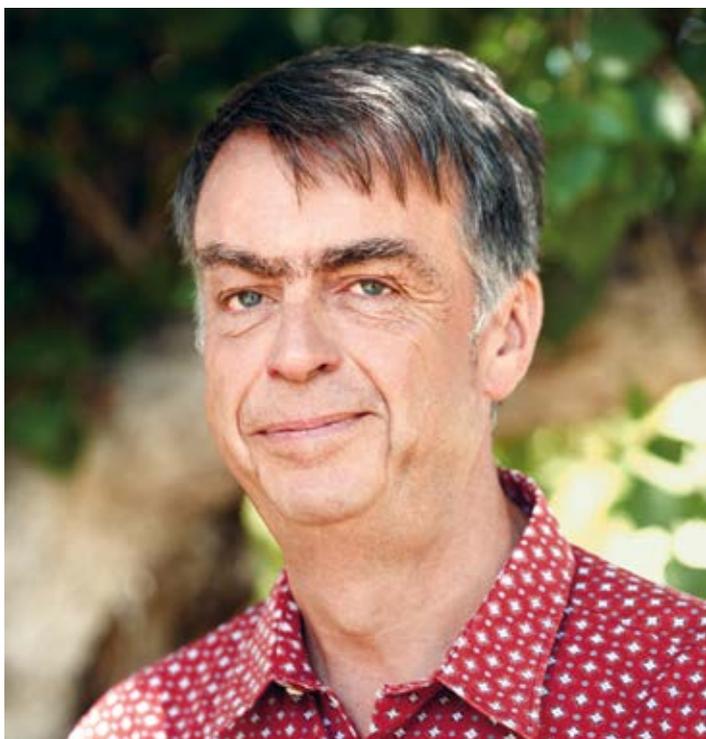
Please write a paragraph about the system within which your problem exists using the questions below.

- What individuals, groups and institutions are affected by your problem, both positively and negatively?
- What is the political system? What laws and policies impact your problem?
- What are the economic or market forces that impact your problem?
- What social system, community or cultural norms are impacted by, or cause the problem?
- Are you able to delineate this system in space and time? How big is this problem, and for the purposes of your philanthropic intervention, where does it begin and end?

### Additional reading

New Philanthropy Capital. (2015, 23 June).  
*Systems change: A guide to what it is and how to do it.*

Rockefeller Philanthropy Advisors. (2020, 16 July).  
*Seeing, Facilitating and Assessing Systems Change.*



## André Hoffmann – Understanding root causes and complex systems

I believe in business as a force for good. In business school, I was taught that you are good if you make money, and lousy if you do not. We've convinced ourselves that material success is important, a norm that has been in place for decades. I am now seeing a shift in this thinking.

If we destroy nature and people to make a profit, then we create the problem we try to solve with philanthropy. The model we have built, based on complete domination of nature and people, is unsustainable. We need to be better at focusing on nature regeneration and societal purpose rather than money at all costs. Today we increasingly realize that nature is indispensable to life on earth and that we will not survive very long if a natural system is dysfunctional.

Going forward, we need innovative ways to explore how functional systems, in all their complexity, might work. Embracing complexity is good but requires trade-offs. We need to balance natural, social and human issues better. This is not just about the natural environment, it's about the way we choose to work and live as a species. When relying on the domination of certain parts of society, we are creating imbalance.

Through the Luc Hoffmann Institute, I support innovative new business models for nature sustainability that address people's broken relationship with nature. As a catalyst for innovation and transformative change, the institute convenes scientists, practitioners, policymakers and the broader public to explore the social and human aspects of nature conservation. This includes incubating innovative sources of financing for nature and people to thrive together. This is important because the amount of money that philanthropy currently commits to the environment is not enough to solve this huge, systemic issue. That's why we need innovative business models for nature regeneration, which philanthropy can give wings to.

# Teresa Bracher – The importance of research and understanding your beneficiaries

In 2014, my husband and I bought four farms and the surrounding water to protect a lagoon in the Pantanal, Brazil, neighboring a UNESCO-protected region. It was scary, I felt I was taking on more than I could handle.

The population was very underprivileged – there was no law and no public services. I decided to hire a researcher, and together, we studied the landscape and the environment to assess how we could help. I only knew one person in the village at the outset, but they connected us to the rest of the community. Over the course of 14 months, we interviewed over 100 people. They said the most important thing we could do was not related to protecting the environment but to invest in education, so we built a school for 60 children.

We learned a lot from the interviews, and they shaped our project. Throughout the process, community members advised us on how to build and organize the school. We hired a second researcher to map the economic profile of community members. We found high illiteracy among teenagers and adults, so we started to provide literacy classes for both children and adults in their own homes – this created an opportunity to invite more children to attend school.

This process taught me not to make assumptions of needs, to break my approach down into steps and to found every action on research-based evidence and listening to constituents. Through research, you develop relationships and trust and can create the conditions needed for successful collaboration.

My advice to philanthropists is: do your research, please! It is the first step and it is so important. All the money you put into research will give you double, even triple back in impact. You have to listen to the community; it is an important sign of respect. You are not doing something to them but rather you are doing something together with them.



## 2.4. Step 4 – Landscape analysis

Having identified the problem you want to address, the systems you need to be aware of and interact with, and what resources you have to solve the problem with, you can conduct a more detailed field scan, or situational analysis of the issue you want to tackle. This analysis moves you away from one-off interventions and grants, towards a wider program or portfolio of activities, interventions and partnerships to achieve change. This will help you adopt a more sustainable and effective approach.

You might only have a broad idea of where you want to work at the onset of your philanthropy. That is a good start, but you will find over time that the more specific and focused you can be, the more expert you become, the more achievable your philanthropy goals will be and the better you will be able to develop your theory of change (Step 5).

### a) Scanning the landscape

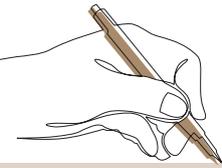
A field scan, or landscape analysis, helps you understand who else is addressing your issue and how, as well as what is already working and where the gaps are. It will stop you from reinventing the wheel. Even with clarity on your philanthropic goals, you may find it difficult to choose which organizations to fund when a number of them seem to be doing similar work.

You can find organizations by conducting a landscape analysis on the ground, researching grantees of credible foundations, asking knowledgeable people through extended networks or performing online research.

A landscape analysis will provide a strong foundation on which to build your philanthropy. If your time and capacity is limited, this can be done by a third-party expert. Some philanthropists spend at least a year conducting a field scan, and may make small grants, “splashing about in the shallows” during this time to pilot approaches and partnerships before making a bigger investment of time and resources.

### b) How to conduct due diligence on organizations

Organizational due diligence helps you assess the quality of the organizations that you want to fund. When looking at organizations to fund, or trying to decide between different organizations with similar missions, you might like to consider the following questions:



### Landscape analysis

Please think about your landscape analysis using the sample field scan questions below.

- What research already exists? What is the scale of the problem? Where is the greatest need?
- Where are philanthropic efforts from other funders currently concentrated within your focus area? How might you build on the efforts of other funders for greater impact?
- Which strategies have succeeded or failed in the past? Are they sustainable? Can they be replicated?
- Which organizations are doing good work? What is their theory of change, do they have evidence it works?
- What are the needs of the people you intend to support? Who can you speak with to understand the problem? Can you, or someone on your behalf, speak directly with them?
- What government policy influences this issue, and can you work to influence it with the expertise and resources you have available? Who is responsible for this policy?
- How are political, social and economic trends affecting your focus area?
- Where are the gaps, where would your funding and expertise make the most difference?
- Who are proponents and skeptics of specific approaches? What is their reasoning?
- Which organizations are competing with each other? Which are collaborating? Which organizations are potential partners?

**Who do you want to speak to as part of your field scan, what questions will you ask?**

“There’s a lot of complacency in philanthropy. People figure organizations are trying to do good, and that’s enough, even if the results aren’t there. But that’s wasteful and inefficient. It crowds out better programs.”

Dustin Moskovitz

- **Goals**  
What does the organization aim to accomplish? Is this realistic and addressing the root causes of a problem? Do their goals align well with your own philanthropic goals and values?
- **Strategies to achieve goals**  
What are the organization's strategies (its theory of change), for reaching its goals?
- **Results: monitoring, learning and evaluation**  
How does the organization know it's making progress? Do they have data on their performance? Are they open with you about the lessons they have learned?
- **Leadership and capability**  
What are its capabilities for implementing strategies? Consider the senior leadership, human resources and transparency. What about governance – who is on their board? Can you work well together?
- **Legal, compliance and financials**  
Is the organization in compliance with tax and other regulations? And what is their financial situation, that is, how strong is their financial management?
- **Diversity, equity and inclusion (DEI)**  
Do they proactively engage the communities they intend to work with? Do they have a diverse staff and board? How well does the organization meet your DEI criteria? For more information, please visit Chapter 3.1.c).

#### Tips on how to become an expert grantmaker

- Have a sense of the social or environmental goals that you wish to accomplish through your grants.
- Make grants in few enough areas so that you can learn about each. Move beyond funding one organization towards a portfolio of grants.
- Make grants to organizations where you feel confident they can achieve their goals based on their leadership, track records, strategies (theories of change), management and operations.
- Ensure that the organizations you support have proactively engaged the communities they intend to serve, understand their needs and also engage them proactively in implementation, management and ideally, governance.
- Design your grant terms to achieve your and the grantee's shared goals while respecting the organization's autonomy. Your role as a funder is to be supportive and not directive. It is the people with lived experience and closest to the issues that are best placed to make improvements.
- Make multi-year, unrestricted gifts for general operating support.
- When you grant for a particular program or project, include reasonable funds for overhead or administrative costs of at least 10–15%.
- Engage personally with organizations where it is useful for your due diligence and monitoring and for the organization.
- Monitor each organization's success in achieving goals, share your data and support them with learning. Invest generously in research, monitoring and evaluation, especially if you are piloting an approach.
- In general, minimize the burden of application and reporting requirements as well as other restrictions and paperwork that do not help the grantee achieve your shared goals.
- Regularly ask for feedback from your grantees and build strong relationships founded on trust and respect.
- When possible, offer support beyond the funding, for example, with additional expertise, and invest in the capacity building and leadership of the organization.
- Think about the proportionality of your grant, the length of your commitment and how you might exit in the future.

#### Additional reading

GEO & La Piana Consulting. (2010, 25 November). *Due Diligence Done Well*.

GrantCraft. (2012, 19 April). *Scanning the Landscape 2.0*.

## 2.5. Step 5 – Theory of change

Theories of change are a way to simplify often complex social or environmental change processes to help you achieve your vision. By mapping a process of change from beginning to end, a theory of change establishes a roadmap for the work ahead, ensures you have considered root causes of problems and anticipated likely outcomes, and helps you to better articulate what you, as a philanthropist, are hoping to achieve. By thinking about the broader process – from the initial action to the ultimate impact – a theory of change helps clarify what your intentions are and how you are going to accomplish your goals. It also reveals what should be measured, when and how.

A theory of change is used by many people in the social change sector to articulate what their goals are and how to achieve them in a feasible and strategic way. While the theory of change may be summarized in a couple of sentences or a diagram, some foundations invest considerable time in developing these, and they become central to the operational delivery and learning process. There is a plethora of questions to consider as you formulate your theory of change.

### a) Audience for a theory of change

Theories of change are for foundations, for grantees and for programs. Theories of change should be logical, and ideally, something you could explain in one or two sentences. There may, however, also be a detailed version for planning and measurement purposes (see the example from Girls Not Brides). Developing a theory of change may sound complicated, but many philanthropists have found this process

helps clarify and simplify understanding. It certainly helps you to measure your effectiveness and impact, and learn from successes and failures. It also enables clearer conversations with grantees, many of whom will have their own theories of change. The most important thing is to understand the logical flow from an activity you fund (an input) towards outcomes, and ultimately, impact. This will help your confidence about your funding leading to the change you hope for – your goal. And you will be more aware of any unintended consequences that result from your funding – both for good or for bad.

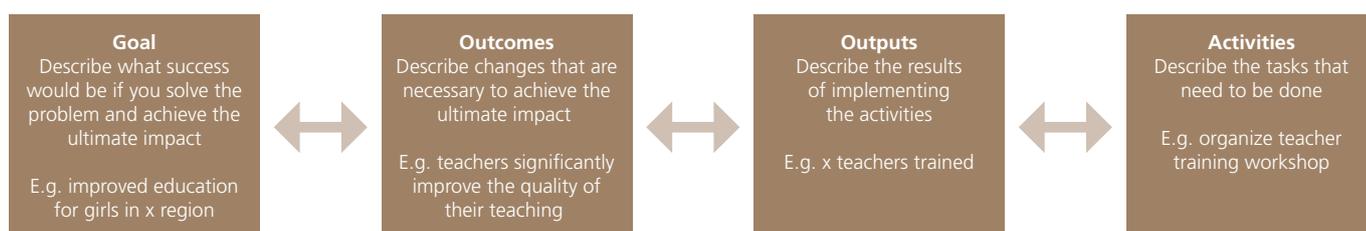
As a philanthropist, the impact you seek in your theory of change may be higher level than the more detailed and different theory of change developed by the organizations you fund. It is important that you as a philanthropist understand how theories of change are developed, even if you choose to not fully develop one for your philanthropy.

### b) Developing a theory of change

A theory of change starts with the change in the world you want to see and works backwards to lay out everything you think will need to happen to bring it about. It identifies the key players who will need to be involved, what each of those players will have to do and why they are likely to behave in the way you expect.

As you develop and implement your theory of change, you can get feedback from key stakeholders to assess whether you are achieving your goals and make course corrections as needed.

## Theory of change



- Define the goal

Having identified your vision (Chapter 1.6.), the problem you want to address (Chapter 2.2.) and conducted a landscape analysis (Chapter 2.4.), you should now have a strong sense of the impact you want to achieve – your impact goal – or what success would be if you solve the problem you are addressing.

The impact of the work should be sustainable and have a long-term effect on the communities you intend to serve. The full vision of impact might not be realized during the course of your project; it could take months or even years until one starts to see change. Very importantly, it is not you that makes the impact – you simply facilitate it. Impact is created by the constituent group itself, for itself. Organizations just support this ultimate impact.

- Clarify outcomes

While a project's impact is achieved over a longer period of time, outcomes are more frequent and occur more quickly. Outcomes are the smaller, short-term changes that lead toward the ultimate impact. When setting outcome goals, you might want to think about actions and resources that will benefit your constituents, and how those smaller contributions will achieve continuous change.

A good way to start thinking about outcomes is by breaking the ultimate impact or goal down into categories. What kinds of changes will best help your constituents create impact for themselves? For example, think about ways you can help improve your constituents' knowledge, skills, attitudes and/or resources, and the ways in which these changes will ultimately leverage the impact.

- Define outputs

Outputs are the specific results the project will generate. A good way to think about them is building from the activities

and ensuring that outputs capture the results for each of these activities. The combined outputs should have a clear and logical link to the outcomes you established before.

- Plan activities

This step is about outlining a tangible course of action – what needs to happen in order to deliver and achieve the expected outcomes. At this stage, you want to think about the key features of the activities: who will deliver them, how often, for how long and to whom?

- Identify the change mechanisms

Change mechanisms constitute the way(s) in which people ought to engage with the activities in order to achieve the project's outcomes most effectively. You can think of mechanisms as the "ethos" of the project – what stakeholders should take away from it. In this context, a mechanism is a description of how you want the activities to be experienced by the stakeholders. You can also think of mechanisms in terms of their quality, which relate to how you plan to deliver the activities.

- Consider sequencing and/or a theory of change diagram

At this stage it is helpful to think about the order in which you pursue each step of the project. Sequencing the outcomes, outputs and activities is a great tool to ensure impact and prevent gaps in the theory of change. Sequencing invites you to think about the broad logical pattern of the project and at what point it is most effective to launch each of the activities. Start by reviewing the outcomes and mechanisms and work your way back from the impact goals.

In addition to sequencing, a theory of change diagram will help you visualize the bigger picture of your project. Think of this step as an opportunity to encapsulate your project in one page. Not only will a diagram help you identify gaps, make new connections and clarify your sequencing, it will

also help communicate the theory of change to stakeholders in a concise and accessible manner.

- Stakeholders and “enabling factors”

At this point, you have essentially completed the theory of change. Now you want to consider how you are going to distribute it and who you need to influence in order to realize the change you seek.

- Understand your assumptions

“Assumptions” constitute the conscious and subconscious understandings that underpin your project. This is where you want to go back and reflect on what you might have “missed” while creating your theory of change. What assumptions have you made that might weaken your theory of change or make it unreliable? Think about assumptions both in terms of delivery and impact.

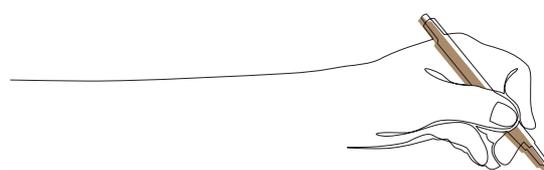
On the next page, you will find an example of the theory of change of an organization working to end child marriage, Girls Not Brides. It brings together a number of different organizations and stakeholder groups who work together towards achieving the same vision.

#### Additional reading

GrantCraft. (2006, 29 March). *Using a Theory of Change to Guide Planning and Evaluation*.

New Philanthropy Capital. (2019, 9 October). *10 Steps to a Theory of Change*.

The Laudes Foundation. (2021, 16 March). *Interactive Theory of Change*.



#### Theory of change

Please develop your theory of change considering the questions below.

##### In terms of delivery

- What are your greatest concerns?
- Is your project delivery feasible?
- Will it do what you intended it to do?
- Will it reach the right people?
- Do you have the appropriate skills and resources to carry out the program?

##### In terms of impact

- What are your greatest concerns?
- What difference will your intervention make?
- Do your outcomes correspond to your outputs and activities?
- Who will benefit from your program?
- Do you have the means to create sustained impact?
- Will you be able to evaluate the project after it is completed?

##### Other questions to consider

- What is at stake?
- What will happen if the intervention fails? Who will be most affected?
- Have the needs and perspectives of the stakeholders been thoroughly addressed?

## VISION

A world without child marriage where girls and women enjoy equal status with boys and men and are able to achieve their full potential in all aspects of their lives.

## IMPACT

Girls can decide if, when, and whom to marry

## RESULTS

Girls at risk of child marriage participate more in decisions that affect them, including regarding marriage	Girls at risk of child marriage benefit from improved educational and economic opportunities as alternatives to child marriage	Girls are better able to avoid early pregnancy and to refuse unwanted sex	Married girls are better protected from violence, exploitation or abuse	Married girls increasingly access and use services and supports of all kinds	Married girls increasingly access divorce, annulment and child custody
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## OUTCOMES

### GIRLS

- Girls are increasingly aware of their rights
- Girls have the opportunity to develop solidarity with one another through peer groups and collective action
- Alternative economic, social roles for girls and women exist and are valued
- Increased access of married and unmarried girls to health, education, economic, and legal support

### FAMILIES AND COMMUNITIES

- Families, communities and young people are increasingly aware of the harmful impact of child marriage and alternatives available
- Families, communities and young people value alternative options to child marriage
- Families and communities prefer not to marry girls as children
- Men prefer not to marry girls who are still children
- Increased use of media to inform and support norm change to end child marriage

## STRATEGIES

### EMPOWER GIRLS

A wide range of programmes invest in girls, their participation and their well-being

### MOBILISE FAMILIES & COMMUNITIES

Families, communities and young people are engaged to change attitudes and behaviours related to child marriage

## CATALYSING STRATEGY

Ending child marriage will require long-term, sustainable efforts. Change will ultimately take place within communities, but has to be supported and catalysed by collective efforts at national, regional and international levels. Adequate resources must be made available to support effective implementation of strategies. All those working to address child marriage should evaluate

## PROBLEM

Every year approximately 14 million girls are married as children across countries, cultures, religions and ethnicities. Child marriage is rooted in gender inequality and in the low value accorded to girls, and is exac-

Married girls lead healthy, empowered lives

Community, traditional and religious leaders take greater action to end child marriage and realise the rights of girls

Community, traditional and religious leaders increasingly support alternative roles for girls beyond marriage

Men and boys increasingly take action to end child marriage

Families engage less in exchange of dowry and bride price

Service providers take greater action to prevent child marriage and support the needs of married girls

Law enforcement officials increase implementation and enforcement of legal frameworks to prevent child marriage and protect married girls

Law enforcement officials increase use of civil registration systems for birth and marriage

#### SERVICES

- Increased access to safe, quality formal and non-formal education for girls
- Increased access to health services for adolescent girls, married and unmarried
- Health and education services establish protocols on identifying the warning signs and addressing the risks of child marriage
- Improved economic security for girls
- Increased commitment of programmes to prevent and mitigate risk of child marriage

#### PROVIDE SERVICES

Services across sectors reinforce one another and are tailored to the specific needs of girls at risk of child marriage and married girls

#### LAWS AND POLICIES

- National laws reflect international and regional human rights standards
- Robust legal framework against child marriage in place that sets 18 as the minimum legal age for marriage and protects girls' and women's rights
- Governments develop supportive policy frameworks with adequate resourcing across Ministries to increase educational, economic and social opportunities for girls at risk of child marriage and married girls
- Strengthened civil registration systems for birth and marriage
- Increased accountability and monitoring of national / regional / community institutions

#### ESTABLISH AND IMPLEMENT LAWS & POLICIES

A robust legal and policy framework for preventing child marriage and supporting married girls is in place and effectively enforced

programmes, share promising practices, and coordinate their efforts to achieve maximum scale and impact. Recognising that child marriage does not take place in a vacuum, efforts to end child marriage should not be isolated from broader development efforts and should play an integral part in achieving development goals around the world.

erbed by poverty, insecurity and conflict. It denies girls their rights, choice and participation, and undermines numerous development priorities, hindering progress towards a more equal, healthy and prosperous world.

## 2.6. Step 6 – Design and implement

### 2.6.1. Different approaches, or levers of change

There are many different ways philanthropists can seek to achieve social change, from the way you deploy your philanthropic capital (by grantmaking or impact investing), to the mechanisms of change that you choose to fund (different approaches or levers of change). This step helps you decide what you are going to do.

When deciding on your intervention with an idea of how change happens, a particular approach, or lever of change, choose what you consider most likely to impact your problem (based on your problem analysis and field scan). Consider also those where you have some experience, can bring added value, or where you feel a particular affinity. These approaches are not mutually exclusive. You can select more than one approach, you can change your approach over time, and you can partner with other organizations and philanthropists with complimentary approaches to maximize your impact. They provide options for philanthropists to influence change, yet change is rarely linear.

“To give away money is an easy matter and in any man’s power. But to decide to whom to give it and how large and when, and for what purpose and how, is neither in every man’s power nor an easy matter.”

Aristotle

#### a) Community-based solutions

One approach to change that is traditionally used by philanthropists is community-based solutions, or approaches that are led by communities. They are bottom-up, and could involve, for example, grants to grass roots organizations or community-led organizations directly delivering services or support to the community, or campaigning for change. These organizations are often small, poorly resourced and sometimes run by volunteers. They understand the communities they work

Social and environmental change occurs in different ways	Explore the philanthropic opportunity to leverage this change
a) Information, data or research can shed new light on a problem.	Can you fund research, or raise awareness of your issue through smarter communication?
b) Individuals, such as extraordinary leaders, activists or social entrepreneurs, achieve change.	Can you identify, support and fund the leader you feel can drive change?
c) Organizations achieve change.	Which organizations can you support to best achieve the change you seek? What support can you give them long term to build their capacity for success?
d) Social movements create change – bottom up, for example, rights demanded from duty bearers are sometimes disruptive.	Is there a social movement you can fund? What is the right strategy, for example, when is the right time to be disruptive?
e) Collective impact takes place through multi-stakeholder collaboration.	Who else is working on your issue? Are they working together? Can you provide funding to bring different stakeholders together to collaborate, achieve economies of scale and agree on aligned activities and shared outcomes?
f) Campaigns create change, and public awareness generates demand for change.	What campaigns are raising awareness of your issue? Who are they targeting? Are they campaigning for a policy change, or a behavior change, and what could you do to support this to be more effective?
g) The market innovates change, business creates change, financial markets shift change, e.g. impact investing.	What market forces are at play? Can you identify a social entrepreneur or social innovation to support, to pilot or to scale change? What impact might a change in corporate policy have on your issue?
h) Elites create change – top-down change takes place.	Can you influence business or political leaders to bring about change? How can you use your networks and your influence to support your issue?
i) New governments bring about change.	Are you able to support political activists or grassroots campaigners to influence political outcomes on an issue you care about? Do the communities impacted by your issue make their voice heard, are they organized, and do they enjoy their rights?
j) New laws or changes in policy change behaviors of individuals or industries.	What policy change could most influence your issue? Can you bring this about? And once secured, is the law adhered to and budgeted for?

with better than anyone else, and are key to understanding, reaching and supporting people who are discriminated against, vulnerable and/or marginalized.

Many philanthropists support community-based activities, and community-based organizations rely on the generosity of private donors around the world. Over time, philanthropists should try to consider what they can do to ensure sustainability and scaling of the most effective community-based initiatives in order to achieve change for not just hundreds of people, but for thousands and millions. For this reason, you might consider supporting community-based organizations in becoming more sustainable by developing their capacity and leadership skills, linking them into other programs and networks and opening doors for them with decision makers. Keep focused on the root causes of the problem and address other parts of the system reinforcing the problem. Try to make sure that individual organizations do not become dependent on your support, and that you are transparent with them about the length of your support and the time and nature of your “exit”.

The reach of a community-based organization is, by its nature, likely to be small. And without additional support from the market or a government sustaining its change, it will probably be difficult for such an organization to achieve scale. Philanthropic capital can support this by encouraging collaboration, capacity building and being mindful of power dynamics. In the best community philanthropy models, all players are equal, with each contributing their resources and aligning outcomes. Funders bring the financial resources, and communities and movements mobilize people to bring tangible change.

#### **b) Place-based solutions**

Another approach that is gaining traction among philanthropists and incorporates some elements of the community-based approaches mentioned previously is “place-based solutions”. This describes an approach where philanthropy targets a specific location such as a neighborhood, village, city or geographic area and mobilizes resources to have an overall transformative impact. It requires, as do community-based approaches, listening and partnering with the local community and fostering strong relationships with the local organizations and institutions. What differentiates place-based solutions is the strong commitment and connection to that specific place that the philanthropist generally has.

Place-based solutions usually focus on systems change, simultaneously addressing, for example, poverty alleviation through various areas such as education, health and economic opportunities. It considers essentially anything that can help that community develop rather than having a narrow focus on a specific theme, for example, only education for children. Place-based solutions also tend to be long-term, and the connection the philanthropist has to the specific place helps them to gain the trust of the local community. Another feature of place-based solutions is that they can sometimes be more innovative and experimental, as the funders are both willing to take risks and patient about seeing results. Successful results can sometimes be re-created in other places, with sufficient consideration and adaptation to each place’s unique context.

#### **Additional reading**

GrantCraft. (2018, 16 April). *How Community Philanthropy Shifts Power*.

IDEO. (2015, 30 June). *The Human Centered Design Toolkit*.

## Filipe Sabará – Working closely with communities

I was exposed to the realities of many different populations from a young age, as my parents always made a point to get to know the local communities wherever we travelled.



My heart was with the people – especially those who were homeless, living in the slums or in favelas, and with whom I started working as a teen. I noticed early on that the problems they face are very complex, and that you can only truly understand these by being on the ground and interacting with the communities themselves.

Today I run programs addressing what I believe are the basics to “living”, namely food, water, waste management and energy. I do this through ARCAH – Association to the Rescue of Citizenship through Affection Towards Humanity. We also provide employment through organic farms. To date we have employed 3000 people, electrified favelas and ensured sustainable waste management and water supplies. This would never have been possible if we didn’t work in partnership with the communities.

Our strategy when entering a community is to go from the bottom up. These can be dangerous communities to work in, run by gangs and unofficial leaders, many with drug addictions. When we start an intervention, we often engage with the mothers, as they are the first ones to appreciate the programs that we bring their children. Through them, we start understanding the dynamics within the community: who are the official leaders and who are the “real” leaders. Once we have understood the community dynamics, we develop our programs. The leaders speak the same language and understand their people. It is only together with them that we can be successful.

I always say that the “Rescue of Citizenship”, part of the acronym ARCAH also applies to those people – my peers – who acquire different perspectives and become better philanthropists once they “live” the reality of the communities they aim to serve philanthropically.



## Nicola Schiess – Transforming a region through arts and education

I always knew that arts education could transform an individual's life.

Due to my personal experiences, including my childhood in Latin America, studies in Cape Town and Europe, and career in business, arts administration, hospitality and music, I was passionate about the idea of doing this at scale for greater impact – focusing on a territory, helping a city and a region to develop in a more creative and vibrant way.

In the early 2000s, I decided to lead the visionary project once dreamed of by my father Friedrich-Wilhelm Schiess: building Teatro del Lago on the pristine shores of Lake Llanquihue in Frutillar, in Northern Patagonia, Chile. We didn't just want to build a state-of-the-art opera house, we committed to an educational mission. Today, in addition to the 250 000 visitors a year, the school and community programs, the arts school, and the academies and masterclasses in arts and music are attracting around 15 000 participants annually from Latin America and the rest of the world.

I also founded an elementary school, Kopernikus, which fosters creativity and soft skills through innovative methodologies. In eight years, it has attracted families from Chile and beyond who want to raise their kids in a magical town. The associated Kopernikus Lab disseminates these proven methodologies in English and Spanish to other public and private education systems throughout Latin America.

In the meantime, Frutillar was nominated a Creative City of Music by UNESCO. Thanks to Frutillar, the entire surrounding area has become vibrant, attracting great talents and entrepreneurs lured by the beauty and outstanding opportunities in the region. Other foundations, institutions and companies are beginning to support this development in a sustainable way, and we are hoping it can serve as a model for other regions. And it all started with a passion for music and the arts.

### c) Policy-based approaches to change

Another approach, or lever of change, is policy-based solutions, which in the non-profit sector is sometimes referred to as advocacy. By changing a government or a company's policy, thousands or millions of lives can be changed. Over time, many philanthropists incorporate policy-based approaches because they want to increase or scale their impact more quickly, to more people.

There are many different approaches and ways to influence policy, and they often need to happen together, or be carefully sequenced, to achieve change. For example:

- Raising awareness of rights among disadvantaged groups
- Building capacity of communities to come together, and form alliances
- Supporting communities to hold their governments to account and demand their rights
- Raising awareness of an issue through storytelling, documentary film, investigative journalism and changing the narrative
- Collecting data to influence governments
- Working closely with governments (at the national and local level) or companies to support them in making policy changes
- Ensuring policy changes are adhered to, budgeted for and put into practice
- Building capacity of "duty bearers", such as police/the judiciary to work with "rights-holders" and to implement policy effectively

If you want to influence policy, the following are important factors to consider:

- Be focused  
The more specific, tangible and measurable the policy outcomes that you want to achieve, the more likely you are to succeed. Be realistic and strategic and consider timing and sequencing. Be open to "tipping points", in other words, when the time is suddenly right to influence policy. This may be media-driven or due to a change in government or public opinion. You may also feel a need to intervene to prevent the loss of hard-won rights, for example, women's reproductive rights, as political tides bring change. There are likely to be many different stakeholders working to change policy with different conceptual frameworks.

Philanthropists can play an important role in bringing these different stakeholders together, fostering collaboration, building movements, supporting compromise, and focusing strategy and alignment.

- Evidence-based research  
To influence policy, you need evidence that an alternative intervention will be better, less harmful or cheaper. If this data doesn't exist, fund research to collect it, fill gaps and/or align existing data so that it supports your case. Use data for governments, and stories for everyone else.
- Have a clear theory of change (Chapter 2.5.)  
Once you have clear data and a proposed policy intervention, test the latter rigorously with a policy analyst. Is the change costed, feasible, publicly acceptable and likely to be effective? Does it have public support?
- Change the narrative  
In many ways, policymaking is about the stories that different stakeholders tell each other, and not just what politicians tell the public. These narratives simplify complexity, resonate with people's understanding, values and view of the world, and motivate them to be interested and support a change in policy. Sometimes a wider narrative may have been driven over many years, by a political viewpoint or the press for example, and is entrenched and needs to be addressed. Funding investigative journalism, documentary filmmaking and storytelling to highlight issues, expose harmful policy and change narratives has become a new and effective tool for philanthropists over the last decade.
- Consider both sticks and carrots  
The best policy influencing works carefully and closely with policy makers, seeking allies and helping them to resolve problems and deliver better results. Being a shareholder gives people the power to change corporate policy, and this can be used to great effect.
- Be patient  
Policy change isn't simple or quick, and key decision makers in government change regularly. It can take years, decades even, and sometimes it can fail. But when it does happen it can be unexpected and transformational.



## Lynne and Peter Smitham – Influencing policy and building the field

Deeply touched by the disadvantage girls in India face, and recognizing their catalytic role in ending intergenerational poverty, we have spent a decade bringing their issues to the global agenda.

Our first step was to research and map the field in order to get clarity on how we could have an impact on such a complex problem. We knew we would be stronger with a local partner who could be a cultural interpreter and bring skills we did not possess. In 2010, we partnered with Mumbai-based Dasra, who came highly recommended. Dasra is an enabler that sits between funders and non-profits, and offers research and advice in the social sector.

Together we established two goals: to scale the impact of initiatives that improved the lives of adolescent girls in India, and to increase knowledge and funding in the sector locally and globally.

USAID joined us in 2013, matching up to USD 14 million of funding. In five years with Dasra, we reached 3.5 million girls aged ten to 19 by building capacity in 198 social organizations and raising USD 28 million from 145 local and international philanthropists.

In 2017, the focus narrowed to drive greater collaboration and scalable impact to ensure adolescents became healthy, educated and empowered to make positive life choices. Mobilizing a community of practice of over 280 social organizations, Dasra piloted adolescent programming, built relationships with central and state governments, and campaigned to change the perception of girls' societal value. With the support of USAID and many other funders, a further USD 35 million was raised, cooperation with the sector was strengthened and adolescents' issues were clearly brought to the national agenda.

Our success has come from finding and investing in strong partners, having clear outcomes and creating a multiplier for change. Social problems are difficult to solve – our advice is to drive cost-effective, demonstrable impact that continues after you exit.

**d) Public sector-based approaches to change**

Another approach, or lever of change, is public sector-based solutions, which focus on government adoption of an initiative, program or methodology. Government adoption can in many cases be the surest way of reaching significant scale at the state or country level. There are many approaches for influencing government adoption, but supporting government adoption is highly context-specific.

If you want to support government adoption, you may wish to observe some of the factors mentioned under policy-based approaches to change, but in addition also:

- Look for a keen understanding of the local political economy  
Support organizations that have established strong relationships in the local context and understand how power and incentives work among the key actors in the chosen system. They must be able to build a coalition that has sufficient political will, is tech savvy and able to navigate and overcome barriers.
- Support engagement with government from the start  
For most development challenges, government has a role to play. It is wishful thinking that the evidence of the impact and cost-effectiveness of your supported initiative, program or methodology will be sufficient to convince the government to adopt it. Government must be involved in a constructive manner from the start.
- Support cross-sector coalitions  
Support the building of common ground among key actors and the formation of cross-sector coalitions not only with non-profits, but also with government, civil society, business and academia, among others.

- Support adoption at scale

Rather than scaling up, see if the organizations you support can look for leverage points to change the behaviors of the public agencies that already have large scale. This is facilitated by their keen understanding of the political economy and having worked to establish cross-sector coalitions that include the government from the start.

- Elevate the voice of lived experience in shaping solutions  
Ensure that organizations you engage with have representation from those with lived experience of the issues. And that they listen deeply to the communities in which they work, empowering others rather than imposing their own perspectives on solutions. See Chapter 3.1. on frames for your philanthropy, especially “Diversity, equity and inclusion” (paragraph c) and adopting a rights-based approach (paragraph b), as well as Chapter 2.6.1 (paragraph a) on community-based solutions.

Influencing government adoption is not simple or failproof. It usually takes many years and much flexibility in experimenting with different approaches in an overall context of supporting systems change (Chapter 2.8.). But when it happens, it can be truly transformative and sustainable.

# Helen Ågerup – Scaling impact through government adoption

By working closely with the government of Tanzania, Bloomberg Philanthropies and local implementing partners, Fondation H&B Ågerup, which I co-founded, was part of a program that decentralized high-quality obstetric and reproductive health services.



This approach made them more accessible to women in some of the most remote parts of Tanzania. The project had showed that birth companionship had more positive outcomes for women than in comparison sites.

Following this initial program, where the foundation had built such strong local participation and collaboration, we initiated a pilot project to introduce birth companionship to government health facilities in the same regions of rural Tanzania. The project aimed to support the local government's commitment to improve maternal health care by allocating birth companionship services, which studies show further improve maternal and newborn health outcomes.

After the successful pilot at selected sites, the foundation expanded and replicated the program to cover a larger area in Tanzania. A participatory approach was used to design the project, true to the foundation's philosophy. It was vital to introduce birth companionship in a way that met the needs and concerns of women and health providers, while strengthening the relationships between communities and government health systems. Health providers, community members and government officials joined the project in the design phase and in developing a code of good practice.

In addition to conducting focus group discussions and in-depth interviews with women, birth companions and health providers at key points during implementation, we invested in community engagement activities. These included a mass media campaign featuring radio ads and interpersonal communication.

The overall key outcomes of the project included a staggering 734% increase in the institutional delivery rate and a 43% decline in the maternal mortality rate.

The successful transition of full oversight back to the government in 2019 was, and remains, especially significant. This ensured continued scaling and sustainability, and decreased the need for further philanthropic funding.

### e) Behavior change

Behavior change is a key way in which change occurs, and it can also be helpful in reaching significant scale. Behavior change is usually a component of many of the other approaches to change described in this Guide. But given the inherent difficulties to promote it, we wanted to expand on this topic a bit more. You can reach significant scale through people replicating behavior change that works. For example, girls staying in school longer can influence other girls who copy this behavior, as well as their parents and community leaders. You can train the trainer, for example community health workers or agricultural extension workers, and cause a ripple effect across communities and regions. Yet changing attitudes and behaviors remains elusive in many philanthropically supported initiatives. Three key considerations when promoting behavior change are:

- Imposing a point of view rarely works  
It is much better to support people to want to change their behavior rather than imposing a pre-conceived point of view.
- Incorporating lived experience is essential  
Co-designing the approach with the people closest to the issues is paramount to having an impact.
- Promoting behavior change is usually not done in isolation  
To achieve behavior change, it is necessary to work with multiple stakeholders and have a deep understanding of the context and social norms in a particular society. That is why it is usually a component of other approaches or levers for change.

### f) Market-based solutions

Market-based solutions connect the environmental and social missions with financial incentives, and borrow instruments used in financial markets. Sometimes called impact investing or social finance, this approach achieves change by generating both a social and financial return.

“Neither the individual nor the race is improved by almsgiving. The best means of benefiting the community is to place within its reach the ladders upon which the aspiring can rise.”

Andrew Carnegie

Over the last ten years, there has been a dramatic rise in social finance (the funding of social entrepreneurs with or sometimes without for-profit returns and a very clear social return), as well as impact investing. The latter is powered by investors who want to generate social and/or environmental impact alongside financial returns. Social finance can take many forms, from below-market equity investments and loans to investments intended to create social value while achieving risk-adjusted market returns or better. It can be used to support organizations at various stages, from R&D and start-ups to growing and mature enterprises.

It is also important to note that even the best market-based solutions with the capacity to be commercially viable sometimes initially need philanthropic grant capital to grow and develop to the stage where they can raise commercial capital.

## Johan H. Andresen – Different ways to give

Owning one of the largest privately held companies in Norway, I am proud to say that incorporating my family's philanthropy as a separate business unit has had many different positive ripple effects on our business. First and foremost, however, it has allowed us to "give" in a variety of ways, including testing new approaches.

Within our business structure, we have widened the scope of traditional grant giving and are now seeking impact by being very pragmatic about the approaches we use. As we are not bound by the regulations often surrounding a charitable foundation, we choose the approach we deem the best fit for attaining sustainable lasting change for the causes we engage with. This could be through grants, but also soft loans, convertible loans, guarantees, social bonds (or effect-contracts as we like to call them) and of course, equity. We have now even added social impact funds that we intend to learn from and co-invest with, also outside the Nordics.

We support social entrepreneurs who have an innovative solution to societal challenges and are clearly driven by social returns, but with a solid financial model allowing for scale. We first provide rigorous due diligence; with the same vigor we apply to our business. In fact, we offer the expertise and advice of a broad range of employees from across our company throughout these engagements. When the due diligence has been completed, we determine whether a three-year contract, with clearly defined milestones, is granted. A multi-year commitment is important to us, as is surrounding the social entrepreneurs with a team to support them.



We like to be involved in a venture early on. Even though we focus on social enterprises, we do not invest private equity from the start, as we don't want to go into our commitments with a pure return lens. Since initiation, we have scaled 24 organizations, and only three were crash-and-burns.

## Benjamin Firmenich – My learning from impact investing

Although my family has strong values when it comes to sustainability in the context of operating the family business, our private wealth is managed by everyone separately and so is the degree of “sustainability” in our assets.

I always knew I wanted to do something for the planet. An inspirational professor encouraged me to pursue an MSc in Environmental Sciences. But I was also curious about investing. I thought that investments would enable me to have an impact. And if you study environmental sciences, you don't end up with a clear profession like a lawyer, so I decided to make impact investing my profession.



The first few years were a learning curve for us at Impact Finance. We learned the hard way how to narrow down our focus and geographic area. After biting the bullet of losses, we divided our fund to cater to two different investment appetites – one with a higher return potential which, in times of losses, could guarantee for the second tranche.

I'm heavily invested in our fund, as are my family and friends, so we take stock and learn lessons that can help us be successful in the future. For instance, we now never invest just to solve a problem, nor do we finance a company with long-term loans when it has short-term needs, or vice versa. Our portfolio companies should never have unclear financial information, or a rating lower than B for the financial section of our internal risk assessment.

We are always there with our boots on the ground and follow our companies every step of the way. We know their value chains and the entrepreneurs personally. We never invest in a “cowboy” entrepreneur – someone who follows too many ideas and can't stick to one project, leading to never-ending cycles of investments and dispersion.

We also realized that we need to ensure entrepreneurs own their assets and have prior experience in their area of business. Our list of learnings is long, but we truly believe this also makes for our strength today.

### Examples of financing instruments for social businesses<sup>1</sup>

Grants are a traditional form of financing in the social sector that are provided by foundations or individuals and continue to be an important funding source for social enterprises.

**Equity capital** is the financing instrument with the highest risk for the investor. The social investor gives the social enterprise a certain sum in exchange for a share of the company (e.g. 10% of total share-holdings). The social investor receives no regular annual payment but a share of the profits generated by the social enterprise. Besides a share of future profits, the social investor has certain control and voting rights. Control and voting rights depend upon the legal form of the enterprise and are usually structured in the contract between investor and investee.

**Debt capital** can be used for long-term investments or project financing that promises stable and predictable cash flows over the next years. The stable and predictable cash flows are necessary as the debt capital providers receive an annual interest payment. Debt capital is provided on a temporary basis and requires repayment after a few years. Normally, the loans are provided for five to seven years.

**Mezzanine capital** combines elements of debt and equity capital and represents a convenient financing alternative if pure equity or debt capital is not applicable. The interest payment can be linked to the profits of the company, whereas the total amount is repaid after a certain time period or converted into equity capital. The structuring flexibility makes mezzanine capital an attractive option for social entrepreneurs as well as social investors.

**Hybrid capital** contains elements of grants, equity and debt capital. The grant character can be explained through the fact that there are no interest costs, and, in certain pre-agreed scenarios, the financing instrument is converted into a grant. Financing instruments with hybrid capital character include recoverable grants, forgivable loans, convertible grants and revenue share agreements, described below.

- A recoverable grant is a loan that must be paid back only if the project reaches certain previously defined milestones. If the milestones are not reached, the recoverable grant is converted into a grant. This mechanism can be used if success of the project enables the social enterprise to repay the loan to the social investor.
- A forgivable loan is a loan which is converted into a grant in the case of success. If the social enterprise reaches the goals agreed on beforehand by the investor and investee, the loan does not have to be repaid.
- A convertible grant is another financing instrument with hybrid capital character. The social investor provides the enterprise with a grant that is converted into equity in the case of success.
- Revenue share agreements are financing instruments with which the investor finances a project and receives a share of future revenues. This risk-sharing model can be used for the repayment of the financing and gives the social enterprise financial flexibility.

### What are impact investments?<sup>2</sup>

The Global Impact Investing Network defines impact investments as investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. There are four key elements:

- **Intentionality**  
Impact investments intentionally contribute to social and environmental solutions. This differentiates them from other strategies such as ESG investing, Responsible Investing, and screening strategies.
- **Financial returns**  
Impact investments seek a financial return on capital that can range from below market rate to risk-adjusted market rate. This distinguishes them from philanthropy.
- **Range of asset classes**  
Impact investments can be made across asset classes.
- **Impact measurement**  
A hallmark of impact investing is the commitment of the investor to measure and report the social and environmental performance of underlying investments.

<sup>1</sup> Technical University Munich & Schwab Foundation. (2011, 2 September). Social Investment Manual: An Introduction for Social Entrepreneurs. Retrieved from <https://www.fi-compass.eu/sites/default/files/publications/SocialInvestmentManual.pdf>

<sup>2</sup> Global Impact Investing Network. (2019, 2 April). Core Characteristics of Impact Investing. Retrieved from <https://thegiin.org/characteristics>

# Laurent Leksell – Social innovation and social impact bonds

Having worked alongside the public sector for a long time, I understand innovation and new evidence-based social interventions can be hard for the public sector to achieve via traditional procurement models. But these social innovations exist.

I see a demand for increased social innovation and sustainability within several welfare areas, such as health, education and integration. Social sustainability is difficult to measure, but absolutely crucial for a functioning society.

This is why I initiated Scandinavia's first social impact bond (SIB) to improve the situation facing children placed in local authority care. The SIB is a structure that fosters collaboration between the non-profit, public and private sectors.



Investors fund a specific social intervention, implemented by a non-profit actor. The parties agree who will run the various parts of the operation. The process for collaboration and evaluating economic and social outcomes is enshrined in contracts. If the investment achieves the intended results and exceeds the agreed thresholds for economic and social outcomes, the investors will see returns as well as a potential premium on the capital investment. A big benefit of the SIB is the role it plays in alleviating pressure from the public sector and taxpayers' money in testing and implementing innovation.

Every SIB starts with establishing a strong partnership with a public sector actor who co-designs desired outcomes. In my opinion, SIBs are one of the more efficient ways to create sustainable results and impact – at scale. I see them as a much-needed mechanism for cooperation between investors, philanthropists, non-profit organizations and foundations on all levels – allowing for different types of actors, with different risk appetites, to participate in driving impact.

Our long-term goal is to catalyze innovation for sustained impact, and to pave the way for bigger institutional capital in the impact bond space, hoping to achieve better social outcomes across multiple issue areas.

Philanthropists can integrate market-based solutions into their more traditional grantmaking philanthropic portfolios in several ways. You can actively fund social enterprises and social entrepreneurial leaders to innovate, or you can support the replication and scaling of social and environmental change, whether directly or indirectly, through networks and specialist impact funds. Depending on your attitude to risk, you can align your financial investments with your social and environmental values, and you can invest to improve the social and environmental behaviors of your investee companies (Chapter 4.4.).

There is also significant philanthropic focus on shaping the social finance ecosystem, for example, by encouraging financial institutions, many of which are bringing new products for enhanced social impact to this sector, to better understand, support and measure social return; supporting networks that facilitate deal flow and educate investors to understand measurements; and aligning investment portfolios with philanthropic values through climate and gender-lens investing (Chapter 4.4.).

Blended finance options also exist, whereby grants are given alongside loans to build organizational capacity and human capital and there are innovative social finance mechanisms such as social impact bonds – a contract where the public sector pays for better social outcomes, and passes on part of the savings achieved to investors.

While market-based approaches can be seen as a solution to many social and environmental issues, impact investing can rarely be considered a solution for securing better human rights, for example. For such outcomes, philanthropists need to consider policy-based solutions, encouraging government or corporate policy and regulation to become more inclusive.

#### Additional reading

GIIN. (n.d.). *Impact Investing Guide, A Guide to this Dynamic Market*.

Nesta. (2015, 30 June). *Investing in Innovative Social Ventures, A Practice Guide*.

Omidyar Network. (2021, 25 February). *Frontier Capital – Early Stage Investments for Financial Returns and Social Impact in Emerging Markets*.

Omidyar Network. (2018, 25 July). *Build an Impact Investing Team*.

### g) Capacity building

Evidence shows investment in organizational capacity produces positive, long-term financial results for grantees or investees, regardless of the type of capacity-building grants provided.

Non-profits and social enterprises may be reluctant to share information about their capacity-building needs with funders because they're not sure whether such sharing will have repercussions on future funding decisions. Try to work to solve problems together and build trust. As a result, partnerships will strengthen and you will be able to better support your grantees and investees with the things they need.

There isn't one solution to capacity building, but some examples include: technical skills training; provision of mentoring and coaching for specific skill sets such as marketing; fund-raising and communications support; grants for research or monitoring and evaluation; and creation of evidence that something works.

Consider four elements for effective capacity building:

- Co-create solutions with stakeholders
- Commit for the long-term
- Strengthen the ecosystem by encouraging and funding collaboration
- Take risks and fund activities that other funders cannot

Philanthropists can support the development of human capital by investing in leadership. Non-profit leaders rarely have access to the same training and development (or salaried benefits) of their peers in the for-profit sector. Supporting leaders and leadership growth, whether through grants or mentoring, is an important way in which philanthropists can contribute to the issues they care about.

Funders should endeavor to support their grantees' capacity to continuously improve. Social impact organizations need to experiment, measure and adapt as circumstances change over time, and philanthropists need to invest in creating the space and infrastructure for grantees to learn, adjust and, at times, also fail. Entrepreneurs recognize this as pivoting.

#### Additional reading

Co-Impact (2021, July). *Organizational Strengthening Guidebook*.

Light, P. (2004) *Sustaining Nonprofit Performance: The Case for Capacity Building and the Evidence to Support It*, Brookings Institution Press.

LGT Venture Philanthropy. *What we do – our approach to supporting partners* ([www.lgtvp.com](http://www.lgtvp.com))

# Oliver Karius – How LGT Venture Philanthropy builds organizational and human capacity

At LGT Venture Philanthropy (LGT VP), we provide long-term patient capital to support organizations in realizing their missions. In order for our support to be effective, we need to develop a thorough understanding of these organizations.

Consequently, we implement a rigorous due diligence process based on proven investment and management principles, much like a private equity investor would do. We take months to vet an organization and gather detailed information on strategy, finances, growth plans, risks, the team, etc. While the chief aim of due diligence is to know the organization inside and out, the essential element of trust between the parties grows in the process.

We take capacity building seriously because ultimately, it is people who make or break an organization. Philanthropic funders with a medium-to-long investment horizon are best suited to fulfil this role. We offer capacity-building support on various levels: we fund and help recruit strategically important hires or fill temporary talent gaps through a fellowship program. We collaborate to refine strategies, identify weaknesses, and develop solutions. We regularly bring in local partners to provide on-the-ground training, workshops, assessments and ongoing support with monitoring and evaluation, finance or communications.

In our due diligence and investment management, we work with a capabilities assessment tool that ranks an organization's capacity across key areas, including mission delivery, strategy, development, leadership, systems, infrastructure and processes. We perform initial evaluations and reassess regularly thereafter to make sure our engagement leads



to the desired improvements. For impact measurement, we apply best-practice frameworks and tools from "The Impact Management Project" and verify the impact created.

For those looking to extend philanthropic growth capital to scale organizations, I would advise that you build your support around the needs of the organization, be patient and take a long-term perspective. We are partners and enablers. Every good partnership begins with listening and building trust.

## 2.6.2. Operationalize your strategic plan

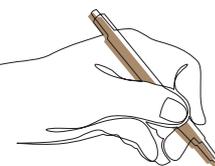
### a) Organizational design and strategic planning

Once you have developed your philanthropy strategy, you will need to consider how to deploy your philanthropic capital. Many philanthropists make grants through Donor Advised Funds (Chapter 1.7.b), with little need for staff capacity. Others may want to be more hands-on and set up a charitable trust or foundation (Chapter 1.7.a) and hire staff to manage grantmaking or conduct research and monitor and evaluate impact.

If you find yourself spending too much time on administration and not enough leveraging change, then hire a team to support you so you can add more value. Similarly, in cases where philanthropists cannot find the right organization to deliver their goals, they may hire staff to deliver activities or campaign on issues because no one else is doing so. As a result, they become more operational.

Some philanthropic foundations hire experts with strong technical and programmatic skill sets, and become leaders in their field, fostering collaboration and collective impact while bringing skills and technical expertise to drive change. Philanthropists who focus on capacity building and strengthening the human capital of grantees may also hire staff to deliver this organizational development support.

If it takes additional staff resources to achieve the foundation's goal, then hire them. If you choose to become operational, be sure to consider your ultimate route to sustainability and exit, if your funding is time-bound. Try to employ staff and board members from the communities you support, adopt diversity, equity and inclusion principles in your staffing and foundation governance (see Chapter 3.1.c), and proactively seek to build capacity and devolve power to the stakeholders and partners you work with.



### Your strategic plan

Please draft your strategic plan considering the questions below.

- Who can be part of the implementation of your strategic plan? (Institutions, political figures, philanthropists, community leaders, civil society, journalists, stakeholders, NGOs?)
- What do you need help with?
- Who and what might hinder the plan?
- What factors beyond your control might influence your plan?
- How might these factors affect stakeholders?

### Examples of sourcing through closed approaches

#### Children's Investment Fund Foundation

We identify opportunities by talking to and meeting individuals and organizations working within our priority areas. We do not normally accept unsolicited proposals. There are a number of key attributes we seek to achieve in grantmaking:

- Transformational impact
- Evidence-based approach
- Cost-effectiveness
- Scale and sustainability
- Measurement and evaluation

When we invite a proposal, which fits within our strategic priorities for funding, we will work closely with the potential partner to develop two documents:

- A concept note
- An investment memo

The first stage prepares a brief note for consideration by ClFF's Executive Team. If successful, we will move onto the second stage, writing an investment memo for consideration by the Board of Trustees.

#### V. Kann Rasmussen Foundation

Our typical grantees are small or midsize organizations with demonstrated leadership in developing specialized strategies, communicating their vision, and effective project performance. Applications are by invitation only.

We favor projects that:

- Consider all life equally important
- Use a systems approach to address root causes and achieve change
- Take stock and tell the truth about the scale, complexity, and urgency of dealing with environmental problems
- Are based on original thinking, creative ideas, and experimentation
- Alter power dynamics related to decision-making and influence
- Have international significance and perspective, even if they are locally based

## b) Sourcing implementing partners

Unless you are implementing activities yourself, you will rely on implementing partners for the execution of your philanthropy.

If there are few actors in the field you are engaging in, if the sector is well structured and transparent or if you know who the actors are, you may choose to engage directly with your partners and not be open to any unsolicited proposals. You can work directly with existing partners, through experts and advisors, or by inviting only selected partners to provide proposals based on defined criteria through a closed Request for Proposals (RfP). In other cases, you may rely on an open application process to source and select the best possible funding interventions. This could be via an open RfP inviting proposals on a regular basis or during a specified time frame, or being open to unsolicited grant applications through your website or other channels. It might also be a combination of both methodologies.

Whether you decide to proactively source your implementing partners or reactively wait for them to find you, you will need to formulate what key attributes you seek and be clear about these in your grantmaking process.

### Examples of foundations sourcing through open approaches

#### Knut and Alice Wallenberg Foundation

The foundation supports projects with high scientific potential. Projects should be focused on a coherent research question where the complementary competencies of the participating scientists give new possibilities to attack the chosen research question. Projects normally have a budget of between SEK 15 million and SEK 40 million. Projects can have a duration of three to five years.

High priority projects include new research areas and research that is interdisciplinary in nature. A project must have a freestanding purpose and not merely constitute auxiliary funding for current operations or other projects in progress. For subjects in which research is generic in nature, such as mathematics, a project can consist of joint concept development.

#### The Laudes Foundation

If you have an initiative that is in alignment with our theory of change, please contact us, and if we have interest in learning more we will connect you with a member of our team to talk you through the process. Once you have spoken with a team member you will be asked to prepare a summary of your initiative. This gives us a good initial understanding of how your initiative fits with our strategy. If we decide there is a good fit, you'll be invited to submit a proposal.

Please also consider that the approach of defining a theory of change, and designing a philanthropic intervention based on the way change occurs, different approaches and levers for change, is one way of practicing strategic philanthropy. There are also other examples of philanthropists proceeding in different or more public ways. MacKenzie Scott, for instance, has given away billions in unsolicited and unexpected gifts with full trust and no strings attached. Jack Dorsey is another example. He made it his quest to see if it is possible to quickly and effectively give away more than USD 1 billion, and invites followers to view his disbursements to non-profits in a Google Doc.

## 2.7. Step 7 – Assessing impact

Measuring your impact is important. As a philanthropist, you may only need to understand and oversee the impact of the organizations or programs you fund. However, you should as a minimum seek to understand how your grantees or partners are measuring their impact, what lessons they are learning and whether these lessons are being used to “course correct” future activity.

If your philanthropic giving is more complex and if you seek to pilot new initiatives or replicate effective interventions, you should spend time measuring your philanthropic interventions (or hire someone to help you). This is to ensure that your intervention truly leads to the intended impact. You may have all the seemingly right ingredients for a positive intervention, such as a comprehensive mentoring program for at-risk youth, but still find yourself having no effect or even negative effects on its impact – not the outcome you had hoped for. This was seen, for example, in the Cambridge-Somerville Youth Study, the first large-scale randomized experiment in the history of criminology, where it was found years later that contrary to the well-meaning intentions, a mentoring program for at-risk youth had adverse effects.

## Emine Sabancı Kamışlı – The importance of research and evaluation

Philanthropy has been a lifelong mission for my family, going back generations. Today we consolidate it as a social investment business unit under the umbrella of Esas Sosyal, and treat it just as we do our other lines of business.

When we started out, we did a comprehensive mapping of needs in Turkey and identified youth unemployment as the issue we wanted to address – an issue that is also close to our hearts as a family. We subsequently commissioned deep research into root causes and potential solutions.

Many people skip this step and just dive in. It was, however, important for us to reserve budget for, and back our interventions with evidence and involve relevant stakeholders. Our research showed that solving unemployment goes beyond finding jobs. Having the full picture, we realized that we needed a more holistic approach and built an ecosystem to support youth.

Every step of the way, we plan and act based on evidence. In the beginning, we used public opinion surveys, focus groups, reviews of literature on youth unemployment and meetings with stakeholders. This helped us with program design for our flagship engagement, the Şevket Sabancı First Chance Program, named after my late father. We run three evaluation cycles each year to make sure youth, their NGO employers, mentors and others are sharing feedback and progress. The fourth year (2019), we commissioned an independent impact evaluation from Bilkent University, including a demographic and control group study. We measured the intervention's impact based on increased employability post-program, which was determined to be statistically significant.



I believe that having a passion for your topic is crucial, but making sure it is relevant and that interventions are needs-based and impact-driven is equally important. This keeps us on track, but it has also helped us bring in new funders and partners to our mission of addressing inequality in youth employment.

If you have developed a theory of change (Step 5) and are clear on your activities, outcomes and the goal you want to achieve, you are part way there.

Evaluations should take place at appropriate intervals, every few years, and in some cases after the end of the program, to ensure it is sustainable beyond your funding. Many donors will use an independent evaluator to eliminate bias. This is advisable if you intend to use data to influence policy, to replicate and scale your initiatives, or to bring in additional donors.

It is not uncommon for the philanthropists seeking sustainability and scale to commit 20–30% of their budgets to research, monitoring, learning and evaluation. They are constantly seeking what works, adapting to the lessons they learn, supporting the capacity of their partners and grantees to better understand their impact and enhance their effectiveness, using the data and evidence they collect to influence policy and sharing this widely to shift systems.

One important approach to evaluation is assessing what grantees say about the donor. The Centre for Effective Philanthropy (CEP) has developed the Grantee and Applicant Perception Report, which allows foundations to get straightforward and reliable feedback on their overall engagement with partners. The survey, which is confidential, is filled out by the foundations' grantees and contains both quantitative and qualitative responses. Among other things, the CEP focuses on the impact that foundations have on the grantees' fields, the knowledge of the communities meant to benefit from the funding and their challenges, the reporting process and the support provided by the foundation beyond the grants. One would think that one's grantees could speak to their funder directly if they had feedback to provide, but the power dynamics of giving usually come into play, and giving grantees a confidential way to provide feedback can be very useful<sup>1</sup>. This tool has been used by more than 300 funders to evaluate, adapt and change their practices in order to become more effective. Some funders actually publish a version of the results of the Report on their websites to increase transparency in philanthropy.

#### Tips for effective impact measurement

- What would success look like?
- Pick the right indicators to measure: if you could measure only one thing, what would it be?
- Measure quantitative and qualitative indicators so you have both data (to influence governments) and stories (for everyone else).
- Consider the best way to collect and share data, can you use technology to help?
- Only collect data if you are going to use it.
- If it can be helpful to others, use technology to open source your data, so it can be used to create a better picture of the change process. Share it with policy makers to inform (or encourage) better decision-making.
- Be sure it was you and not someone else achieving the change – this is known as attribution.
- If you don't conduct monitoring and evaluation yourself, ask expert practitioners to do it for you.
- Understanding impact measurement language and tools will also help you ask your grantees the right questions, and support them in adapting to maximize impact.
- Schedule regular progress reviews, including an external review, to eradicate bias.
- Learn from your successes and failures, allow enough flexibility in your implementation model to adjust and adapt to these lessons and changing circumstances, and course-correct your theory of change over time.
- Build the capacity of your partners to monitor and evaluate their impact. Measuring social change is challenging and few non-profit organizations have the resources and expertise to do it really well.

#### Additional reading

New Philanthropy Capital. (2020, 12 February). *Understanding Impact*.

The Bridgespan Group. (2011, 25 April). *Measurement as Learning*.

<sup>1</sup> Visit <https://cep.org/> for more information



## Nicole Rycroft – Systems change

In 1998, I was halfway up a mountain in the sleet and the snow during a logging protest in British Columbia, Canada, when I realized there was only so long that we could stand on that road and stop the destruction of those magnificent forests.

Even if we were successful in our efforts there, the problem would just be shifted to another high carbon, high biodiversity value forest elsewhere in the world. To keep forests standing, we needed to address the root causes of the problem – the actual market drivers of deforestation and forest degradation, and focus on strategies that fundamentally changed those underlying systems.

The organization I founded, Canopy, is doing exactly that by addressing systemic causes for deforestation: unsustainable supply chains. We don't try to change the habits of seven billion individual consumers of forest-based products, instead, we work with executives of the world's largest corporate consumers to develop and implement cutting-edge environmental policies that eliminate ancient and endangered forests from their supply chains. We actively foster innovation in supply chains and support both innovators and purchasing companies to bring eco-solutions to market.

To date, we have worked with over 750 of the world's largest customers of paper, packaging and wood-based fabrics like viscose. These companies have enormous purchasing influence to transform unsustainable tree-based supply chains and create the incentives necessary for climate-friendly alternatives and large-scale, durable conservation on a timescale that's needed to protect our planet.

In the supply and demand world we live in, the majority of societies' impacts are concentrated in supply chains. By engaging corporate decision-makers to join us in creating a lasting legacy, we've created a vehicle where the marketplace is playing a vital role in driving climate solutions and conservation at the scale and pace that we need, rather than acting as an impediment.

## 2.8. Step 8 – Seeking systems change

If you have been successful with your intervention, now is the time to consider how this change can be sustainable without your philanthropic capital – can the intervention be taken over by government, or by the market? Or does the behavior change that has taken place mean the problem no longer exists? Ultimately, achieving a successful intervention that continues without your private capital, and enabling it to replicate and scale, is how a system can be changed permanently for the better.

“Philanthropy is commendable, but it must not cause the philanthropist to overlook the circumstances of economic injustice which make philanthropy necessary.”

Martin Luther King, Jr.

At its core, philanthropy is about change. It is systemic, not episodic; it’s proactive, not reactive. Systems change means addressing root causes rather than symptoms, by altering, shifting, and transforming structures, customs, mindsets, power dynamics, and rules through collaboration across a diverse set of actors with the intent of achieving lasting improvement of societal issues on a local, national, and global level<sup>1</sup>. In particular, systems change concerns itself with reaching a higher and more inclusive equilibrium; such that millions of people, and in particular historically disadvantaged constituencies, experience meaningful and sustained improvement in their lives. The way to achieve sustainability is either via a market-based solution, or a public sector-based solution such as government adoption, which has already been discussed in Chapter 2.6.1.

At their most effective, philanthropists seek to permanently alter the conditions that make their philanthropy necessary. To successfully create positive and lasting change is what every strategic philanthropist seeks. It is important that funders see their role as supporting systems change – not directing it.

A group of foundations and practitioners including Ashoka, Catalyst 2030, Co-Impact, Echoing Green, McKinsey, the Schwab Foundation for Social Entrepreneurship, the Skoll Foundation and SYSTEMIQ have put forward five principles and resulting practices that funders can adopt to better support systems change work<sup>2</sup>.

These include:

- Embrace a systems mindset by being clear about the systems you want to change, incorporating systems change into your DNA, and actively looking for funding opportunities.
- Support evolving paths to systems change by funding systems leaders with transformative visions of improved systems rather than projects, investing in learning and capability building and encouraging collaboration among systems change leaders.
- Work in true partnership by acknowledging and working against power dynamics, providing support that fits systems change leaders’ needs, and being mindful of their limited resources.
- Prepare for long-term engagement by being realistic about the time it takes to achieve systems change, acknowledging that the path of the initiatives will change along the way and encouraging realistic ambitions.
- Collaborate with other stakeholders by aligning with other funders, building networks for systems change leaders, and leaving the leading role to systems change leaders.

### Additional reading

Ashoka. (2020, 21 January). *Embracing Complexity. Towards a Shared Understanding of Funding Systems Change*.

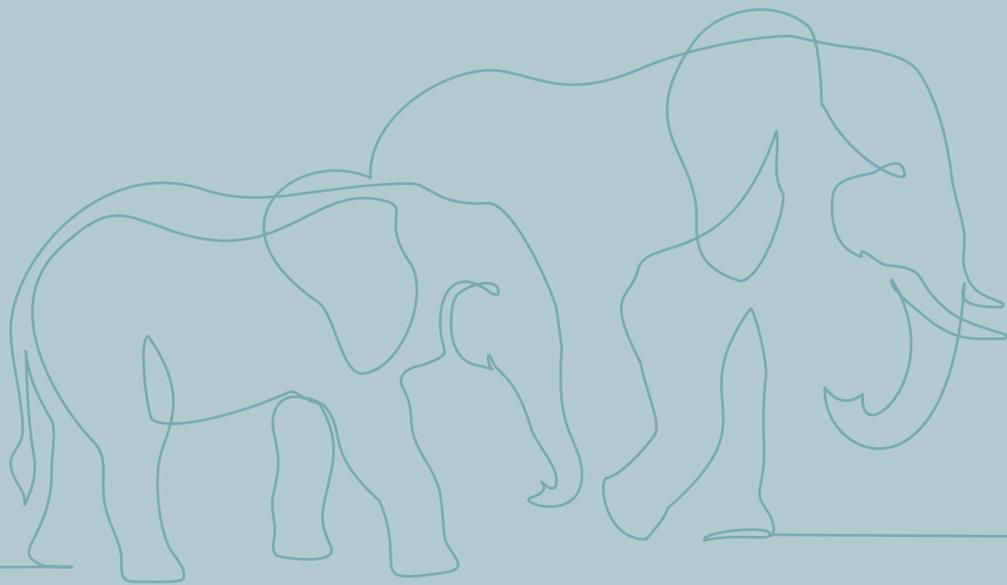
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Stanford Social Innovation Review. (n.d., 2014). *Smarter Philanthropy, Greater Impact*.

The Bridgespan Group. (2021, 15 January). *How Philanthropy Can Support Systems-Change Leaders*.

<sup>1</sup> Ashoka. (2020, 21 January). *Embracing Complexity. Towards a Shared Understanding of Funding Systems Change*. Retrieved from <https://www.ashoka.org/en/embracing-complexity>.

<sup>2</sup> Ibid.



“Philanthropy without scale and sustainability is like any other bad business that will simply wither and die on the vine.”

## 3. Framing, scale and leverage

### 3.1. Adopt existing frames for your philanthropy

#### a) The UN Sustainable Development Goals

Some philanthropists use the UN Sustainable Development Goals as a framework for their philanthropy. This inter-governmental agreement of the United Nations and 193 countries is also known as the Global Goals or SDGs. The Global Goals provide a framework to be implemented by “all countries and all stakeholders, acting in collaborative partnership” around a set of 17 specific, aspirational goals that address the social, economic and environmental dimensions of sustainable development.<sup>1</sup>

With 169 targets to be met by 2030, and over 232 indicators for measuring progress, the Global Goals were designed to stimulate action in the following areas: people, planet, prosperity, peace and partnerships.

Many philanthropists and foundations align their giving with the SDGs, and you may also find them a helpful framework within which to consider your philanthropy, learn about other effective initiatives and measure the change that is taking place country by country against these targets.

#### b) Adopting a rights-based approach to your work

Many philanthropists use the UN Human Rights framework and a rights-based approach, for example, by referring to the UN Convention on the Rights of the Child, which almost

all governments have signed up to, as a framework to encourage governments to deliver on their policy promises. While advocacy can sometimes take many years, once a policy is changed, the results can be transformational, at scale, and hopefully, permanent.

A human rights-based approach integrates human rights norms and principles into the design, implementation, monitoring and evaluation of policies and programs. It is about empowering people to know and claim their rights and increasing the ability and accountability of individuals and institutions who are responsible for respecting, protecting and fulfilling rights. This means giving people greater opportunities to participate in shaping the decisions that impact on their human rights. It also means increasing the ability of those with responsibility for fulfilling rights to recognize and know how to respect those rights, and making sure they can be held to account. A rights-based approach is about ensuring that both the standards and the principles of human rights are integrated into policymaking as well as the day-to-day running of organizations.

<sup>1</sup> United Nations. (2018, 20 April). The 17 Goals. Retrieved from <https://sdgs.un.org/goals>



To learn more, visit the UN's Sustainable Development website

### c) Diversity, equity and inclusion

Diversity, equity and inclusion (DEI) is a framework used to target a systemic advancement of marginalized communities within strategies, workplaces, organizations and institutions.

While the term DEI is often treated as simply a buzzword, it can and should be implemented at all levels of philanthropy. In order to pursue effective, holistic philanthropy – that addresses root causes to disrupt power-imbalanced systems – practitioners need to operate from an understanding that DEI factors are not accessory but intrinsic to all their work. PEAK Grantmaking identifies some of the current gaps when integrating DEI into the philanthropy sector:

- Philanthropy and the non-profit sector are white space.
- Only 7% of philanthropic dollars are reported as deployed in communities of color (in the US).
- The intersection of identities (for instance, identifying as black, immigrant, trans and a veteran) has an impact on how a person experiences an organization that serves a specific population.
- When policy is approached with a racial equity lens, different decisions are made.
- While not illegal, demographic data cannot and should not be used to support discriminatory practices.

The most important aspect of DEI work is critical self-reflection and implementing concrete action. PEAK Grantmaking suggests the following steps to develop a person's DEI values:<sup>1</sup>

- Assess your organization's culture, racial equity or inclusion efforts.
- Develop knowledge, shared language and shared understanding of the problem.
- Have difficult conversations about culture, race and inequity.
- Change management and leadership for organizational culture initiatives.
- Develop policies and practices that reflect a commitment to diversity, equity and inclusion.
- Enforce policies and practices that reflect this same commitment.

<sup>1</sup> Sines, Melissa. (2021, 18 May). A Visual Tool Kit for Driving Equity. Retrieved from <https://www.peakgrantmaking.org/insights/a-visual-tool-kit-for-driving-equity/>

<sup>2</sup> European Network of National Human Rights Institutions. (2016, 30 November). Human Rights-Based Approach. Retrieved from <https://ennhri.org/about-nhris/human-rights-based-approach/>

<sup>3</sup> eXtension Foundation Impact Collaborative. (2018, 11 October). Diversity, Equity and Inclusion. Retrieved from <https://dei.extension.org/>

### The five underlying principles to apply for a human rights-based approach<sup>2</sup>

- Participation  
Everyone has the right to participate in decisions which affect their human rights. Participation must be active, free, meaningful and give attention to issues of accessibility, including access to information in a form and a language which can be understood.
- Accountability  
Accountability requires effective monitoring of human rights standards as well as effective remedies for human rights breaches. For accountability to be effective there must be appropriate laws, policies, institutions, administrative procedures and mechanisms of redress in order to secure human rights.
- Non-discrimination and equality  
A human rights-based approach means that all forms of discrimination in the realization of rights must be prohibited, prevented and eliminated. It also requires the prioritization of those in the most marginalized situations who face the biggest barriers to realizing their rights.
- Empowerment  
A human rights-based approach means that individuals and communities should know their rights. It also means that they should be fully supported to participate in the development of policy and practices which affect their lives and to claim rights where necessary.
- Legality  
A human rights-based approach requires the recognition of rights as legally enforceable entitlements and is linked in to national and international human rights law.

### Definition of diversity, equity and inclusion (DEI)<sup>3</sup>

#### Diversity

Diversity is the presence of differences that may include race, gender, religion, sexual orientation, ethnicity, nationality, socioeconomic status, language, (dis)ability, age, religious commitment, or political perspective. Populations that have been – and remain – underrepresented among practitioners in the field and marginalized in the broader society.

#### Equity

Equality doesn't mean Equity. Equity is promoting justice, impartiality and fairness within the procedures, processes, and distribution of resources by institutions or systems. Tackling equity issues requires an understanding of the root causes of outcome disparities within our society.

#### Inclusion

Inclusion is an outcome to ensure those that are diverse actually feel and/or are welcomed. Inclusion outcomes are met when you, your institution and your program are truly inviting to all. To the degree to which diverse individuals are able to participate fully in the decision-making processes and development opportunities within an organization or group.

## Ofra Strauss – Diversity and inclusion



At Strauss Group, we take a holistic approach to philanthropy. Viewing business purely as a profit-making endeavor belongs to the past. We believe that by doing business in the right way, we help overcome the challenges the world is facing.

Aligning our business decisions with our purpose and values impacts all the lines of our P&L – not just the lines related to philanthropy – beginning with the choices we make in our supply chain and down to the way we deliver our products to our consumers. This includes all our resources – money, people and our intellectual property. Businesses can, and should, uphold the highest moral standards.

Diversity and inclusiveness are the flags that we chose to raise since these are issues that are very close to our hearts, especially gender equality, given I am a businesswoman in a male-dominated environment. Many years ago, when we started out, we met with resistance and cynicism. After we effected a gradual but systematic change, we caused a ripple effect by working alongside NGOs that promote the same values. Now I see our company as one of the biggest

promoters of these values in Israel. What I am most proud of is that we had the courage to use our influence to be a voice for the minorities and underprivileged in the communities where we operate.

I also had the pleasure of being the chair of an amazing organization called Jasmine, which for ten years took me on a journey where I met women all around the country that I would never have met in my day-to-day life. I came to understand that real change must be reflected in my personal life. By bringing diversity into my own home, into my own social circles, “diversity and inclusiveness” is no longer just a catchphrase – it has become my reality.



## Niklas Adalberth – Using technology to scale social change

Being an entrepreneur in the tech space and having co-founded one of Europe's largest fintech unicorns, Klarna, I realize how technology can reach a mass market and address a need with exponential impact.

It was with making as much money as possible in mind that I went to one of Sweden's top schools, along with my peers, hoping to found the next unicorn. This is what most of the top schools preach I feel, to reach a certain valuation with companies without reflecting or caring about the net effect of that company. Reaching financial independence did not give me the happiness I had expected, which is why I set out on a different route – determined to use my experience and expertise to support others in building unicorns – but with a true social impact. It is with this in mind that I am now co-launching a commercial pan-Africa tech-focused fund with other unicorn founders that will back potential African tech unicorns to accelerate development and improve the lives of as many Africans as possible in the process.

We live in a world with exponential problems. We therefore need solutions with exponential impact. Social innovation through technology is one of the most effective ways to scale and leverage impact. Take smart climate tech solutions that bring down the green premium, like Tesla for cars, or Heart Aerospace, an electric plane technology developer we invested in and that aims to do the same for flights. New technology may also be able to leapfrog in the healthcare space, to eradicate malaria, for instance. Through technology we can reach more beneficiaries. And if we can get the talent and entrepreneurs of tomorrow to found businesses that solve societal issues – not another online casino, credit company or addictive video game – I believe we can scale social impact in a way that drives significant positive change.

**Tips on concrete DEI steps for grantmakers to take<sup>1</sup>**

- Be transparent with grant seekers and grantees and tell them how you are using the demographic data you collect from them.
- If you require your grantees to collect or report demographic data, help to build their capacity for collecting and reporting this information by funding technology, databases and staff time committed to this effort.
- Seek out and give additional support to non-profits led by diverse teams that are inclusive of the community they are serving in decision-making roles.
- Fund DEI skill-building and efforts to shift culture in support of recruiting, hiring, retaining and promoting leaders of color.

**Additional reading**

Sen, R. & Villarosa, L. (2019, 15 November). *Grantmaking with a Racial Justice Lens*.

The Center for Effective Philanthropy. (2018, 19 July). *Nonprofit Diversity Efforts: Current Practices and the Role of Foundations*.

Thrive Global. (2020, 28 January). *Why Diversity and Inclusion Initiatives Don't Work – and How to Fix It*.

**3.2. Consider approaches to scale**

After launching a successful intervention that has benefited hundreds or thousands of people, how can you scale it to benefit millions, across different systems or geographies?

To take an intervention to scale and for that scale to be sustainable without being dependent on private capital, you either need the problem to disappear (e.g. LGBT people are no longer discriminated against); the market to take over (e.g. a new agricultural innovation increases food security so successfully that the market demand for this innovation drives the change); or the government to take over a program, or change a regulation or policy (e.g. a government changes its policy on youth sentencing, reducing the number of incarcerated youth and re-offenders). Some of the approaches and levers of change covered in Chapter 2 under Step 6 already help to reach scale. Here are some additional approaches that have not yet been covered.

**a) Using technology**

Technology is having a significant impact on philanthropy, from the digital transformation taking place as foundations increasingly use technological tools in their grantmaking, to the impact communications technologies and social media platforms are having on fundraising and online activism. In addition, there are computational technologies (big data, artificial intelligence, drones) and sensor technologies (location devices, mobile phones) that are revolutionizing what philanthropy can do. Technology offers an important opportunity to scale, for example, by piloting and testing education or mental health support services, and making them available to more users through mobile or web-based technology.

**b) Replication of a product or service**

You can scale through product replication, for example, by piloting a new sanitation product such as low-cost latrines, or a new agricultural technology, and replicating its use across a wider geography and population. Even a pilot program proven to reduce child-trafficking, for example, could potentially be replicated and scaled by a bilateral or multilateral agency, or a government addressing this issue. In order to support effective replication and scaling, ensure you have strong data and robust, independent evidence to show causality. You or your partners will most likely need manuals, systems and procedures to ensure consistent replication and positive impact. Also, don't assume that a successful intervention in one country can be replicated in another. Different cultures, policy environments and governments can all influence effective replication.

<sup>1</sup> PEAK Grantmaking. (2019, 10 October). *Courage in Practice: 5 principles for Peak Grantmaking*. Retrieved from <https://www.peakgrantmaking.org/principles-for-peak-grantmaking/>

### c) Merging with a different organization

If you have demonstrated an effective intervention, is there another organization also working in your field that you could join forces with? This could be an effective way to reach scale faster. An example of such a merger is Impetus-PEF, which was formed in 2013 when two venture philanthropy organizations, Impetus Trust and The Private Equity Foundation (PEF), merged. They were both taking a similar approach aimed at transforming the lives of young people in the UK from disadvantaged backgrounds and helping them to succeed in school and work. They merged when they realized they could have a more systemic impact if they came together.

#### Additional reading

Nesta. (2014, 11 July). *Making it Big; Strategies for Scaling Social Innovation*. Retrieved from <https://www.nesta.org.uk/report/making-it-big-strategies-for-scaling-social-innovations/>

Spring Impact. (2018, 30 June). *Social Replication Toolkit*. Retrieved from <https://www.springimpact.org/wp-content/uploads/2018/06/Spring-Impact-Toolkit.pdf>

### 3.3. Leverage your philanthropy

#### a) Working in partnership

Work in partnership and collaborate with local communities, non-profit organizations, social enterprises and governments as much as you can. While this might take longer, it will ultimately enhance the sustainability of your activities and therefore your impact.

You will need to develop trust, clarify roles and responsibilities, and invest time in planning aligned activities and shared outcomes. But your path to sustainability and scale will be much faster. Ideally, once you have implemented successful interventions together with local partners, you will be able to hand responsibility over to them. Having developed best practice and built capacity, you will be able to focus your philanthropic capital and effort elsewhere.

If you don't work in partnership, you may find communities become dependent on your philanthropic capital, which can make reducing your support more challenging. Ultimately, your partners sustain your philanthropic interventions after you leave.

You can work to change the system by leveraging your impact through working in partnership with other non-profit, private and governmental stakeholders, and building networks, developing and changing attitudes, behaviors and narratives, and strengthening the sector you are working in.

## Gunhild Stordalen – Leveraging philanthropy through partnerships

When I served on the board of the largest hotel chain in Scandinavia, I realized food was not only key to our guests' and employees' health, but also to our hotels' environmental footprint and revenues.

The food we sourced was often failing human health, the climate, workers' rights and animals' welfare. I dug deeper into the science and realized food represented a massive, complex, systemic problem, which no one stakeholder, company, sector or individual could fix alone.

I was surprised that no one was bringing experts together to connect the dots and answer the fundamental question: how do we feed ten billion people a healthy diet without destroying the planet? So, I founded EAT, an inclusive

science-based platform that encourages actors to come together to understand the big picture of food and co-design solutions. Our Forums bring together leaders from governments, the food industry, farmers' organizations, civil society, chefs and some of the world's leading scientists in disciplines spanning from nutrition to earth systems science. We also partnered with the Wellcome Trust to become a leading platform for sustainable, healthy and just food systems and launched the EAT-Lancet Commission to set global scientific targets for healthy and sustainable diets.

For transformative change to be possible, partnerships truly need to include all sectors and actors. I believe everyone deserves a seat at the table and if that means making the table longer, so be it. This also includes people – as citizens, voters, consumers and parents; no change is going to happen top-down. It's imperative that all partners see the bigger picture, share a common vision and can be open and honest from day one. Partners must fully commit to listening to the perspectives and views of others with respect, because ultimately, this is what strengthens collaboration, builds trust and makes the seemingly impossible possible.



# Rudolf Hilti – Collaboration for systems change

I founded The System Change Foundation a few years ago to create an independent platform enabling systems change through a collaborative and highly creative approach.

At THE HUS, which was founded in Vaduz, Liechtenstein, we bring together opinion leaders and decision makers representing politics, science and business. At our roundtables such as the World Systemic Forum, we focus on asking the relevant questions, believing that by bringing the right people together, answers will naturally follow. We build bridges between generations, nations and disciplines to foster conversations about this planet's most

pressing systemic issues. This approach enables a collaborative reimagining of traditional ways, planting the seed of a changed narrative.

I firmly believe that successful entrepreneurship and philanthropy are in need of fresh perspectives and new systemic models. Systems change begins with a new imagination and adventurers are needed to take the lead.

We believe that visualization makes things tangible and investable, meaning that if we can positively visualize a sustainable future, we can create and finance it. In that context, I strive to imagine and visualize the future through The System Change Foundation with the goal to further scale impact, financing entrepreneurial solutions through my accelerator The Combinator.

To further expand my vision of a collaborative approach towards a sustainable future, I joined Co-Impact, a global collaborative of some of the world's top philanthropists focused on systems change. By pooling funding and collaborating with more than 40 funders from around the world, we can have so much more impact. I believe in systemic impact at scale achieved by working with others with a systemic mindset.



# Laurence Lien – Strengthening the philanthropic ecosystem in Singapore

My work as a philanthropist has been a journey of leveraging leadership on a local, national and international scale.

It all started when I was appointed to the board of my family foundation. The first in my generation and the youngest to ever join the board, I was brought in to re-strategize our conservative approach, which mostly included check-writing and funding scholarships. With the idea that philanthropic capital is risk capital, I wanted to shift our work to be more ambitious and innovative.

I then moved from leading my own foundation to leading the sector. After working for the social ministry of the Singapore government, I felt I could have more impact in the non-profit sector. The first role I stepped into was CEO of a quasi-government body called the National Volunteer & Philanthropy Centre. I had a great Chair whom I worked with to create many new initiatives, one of which was the Community Foundation of Singapore, the first regional platform dedicated to donor-advised funds with social impact. By the end of 2014, we wanted to shift our focus towards the entire region. We founded Asia Philanthropy Circle (APC), a platform for philanthropists to learn, share best practices and collaborate. My frustrations around the inefficiencies and untapped potentials of the philanthropy sector motivated me to advance APC.

I believe more philanthropists can and should step into leadership positions in their desired fields. A lot of people talk about systems change, but we like to think of it as



systems leadership. The starting point is mobilizing a diverse set of stakeholders to collaborate. Partnerships do not always entail pooling large amounts of funds. You can start by exchanging knowledge or coordinating action, for example. It is through leadership and collaboration that we can make significant change.

### b) Facilitate and fund collective impact

A first step towards collective impact is to build a shared understanding of a problem and align stakeholders. By developing a deep appreciation of the root causes of problems and the entrenched racial, cultural and economic dynamics, through appreciating and carefully framing the issues you seek to address and knowing who is affected and what forces perpetuated problems, philanthropists can better understand who benefits from, and who would fight to preserve, the status quo, and build evidence bases to propel action. Focusing on a specific area, becoming an expert, and “building the field” of knowledge, stakeholders and expert practitioners is an important way to support sustainable change.

“You want to be the pebble in the pond that creates the ripple for change.”

Tim Cook

Collective impact initiatives bring people together in a structured way with a common agenda to achieve social change. Over the last decade, they have gained traction with philanthropists who are willing to fund mechanisms to encourage stakeholder collaboration as a way to shift systems. The concept of collective impact is based on the idea that in order for organizations to create lasting solutions to social and environmental problems on a large scale, they need to coordinate their efforts and work together around a clearly defined goal. In contrast to “isolated impact”, where organizations primarily work alone, the approach with collective impact is to solve social problems and focus on collective goals, strategic partnerships, actions aligned with shared accountability and a backbone organization to drive collaboration and learning.

Collaboration in philanthropy ranges from knowledge sharing between philanthropists, for example via the European Venture Philanthropy Association, to collaboratives of funders

that agree on a strategy but fund independently such as Big Bang Philanthropy which brings together funders that address some of toughest problems of poverty, to pooled philanthropic funds such as the Climateworks Foundation on climate change, or Co-Impact on systems change in health, education, economic opportunity and gender equality. LGT Venture Philanthropy also funds with others, including Big Bang Philanthropy and Co-Impact. The advantages of collaborative funding include greater efficiency, lower risk, increased capacity to provide larger and longer-term funding, leveraging financial and non-financial expertise, unlocking additional capital and in-kind resources from others and sharing learning. Collective impact is a growth area for philanthropy and one we encourage you to consider.

#### Collective impact initiatives tend to meet five common criteria<sup>1</sup>

##### They share a common agenda

All participating organizations, which can be government agencies, philanthropic foundations and community organizations will have a shared vision for social change that includes a common understanding of the problem and a joint approach to solving the problem through agreed upon actions.

##### Shared measurement system

Agreement on the ways success will be measured and reported, with key indicators agreed by all participating organizations.

##### Mutually reinforcing activities

Engagement of a diverse set of stakeholders, typically in multiple sectors, coordinating a set of differentiated activities through a mutually reinforcing plan of action.

##### Continuous communication

Frequent communications over a long period of time among key players within and between organizations, to build trust and encourage ongoing learning and adaptation.

##### “Backbone” organizations

Ongoing support provided by an independent staff. This neutral backbone moves the initiative forward by guiding the vision and strategy, supporting aligned activity, establishing shared measurement practices, building public will, advancing policy and mobilizing funding.

<sup>1</sup> Stanford Social Innovation Review. (2010, 2 December). Collective Impact. Retrieved from [https://ssir.org/articles/entry/collective\\_impact](https://ssir.org/articles/entry/collective_impact)

### c) Strengthen the philanthropic sector

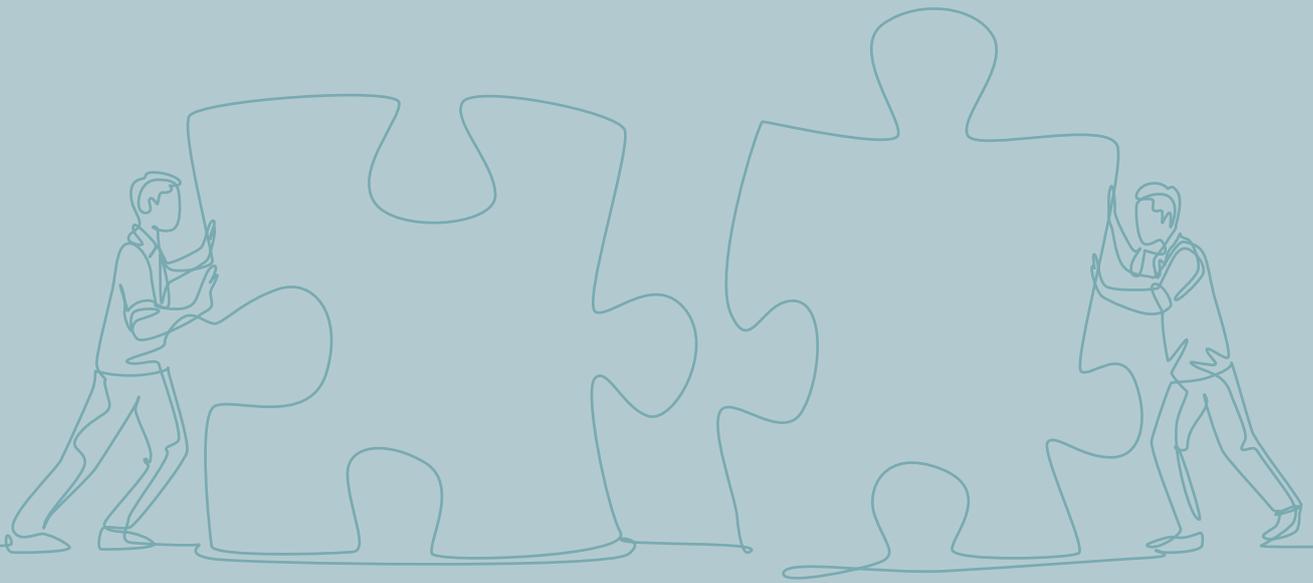
As donors become more expert and spend more time on their focus area, they often move towards “sector strengthening”, leveraging their own and other’s expertise, capacity and funding to forge partnerships between different stakeholders. This strengthens systems, encouraging more people to become philanthropic and to advocate for the issue they work on.

You might do this by:

- Leveraging additional funding for the issues you are working on – securing more funding for your issue by raising awareness of the issue with other bilateral and private donors.
- Funding collaboration, partnership, networks or even mergers – bringing organizations working on similar issues together to agree and align outcomes for greater impact, such as campaigning for a change in policy.
- Strengthening the funding ecosystem – innovations (sometimes technology) that share data and best practice, and/or facilitate and encourage giving, bringing economies of scale.

#### Additional reading

GEO. (2019, 12 May). *Learning in Philanthropy: A Guidebook*.



“Philanthropy should be taking much bigger risks than business. If these are easy problems, business and government can come in and solve them.”

## 4. Philanthropic leadership and influence

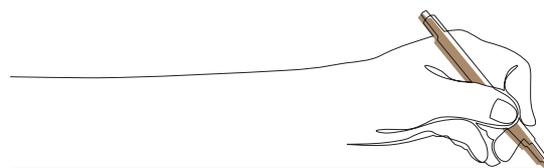
### 4.1. Consider your power and privilege

Power and privilege are intrinsic to the dynamics of philanthropy. Funders with capital – financial, social and otherwise – carry a huge amount of power that can be leveraged to support major shifts in societies, systems, markets and communities. But if left unexamined, a person’s proximity to power and privilege often perpetuates harm and inequity. It is therefore important to consider the ways in which philanthropists consciously and subconsciously assert their power, and how those behaviors affect the communities they seek to benefit.

Overall, philanthropy has had to reckon with the way in which the sector contributed to structural racism, sexism and other forms of discrimination. More recently, it has been criticized for various reasons, including the fact that our societies allow wealth to be concentrated in few hands, wealth that on occasion has been generated in ways that are harmful to people and the planet. It has also been claimed that some philanthropists are using their influence to undermine democracy, and questions have been raised about the lack of transparency surrounding how decisions are made about funding. For all these reasons, it is important to practice philanthropy in a way that directly addresses your power and privilege, and hopefully also helps address some of the other criticisms that have been raised about philanthropy.

The ways in which philanthropists can leverage their power can be broken down into three dimensions: building, sharing and wielding<sup>1</sup>.

- **Building power**  
To catalyze equitable, long-term, community-driven solutions instead of temporary fixes, support systemic change by funding civic engagement, advocacy and community organizing among marginalized communities.
- **Sharing power**  
To earn the trust of peers, partners and the communities you serve, nurture transparent, trusting relationships and co-create strategies with stakeholders.
- **Wielding power**  
To be a legitimate, influential and relevant voice on issues you care about, exercise public leadership beyond grantmaking to create equitable, catalytic change.



#### Questions to ask yourself to examine your power and privilege.

- What factors contribute to my power and privilege? Consider identifiers like race, gender, physical or mental ability, class, upbringing, area or residence, education, social network, etc.
- What do my power and privilege look like? This can include access to wealth, land or human capital, material property, a stake in institutions (companies, schools, clubs, etc.).
- What level of influence do I have and in what areas? Think about what institutions, networks, media, politics and/or populations might give you access to influence as a private individual, in your professional life and philanthropy?
- Where does this power and privilege come from?

#### Five key social justice philanthropy principles<sup>2</sup>

- Social justice giving focuses on systemic change that addresses the root causes of racial, economic and environmental injustice, not just the symptoms. For example: multi-year funding organizations creating public safety initiatives and working to defend the police, rather than only responding after a murder has happened.
- Social justice giving centers the people who are most impacted as key decision-makers and respects their self-determination by giving with no strings attached. For example: giving general operating support to Black-led, Native-led, Immigrant-led, etc. organizations that are powerfully positioned to have the best insight into what organizations and solutions work best for their communities.
- In social justice philanthropy, foundations strive to be accountable, transparent and responsive in their grant-making. For example: clear, simple, compensated application processes, explicit funding criteria, and invitations for feedback that help build strong relationships.
- Donors and foundations act in solidarity with social justice movements by contributing not only money but time, knowledge, skills and access. For example: helping an organization fundraise, strengthening community campaigns by sharing any relevant connections, advocate for increased foundation pay-outs and increasing taxes on the wealthy, door-knocking in your neighborhood, etc.
- Foundations use their assets and investments, alongside grants, to support progressive social change. For example: give out more than what might in some countries be a mandated amount of assets and invest the rest in non-extractive or regenerative investments. Enable grassroots groups to acquire land and make capital purchases.

<sup>1</sup> National Committee for Responsive Philanthropy. (2018, 30 April). Power Moves: Your essential philanthropy assessment guide for equity and justice.

<sup>2</sup> Resource Generation. (2021, 12 March). Social Justice Philanthropy Principles. Retrieved from <https://resourcegeneration.org/social-justice-philanthropy-and-giving/>

**Additional reading**

GrantCraft. (2018, 2 October). *Deciding Together: Shifting Power and Resources through Participatory Grantmaking*.

**4.2. Involve your family**

If you have not already done so, engage your family in your philanthropy to bring more time and talent to your cause. By aligning your philanthropy with your family values, and engaging your family in the strategy process, you will learn more about each other's areas of interest. By making "giving" a family value, you can encourage your family to get more engaged and feel more confident about succession.

While not all family members will be interested, you can involve those who are in a number of ways. You can bring them into your governance framework, for example, by having them help you make decisions about your strategy or investments, or as a board member or co-decision maker. You can encourage participation by allocating a proportion of your philanthropic capital to your family and encouraging them to develop their own areas of interest and philanthropic portfolios. You can suggest that they volunteer with a local or community-based organization to learn more about non-profit work (while also importantly adding some value). Or you can employ them to do work for you informally, such as research and field scanning, or formally as part of your foundation's staff. Make sure you are always clear about roles and responsibilities so family dynamics can't disrupt the strategic vision and mission.

**Family philanthropy governance**

Spending time considering family governance will reduce conflict and increase efficiency, effectiveness and impact. Educate family members and be clear about the duties and responsibilities associated with their roles, including which family members have access to specific elements of the philanthropic capital, how much and for what purpose. But also educate them on strategic philanthropy and the issue you are focusing on so they can bring expertise and value to your decision making.

Consider the involvement and engagement of other family members, such as the spouses of your children. Develop written policies on governance, criteria for grantmaking, conflicts of interest and investments. And consider if and when you might want to bring in an external trustee or advisor who is an expert on your focus area, for example.

**Succession planning to maximize future impact**

Engage your family in succession planning at the right time. If you want the next generation to continue to give, build their skills and experience so they are confident about doing so and clear about your wishes.

If you have personally determined the mission, priorities, resource allocation and forms of engagement, clarify whether you want these decisions to continue to shape the foundation's program areas and approach, and whether this should be done on a legal basis or by custom.

You may want your vision and approach to guide but not constrain your successors. If this is the case, enable them to become interpreters of tradition by enabling the expression thereof (in terms of issue area and approach) to be flexible to evolution.

If your foundation is set to give in perpetuity, you may decide to empower future generations to select the foundation's areas of activity based on external forces and capacity. Decisions can then be based on the objective assessment of a resource, not value-based loyalty to the past.

**Additional reading**

National Center for Philanthropy (NCFP). (2019, 31 January). *Family Governance and Family Philanthropy*.



## Raphael Langenscheidt – Engaging the next generation

After my MBA, I started exploring which roles to take on within my family, both professionally and philanthropically. Today I work within my mother's family office, and am the Chairman of the Board of Children for a Better World (CHILDREN's), which my parents founded in 1994.

I was under no pressure to take over the family's business or philanthropy. But you could tell that even if no one really asked out loud, there was this underlying question of whether I wanted to eventually be involved. Before I could answer that for anyone else, I tried to answer three questions myself: Can I do this? Do I want this? And: will other people accept me?

In the case of my family's philanthropy, it started with an open conversation with the then Chairwoman, my mother, and the CEO of the organization, about what process could allow for us to mutually test the waters. We reached an agreement that for a year I would be a "guest" at board meetings, whereafter we could discuss if I wanted to put my name forward to join the board. I did this, and when my mother decided to step down three years later, I sought out each board member's support for my poten-

tial chairmanship. This was a daunting but rewarding task that showed me that their support was honest and based on my contributions rather than family background. With all three questions answered, I became Chairman and am incredibly excited about CHILDREN's future.

I experience philanthropy as an activity that can give families an identity, a mission and common ground, and something worth working together on when it comes to a succession plan. My advice for anyone motivated to take responsibility for the family's philanthropy efforts is to make sure you are allowed to test it out first, with a very clear agreement that there is a point in time at which you can say: "No, I don't want to do it." If your involvement is pressured and expected, it discourages creativity and inspiration while breeding frustration and disappointment.

## Maria Ahlström-Bondestam – Involving my family and family business

During a 20-year period I lived in ten different countries across four different continents. Challenged by inequities and injustices and my juxtaposing privilege, I came back to Finland with the ambition to support systems change in the child rights sector.

My strategy has been to leverage my family network, our business and our reputation to revive my family's philanthropic legacy and galvanize as many people as possible to support social change.

My work began at the business level. I had been thinking a lot about child labor and wanted to ensure the companies the family business invested in did not engage in exploitation. As an international business, we asked ourselves whether we had a responsibility to invest in the societies

we benefited from. It was through these conversations that the Eva Ahlström Foundation was born. Run by the women from our fifth generation, we support women and children around the world, mainly through UNICEF, and focus on the UN Sustainable Development Goals.

In order to involve the family, we arranged a lot of advocacy events "disguised" as social functions. We wanted everyone to find these meetings fun and engaging, while inspiring them to support our cause. To further demonstrate the potential of our work and to help persuade any skeptics, we also built partnerships with other established families in Finland. Engaging the whole family enabled us to eventually streamline our foundations, private and public companies, the family office and shareholders into a network called Ahlström Collective Impact.

Capacity building and empowering individuals to become change makers has been a beacon in our work. We have made it our mission to inspire, engage and give our 14 600 employees tools to contribute to social change, which responds to the basic human need for a sense of purpose and "reason for being".



### 4.3. Align your family business with your philanthropy

Much wealth has been generated over generations by practices we would now consider deeply damaging. Whether due to colonial exploitation of land and resources, profits made from fossil fuels or businesses built on low wage supply chains, it is likely your wealth and your business have, at some point, had a negative social and environmental impact.

By reducing the harm generated by your business, you can have a significant positive impact – possibly more than you could by making amends through charitable giving. There are many organizations that can help you research human rights abuses within your supply chains, for example, and there are multiple ways you can pivot your business towards more sustainable practices, such as paying fair and equitable wages to your staff, reducing waste, using sustainable suppliers and low carbon energy solutions, and eradicating human rights abuses from your supply chains. As business owners and shareholders, you have significant scope when it comes to holding companies to account on these issues and leading by example.

### 4.4. Align your investment portfolio with your philanthropy

One way to increase your impact is to consider what you can do to bring more or all of your assets closer in line with your social and environmental values and goals. This can go much further than divesting and meeting ESG (environmental, social, governance) standards, and can include supporting and encouraging your suppliers to adopt more environmentally sustainable practices and eradicate human rights abuses from their supply chains. For example, if you are funding child rights, can you be sure that you are not employing children within your business supply chain, or investing in companies that employ children within their supply chains? You can take this a step further and conduct a full human rights review within your supply chains to ensure there is no evidence of child labor, forced labor, indigenous rights abuses, labor rights or land rights violations, Arctic drilling or illegal logging. Make your suppliers accountable for doing the same; it will enable you to have a far greater and more sustainable impact on the rights of children than you ever can with your grantmaking alone.

Consider Bridges’ investment profiles (below), and how you can move more of your investments towards impact.

#### Bridges’ investment profiles

	Financial only	Responsible	Sustainable	Impact		Impact only
Investment profile	Delivering competitive financial returns					
		Mitigating environmental, social and governance risks				
			Pursuing environmental, social and governance opportunities			
				Focusing on measurable high-impact solutions		
				Competitive financial returns		
				Below market financial returns		
	Limited or no regard for environmental, social or governance practices	Mitigate risky environmental, social and governance practices in order to protect value	Adopt progressive environmental, social and governance practices that may enhance value	Address societal challenges that generate competitive financial returns for investors	Address societal challenges which may generate a below market financial return for investors	Address societal challenges that require a below-market financial return for investors

**a) Gender-lens investing**

This is a strategy or approach to investing that takes into consideration gender-based factors across the investment process to advance gender equality and better inform investment decision (see definition on the right).

**b) Climate-lens investing**

Climate change is the largest threat to people and the planet. Instead of considering it as a purely environmental issue, philanthropists and foundations are adapting investments and operations to reduce climate risk and mitigate emissions.

Because of the intersectionality between climate and social development issues, applying a climate lens to your strategy and your investments can also further your core missions, be your focus economic justice, women's rights or educational programming.

In order to adopt a climate lens in your philanthropy and investments, consider how the climate crisis will impact on the people you intend to help now and in the future. Leverage your power as an investor by investing in green businesses such as clean energy, sustainable fashion, food waste, infrastructure design, etc., and create and share tools that make it easier for investors and companies to change their practices.

**4.5. Seek advice and build your expertise**

Social and environmental change is challenging. But you are not alone. There are many people who can help you, such as philanthropy advisors within your financial institutions, independent philanthropy advisors and educators, and foundation staff working on similar issue areas.

Frustration exists about the fact that non-profit organizations do not collaborate or work together well enough, but the same criticism can be levied at philanthropists. Chances

**Definition of gender-lens investing<sup>1</sup>**

Investing with the intent to address gender issues or promote gender equity, including by:

- Investing in women-owned or women-led enterprises.
- Investing in enterprises that promote workplace equity (in staffing, management, boardroom representation and along their supply chains).
- Investing in enterprises that offer products or services that substantially improve the lives of women and girls.

And/or investing with the following approaches to inform investment decisions:

- A process that focuses on gender, from pre-investment activities (e.g. sourcing and due diligence) to post-deal monitoring (e.g. strategic advisory and exiting).
- A strategy that examines, with respect to the investee enterprises:
  - Their vision or mission to address gender issues.
  - Their organizational structure, culture, internal policies, and workplace environment.
  - Their use of data and metrics for the gender-equitable management of performance and to incentivize behavioral change and accountability.
  - How their financial and human resources signify overall commitment to gender equality.

are that other people are trying to achieve similar impacts or use similar approaches to you – whether peer philanthropists or social change practitioners. Seek out peers, reach out independently or find networks and work together by sharing expertise, resources and data, and bringing complimentary approaches to your problem.

Seek help from professionals if you get stuck or need a sounding board or support. Learn from others who work in the same area and share your experiences back with them – both your successes and failures. Make your data and research available, and collaborate with other donors, both private and institutional, where you can.

<sup>1</sup> The Global Impact Investing Network. (2021, 24 April). Gender Lens Investing Initiative. Retrieved from <https://thegiin.org/gender-lens-investing-initiative>

# Antonis Schwarz – Philanthropy and impact investing are complementary levers of change

When I turned 18, I inherited significant wealth and became financially independent overnight. But this also came with a huge sense of responsibility. While others my age might have focused more on sports cars, I was always drawn to philanthropy and impact investing.

My goal was to combine profit with purpose and find more ethical ways of investing. I started simple, for example, by excluding certain industries. Today, 20% of my portfolio is in high-impact impact investments, mostly in private debt and private debt funds. I am convinced capitalism will continue to move towards impact and will increasingly integrate externalities. We have already seen a shift from pure return to internalizing risk, and now social and environmental impact is being added as a third criterion. Undeniably, the concept of risk-return-impact will gain more relevance, especially in times of global crisis like the Covid-19 pandemic.

I feel my generation has a duty to save this planet. I keep a big part of my private assets in a liquid environmental, social and governance mandate in order to fund my philanthropic projects, which I believe have the greatest impact. I am convinced that what really changes the world are social movements and activists, which I support through the Guerrilla Foundation, which I founded back in 2016.

The term impact investing was initially coined at a conference the Rockefeller Foundation organized in 2007. The fact the term was invented at a foundation conference



shows how intricately linked impact investing has been to the philanthropy world. Over the last 14 years, impact investing has become a worldwide movement and is seeing important advances in the field of impact measurement.

Philanthropy and impact investing are great ways to complement the path to sustainable change, one reinforces the other. I am convinced we need both to achieve the long-lasting change that we care most deeply about.



## Molly Gochman – Gender-lens investing

I am an activist, artist and gender-lens investor. I care about fixing broken systems to ensure that regardless of gender and race, all people have access to opportunity.

I also believe that by aligning my capital with my mission I can make it a reality. Through my family office, I utilize a number of strategies to effect impact – we make market rate investments through Stardust Equity, and we do our philanthropic giving through our Donor Advised Fund (DAF).

Initially, it was hard to identify investment products that aligned with my impact goals, and I received pushback from financial advisors who wanted to pursue traditional returns-driven strategies. Over time, I was able to work with my bank to create a new fund focused on improving gender equity in emerging markets.

I found that it takes a balance of engaged financial advisors, like-minded wealth holders and financial institutions working in partnership to support the ultimate goal of increasing equity for marginalized groups. I made the

conscious effort to continue engaging with financial institutions as a concerned client in order to hold them accountable to internal diversity, equity and inclusion (DEI) goals, and to continually innovate new, impact-focused products.

One example is an equity due diligence questionnaire we created a couple of years ago. We brought it to my bank and asked that they respond to questions measuring their internal policies and practices. Since that initial engagement, they recognized the importance of assessing how they are doing, and now require all investment managers on their platform to complete the questionnaire. As wealth holders, we can organize and push big institutions towards making meaningful commitments that are aligned with DEI values and that ensure all our investing, not just our philanthropy, contributes to gender and racial equity.

# Elizabeth McCance – Climate-lens investing

The environment has been my passion since I went on safari in Africa, at the age of 12. From the late 1990s, it became clear that climate change was one of the world's biggest problems.

Early in my philanthropic journey, I was taught the importance of understanding root causes, and how to develop a theory of change. It became clear that corporate America was a big part of the problem; we can plant as many trees as we want, but we will never meet our climate goals if we don't flip corporations from problem to solution. To achieve this, I am doing two things.

I am not a finance expert, but I wanted to influence companies, so I got into impact investing. I started to encourage my financial advisor to shift towards impact investing, to leverage my personal assets towards climate. In addition, I am educating my financial firm on climate impact opportunities so other clients can also benefit.

I brought my theory of change to my family's foundation – we knew businesses need sustainable plans and metrics beyond greenwashing, but most corporations are entrenched in the old ways of doing business and don't know where to start. Small incremental changes will not get us there fast enough. Through our network, we are bringing Harvard Business School and Environmental Defense Fund (EDF) together to give businesses tools and know-how to develop actionable plans and accelerate towards net zero. And we are working with EDF to create the Investors Climate Insights Hub.

I've learned you can't have an ego; you need to collaborate with whomever you can to achieve change and have as many conversations as you can to develop knowledge.



You can't have impact alone, so I really pushed my financial advisors hard into impact investing and focusing on metric tons of carbon not sequestered. If my return saves the planet, that means far more to me than an additional 1% financial return.

#### 4.6. Grow as a philanthropic leader

The most effective philanthropists are not those that give the most, although resources are obviously a factor. The most effective philanthropists love what they do, adopt a strategic approach, are continually learning and course correcting, work in partnership, bring their skills, raise awareness and leverage their networks and connections into their issue.

“The best philanthropy is not just about giving money but giving leadership. The best philanthropists bring the gifts that made them successful – the drive, the determination, the refusal to accept that something can’t be done if it needs to be – into their philanthropy.”

Tony Blair

Successful philanthropists set winnable milestones and hone compelling messages. They keep stakeholders motivated and engaged by identifying concrete, measurable goals, and pair them with emotionally compelling messages or calls to action. They have research and data to influence governments and policy, and great storytelling to influence everyone else.

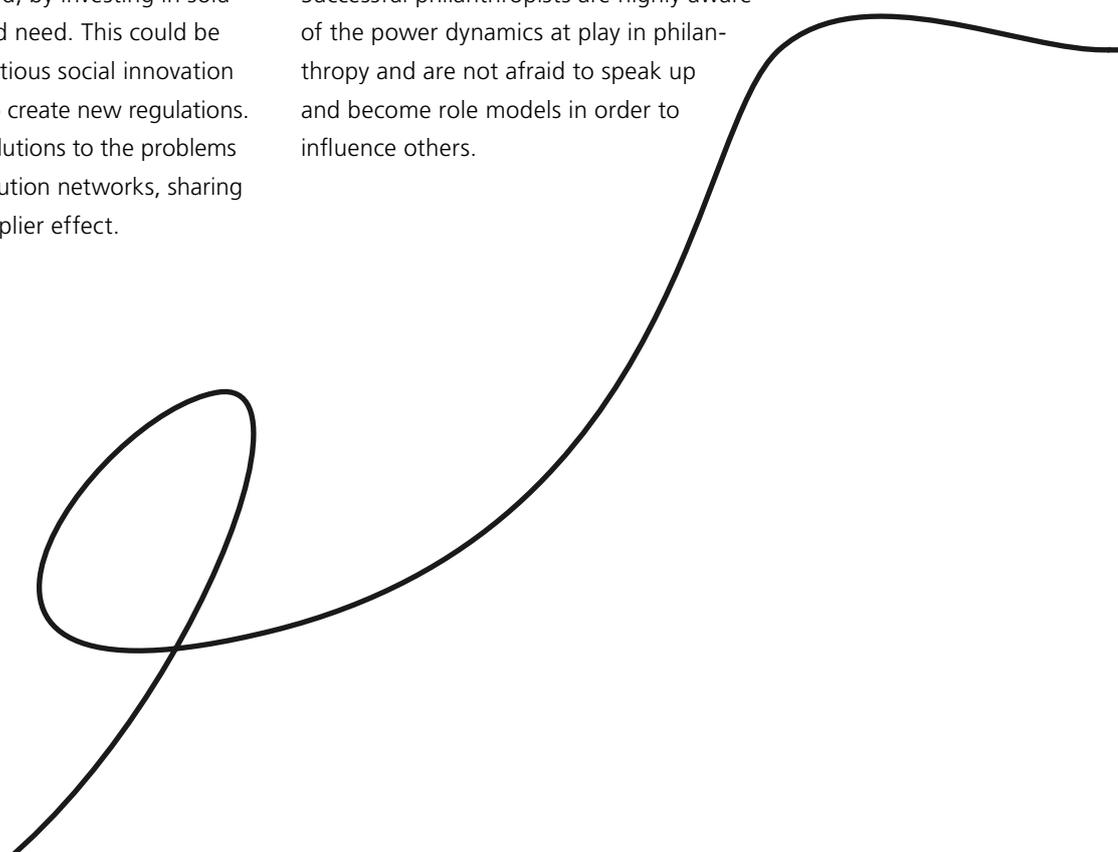
They drive, rather than assume demand, by investing in solutions that users and partners want and need. This could be supporting marketing efforts for ambitious social innovation goals, or working with governments to create new regulations. And they provide easy access to the solutions to the problems they address by ensuring strong distribution networks, sharing lessons and data, and creating a multiplier effect.

They do not consider it enough to just make grants to fix a problem, but consider whether they have in any way contributed to the problem through their own behavior, privilege or wealth generation. They will not only adopt a rights-based approach, but ensure their own business and investment practice, and their supply chains, also respect rights.

Successful philanthropists are ambitious for scale, and design interventions that will work at scale. There are many routes to scale, but they often require innovation, experimentation, an element of risk-taking and plenty of partnership. They take a “portfolio” approach to their philanthropy and are willing to join in on collaborative efforts in some areas.

They will be focused on a few issues, recognizing the importance of developing expertise and knowledge, and the complexity and interconnectivity of issues. They know there is not just one approach or solution but a multitude of different approaches, which may change over time. They will not reinvent the wheel, but seek to learn from and build on the work of others, learning from their own successes and failures and bringing in experts where they have gaps in knowledge. And they will capture the learning and proactively share it with others, all the time building the “philanthropy ecosystem”, encouraging and supporting others to do more and better in pursuit of a more just, fair and sustainable world.

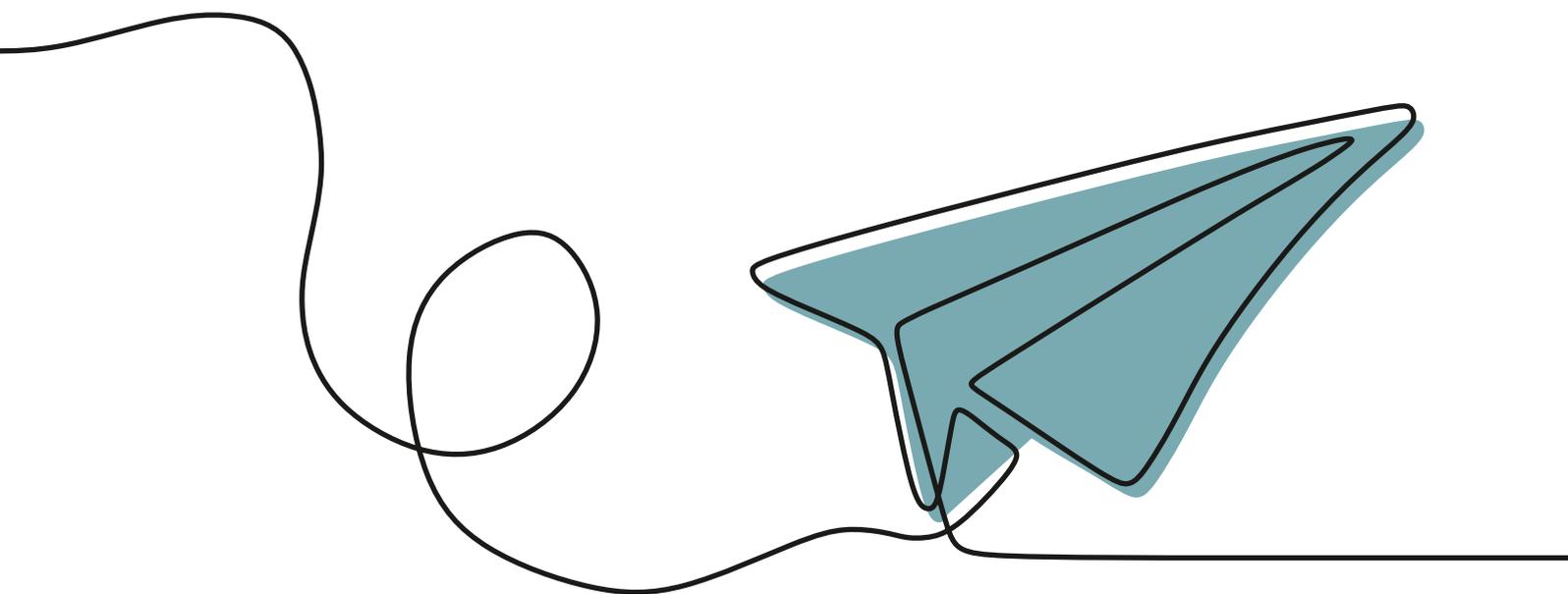
Successful philanthropists are highly aware of the power dynamics at play in philanthropy and are not afraid to speak up and become role models in order to influence others.



## Conclusion

Over the last months, a pandemic has raged around the world, exposing the human race's vulnerability and the world's most marginalized and vulnerable to more economic instability, putting enormous strain on health systems and taking some hard-won human rights back decades. It has been a period that has greatly increased inequalities in wealth and further exposed growing inequalities in access to health care, vaccines and education between the haves and have nots. As in other times of crisis, the philanthropic community responded with enormous generosity, collaborating to invest in research and social innovation, and supporting their grantees through unprecedented hardship as needs went up and income went down. The speed of behavior change that took place around the public health practices, for example, shows how fast global behaviors can align and change in an emergency. Behaviors will continue to need to change at pace and scale if we are to mitigate and adapt to the climate emergency, reduce inequalities and live together with limited resources in a world where everyone can reach their full potential.

We hope this guide will persuade more people to give more, and those that already give to give smarter, to be intellectually curious, bold and brave, and to become leaders in the philanthropic community, encouraging their families and peers to also give more and better, and supporting social change leaders. This will help us reach a tipping point where more people give than do not, and more philanthropists give strategically than do not, with the ultimate goal of together making the world better, safer, and a more sustainable and socially just place for the generations that follow. And having fun while doing good, well.



## Notes

### Authors

Philanthropy Insight (Pi) is a social enterprise that educates, unlocks and enables philanthropists, their families and boards to engage, invest and achieve high-impact social change in partnership with social change leaders. Pi promotes bold, brave and high-impact philanthropy and world-class social investment practice in a private, pitch-free and confidential environment – connecting philanthropists to their peers and experts, through strategy and leadership workshops, educational programs, insight journeys and learning opportunities.

#### Jo Ensor

Jo Ensor is a social change practitioner, philanthropy educator, advisor and coach. Passionate about social justice and strong leadership, with over 30 years' experience leading non-profit organizations, Jo founded Pi in 2019, to deliver expert, confidential and pitch-free philanthropy education and advice to philanthropic families globally.

Jo has worked in over 70 countries in Europe and the global South, designing and managing multi-stakeholder social and environmental change programs, including as CEO of AMREF UK, Africa's largest health organization, Alfanar, the Arab World's first venture philanthropy fund and child rights NGO, EveryChild. Jo moved into the philanthropy ecosystem in 2014, as Global Director of The Philanthropy Workshop, leading a global education program for a network of 450 philanthropists and their families.

A former advisor to the Gates Foundation in Europe and trustee of UBS's Optimus Foundation, Jo has a deep understanding of social and environmental change, social finance,

philanthropy and foundation management and governance and a wide network of expert practitioners and social investors. Jo is a graduate of Oxford University and SOAS.

### LGT Philanthropy Advisory

LGT is a leading international private bank that has been fully controlled by the Liechtenstein Princely Family for over 90 years. The Princely Family of Liechtenstein is deeply committed to social accountability, with values rooted in responsible and long-term investments towards a sustainable future. This philosophy also encompasses generations of giving. Philanthropy Advisory at LGT is a service for individuals and families who want to partner on a journey towards thoughtful and strategic philanthropy, regardless of their areas of interest or their giving experience. LGT Philanthropy Advisory supports clients in translating motivations into strategic and impact-oriented philanthropy as well as navigating the complex landscape of philanthropy by providing advisory, education and implementation services.

#### Nina Hoas

Nina Hoas is a seasoned philanthropy advisor, drawing on over 20 years of experience in the international development and wealth management industries. Nina joined LGT in 2021 and leads the bank's Philanthropy Advisory services for UHNWIs and families, supporting them in realizing their aspirations in this area.

Prior to this, she spent ten years with UBS, where she advised private clients from Europe and the Middle East on topics ranging from developing a philanthropic strategy and investing for social impact, to disaster relief as well as sustainable development and social entrepreneurship.

Earlier in her career, Nina worked with the UN, where she led humanitarian programs in West Africa, coordinated a multi-stakeholder development operation in South-East Asia, and supported displaced populations in the Maghreb. She also worked for the Global Fund, encouraging private sector support for innovative approaches in the fight against AIDS, tuberculosis and malaria.

Nina serves on the Board of a Swiss family foundation and the advisory boards of a number of philanthropic entities. She is an alumna of Harvard Business School in Boston, Massachusetts, and holds an MA in Political Science from Uppsala University in Sweden.

### Acknowledgements

With thanks to all the philanthropists who generously gave us their time and shared their experiences for the case studies in this Guide, including Niklas Adalberth, Helen Ågerup, Maria Ahlström-Bondestam, Mira Al Busaidi, Johan H. Andresen, Teresa Bracher, Matt Damon and Gary White, Nataly Davidai, Benjamin Firmenich, Molly Gochman, Rudolf Hilti, André Hoffmann, Elie Horn, Raphael Langenscheidt, Laurent Leksell, Laurence Lien, Tsitsi Masiyiwa, Elizabeth McCance, Ayşen Özyeğin, Frederik Paulsen, Nicole Rycroft, Emine Sabancı Kamışlı, Filipe Sabará, Nicola Schiess, Antonis Schwarz, Lynne and Peter Smitham, Gunhild Stordalen, Ofra Strauss, Ivana Tykač and Björn Ulvaeus.

With thanks to Adriana Bjaringer at Philanthropy Insight as well as Dietmar Arzner, Silvia Bastante de Unverhau, Oliver Karius, Julia Kleiser, Oliver Kraft, Inês Manotoc, Filippo Marconi, Monika Schreiner and Marc Wenzel at LGT.

### Research

The authors conducted extensive research and held conversations with multiple experts and stakeholders from different fields which are reflected in this publication. All relevant websites were accessed between April and September 2021.

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The image features a solid brown background. Overlaid on this background is a white line-art topographic map of the United States, showing the outlines of the states and some internal contour lines. The map is positioned in the upper half of the frame, with the rest of the space being a plain brown color.

“When I do good, I feel good;  
when I do bad, I feel bad.”

Abraham Lincoln

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